



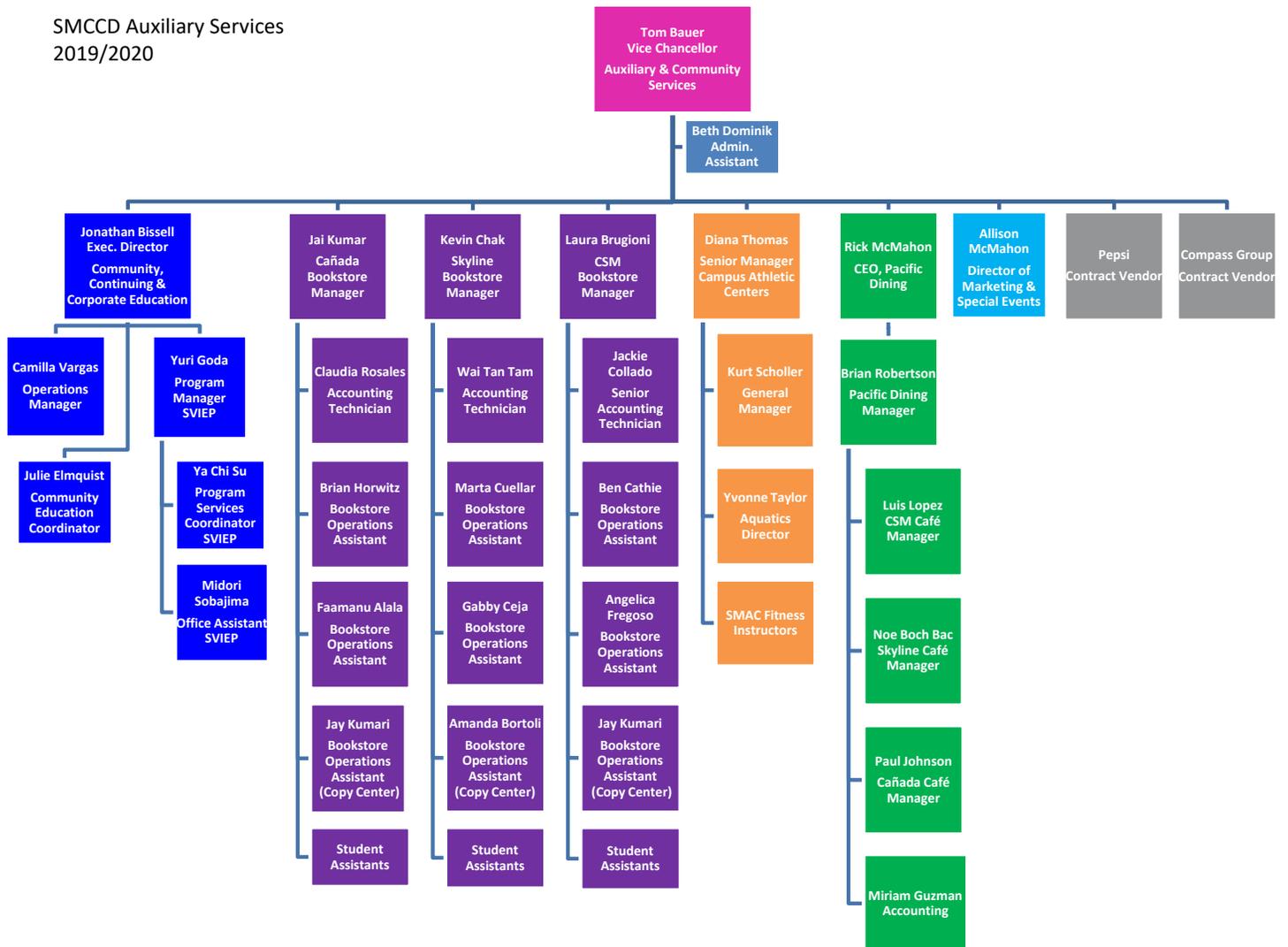
SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT

AUXILIARY AND COMMUNITY SERVICES



ANNUAL REPORT 2018-2019

SMCCD Auxiliary Services
2019/2020



A WELCOME FROM THE VICE CHANCELLOR



DEAR FRIENDS,

On behalf of the entire team who work in the Auxiliary and Community Services of the San Mateo County Community College District, we hope that you find this Annual Report for 2018-19 both informative and entertaining. Not only do we provide information, we also include pictures throughout to give the reader a true sense of the operations and how they positively impact the lives of our district's students, staff and the community at large. Auxiliary and Community Services is comprised of the three college bookstores, campus dining facilities, Community, Continuing and Corporate Education, San Mateo Athletic Club, districtwide vending services, districtwide printing services and banquet and conference services. The wide array of services we offer enhance the lives of all in our district community who rely on them and in a very special way, allow the larger San Mateo community to take advantage of the beautiful facilities they have allowed us to build with their support of our bond initiatives. All of the services we provide are guided by and align with goals in the District Strategic Plan and serve students either directly in the day to day services we provide or indirectly with the revenue generated by the operations being used at the direction of the Board of Trustees and the Chancellor to serve students. From investments in the College Promise to support for our scholar athletes and a large number of other initiatives, the revenue generated by these critical operations enhance the lives of our students as they work to achieve their dreams.

Thank you for your support of Auxiliary and Community Services! We look forward to continuing our service to the District community.

Tom Bauer

AUXILIARY OPERATIONS

San Mateo County Community College District Auxiliary Services and Enterprise Operations provide indispensable services to students, faculty, staff and the community at large. The services are provided at all three Colleges including the operations of the Bookstores, dining services, vending services, Community Continuing and Corporate Education, and the San Mateo Athletic Club and Aquatic Center at College of San Mateo.

Each of the operations is unique in the services it provides. The financial presentation for the Bookstores, cafés and the San Mateo Athletic Club is highlighted below with a brief narrative for each service. The District Auxiliary Services and Enterprise Operations Annual Report will be published in early October 2018 and will provide great detail on each operation's performance along with operational highlights.





THE BOOKSTORES

The landscape of collegiate retailing continues to change at a rapid and dramatic pace. At one time, the College Bookstore was the one place students could go to purchase all of the required academic materials to achieve success. Today, nothing could be further from the truth. The reality is that the College Bookstores of today have had to change their way of thinking and operating to compete in this electronic content-driven economy. This paradigm, while not new, is still in its infancy but is growing at an incredible pace. Some colleges and universities are adopting a total electronic platform and have done away with textbooks altogether. Others have taken the more common hybrid approach, and while they still have textbooks for some of their classes, encourage faculty to seek out less expensive, electronic media for their classes. That is the case with the SMCCCD. A growing number of faculty are choosing to put the textbook aside and are using online materials exclusively.



For a number of years, the District's innovative and talented Bookstore teams have worked hard to address the issue of textbook costs by creating one of the largest textbook rental programs in the country, investing in digital books, and partnering with publishers to provide “no frills” textbooks at a lower cost, along with other cost saving measures. These efforts have helped the District's Bookstores maintain a competitive edge, and, although the District has faced declining enrollment

for the last several years, textbook unit sales stayed equal to or slightly ahead of the enrollment decline due to aggressive cost management by Bookstore staff.

Since the enrollment peak in 2009–2010, the District has lost over 25 percent of its enrollment as measured in FTES. Despite these years of declining enrollment Districtwide, and along with the switch to alternative content delivery methods, the College Bookstores have continued to identify new products and services to attract both student and employee customers. Textbook rentals give the Bookstores an edge despite a nationwide decline in textbook sales and provide students who would not be able to afford college textbooks a low cost option that provides critical access to the course materials required for academic success. In addition to the textbook rental program, the investment made in transitioning significant portions of the retail space to coffee and convenience shops has helped to strengthen the Bookstores'

financial position as well dramatically increase the customer interactions on each campus, with over 10,000 combined transactions each day. As the stores continue to add products and services, this category has allowed the Bookstore to maintain a surplus this year despite the enrollment decline resulting in a decline in unit textbook sales.

The Bookstore team continues to focus on providing “Inclusive Access” (IA) materials at all three colleges. The program provides online access to faculty-required educational materials on the very first day of class at a lower cost than can be obtained direct from the publisher or traditional packages sold in the bookstore. Piloted at Cañada Bookstore in the 2016–17 academic year, the program is now operating at all three colleges. It is important to note that as this program grows, the financial pressure on the Bookstore will grow as well. At a significantly lower selling price along with a minimal margin, the impact on the Bookstore’s financial position will be significant in the years to come. Particularly noteworthy is the fact that despite declining enrollment and sales decreases in almost every category, sales in course materials actually increased in 2017–18 over the prior year. The sales increase of \$82,603 is attributed in full to the growing use of IA materials throughout the District. Usage of these materials is expected to increase significantly in 2018–19.

The screenshot shows a web browser window with the URL `simcd.instructure.com`. The page is titled "Dashboard" and features a sidebar with navigation options: Accounts, Dashboard, Courses, Calendar, Inbox, and Help. The main content area displays a grid of six course cards:

- ENGL-100-AD-Composition-CRN...** (Pink card): ENGL-100-AD-CRN80296, Fall 2019.
- ENVS-100-PA-Intro to Environme...** (Orange card): CRN96685 & CRN 96192, Fall 2019.
- LSKL-803** (Green card): (CRN: 91150, 91796, 94732, 9...
- MATH-251-AA-Calculus/Analytic...** (Red card): MATH-251-AA-CRN96666, Fall 2019.
- MUS-100-OLH-Fundamentals of...** (Blue card): MUS-100-OLH-CRN89886, Fall 2019.
- we've got your back.** (Purple card): Skyline Promise Scholars Program...

On the right side, there is a "To Do" list with several items:

- MUS-100-OLH-UNIT 2 NOW OPEN AND!** (Sep 6 at 9:33am)
- Work on Unit 2** (Sep 8 at 12am)
- Work on Unit 2** (Sep 9 at 12am)
- REMINDER: TODAY IS BI-WEEKLY CHEC** (Sep 9 at 11:24am)
- Rare Extra Credit Opportunity (un to 10** (Sep 9 at 1:23pm)
- Intro Paragraph for Essay #1** (Sep 9 at 11:59pm)
- Work on Unit 2** (Sep 10 at 12am)

A "Show All" link is located at the bottom of the "To Do" list.

The District Bookstores are fortunate enough to be full of the talents of many students who have joined our Bookstore family at all three Colleges. Not only do we have local students who enrich our working environment, but we also have students who have joined us from around the world including countries such as, China, Venezuela, Mexico, Indonesia, and Burma.

All of our students, both local and international have showcased their talents not just the Bookstores, but also have represented the Colleges as athletes, actors and actresses, and as student leaders in student government and various clubs. Many have graduated from our three colleges and transferred to 4 year universities



STUDENT EMPLOYEES

to continue their educational careers. Some 4 year colleges that have been graced with our student employees include; US Santa Cruz, US Davis, San Francisco State University, San Jose State University, UC Berkley, Academy of Art University, UCLA and more.

Our student employees provide an essential perspective on the needs of other students attending the three colleges, and provide feedback to the Bookstore management team and classified staff. This feedback is imperative to our ever changing world, allowing Bookstore management and classified staff to be able to provide important necessities to our community. Student staff not only provide essential services to the Bookstores, but learn how to work in a fast paced environment with focus on exceptional customer service and working as a team. Many of our staff is so successful that they make up a majority of the classified and professional supervisory staff working in the Bookstores today.

Our outstanding “senior” students in each Bookstore provide exceptional service and serve as mentors and role models for newer student employees. These students have taken their experiences at the Bookstores and have successfully applied it to their academic careers and personal lives. From College of San Mateo: Konstatine Victoria & Ujila Bhandari; from Skyline College: Hailey Center & Cheyanne Magpantay; and from Canada College: Prakash Karki & Dinara Kasim. Congratulations to each of these students on a job well done!



FINANCIAL PERFORMANCE AND INFORMATION

The following data reflects Bookstore operations for the fiscal year beginning July 1, 2018 through June 30, 2019. It includes Fall 2018, Spring 2019 and a portion of the Summer 2019 semesters.

Bookstore Sales	2018-19	2017-18	\$ Change	% Change
Regular Merchandise Sales	\$5,453,125	\$5,551,332	\$(98,207)	-1.77%
Computer Products Sales	181,196	193,020	(11,824)	-6.13%
Total Merchandise Sales	5,634,321	5,744,352	(110,031)	-1.92%
Textbook Rental Income	314,383	408,633	(94,250)	-23.06%
Production Service Income	336,983	384,015	(47,032)	-12.25%
Total Sales	\$6,285,687	\$6,537,000	\$(251,313)	-3.84%

The Bookstore Fund budget for 2018-19 totals \$7,693,000. The net beginning balance for the Bookstore Fund is \$8,024,627. The budget includes provisions for increased annual cash flow requirements, inventory and full maintenance needs of the store facilities.

Total sales decreased slightly more than five percent (5.34%) this fiscal year compared to last year primarily due to the decrease in textbook and convenience sales as discussed earlier.

The sale of computers and computer products decreased 21.39 percent over last fiscal

year due to the Skyline College Bookstore's providing Chromebooks for students to rent and purchase at the College in 2016-17.

Cost of sales decreased by more than two percent (2.22%) this fiscal year. Overall inventory shrinkage was less than one percent (1%) of sales again this year due to loss prevention efforts and improvements in invoice processing. The industry standard is two percent (2%). Total Operating Expenses decreased by nearly three percent (2.86%) as the bookstore staff has made reductions in available areas without jeopardizing service.

Exacerbated by the year over year reductions in sales, along with increasing salary, benefit and other costs, the Bookstores had an operational loss of \$201,271 this fiscal year and an overall loss of \$698,553 which includes the assessment of non-operational income and expenses including a significant loss booked on the Bookstores investments of almost \$300,000 this year. The loss of almost \$300,000 is more than offset by gains in that investment recorded in past years which are reflected in the fund balance.

The following table provides a summary of comparative figures.

Bookstore Recap	2018-19	2017-18	\$ Change	%Change
Operations				
Sales				
Merchandise Sales	\$5,634,321	\$5,744,352	\$(110,031)	-1.92%
Textbook Rental Income	314,383	408,633	(94,250)	-23.06%
Production Service Income	336,983	384,015	(47,032)	-12.25%
Total Sales	\$6,285,687	\$6,537,000	\$(251,313)	-3.84%
Less: Cost of Sales	3,731,887	3,771,642	(39,755)	-1.05%
Gross Profit from Operations	\$2,553,800	\$2,765,358	\$(211,558)	-7.65%
Total Operating Expenses	2,993,433	3,050,424	(56,991)	-1.87%
Net Income/(Loss) from Operations	\$(439,633)	\$(285,066)	\$(154,567)	54.22%
Other Income	50,312	83,795	(33,482)	-39.96%
Net Operation Profit/(Loss)	\$(389,320)	\$(201,271)	\$(188,049)	93.43%
Non Operational Income/(Expenses)				
Non Operational Income	\$286,192	\$268,429	\$17,762	6.62%
Investments - Adjust to Market	(108,888)	(296,208)	187,319	63.24%
Non Operational Expenses				
Admin Salary & Benefits	155,885	157,841	(1,957)	-1.24%
Other Expenses	92,038	174,347	(82,309)	-47.21%
College Support	105,367	137,316	(31,949)	-23.27%
Total Non Operational Income/(Expenses)	\$(175,986)	\$(497,282)	\$289,347	58.19%
Net Change in Fund Balance	\$(565,306)	\$(698,553)	\$101,298	14.50%

Staff anticipates that there will continue to be a challenging times ahead for college bookstores in California as enrollments are trending lower and competition in course materials delivery is prevalent from online operators to alternative delivery methods. These challenges will apply pressure on the bookstores' overall financial performance despite the innovations that the Bookstore team has instituted over the years. It is critically important to note the impact that the decline in enrollment at the three colleges since 2009-10 has had a serious

impact on the bookstores' ability to maintain profitability. With each student conservatively estimated spending just over \$200 each in the Bookstore every year, this decline in headcount has had an almost \$900,000 impact on sales. Each year as enrollment declines and expenses increase, the Bookstores will continue to suffer financial losses. This trajectory is unsustainable. The District will need to make decisions about how to move forward in the years to come with all of the operations in Auxiliary Services that are dependent on a stable enrollment.



The District's beverage vending service partner is Pepsi Bottling Group. The contract was awarded effective July 1, 2017, ending on June 30, 2024 with the option of renewing for three one-year terms at the discretion of the District.

The District's snack vending partner is Compass Group USA through its Canteen Vending Services Division. The contract was effective July 1, 2017, ending on June 30, 2022.

The District's food service partner is Pacific Dining Services. The contract was awarded on July 1, 2017 through June 30, 2022 with an option for one five-year renewal at the discretion of the District.

FOOD SERVICE BEVERAGE, SNACK & FOOD SERVICE VENDORS

Food service income has increased more than three percent (3.31%) or \$7,031 over last year. The increase is notable since decreases in enrollment, both in FTES and more notably in headcount at all three Colleges have direct impact on auxiliary enterprise operations. The decreases notwithstanding, the increase is evidence that students "vote with their feet" regarding where they choose to spend their time and money when they are at each of the Colleges. By

providing students a variety of tasty food options at a fair price in a clean and vibrant environment, all three dining facilities are thriving and are packed with students each day.

Beginning in FY 2017-18, vending income is no longer presented as part of the Auxiliary Services financial statement. While the vending operations remain under Auxiliary Services' operational oversight, the vending commissions have always been paid directly to the

college Associated Students organizations for their use. While District procedures do allow for the District to allocate a portion of these commission dollars to offset salary and benefit expenses of Auxiliary Services, the District has always provided 100 percent of these funds to the Associated Students.

The decrease in total expenditures is offset by the decrease in total revenue due to the elimination of vending income being shown on this

report. Expenses related to the repair and maintenance of equipment at the three College dining locations have increased as equipment ages. Last year, preventive maintenance programs were put in place for the equipment at each College's cafeteria, which includes quarterly equipment checks. The program has increased expenses, but the expectation is that the equipment will have a longer life and cost less over time. In addition to Pacific Dining staff, all of outside events hosted in the Bayview Dining Room with over 100 people in attendance are staffed by District Facilities and IT staff who receive overtime pay for supporting the events.

Event rental income has decreased by 10.87 percent. While the District continues to host numerous outside events including community, corporate and county sponsored events, only one third of events held in the Bayview Dining Room paid full price for facilities rental fees. The majority of the remaining events fell into one of the following categories: internal events (no rental fees), non-profit organizations with a 50% discounted rate (two of these events had fees entirely waived), or an employee rented the space with waived rental. This is in keeping with our mission as an organization that encourages community use of District facilities. With the exception of July, the dining room was booked almost every weekend from August through December for at least one event. Event rental fees are directed back into the facility for continued upgrade, upkeep and enhanced maintenance allowing us to maintain the facility.

Income from food service and vending contracts enables the District to provide food and beverage services to the students. These combined resources, along with interest income, also provide a stable Cafeteria Fund not requiring support from the General Fund.

As part of the Enterprise Fund, the cafeteria and vending operations are fully self-supporting. No General Fund dollars go to support any Enterprise operation. The fund is also responsible for the long-term maintenance and upgrading of aging facilities and equipment, as well as all expenses relating to the ongoing operational requirements under the food service and vending contracts.

Fourth quarter comparisons are noted below:

Cafeteria Recap	2018-19	2017-18	\$ Change	%Change
Operations				
Revenues				
Food Service Income	\$208,699	\$219,208	\$(10,509)	-4.79%
Interest Income	16,370	9,373	6,997	74.65%
Event Rental	108,296	86,950	21,346	24.55%
Total Revenues	\$333,366	\$315,531	\$17,835	5.65%
Expenditures	\$254,542	\$260,898	\$(6,356)	-2.44%
Net Change in Fund Balance	\$78,824	\$54,633	\$24,191	44.28%

FOOD SERVICE INCOME	2018-19	2017-18	\$ Change	% Change
PACIFIC DINING				
Skyline	61,539	73,109	-11,569	-15.82%
Cañada	34,377	30,588	3,788	12.38%
CSM	86,344	89,771	-3,427	-3.82%
Le Bulldog	26,439	25,740	699	2.72%
Total Food Service Income	208,699	219,208	-10,509	-4.79%



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COMMUNITY, CONTINUING AND CORPORATE EDUCATION (CCCE)

The California Community College system established not-for-credit Community Education programs such as CCCE to address the needs of all the members of a community, by offering additional educational opportunities beyond for-credit instruction. As such, CCCE works to educate and enhance the lives of San Mateo County residents, families, businesses, nonprofits, government agencies, and internationals through self-supportive and innovative educational programs, partnerships, signature programs and global impact initiatives. Included in this narrative are select programmatic highlights reflective of the community-based work of this division.

Silicon Valley Intensive English Program (SVIEP)

The Silicon Valley Intensive English Program (SVIEP) was founded in summer 2015 and launched with federal approval in the fall 2016 semester with the goal of providing a high-quality, in-house pathway to college for international students unable to matriculate directly to our three colleges due to insufficient TOEFL or IELTS test scores. SVIEP's strategic focus remains consistent with the District Strategic Plan's Goal 4 strategy to link the District's community and international education efforts to create synergies that strengthen both programs.

SVIEP remained the number two all-time referral source of international students for the District in 2019, a distinction earned through its strategic allocation of time, energy and resources – and the SVIEP team's close alignment with the District's international team and brand, San Mateo Colleges of Silicon Valley. Impressively, SVIEP's total number of matriculated students to the colleges increased by 60% in 2019 (from 50 to 80 – with all-

time college totals of 29 for Cañada, 24 for CSM, and 27 for Skyline). To date, this matriculation pipeline conservatively represents well over \$1 million dollars in tuition and enrollment fees for the district over the students' course of study. Significantly, none of these students would have been eligible to attend any of the District's three colleges without the existence of SVIEP.

Bay Area Pathways Academy (BAPA)

The Bay Area Pathways Academy (BAPA) is a comprehensive summer learning experience for students entering grades 6 to 9, with a broad selection of academic, enrichment, technology, fitness and aquatics programs that serves as a pathway-experience for under-resourced children and families to embark upon the journey to community college and beyond.

BAPA 2019 proved to be yet another incredible year for our students, with over 400 attending over the six-week summer program at the College of San Mateo. BAPA students of all socio-economic

backgrounds and ethnicities participated side by side in one of the Bay Area's most comprehensive summer camp experiences, enjoying exciting and enriching classes in Academics, Robotics and AI, Fitness and Aquatics, Languages, Nature, and much more.

BAPA remains tuition supported yet is open to all local students through the provision of need-based scholarships. Pursuant to its goal of fostering educational equity, the BAPA 2018-19 program continued its tradition of hosting scholarship-supported students from families in need within our local communities.



Equity in Action – Transforming Lives

CCCE collaborated with Project Change and the San Mateo County Office of Education to provide Acting Improv classes to female youth at a local detention facility in FY18-19. Students were encouraged to take risks without judgment to tell their stories in the form of a screenplay, resulting in increased understanding and empathy amongst participants and newfound appreciation for new modes of learning. Due to the success of this initiative, Project Change and SMCOE partners have requested that CCCE provide additional classes for FY19-20 in service of these and other students. Future classes will be focused on learning to code, as well as other courses designed to foster growth.

Economic Development through Training & Partnerships

Corporate Education provides training for both domestic and international clients, designed to support the organizational goals of each client through customized solutions that range from basic skills to highly specialized training.

Corporate Education revenues for 2018-19 were \$278,641 (or 23% of total CCCE revenues). Domestic training during this period accounted for \$216,677 (or 78%) of Corporate Education revenues, while international training accounted for \$61,964 (or 22%).

Area businesses served through domestic training included a wide range of organizational types, including private industry (large and small employers), union education funds, and government agencies. International organizations served included delegations and groups from countries such as China, Japan, Colombia, and Cambodia.

Key goals for Corporate Education in 2019-20 include strategic leveraging of existing partnerships as well as increased new business development throughout the Bay Area and beyond, with a goal to more than double FY18-19 revenues through enhanced domestic training opportunities stemming from Corporate Education's growing reputation as a high-quality training provider and partner.

Domestic Training

Private Industry

CCCE was contracted a number of private industry companies in FY18-19, including global tech companies seeking extensive, customized training for key work teams, as well as smaller regional

companies seeking technical training to upskill key staff for optimized client success. Trainings were successful and will lead to subsequent opportunities for FY19-20.

Union Education Fund

CCCE was contracted by a CA-based Union Education Fund to design and implement an online platform paired with live classroom instruction for the purpose of preparing incumbent healthcare workers to take and pass a required examination for continued employment. The training was a success and further discussion are under way for FY19-20.

Government Agencies

CCCE was hired to provide highly technical training to select government technicians as a direct result of previous work done for the same client. Similarly, CCCE was contracted to provide credit-based contract education classes to clients of a local county agency, based on positive past client experiences with CCCE. This relationship continues to be fruitful for all concerned, resulting in new opportunities for collaboration in FY19-20.

International Training

Training for Chinese Leaders
CCCE collaborated with SFSU Extended Learning to customized training program for two delegations of Chinese leaders, representing university leaders from important technical universities in China, and the other representing vocational institutes seeking new learning experiences related to Career and Technical Education in California. Participants were impressed with campus facilities as well as what they learned about SMCCCD, resulting in increased awareness for San Mateo Colleges of Silicon Valley in China.

Training for Japanese Group

CCCE hosted several groups of Japanese high school and middle school students from a partner international school in Japan. The high school students participated in a Silicon Valley Innovation Camp focused on entrepreneurship, while the middle school students learned English and co-learned alongside American peers in a Global BAPA experience. The group plans to send more students from Japan in FY19-20.

Training for Colombian Group

CCCE hosted a high-level delegation of Colombian leaders from the largest nonprofit university in Colombia. The delegation participated in a Silicon Valley Innovation Program consisting of targeted guest lectures and company visits to a range of Silicon Valley companies and organizations to learn about innovation from a Silicon Valley perspective. The university plans to visit again in FY19-20 with a new delegation, and to deepen ties with the District.

Training for Cambodian Group

CCCE hosted a group of Cambodian students for an Innovation Camp experience, resulting in deepening ties with the Cambodian government and the matriculation of many in the group, some via SVIEP and some direct to the colleges.



CCCE Financial Summary

Community, Continuing & Corporate Education (with SVIEP)	2018-19	2017-18	\$ Change	% Change
Operating Revenues	\$ 1,230,447	\$ 1,204,235	\$ 26,212	2.2%
Operating Expenditures				
Salaries and Benefits	\$ 800,111	\$ 856,628	\$ (56,518)	-6.6%
Other Operating Expenses	\$ 709,981	\$ 769,518	(59,537)	-7.7%
Total Operating Expenses	\$ 1,510,091	\$ 1,626,146	\$ (116,054)	-7.1%
Net Operating Profit/(Loss) before College Support Income	\$ (279,645)	\$ (421,911)	\$ 142,267	33.7%
College Support Income	\$ 279,667	\$ -	\$ 279,667	100.0%
Net Change in Fund Balance	\$ 22	\$ (421,911)	\$ 421,933	100.0%

Since CCCE's inception in January 2015, total program revenues have increased by 123% (or \$679,801) from \$550,646 in FY13-14 (last FY prior to Community Education becoming CCCE) to \$1,230,447 in FY18-19. This tremendous growth reflects both enhanced support for CCCE's vision by Auxiliary Services, as well as the hard work and dedication of the entire CCCE team. We anticipate continued growth for CCCE, coupled with ongoing new program development and programmatic pivots reflective of changing market conditions in CCCE's four-fold service areas.

As seen in the table above, CCCE experienced a relatively small increase in year over year revenue of 2.2% (or \$26,212) from FY17-18 to FY18-19, reflecting a year of strikingly differentiated growth, challenges, and opportunities for CCCE's four respective operational areas: BAPA, SVIEP, Corporate Education, and Community Education.

Growth and Challenges

Continuing its mission to provide superior summer learning and year-round impact, BAPA provided a significant bright spot for CCCE in both mission and self-sustainability, ending FY18-19 with \$431,721 in revenues and a surplus of \$104,133, which will yield continuous programmatic enhancements and results for area youth for the coming year.

Another core area of growth for CCCE continues to be Corporate Education, which ended FY18-19 with \$278,641 in revenues – a 40% (or \$79,641) increase over FY17-18, and a surplus of \$83,527 attributable to Corporate Education's high quality service, client satisfaction, and increased focus on business development. This important business unit contributes to the growth of leaders and teams for organizational success, resulting in increased workforce development and economic impact for our county and region. BAPA and Corporate Education together provided 58% (or \$710,362) of CCCE revenues for 2018-19, and both expect continued growth rate acceleration for FY2019-20 through enhanced services and customer-focused success.

Recognized for its success in providing a guaranteed pathway for international students seeking to build their English skills in preparation for matriculation to college and eventual university transfer, SVIEP represented both growth and challenges relative to changing market conditions for English language programs in FY18-19. On the growth side, SVIEP increased year over year revenues by 30% (or \$66,060) over FY17-18. More impressively, SVIEP increased its total number of matriculated students to the colleges by a whopping 60% (from 50 to 80), which conservatively represents well over \$1 million dollars in tuition and enrollment fees for the district over their course of study. Most importantly, and easiest to overlook, is the fact



that none of these 80 students would have been eligible to attend any of our three colleges without the existence of SVIEP.

On the challenge side, SVIEP expenses for FY18-19 eclipsed gross revenues, resulting in a net loss of \$176,095 for the unit and a negative financial impact to CCCE as a whole, requiring \$151,500 in financial support from Auxiliary Services. FY18-19's net loss, however, represents a significant reduction in net losses relative to FY17-18 (-\$463,090) – a strong testament to the success of comprehensive restructuring efforts carried out by SVIEP throughout FY18-19. While persistent headwinds remain against international recruitment of F-1 English language learners for the foreseeable future, new changes for SVIEP in FY19-20 bode well for continued enrollment and matriculation growth. These include staffing changes to the SVIEP team with a great focus on agent recruitment, a new online ESL initiative to increase access for overseas SVIEP audiences, collaboration and support for SMCSV GOAL projects, and collaboration with Skyline College on a customized, not-for-credit ESL for ECE course in support of a credit-bearing distance education program.

Despite its pedigree as a community resource for lifelong learners, Community Education presented a significant fiscal challenge to CCCE in FY18-19. With \$235,115 in revenues and \$526,325 in expenses, Community Education yielded a net loss of \$291,210 – resulting in substantive negative impact to overall CCCE finances and necessitating \$128,167 in financial support from Auxiliary Services to cover the shortfall. Yet as dire as Community Education's fiscal health was in FY18-19, new approaches to operationalizing Community Education are being prototyped for FY19-20 that aim to retain Community Education's positive community impact while simultaneously reconstructing a viable fiscal path forward for FY19-20 through cost-saving measures and revenue-generating strategies.

In regards to cost-saving measures, Community Education has embarked on a "Going Green" strategy to reduce catalog costs and environmental impact



by replacing its 34-page mailer with a postcard inviting community members to view a digital catalog online prior to registration. Additionally, Community Education projects significantly decreased staffing costs for FY19-20 due to a re-allocation of staff time resulting in increased support for Corporate Education and a reduced staffing footprint for Community Education. These initial changes above are projected to yield approximately \$175,000 in cost savings for FY19-20, and more are currently under exploration.

In regards to revenue generating strategies, Community Education will pursue a three-pronged approach to growth for FY19-20, each designed to leverage Community Education's human and programmatic strengths to generate new revenue streams. Initial growth approaches include development of year-round custom youth camps leveraging the popularity of BAPA with middle school families; short (one or two-day) professional development boot camps for area professionals leveraging local employer needs for accessible upskilling of talent; and comprehensive conference services for the healthcare industry (initially) leveraging our Community Education

Coordinator's expertise in running Allied Health conferences.

Opportunities

Opportunities abound to drive growth and fiscal success for CCCE in FY19-20 – opportunities which, as described in the narrative above, have the capacity to leverage known strengths and build upon prior successes. In embrace of these opportunities, CCCE remains committed and focused on self-sustainability through a rich combination of cost-saving measures, revenue-generating innovations, and value-creation for those we serve. Furthermore, CCCE intends to maintain its focus on meeting District Strategic Plan Goals 2 and 3 through continued corporate training outreach and marketing to Silicon Valley companies, short-term training and camp outreach to international student groups and professionals from overseas, strategic new program development, strategic partnerships, and other new value-creating initiatives.

SAN MATEO ATHLETIC CLUB AND SAN MATEO AQUATIC CENTER

Nine and half years have passed since we opened San Mateo Athletic Club. We still experience growth in membership (now at 6,300) along with members increasing their usage of San Mateo Athletic Club.

We experienced 320,812 member visits, averaging 891 visits per day. Our student visits exceeded total visits of 49,000 for those enrolled in academic programs held in SMAC. The combined total 321,703 visits, averaging 1,027 visits per day.



Where Education Meets Fitness

We are an extension of the College of San Mateo campus and an active classroom whereby classes for students are held on our fitness floor, in our pools and our group exercise studios. At times this means that some of these areas will be shared with students and at other times, areas may be reserved for students only.

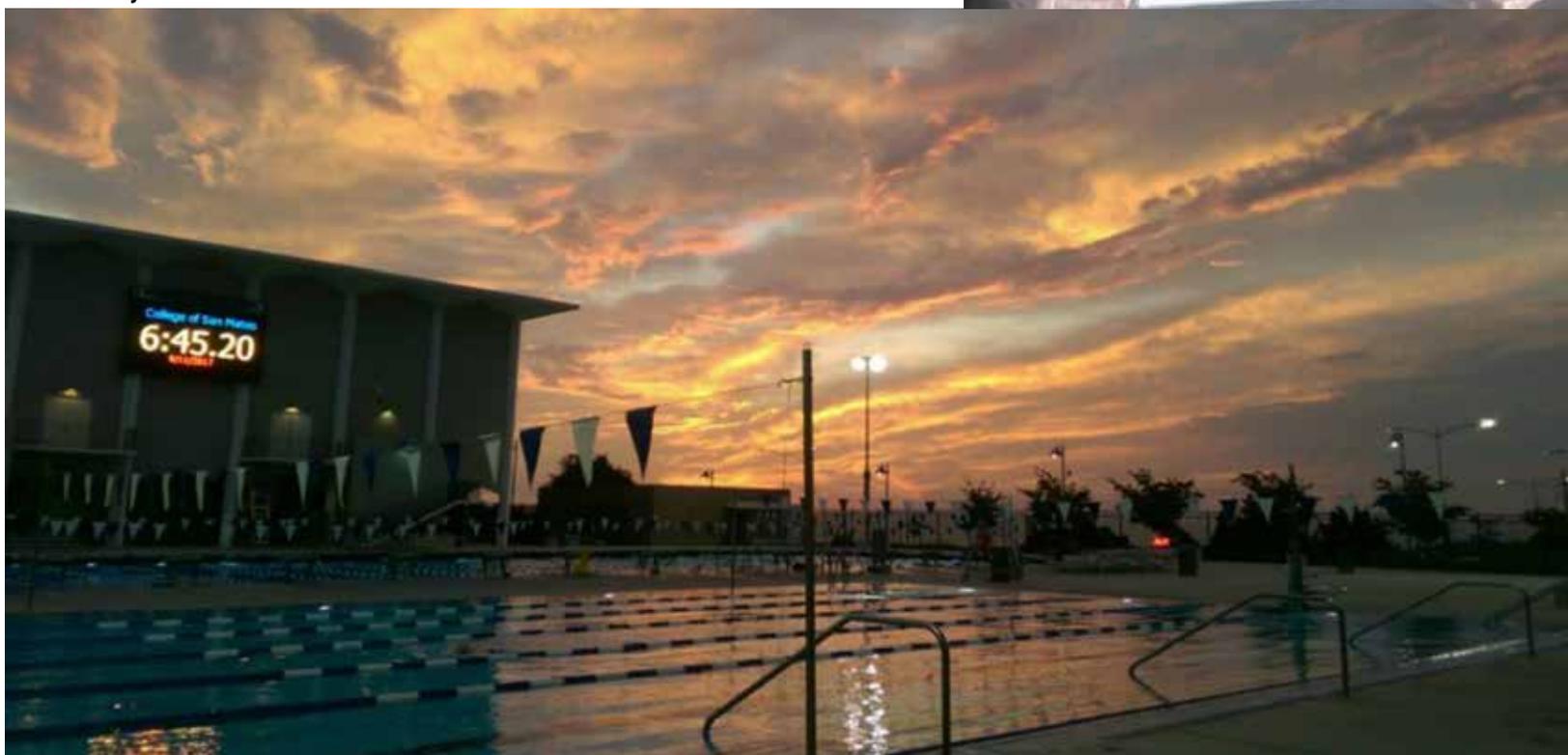
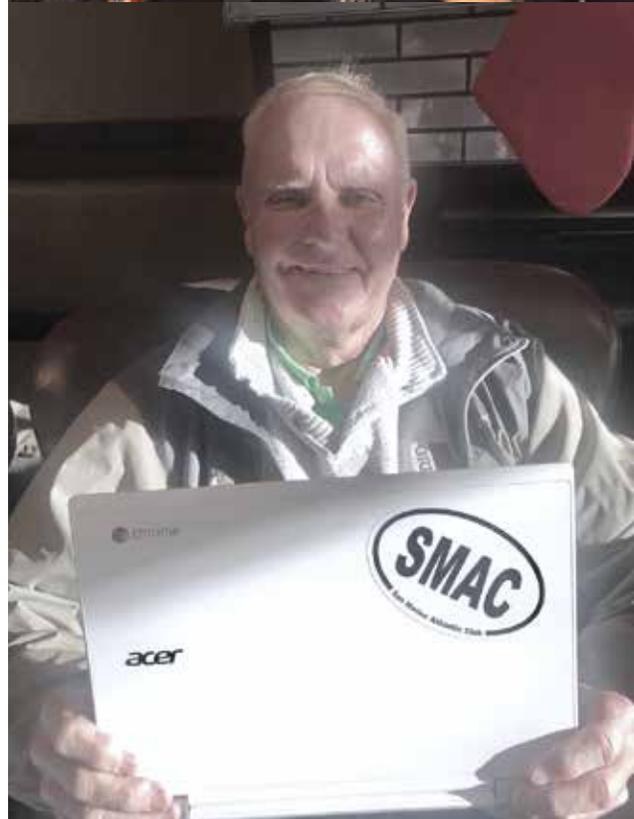


Investing in your Health also supports education in your community.

Over 25% of SMAC Staff are also CSM students which affords a convenient opportunity to students to work and attend courses all in one location. As SMAC employees, students in valuable work force knowledge and many of these students then continue with SMAC as they develop their career path. An additional benefit of employment is the EXOS Fitness Specialist Certification provided to each employee, free of charge. This certification is a Nationally recognized program and enhances the SMAC employees in their career development as well as that of complimenting their resumes.

Our member referral rate continues to be above 65%. This is impactful as we do not advertise. We rely on creating positive member experiences whereby happy members will refer their family and friends. This is the true testimony of success....this continued level of satisfaction with our membership base allows us to spend our 'advertising dollars' on member retention events Winter Warrior, Where in the World and Member Appreciation. Through participation, SMAC members receive logo wear: backpacks, t-shirts, caps, bags, hoodies, car decals....these rewards are then 'worn' in the community and help to increase our presence.

Our members proudly wearing their SMAC Gear in the community is rewarding. Our number one goal is to enhance our member's lives. The experience that leaves SMAC, leaves SMAC and goes into the community, albeit home, school, work, coffee shops. Without happy members referring new members....and happy employees referring staff...we would not be where we are today.



Where in the 2018 World San Mateo Athletic Club

It remains humbling and extremely rewarding to realize that our members think of SMAC while packing for their vacations and then remember to wear us when arriving at their destinations when participating in 'Where in the World' We treasure the relationship we have with our members and value their support and love of SMAC.

Four times a year we bring the team together at 'All teams Staff meetings'. This year these were hosted In July, October, January and April. Our guest speakers included: Chancellor Galatolo, Vice Chancellor Tom Bauer and EXOS. These are held on Sunday evenings after the club closes. We serve dinner at each....the menu changes for each meeting ...all you can eat, Pizza, Chipotle, BBQ and Sushi. Of course... Bakesale Betty Cookies are present at each. We also take the opportunity to recognize team members who go above and beyond for our members.





We have worked pointedly to create 'community'.

This past year we participated in the 'One Warm Coat' drive and our members (collectively) donated over 20 hefty Bags (we stopped counting after 300) full of warm coats to the LifeMoves homeless shelter in San Mateo.

Our members filled our Toy Donation barrel '5' times during the holidays

SMAC Out Cancer returned for it's 7th year and with the help of Olympians (Kristy Kowal, Mike Bruner, and Susan Heon-Preston), SMAC raised over \$50,000.00 for cancer research for UCSF Children's Benioff Hospitals. This year we swam, danced and ran to raise money for this great cause.



SMAC FUN FACTS

We now are honored to display over 96 member success stories 'Journeys' are posted throughout SMAC. These are stories submitted to us.... unsolicited....from members who want us to know what they have accomplished as a result of their membership to SMAC. We also include these stories in every newsletter. We will now also begin to display these in the San Mateo Daily Journal.

We distributed over 300 Flowers to Mom's who worked-out at SMAC on Mother's Day and over 350 Golf Balls to Dad's who worked out on Father's Day.

We now offer over 100 Group Fitness Classes per week as part of a membership to SMAC. These classes boast an average attendance of 17.5 students per class. (Industry average is 12)

We continue to decorate for each holiday and season





SMAC gives a 'onesie' with our logo to every Member newborn

Our Logo wear can be seen all over San Mateo as our members continue to wear/use our: t-shirts, caps, reusable shopping bags backpacks, parking permits, car decals and hoodies.

SMAC members continue to take SMAC logo wear on their vacations and for the 8th year, Where in the World garnered pics from members wearing the SMAC logo in; Europe, South America, Iceland and many more locations. It is truly humbling that members think of SMAC when they pack for a vacation and then again when they arrive to their destinations to take a picture and then send to us to display.

For 5 years in a row, SMAC complimented Bay Area Pathways Academy (BAPA) program by providing physical activity classes including: swimming, water polo, counselor in training, yoga, dance and X-fit. SMAC provided instructions and instructors for over 350 classes over the 6 weeks of camp.

Winter Warrior proves to be strong annual program encouraging our members to continue their workouts during the holiday season....8 years in now. Members earn prizes related to their attendance during specified dates.





We celebrated our 9th anniversary by offering a special event, activity or gift to our members each and every day in April during Member Appreciation Day..inclusive of Massages provided by Dr. Ronda Wimmer and students from Skyline College wellness department. April 1st is our official anniversary...and we acknowledge this date each year by serving Cake!

We continue to send an electronic newsletter every month to over 10,000 people with an average open rate of 41% (e-marketing industry average 25.7%).



We are dedicated to train and supervise SMUHSD Workability participants in their 7th year at SMAC (individuals with disabilities) with basic skills to assist with the club's maintenance and to increase their self-esteem and foster independence. We have hired one individual from this program who has now completed his fourth year of employment. This is the 5th year we have hosted the SMUHSD Disabled students - Friday visits - group of adult aged special needs students, within the San Mateo Union High School District practice life skills, which include a membership at SMAC and navigating public transportation to get to/from.

This is the 8th year we have contributed to CSM scholarships. We have also participated in CSM events: Yoga fair, health fairs, and Connect to College. We are a donation location for CSM Associated Students' canned food and toy drives,



as well as assist with all emergency situations for classes held within SMAC and on pool deck and in the majority of instances are the first responders. SMAC has also provided raffle contributions (1-3 month memberships) to numerous campus departments.

We are dedicated to maintain, repair, and replenish all equipment and supplies with SMAC, provide all preventive maintenance for CSM classes held within SMAC including the adaptive studio. We also provide all aquatic supplies (backstroke flags, class equipment), lifeguards for all programs/ classes held within pools, issue all cosmetology parking permits for cosmetology patrons, provide all cleaning chemicals and equipment maintenance for cosmetology laundry and offer CPR/AED training to all staff.



FITNESS

Our Fitness Team is committed to upgrading lives- from a warm greeting to start your day to de-stressing and moving better in a group or private session. We also work together as a team in a non-competitive environment and bring a diverse set of skills to the table. "Continuous Improvement" is a theme within our company and we provide tools and resources to foster growth. This includes monthly fitness education webinars, monthly safety trainings and quizzes, in-house trainings provided to trainers and quarterly regional live

workshops. We think "outside the box" when it comes to programming and promote consistency with our EXOS Journey and ESD software solutions (free to members as a value-add), SMAC Fit Pass Monthly Small Group Training program, ResoLOSEtion Weight Loss Challenge and Loyalty packages.

We have been able to increase Personal Training Revenue from prior years, as well as the fitness programs revenue increased by 31%, from year to year. ResoLOSEtion Weight Loss Challenge continues to be successful with our record high enrollment in November. We had a total of 544 members complete the Journey online assessments from July 2018-June 2019, which is 30 more than last year. The new ESD software and program continues to be a success, with 1842 registered users, and an average of 2 workouts per user from July 2018-June 2019. We have hired seven new Personal Trainers, who also volunteered for the Swim Across America 5K Event which almost doubled the 5k participants from the previous year.

Pilates

We have increased Pilates revenue year after year, with 276 completed Pilates demos from July 1, 2018 - June 30, 2019, That is an increase of 117 demos from the previous year! The Pilates Group revenue accounted for 31% of the total Pilates Revenue.

Community Outreach

We participated in CSM Health Fairs, as well as, Corporate sites such as, Gilead, with increased participation in fitness assessments and raffles. Robert O'Connor had the opportunity to speak at the Career Fair at Aragon High School, answering questions on Personal Training as a career.

Educational classes/Workshops/ Workforce development

Our trainers attended an EXOS live continuing education workshop with 80+ trainers at Google and at SMAC. We were also able to foster growth among the SMAC team by promoting two new trainers who were formerly courtesy desk staff, keeping them motivated and engaged at SMAC! We also developed a four day, 12-hour immersion onboard training for new trainers to thoroughly prepare them for orientations, new clients and

EXOS solutions (Journey, ESD). This has increased their motivation and level of engagement before working their first floor shift.

We welcomed an Assistant Fitness Manager, to focus on growing personal training and small group revenues by at least 15% by next fiscal year.

Group Exercise

Group exercise continues to be a popular offering and we maintain a schedule that offers over 100 complimentary classes to our members. This department also continues to enhance the educational opportunities for SMAC staff members and fitness professionals throughout the community and this year our courses included:

AFAA Primary Group Fitness Practical Way Workshop Objectives

Our workshops explain group leadership responsibilities and apply knowledge of the general components of a group fitness session to create effective classes. We also try to teach how to apply exercise selection, evaluation, and modification techniques utilizing the AFAA 5 Questions™ and Exercise Continuum, as well as, lead safe and effective movement prep for a variety of group fitness modalities.



We teach how to apply appropriate exercise guidelines, methods, and proper movement execution for cardiorespiratory, muscular strength and endurance, and flexibility training in the creation of a variety of effective group fitness classes. How to integrate effective instructional technique, cueing, and music within a group fitness class setting, and demonstrate professionalism in your practice by following the AFAA Code of Professional Conduct and related legal guidelines.

Reiki Workshop

The spiritual healing art of Reiki works by channeling positive energy into your body. This powerful flow of positive energy may bring a near immediate sensation of relief as it releases tension, lessens the impact of stress and replaces negative energy with the positive. Some refer to this positive Reiki energy as the life force, and indeed it can bring new life to a stressed-out, tired body.

Lunch & Learn - Fit Over 50

Encouraging continuing education amongst our membership base to increase their awareness of programs offered and tips for being Fit after 50 which included Safe movement, Nutrition and well-being.

Introduced new formats and expanded upon existing

Stable & Strong: Ideal for older adults, those in rehab, and beginners who want to increase range of motion via functional movement, balance and strength. Beginners & level I.

Stable & Strong II (new): This 30 minute class will offer exercises and drills intended to be the next level from the regular Stable & Strong class. Each class will focus in one fitness area. Various equipment will be utilized including free weights,

exercise bands, stability balls, Bosu, exercise mats and more. Beginners & level I.

Chair Yoga (new): Chair yoga is a form of yoga as therapy practiced sitting on a chair, or standing using a chair for support. The poses, or asanas, are often adaptations of modern yoga poses.

Simply Cycle (new): A beginner level cycle class. Focusing on correct bike set up, proper cycling alignment, building the cardiovascular system and muscular strength. This class is designed for everyone from beginners wanting to learn basic cycling techniques, to those coming back post-injury, to cycling enthusiasts who enjoy working out in a moderate intensity. All levels.





We again hosted the Special Olympics team for Thursday night practices and the Special Olympics swim meet on April 20th. We had more than 50 athletes and 40 volunteers for this special event. SMAC provided lunches for the entire meet.

The Coast Guard became a more permanent presence at the pool as they now call SMAC their training pool every Wednesday & Friday morning.

American Red Cross Courses

We continue to offer courses that lead to certifications in Lifeguarding, Lifeguard Instructor Trainer, CPR/AED for the professional rescuer and water safety for swim team coaches





AQUATICS

Our pools remain a focal point for COLLEGE OF SAN MATEO, SMAC members and the community

This year we had 28 BAPA students become certified in American Red Cross CPR/AED. Coach Melina Gold held a Holiday break swim clinic, which was held to benefit the Paradise Piranhas swim team who lost everything in the Paradise fires. We were able to send \$1,211.22 to the Piranha Swim Club in addition to shirts from our swim team.

We introduced skill drills and increased in-service trainings for life guards. Our Bulldog Swim Club reached an all-time high in enrollment with over 375 swimmers spread out over the developmental groups & competitive groups.



Youth water polo took on its own identity with the introduction of a new logo. The team also participated in four scrimmages with a record of 2-2. We have included the introduction of the SMAC Masters Water Polo – new to the club, with 35 new members joining the club to participate in the new program on Monday & Wednesday nights.

Rentals were at an all-time high for the club with over 22 different organizations utilizing the aquatic facilities. We hosted 9 swim meets over the past year, with our pool, again, being the host of the PSC Zones short course and long course championship meets. We had a successful National Master Post Swim with 50 swimmers participating and 16 top ten finishers and 9 national champions

Our Annual Soup Dinner was again held to celebrate the community of the masters swimmers with this year setting a record for highest ever attendance with more than 70 in attendance.



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