

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

Monday, March 25, 2019

10 a.m.

BMU 205

Members Present: Alex Williams, Dan Herbert, Stacie Corona, Chris Taverrite, Megan Odom, Ashish Sahota, Michelle Korte

Members Absent: None

Others present: David Buckley, Susan Jennings, Karen Bang, (recording), Jamie Clyde, Tom Rider, Steve Novo, Elaine Kramer, Colette Young, Thang Ho

- I. **CALL TO ORDER** – The Chair, Williams, called the meeting to order at 10 a.m.
- II. **AGENDA** – **Motion to approve the 3/25/19 agenda (Taverrite/Sahota) 6-0-0 MSC.**
- III. **APPROVAL OF MINUTES** – Minutes of the 2/25/19 regular meeting. **Motion to approve the minutes of the 2/25/19 regular meeting, as presented (Taverrite/Odom) 5-1-0 MSC.**
- IV. **ANNOUNCEMENTS** – None
- V. **BUSINESS**
 - A. **Discussion Item: Panera Bread Concept** – Clyde said last year they ran the numbers and felt it was good financially to contract with Panera Bread for a location in the Marketplace. She noted that focus group results also agreed with this idea. She said that since then, Panera received a better deal elsewhere. She said she spoke with them recently and they said they would provide information to us; however, she has yet to hear from them. Clyde said she didn't feel confident that the AS will be moving forward with them (Herbert joined the meeting at 10:02 a.m.). She said companies are looking for at least \$1 million; however, one concept doesn't work for us. Clyde said they had narrowed down restaurants to Panera and Panda but Panda required a lot of construction, which is a gamble if they don't work out. Buckley said it's important that something be done soon. He noted that when the committee sees the budget that will be presented at the next meeting, they will see that next year it's already being estimated that we'll be in the negative by approximately \$56,000, and negative numbers will continue to grow. He said this is assuming the contract at Sutter stays equal, with a guarantee of \$500,000 plus \$160,000 of Flex cash. Buckley said if no changes are made, the difference will have to be made up through Sutter, which means the board rate will have to go up. He said there is no other way to obtain additional revenue, or increase expenses. He said sales are dropping in every area of retail. He also advised that the student minimum wage is increasing at a substantial rate, and those costs can't be passed on to customers. Buckley said they need to discuss with Housing what a realistic increase would be, and it would have to go up \$100,000 per year or more over the next five years. He also noted that if Dining went into reserves, it would wipe reserves out within five to six years. Herbert suggested a minimal food service operation such as salads/soups/sandwiches in the Marketplace due to restaurant availability downtown. He said Housing can't continue to supplement the AS over the next five to ten years to make up the difference. Buckley said they would like to brainstorm with customers and ASBC, and discuss what is going well, what isn't going well, and discuss possibilities. He said overhead (rent and utilities) won't go away no matter what is done with the Marketplace. Buckley said labor is their biggest cost. Taverrite suggested making the Marketplace location into a larger Urban Roots type area. Rider said if expenses can be reduced, they can do anything. Discussion was held regarding Flex cash. Korte said it's a bigger conversation regarding the overall Student Union and what draws students in to the building. She said if students come in to use the building, they would tend to eat here. Rider said if they shrunk the footprint, would have to go for convenience, such as online delivering and sales, bring items to students on campus, offer very little wait. In addition, they would need to place carts and food trucks where there's foot traffic and expand retail presence into the University. Discussion was held regarding looking at trying to eliminate the outside food carts on campus sidewalks. Williams questioned if there's a reason they're looking at larger concepts and Clyde said they started with brand recognition. She noted that the Marketplace has had guest chefs in the past. She said there are a few complications with this and the AS can only have a certain amount of the Union that is not

operated by us in order to stay within bond requirements. Clyde said they haven't approached anyone locally. Rider said they would need to pay for remodel of the area, operate it themselves and pay for their staff. He said that is why they have tended to look at large companies with deep pockets. Buckley said rent is substantially higher on campus than off campus. In addition, they would be closed during summer, spring break and holidays, which is a challenge for small companies. He said Panera was interested because they have a store in town, which gives them other income. Clyde said they looked at the local Round Table. She said it worked for them because they felt they could expand delivery service outside of campus, and our location would work well for them. Herbert questioned if they're trying to focus too much on trying to cover all the different components of the current process and suggested perhaps looking strictly at the financial aspect of covering rent instead of providing a wide range of product offerings. Discussion was held. Rider said he has looked into online systems, self-order kiosks, etc. but has no way to get away from the rent. Clyde said they've also looked at Butte Station, and running a taco truck off of that location. She said there needs to be a multi prong approach, involving other locations such as Butte Station and Sutter Café. Buckley said compared to other campuses, what Housing is paying us is still a lot less than a contractor would pay so we have to have more discussions regarding what they pay. He said the AS is also hamstrung compared to other campuses because students are very limited on the amount of Flex dollars they can spend. He said many campuses allow Flex dollars to be used for retail, we don't. He noted that Chico State is kind of in the middle regarding room and board rate and there is a lot to be considered. Buckley said if a contractor came in such as Sodexo, it would cost the campus a lot more.

- B. Information Item: Budget Introduction – Jennings said budget packets will be provided to the committee in advance of the April 8 ASBC meeting. She said they are in the process of finalizing the budgets.
- C. Information Item: 1/31/19 Wildcat Store Financials – Jennings reviewed with the committee, noting that Income was at \$177,376, Expenses & Transfers at \$105,239, Net Increase of \$72,137 for the month, Commission Income at \$574,198 YTD.
- D. Information Item: 1/31/19 Dining Services Financials – For Dining Overall, Rider said Income was up 3.92% for the month but down overall (4.33%) YTD. Sutter Hall Dining Income was stable, COS at 20.99% of income. Net Income was up 12.86%. Rider said Cash Operations Income was up 11.52% for the month, but down (9.91%) YTD. COS up 2.38%. Net Income was 'up' (21.17%) for the month. Marketplace Income was up 6.98% for the month. Net Income down (1.97%). Rider also reviewed the other Dining Services areas and noted that February sales look better than January overall.
- E. Information Item: 2/28/19 Follett Wildcat Store Financials – Novo said Textbook sales for the month were only down 6%, YTD down 24%. He said appointments have been scheduled with the new Registrar to come up with a game plan to increase adoptions through all departments on campus and being HEOA compliant. He noted that General Merchandise did well with Gifts and Supplies, while Apparel was down slightly. Computers were down 9%, Convenience was down 7%. Novo said overall, the Wildcat Store was down 5% for the month.

- VI. **DINING SERVICES DIRECTOR'S REPORT** – Rider shared the Filta Environmental Impact Report for the month of February. He noted 2,600 pounds of oil was saved and 1,800 pounds of oil was recycled. Overall savings is like planting 244 trees. • Rider said the Housing contract goes hand in hand with the budget, and they are making progress. • Rider said the EBT application was pushed back due to the Government shutdown in December and January. He said the USDA has contacted him and a site visit is expected in the next couple of weeks, which should be the last step before the process is finalized.
- VII. **CHICO STATE WILDCAT STORE DIRECTOR'S REPORT** – Novo said Gradfest was held March 6 and 7 and very heavily attended. He said sales were up 13% compared to last year. Novo displayed the 2019 Grad t-shirts as well as other new items in the store. • Novo said he learned that some other stores have integration pieces that are already in place for students to one click and get books. He said that at this campus they have to do more clicks to get to books.
- VIII. **EXECUTIVE DIRECTOR'S REPORT** – Buckley reported that the Dining Director search closed last week. He said this committee will be invited to a portion of the interview process. • Buckley said regarding Follett and the Discover program, campus is not in a position to help support moving forward with that integration at this point, and we will be lucky if it's done within a year from now, based on IT and Student Affairs staffing challenges. Regarding the short-term loan program that Follett proposed, Buckley said the Vice Presidents and the Board

had no interest in moving forward with this due to the exorbitant interest rates. Buckley said the approved course fees for books is a bigger discussion that needs to take place on this campus. He explained that for some of the larger classes, students would be charged a fee for the book when they register for that class, with the option to opt out of purchasing the book. The opt out would be a concern for some of the students. He said we have not moved in that direction, although some campuses have. He said pros for this are that students would have their book on day one and the price might be reduced a bit. The issue is that they are charged a fee up front for that book. He said this would have to be discussed here, at CFAC, and other areas on campus. Buckley said Follett is trying to find ways to increase sales and noted the Board is concerned about the decrease in sales because the commission has dropped so low that the offset has now gone away. He said Dining, Student Union and Activity fee budgets will go up due to the decrease in commission. Buckley said that is why the Board agreed to a one year contract extension with Follett.

- IX. **VP APPOINTEE'S REPORT** – Sahota reported that BMUC approved some budget items, the largest being for the BMU atrium kiosk project.
- X. **CHAIR'S REPORT** – Williams said she is still working on appointing another student to ASBC.
- XI. **ANNOUNCEMENTS** – None
- XII. **PUBLIC OPINION** – Limited to three minutes per speaker, five minutes for entire topic – None
- XIII. **ADJOURNMENT** – The Chair, Williams, adjourned the meeting at 11:08 a.m.