

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT AUXILIARY SERVICES

Annual Report 2008 - 2009

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CAÑADA COLLEGE 40
Forty Years of Academic Excellence

College of San Mateo

   **Skyline**
COLLEGE
40 YEARS OF ACHIEVEMENT



A NOTE FROM THE DIRECTOR

Fiscal year 2008-09 proved to be both a very rewarding and exciting year with our enrollment increase at all three Colleges as well as a challenging year for the Bookstores with financial losses suffered as a result of the Lehman Brothers collapse and the lower interest rates paid on our investments.

As the most visited place on any college campus, the Bookstore and Food Service are charged with both meeting and exceeding the needs of students, faculty and staff. The Auxiliary Service team is committed to striving for further innovation and will continue to provide exceptional service to the community.

We're pleased to present this overview of the District Auxiliary Services' activities and achievements for the 2008-09 academic year. We will continue to seek innovative ways to serve you and the District community in the year ahead, and we thank you for your support and patronage.

Tom Bauer
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Director of Auxiliary Services

THE BOOKSTORES

TEXTBOOK RENTAL PROGRAM

The textbook rental program continues to flourish and serve as a model for college bookstores around the country. Thanks to the joint efforts of Auxiliary Services Director Tom Bauer and the District Foundation team in partnership with our District Bookstore and auxiliary vendors, over \$50K was raised or allocated to fund the purchase of additional textbooks for the rental program now active at all three of the Colleges. In addition, the Bookstores added \$52,000 worth of books to the program using its reserve dollars. These dollars are used to purchase inventory that will enter the rental program. Cañada College continues its efforts to raise funds for the program as well making Cañada Bookstore the leader in textbook rentals in the District and possibly the State. The District Bookstores are currently partners in a discussion with other bookstore leaders in the Bay 10 about creating a textbook rental program that will serve all of the Bay 10 colleges using federal grant money with our own Cañada College Bookstore as the lead store in this endeavor. The Bay 10 group will file for the grant in the 2009-10 academic year.



<http://www.textbookaid.org>

COURSE MATERIALS SALES

The sale of new and used textbooks, coursepacks, digital books and rental books are the core mission of the District Bookstores and account for roughly 74% of the total sales in the District Bookstores. The Bookstore managers, Judy Worster from College of San Mateo, Jai Kumar from Cañada College and Kevin Chak from Skyline College, work very closely with our faculty and academic support staff as well as publishing company representatives to ensure that the Bookstores meet their goal in providing the right book at the best price at the exact time the student needs it. In addition to this, the Bookstore managers are charged with obtaining as many used textbooks as possible as well as identifying titles to add to our textbook rental program. Used textbooks represent the best overall savings to our students. Priced 25% less than new textbooks, used textbooks are obtained through a rigorous procurement process by each store manager.

To date, there are five major used textbook wholesale companies in the United States today. Every college and university in the country sends its textbook list to these wholesalers with the hope of obtaining as many used textbooks as possible. The key to success is getting the booklist from the faculty as early as possible to work with the companies for the longest period possible. Equally important and doubly beneficial to the student is our ability to buy back books at the end of each semester. When textbook orders are processed by the Bookstore on time and the textbook is being readopted in the same edition for the coming semester, the Bookstore can give the student a 50% cash return on his or her investment and further supplement the stock of used textbooks for future students. This year, each Bookstore increased the number of used books procured and sold to students for an overall increase in use book sales of \$285K or 14%. This increase is substantial as used textbook sales account for 48% of all textbook sales, delivering substantial savings to our students. Coursepack sales, the sale of materials assembled by the faculty and properly cleared for copyright use by the Bookstore staff, also increased 4% over last year. Total unit sales measured by leveling the price of all textbooks to what they would sell for at the new price increased this year over last year by 3%. Our store managers along with our faculty and academic support staff are to be congratulated for focusing on textbook price and availability, getting the booklists in to the store promptly for the work done by the entire Bookstore staff to ensure delivery of more used books sold than before.

2008-09 Course Materials Sales Comparison

CSM	Description	2007-08	2008-09	\$ Difference	% Difference
	New	\$ 2,033,286.87	\$ 1,840,735.53	\$(192,551.34)	-10%
	Used	\$ 739,638.82	\$ 947,360.94	\$ 207,722.12	22%
	CoursePacks	\$ 66,094.47	\$ 61,873.68	\$ (4,220.79)	-7%
					0%
	Total	\$ 2,839,020.16	\$ 2,849,970.15	\$ 10,949.99	
	Rental	\$ 9,512.25	\$ 15,723.18	\$ 6,210.93	40%
	NTE (Unit Sales)	\$ 3,019,471.96	\$ 3,103,883.45	\$ 84,411.49	3%
SKYLINE	New	\$1,472,922.24	\$1,477,251.27	\$ 4,329.03	0%
	Used	\$ 729,720.70	\$ 760,223.27	\$ 30,502.57	4%
	CoursePacks	\$ 68,555.63	\$ 67,484.45	\$ (1,071.18)	-2%
	Total	\$2,271,198.57	\$2,304,958.99	\$ 33,760.42	1%
	Rental	\$ 38,707.60	\$ 44,722.93	\$ 6,015.33	13%
	NTE (Unit Sales)	\$2,445,883.17	\$2,490,882.30	\$ 44,999.12	2%
CANADA	New	\$ 988,467.33	\$1,031,462.08	\$ 42,994.75	4%
	Used	\$ 324,572.20	\$ 372,231.63	\$ 47,659.43	13%
	CoursePacks	\$ 28,473.20	\$ 40,895.50	\$ 12,422.30	30%
	Total	\$1,341,512.73	\$1,444,589.21	\$ 103,076.48	7%
	Rental	\$ 108,028.28	\$ 127,320.55	\$ 19,292.27	15%
	NTE (Unit Sales)	\$1,421,230.26	\$1,527,770.92	\$ 106,540.66	7%
Total District	New	\$4,494,676.44	\$4,349,448.88	\$(145,227.56)	-3%
	Used	\$1,793,931.72	\$2,079,815.84	\$ 285,884.12	14%
	CoursePacks	\$ 163,123.30	\$ 170,253.63	\$ 7,130.33	4%
	Total	\$6,451,731.46	\$6,599,518.35	\$ 147,786.89	2%
	Rental	\$ 156,248.13	\$ 187,766.66	\$ 31,518.53	17%
	NTE (Unit Sales)	\$6,886,585.40	\$7,122,536.67	\$ 235,951.27	3%



COMPUTER SALES

The District Bookstores' partnership with Apple Computer continues to be a jewel in the array of services that the Bookstores provide to the District community. Sales actually dropped this year by \$151.8K or 12% from our record sales year last year. The sole reason for this decrease is the drop in institutional sales to the District. The District purchases its Apple computers, primarily for use in computer labs across the District. These sales are cyclical as the life span of computers ranges from 3-4 years on average. Institutional sales have dropped by 40% this year. The positive note here is that our consumer sales or the sales to individual students, faculty and staff have increased by 28%. There are a number of people to acknowledge for this continued achievement including Skyline Bookstore manager, Kevin Chak, who has spearheaded the project with Apple; Jai Kumar; CSM Bookstore Operations Assistant Munendra Sharma; and Brad Witham of the District ITS department. In 2006, Brad began to work with Kevin to place all Apple computer orders through the Bookstores. As a result, the Bookstores increased sales of Apple computers and were able to share a portion of sales commission totaling \$8,520 with Information Technology Services (ITS) to help defray the costs of recycling computers. This partnership helps the entire District, and the Bookstore team is proud to be a part of it.



STUDENT EMPLOYEES

The District Bookstores are fortunate to have the talents of many students working in the Bookstores at all three Colleges. Student employees provide essential perspective on the needs of students to the Bookstore management and classified staff, provide essential services to the Bookstore and are able to learn how to work in a fast paced retail environment with a focus on exceptional customer service. Our student employees are so successful that most of the classified and professional supervisory staff working in the Bookstores today actually started as student employees. Outstanding "senior" students in each Bookstore provide exceptional service and serve as mentors and role models for newer student employees. From CSM, Patricia Brown, Gerard Contreras, Daniel Corzantes, Rosalyn Fischer, Fernando Martinez; from Skyline, Sara Torrigino, Michelle Brackett, Jennifer Wong, Alex Torres; and from Cañada, Reshma Prasad, Charles Cianos, Juan Guzman, Wilder Garcia, Elizabeth Alipate, Alvin Lal and Francisco Olivares. Congratulations to each of these students on a job well done!

BOOKSTORE CONTRIBUTION

It is important to note that the Bookstores are self-sustaining and cover all of their expenses. In addition, the Bookstores return money to the District for support and for the support of students each year. Below are some of the highlights of this District support:

- \$109K in salary and benefit support to District which offsets Fund 1 expenses
- \$67.7K in support to the Peninsula Library System
- \$6K per year in student textbook scholarships
- \$20K per year in product donations to campus causes
- \$52K in product to support the textbook rental program

The Bookstores are proud of this support and plan to continue supporting the goals and objectives of the District. These contributions would not be possible if not for the continued efforts of the Bookstore team; From CSM, Judy Worster, James Peacock, Jo Pisa, Mary Leonard, Jackie Collado, Munendra Sharma; from Skyline, Kevin Chak, Marta Cuellar, Matt Hernandez and Wai Tan Tam; from Cañada, Jai Kumar, Brian Horwitz and Laura Brugioni.

FINANCIAL PERFORMANCE AND INFORMATION

The Bookstore Fund returned a modest sum to its reserve in 2008-09. The lion's share of that return came from successful efforts at each store with the procurement of used books. In addition to the success we realized with used books, the impact of food and convenience sales, which realized a 61% increase in sales or \$409K this year versus \$254K last year, and textbook rentals have aided significantly in our achievement. We are especially proud of our financial return in light of the dramatic loss in our investment account due to the collapse of Lehman Brothers; this resulted in a \$ 151.6K loss booked on the October income statement.

The Bookstore Fund budget for 2009-10 totals \$8,957,700. The net beginning balance for the Bookstore Fund is \$6,471,738. The budget includes provisions for increased annual cash flow requirements, inventory and full maintenance needs of the store facilities.

The following data reflects Bookstore operations for the fiscal year beginning July 1, 2008 through June 30, 2009. It includes Fall 2008, Spring 2009 and Summer 2009 semesters.

Bookstore Sales	2007-08	2008-09	\$ Change	% Change
Regular Merchandise Sales	\$7,326,484	7,613,662	\$287,179	3.92%
Computer Products Sales	1,242,727	1,090,891	(\$151,836)	-12.22%
Total Merchandise Sales	8,569,211	8,704,553	\$135,342	1.58%

Regular merchandise sales have increased this year compared to last year. The increase in textbook sales as a result of our strong enrollment as well as the increase in food and convenience sales drives this increase.

Computer sales, as stated previously, have declined this year due to a decrease in institutional sales. Computer and computer product sales bring a great service to the District students and staff. They are, unfortunately, very low margin items. The Bookstore is committed to selling these items despite the low margin because of the service provided to the District.

There was a slight decrease in cost of goods sold; this is significant due to the fact that we realized an overall increase in sales. The increase in operating expenses over last year reflects the Lehman Brothers loss. Had we not experienced this loss, the Bookstores would have shown a decrease in operating expenses despite salary increases. We also show a loss in interest and other income due to the reduction in interest payments on our investments coupled with lower commissions from Apple Computer due to the decrease in institutional computer purchases.

Below is a summary of comparative figures:

Bookstore Recap	2007-08	2008-09	\$ Change	% Change
Total Merchandise Sales	8,569,211	8,704,553	135,342	1.58%
Cost of Goods Sold	6,222,221	6,194,387	(27,834)	-0.45%
Gross Profit	2,346,990	2,510,166	163,176	6.95%
Total Operating Expenses	2,350,961	2,498,138	147,177	6.26%
Net Income from Operations	(3,971)	12,028	15,999	402.89%
Interest and Other Income	517,463	462,233	(55,230)	-10.67%
Net Income Before Other Expenses	513,492	474,261	(39,231)	-7.64%
Other Income: In-Kind Donation, POS System	-	64,516	64,516	100.00%
Other Expense: Salary/Benefits, POS Contribution, Donations	162,775	248,963	86,189	52.95%
Net change in Fund Balance	350,718	289,814	(60,904)	-17.37%

While the Bookstores ended 2008-09 in the black after all expenses, it was still a very challenging year financially as demonstrated above. As the District focuses on enrollment growth coupled with the Bookstores' efforts to improve service, offer more used textbooks, grow the rental program, launch digital textbooks at all three Colleges, increase the amount of custom and institutionally adopted textbooks District wide and further maximize the interest and other income potential of all the stores, the stores' service to the campus community and the resulting financial performance in 2009-10 will only get better.

FOOD SERVICE

The Cafeteria Fund budget for 2009-10 totals \$187,000. The net beginning balance in the Cafeteria Fund is \$398,444.

Beverage, Snack and Food Service Vendors:

- The District's beverage vending service partner is Pepsi Bottling Group.
(The contract was awarded effective July 1, 2007 ending on June 30, 2012.)
- The District's snack vending partner is Action Vending.
(The contract was awarded on January 1, 2007 ending on June 30, 2011.)
- The District's food service partner is Pacific Dining Services.
(The contract was awarded on July 1, 2007 ending on June 30, 2010 with an option for two one year renewals there after.)

Pacific Dining, under the leadership of Rick McMahon, Enrique Alonso and Octavio Amezcua operate the food service at the three District campuses after being awarded the contract in June 2007. College of San Mateo has both a mobile kitchen procured to augment operations with the demolition of Building 5 (where the CSM cafeteria was previously housed) and a satellite food operation (kiosk) to serve the central campus. KJ Café has been contracted to operate beverage and snack kiosks at both Skyline and College of San Mateo. The District's vending services contractors are Pepsi Bottling Group and Action Vending.

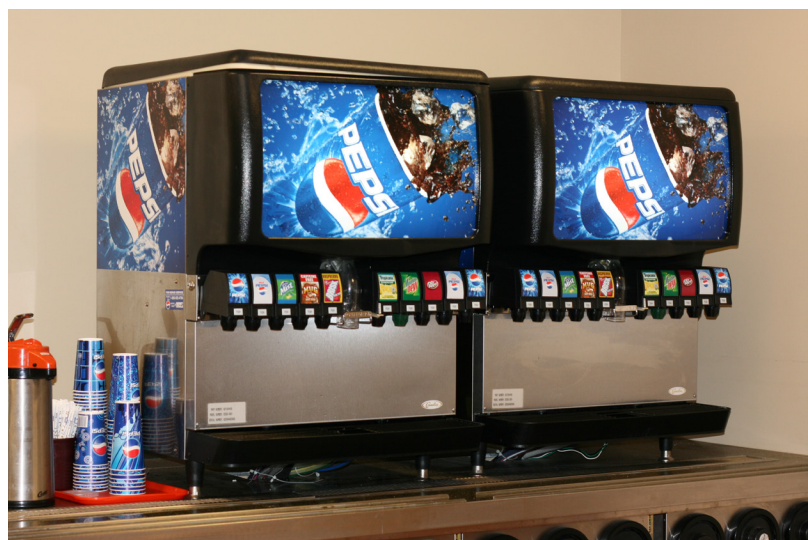
Food service income has decreased by 11.94% largely due to the temporary closure of the café facility at CSM and slower than usual sales at Canada College due to the fact that Building 5 and the Administration building are essentially vacant. Further effecting sales is the State fiscal crisis which has dramatically impacted the catering requests throughout the District. Catering accounts for a significant portion of income for the food service team. Skyline's cafeteria sales remain very strong since the opening of Building 6.

Vending incomes have increased by 20.76% compared to last year. The increase in vending sales can be seen at all three colleges with the addition of machines at Building 9 on the Cañada campus and at CSM, which could be a result of the temporary closure of the main café facility as well as the influx of construction related staff who utilize the machines frequently.

Overall expenditures have decreased dramatically this year as the procurement of the mobile kitchen impacted us last year. The main contributors to the decrease were decrease in special college support in van purchase and reduction of depreciation expenses.

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 provides a stable Cafeteria fund not requiring support from the general fund. 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.

CAFETERIA FUND	2007-08	2008-09	\$ Change	% Change
Food Service Income	\$120,691	\$106,286	(\$14,405)	-11.94%
Vending Income	86,265	104,175	\$17,911	20.76%
Interest Income	21,834	4,383	(\$17,451)	-79.93%
Other Income	917	997	\$80	100.00%
Total Income	229,707	215,842	(13,865)	-6.04%
Expenditures	451,013	225,465	(\$225,548)	***
Net Change in Fund Balance, includes restricted vending income	(\$221,306)	(\$9,624)	\$211,683	***
*** Disposal of Café equipment and furniture at Skyline and CSM in prior year.				



It is important to note that our Auxiliary Services vendors offer great service as well as support for our students via scholarships and donations. The following is a highlight of the support from our vendors:

Pacific Dining:

- \$6K per year of the 3 year contract in student scholarships (\$2K per campus)
- \$27.9K per year of the three year contract in in-kind catering services supporting the Scholarship Awards Ceremony at each campus as well as numerous activities sponsored by the President's Office and Associated Students at each college.
- Commission on sales paid monthly that support the maintenance of all our food service facilities and equipment.

Pepsi:

- \$20K donation each year of the five year contract used to support college endeavors.
- \$12K in support of the textbook rental program in 08-09 based on a \$1.00 per case rebate on sales through the bookstores and cafeterias; we receive this support each year.
- \$13.5K in donated product each year of the five year contract; each campus receives 100 free cases of Pepsi product each year of the contract.
- \$6K in marketing dollars per campus each year of the five year contract to support bookstore, food service and associated students endeavors.
- Commission on sales paid monthly which is turned over to the Associated Students to support the many programs and services they offer.

Action Vending:

- \$3K in student scholarships per year each year of the five year contract (\$1K per campus).
- Commission on sales paid monthly which is turned over to the Associated Students to support the many programs and services they offer.

The support of our vendors displays their commitment to our students, our goals as a District. Each of them is a valued partner for which we are all grateful.

While income from contracts enables the District to provide services to students, faculty and staff, the program must be self-supporting. The income from food services and vending contracts, along with interest income, provides a stable Cafeteria fund that does not require support from the general fund.

The Cafeteria fund provides for long-term maintenance and upgrade of aging facilities and equipment including expenses relating to ongoing operations

SAN MATEO ATHLETIC CLUB AND THE SAN MATEO AQUATIC CENTER



In the Spring 2010, the District will be opening a state of the art fitness and aquatic center on the campus of College of San Mateo in the newly constructed Building 5. We are building a 24,500 square foot Fitness Center along with an aquatics complex containing a 50 meter Olympic size swimming pool along with a 25 meter pool for Adaptive Fitness. The Fitness and Aquatic Centers will serve the needs of the academic programs at College of San Mateo. Operating as an enterprise, the Fitness and Aquatic Centers will be a community focused fee-based operation offering numerous service options to the San Mateo campus community and the community at large.

Currently, a team including the Chancellor, CSM Dean of Athletics, CSM Fitness faculty, Construction Planning staff, Director of Auxiliary Services and others are working on finalizing the plans for the layout and procurement of equipment in the facility. The Director of Auxiliary Services is working with various teams to create budgets, job descriptions, staffing and marketing plans as well as long-term strategic goals and objectives.

The Fitness Center will include:

Over 14,000 sq. ft. of main floor space dedicated to:

- Strength Training
- Cardiovascular Training
- Open Workout Area

Over 5,500 sq. ft. of space dedicated to:

- Spinning Room
- Group Exercise Room
- Yoga Room
- Pilates Room

The San Mateo Aquatic Center will be used for our academic programs as well as enterprise endeavors including rental of the pool to various clubs and groups throughout the San Mateo County area. We also hope to start our own club swimming program at College of San Mateo and attract major swimming competitions to our pool which will be among the best and largest in the area.

The two centers offer many opportunities for future endeavors. These include:

- Club Swimming
- Masters Swimming
- Personal Trainer Certification
- Lifeguard Certification
- Water Safety Instructor Certification
- Aesthetics Program
- Spinning Certification
- Pilates Certification
- Yoga Certification
- Partner programs with Peninsula Healthcare District
- Nutrition Counseling

There is a great deal of excitement building across the District for the opening of these new facilities this spring. We expect a number of staff and faculty along with members of the San Mateo County community to become members to support and celebrate an outstanding facility.