

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO
ASSOCIATED STUDENTS BUSINESSES COMMITTEE
SPECIAL MEETING MINUTES

Monday, October 8, 2018

10 a.m.

BMU 205

Members Present: Alex Williams, Dan Herbert, Stacie Corona, Michelle Korte, Zach Schmechel, Chris Taverite, Megan Odom

Members Absent: James Ryan (excused)

Others present: David Buckley, Karen Bang, (recording), Jamie Clyde, Steve Novo, Tom Rider, Elaine Kramer, Katrina Robertson, Colette Young

I. CALL TO ORDER – The Chair, Williams, called the meeting to order at 10 a.m.

II. AGENDA – **Motion to approve the 10/8/18 agenda (Taverite/Herbert) 7-0-0 MSC.**

III. ANNOUNCEMENTS – None

IV. BUSINESS

- A. **Information Item: Branded Concept Update** – Clyde provided additional information to the committee, having first presented this item at the 10/1/18 ASBC meeting. She explained that over the past one to two years Dining has been in the red, not being financially stable. She said what has kept them afloat is that we have a joint agreement with University Housing regarding Sutter Dining that we've been able to increase. In order to keep all things equal, room and board rates would need to be increased again. Clyde explained that the Marketplace is the main food court on campus and is the area where we lose the most money every year. She said that last year Mary Wallmark of Student Life and Leadership assisted with Dining surveys and focus groups and Clyde provided an overview of the results. She explained that the AS is considered self-branded, as we don't use an outside restaurant, which is very atypical within other universities and CSU's. In addition, we are the only AS that runs our own dining program. Clyde reviewed the reasons why respondents did not want a branded concept, noting that she thinks this change would satisfy the majority of students. It was noted that 14% of respondents fell in to the "no" category. Clyde reviewed AS employee changes if the AS contracted with Panera. She also noted they don't do as much scratch cooking, so would probably not be hiring as many students. She said there would be no guarantee that Panera would hire every single student we have, but they have to come up with all positions. She said this change would happen in plenty of time for students to know this is happening. Clyde next reviewed the most popular brands as a result of the survey and focus groups, noting that Chipotle was #1, Panera Bread #2, Panda Express #3 and Taco Bell #4. Variety of food choices and price of food were noted as being most important to respondents. Clyde said focus group results showed that students have strong loyalty to food brands, are concerned with price, but willing to pay more for food from a brand they trust, and students consistently think food should cost less than it actually does. Korte expressed concern that students want the convenience of food availability close by them and discussion was held.

Clyde said Susan Wilke, a consultant from Webb Foodservice, previously hired by Dining Services for various projects, looked at what it would look like if we outsourced. She also looked at other CSU's and how they made their decisions, as well as feedback on brands, worked on financial feasibility and talked with actual restaurants regarding probable fees/commissions, etc. Guiding principles for decision-making on brands was next discussed. Clyde said branded companies have to be price conscious, have to be fast and quick, fit in to what we feel is important to our university socially and willing to pay commissions and take over operation. She said it's important for Dining Services to find a fit for us who would be good business partners on campus. She explained that Wilke looked at other campuses; decision making process and noted it comes down to financially fit, and fit with our campus. It was noted that RFP's were rarely done; brands were selected for contact. Clyde reviewed the various brands they looked at. She noted that Starbucks was too expensive and we don't need another coffee shop. The kitchen area is an issue for Panda Express; they said they would need \$800,000 in construction to separate the two kitchens. Buckley said he highly questioned the \$800,000 because construction on university property is always a lot more than they think and takes longer. Clyde said Chipotle was interested, but they have a location too

close to campus. She said Chick-fil-A didn't fit in socially with our campus values. Panera offered to share the construction costs, offered 12.5% commission, and only does self-operation. Subway will operate or self-operate. Clyde said they eliminated Subway as we're already doing something similar. She said they are recommending bringing in Panera, and not recommending bringing in Panda. Current Panera Bread campus locations in the U.S. were reviewed and it was noted that they haven't been involved in a CSU or UC campus. Conditions of both Panda Express and Panera Bread were discussed. Clyde said we can dictate price, food variety complement to Panera, less construction cost and more flexibility on BOH operational space. Clyde noted that if Dining went with two companies, it would affect our Catering Department because the catering kitchen would need to be reconfigured. She explained that is why they decided to go with only one concept. Current financial performance and future challenges were reviewed and discussion was held. Projections from 2019/20 through 2023/24 were reviewed and discussed with the committee. Clyde noted that Catering and Marketplace were blended together for this as Catering makes money, the Marketplace loses money, so they had to combine for the full picture. Clyde said by going with Panera it still does not cover all of our costs; however, we would lose less. Buckley warned that as various items are brought up during negotiations that negotiations could fall apart. He noted that the construction piece concerns him the most. Clyde said projections were very conservative and a contract commitment would be for five years, with an additional five years. She said Panera made it clear they are not interested if there is a third concept. Operating hours were discussed and it was noted that Panera is one of the few concepts that does offer a delivery service. Clyde explained the ripple effects this change would bring. Herbert asked if a Pizza Hut could be set up at Butte Station and Clyde said if we want to go with another concept at another location, Panera has no control of that. Financial implications to all areas of Dining were reviewed. Clyde noted there would be less loss, but a loss every single year. She said Panera is fine with one other concept in the Marketplace and Flex Plan dollars would be included in the contract. Odom asked if Panera would be selling items in other locations on campus and Clyde said it's possible and that Panera would love to expand.

- V. **ANNOUNCEMENTS** – None
- VI. **PUBLIC OPINION** – Limited to three minutes per speaker, five minutes for entire topic – None
- VII. **ADJOURNMENT** – The Chair, Williams, adjourned the meeting at 11:13 a.m.