

**AUXILIARY SERVICES CORPORATION**  
**Annual Report**  
**2008-09**



**Prepared and Submitted by**  
**Pierre R. Gagnon**  
**Executive Director**  
**June 30, 2009**

### **2008-09 Board of Directors**

President	Joanne Barry	Director	Margaret Rainsford
Vice President	Raymond Franco	Director	Melissa Dwyer
Secretary	Ben Patrick	Director	Henry Steck
Treasurer	William Shaut	Director	Ingrid Jordak
Asst. Treasurer	Casey Hahl (resigned 12/09)	Director	Jesse Campanaro (replacement for C. Hahl)

### **2008-09 Executive Team**

Executive Director	Dana Wavle
Asst. Executive Director/Acting Executive Director	Michelle Brackin
Controller	Jeffrey Johnson
Director of Dining Services	William McNamara
Director of College Stores	Terence Cahill
Director of Facilities, Equipment & Planning	Daniel Davis

### Selected Highlights

- Total revenue increased from \$16.6 million in FY08 to \$17.2 million in FY09 (up 3.75%). Net operating revenues decreased from \$1,302,021 in FY08 to \$794,062 in FY09. Direct operating expenses increased from \$7,455,901 (44.96% of revenues) to \$8,033,274 (46.69% of revenues).
- In the Dining Services division, the number of on-campus meal plans on file at the midpoint of the fall and spring semesters was 2,955 and 2,669, respectively. Total on-campus meal plans in FY09 decreased by .5% from the prior year but exceeded budget by 4.1%. Off campus meal plans for the year increased by 44.
- In the College Stores division, total textbook sales were up .84% from the prior fiscal year. Total prepacks were up 6.9% in FY09 (up 5.5% for fall semester and up 9.4% for spring semester).
- Connections debit account deposits decreased by 6.4% in FY09 to \$2,503,400 compared to \$2,674,100 in FY08.
- In FY09, ASC pledged \$980,000 to the Cortland College Foundation. While there is a schedule of payments on the pledge that spans five years, the entire amount of the pledge is booked as an expense in FY09 resulting in a net deficit for the year.
- In FY08, ASC pledged \$525,000 to the Cortland College Foundation to be paid over a four year period. As of June 30, \$275,000 remained to be paid on this pledge.
- Scheduled payments on both pledges to the Cortland College foundation over the next five years are as follows:

2010	\$207,500
2011	277,500
2012	210,000
2013	280,000
2014	280,000
Total:	\$1,255,000

- Work on the Neubig renovation neared completion in FY09 at a total cost of approximately \$3.5 million. Renovation of Dunkin' Donuts as well as the relocation of Subway to the Dragon's Court was started in May. Both projects are due to be completed for the start of the Fall 09 semester.
- Renovation of the College Store was completed in June. The \$650,000 project has resulted in a much more attractive space that has been well received by both new and returning students.
- ASC designated an additional \$100,156 towards its postretirement benefit obligation. The actuarial postretirement benefit cost at year end was \$881,816. With this contribution, the accrual shortfall for postretirement benefits stands at \$60,907.
- Off-campus partnerships achieved a significant milestone exceeding \$20,000 in commissions for the first time.

### Three-Year Financial Summary with Supplemental Data

Dollars in thousands (000's)	FY07 Actual	FY08 Actual	FY09 Actual
Revenue	\$15,225.7	\$16,584.4	\$17,206.8
Cost of goods sold	(6,307.9)	(6,895.7)	(7,203.8)
Gross margin	8,917.8	9,688.6	10,003.0
Salaries and wages	(3,401.9)	(3,572.3)	(3,790.5)
Employee benefits	(1,646.6)	(1,649.3)	(1,767.3)
Depreciation	(533.4)	(531.7)	(575.4)
Utilities and rent	(480.4)	(491.3)	(580.4)
Supplies and materials	(452.0)	(561.5)	(631.3)
Contracted services	(240.2)	(267.4)	(275.0)
Other direct operating expenses	(420.3)	(382.4)	(413.5)
Administrative expenses	(1,101.5)	(1,170.5)	(1,210.8)
Total operating expenses	(8,276.2)	(8,626.4)	(9,244.1)
Change in net assets from operations	641.6	1,062.3	759.0
Miscellaneous revenue	476.0	239.8	35.1
Change in net assets before other program expenses and contributions to SUNY Cortland College Foundation	1,117.6	1,302.0	794.1
Other college program expenses	(150.4)	(151.4)	(161.3)
Contributions to Cortland College Foundation	0.0	(525.0)	(980.0)
<b>Net Surplus/Deficit</b>	<b>\$967.2</b>	<b>\$625.6</b>	<b>(\$347.2)</b>
Current assets	3,878.0	5,425.6	4,351.5
Investments	2,921.2	2,786.4	1,734.3
Intangible assets	378.6	362.3	340.5
Fixed assets	2,669.4	2,426.2	6,148.8
<b>Total assets</b>	<b>\$9,847.2</b>	<b>\$11,000.5</b>	<b>\$12,575.1</b>
Current liabilities	2,267.2	2,453.0	3,505.5
Promises to give (net of current portion)	0.0	275.0	1,047.5
Postretirement benefits (net of current portion)	571.6	638.4	735.2
Total liabilities	2,838.8	3,366.4	5,288.2
Net assets:			
Designated for equipment replacement	2,388.2	2,655.1	2,280.2
Designated for working capital	1,000.0	1,000.0	690.3
Designated for capital assets	2,669.4	2,426.2	6,148.8
Designated for uninsured losses	200.0	200.0	200.0
Other unrestricted, undesignated	750.9	1,352.8	(2,032.4)
Total net assets	7,008.4	7,634.1	7,286.9
<b>Total liabilities and net assets</b>	<b>\$9,847.2</b>	<b>\$11,000.5</b>	<b>\$12,575.1</b>

<b>Supplemental Data</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
Utilities & Rent Expenses	\$508.7	\$520.6	\$615.2
Program Grant Budget	\$155.0	\$163.0	\$170.0
Connections Deposits	\$2,274.5	\$2,674.1	\$2,503.4
Taste of Food Rating	8.19	8.35	8.20
Variety of Food Rating	7.48	7.66	7.56
Satisfaction w/ Meal Plan	7.72	8.03	8.17

At year end, there was a deficit in unrestricted net assets of \$2.03 million. Pursuant to SUNY Corporate Fiscal Stability Guidelines, unrestricted net assets are assets available to the corporation after allowing for:

- total liabilities
- capital assets net of related debt
- working capital reserves
- reserves designated for equipment replacement

A significant portion of our deficit in unrestricted net assets can be attributed to our outstanding pledges to the Cortland College Foundation (\$1.05 million) and accruals for post-retirement benefits (\$735,000). There was also a substantial increase in reserves designated for capital assets due to the investment of \$3.5 million in the Neubig renovations and \$650,000 for the College Store.

Auxiliary services corporations that fail to meet SUNY fiscal stability guidelines must establish a plan to meet the required reserves within three years. ASC's plan is to accumulate sufficient cash to meet the requirement by increasing our cash reserves by \$676,000 per year over the next three years.

### Staffing

- Dana Wavle resigned as Executive Director in December to assume the position of Vice Chancellor of Administrative Affairs at Indiana University Southeast.
- Michelle Brackin served as Interim Executive Director from January through June.
- Pierre Gagnon became the ASC Executive Director on June 29. He previously served as Executive Director of the Faculty Student Association at Jefferson Community College from 1994 – 2009.
- Other new hires (professional staff):
  - Lyndon Lake, Operations Manager – Bookstore
  - Katherine Schutte, Dining Manager – Dragon's Court
  - Aaron Hatfield, Executive Chef – Catering
  - Kelley Neville, Executive Chef – Dining Services
  - Sharon Wegzyn – Catering Clerk

## Customer Satisfaction Surveys

Again this year, ASC conducted its dining services survey which measures customer satisfaction in four main areas: food, service, environment (facilities), and meal plans. The 25-question survey instrument is based upon a rating scale of 1 (very poor) to 10 (excellent).

There was a downward trend in the rating for most questions in this survey with our aggregate rating decreasing slightly from 8.14 in 2007 to 8.07 in 2008. We did note an increase in overall satisfaction with our meal plans along with a slight increase in satisfaction with the value of our meal plans.

Survey results for the past several years are summarized below:

### Dining Survey Summary

Question	2008	2007	2006	2005	2004	2003	2002	Diff
1. Taste of food	8.20	8.35	8.19	7.98	7.94	8.10	7.75	(0.15)
2. Appearance of food	8.03	8.21	8.12	7.78	7.89	7.95	7.60	(0.17)
3. Variety of food	7.56	7.66	7.48	7.16	7.06	6.94	6.61	(0.10)
4. Variety of ethnic food	6.19	6.27	6.20	5.78	5.80	5.92	5.68	(0.09)
5. Variety of vegetarian food	6.85	6.84	6.87	6.58	6.51	6.61	6.07	0.01
6. Hot food served hot	8.48	8.64	8.57	8.28	8.22	8.21	7.99	(0.16)
7. Cold food served cold	8.65	8.76	8.74	8.54	8.40	8.28	8.24	(0.11)
8. Consistency of food quality	8.11	8.31	8.24	7.91	8.13	8.16	7.80	(0.20)
9. Friendliness of servers	8.40	8.44	8.70	8.47	8.47	8.90	8.53	(0.05)
10. Friendliness of cashiers	8.54	8.44	8.69	8.43	8.24	8.79	8.43	0.10
11. Responsiveness of management	8.38	8.26	8.32	8.14	8.01	8.42	8.06	0.12
12. Appearance of personnel	8.45	8.45	8.58	8.38	8.36	8.71	8.26	0.01
13. Speed of service- servers	8.04	8.10	8.31	8.02	8.09	8.54	7.95	(0.06)
14. Speed of service- cashiers	8.52	8.52	8.53	8.27	8.26	8.58	8.08	-
15. Consistency of service	8.42	8.41	8.53	8.27	8.40	8.60	8.18	0.01
16. Appearance of serving area	8.45	8.53	8.57	8.47	8.51	8.72	8.37	(0.08)
17. Appearance of dining area	8.16	8.32	8.29	8.34	8.50	8.71	8.40	(0.16)
18. Cleanliness of serving area	8.46	8.51	8.62	8.45	8.61	8.81	8.44	(0.05)
19. Cleanliness of dining area	7.97	8.15	8.25	8.23	8.51	8.72	8.33	(0.17)
20. Room comfort (temperature)	8.38	8.48	8.45	8.43	8.36	8.43	8.15	(0.10)
21. Convenience of hours	6.92	7.35	7.13	7.43	7.56	7.59	7.26	(0.43)
22. Overall satisfaction - this facility	8.29	8.29	8.12	8.00	8.17	8.33	7.90	(0.01)
Average: Questions 1-22	8.07	8.15	8.16	7.97	8.00	8.18	7.82	(0.08)
23. Overall satisfaction - meal plan	8.17	8.03	7.72	6.68	7.36	7.37	7.00	0.14
24. Overall value of the meal plan	7.95	7.94	7.48	6.64	7.11	7.22	6.78	0.01
25. Overall satisfaction - Dining Services	8.18	8.20	7.99	7.69	7.93	8.08	7.69	(0.02)
Average: Questions 23-25	8.10	8.06	7.73	7.00	7.47	7.56	7.16	0.04
Average: Questions 1-25	8.07	8.14	8.11	7.85	7.94	8.11	7.74	(0.07)
Response Counts	1,069	1,433	591	1,323	508	428	462	(364)

## General Reports

- The highlight of the year for dining services was the opening of Neubig Dining after completion of a \$3.5 million renovation. As the campus's only venue featuring the all-you-care-to-eat concept, Neubig has become SUNY Cortland's most popular dining facility.
- Bill McNamara made significant progress in expanding the number of off-campus partnerships. There are now 14 participating establishments compared to 9 at the end of FY08. Sales through our off-campus partners increased by 14.7% to \$363,791 for FY09. Applebee's continued to be our most popular establishment accounting for 26% of total sales, followed by Deli Downtown and A Pizza and More with 19.38% and 18.29% of sales respectively. Off campus partnerships generated \$20,918 in commission revenues for ASC in FY09.
- A major goal of dining services for the year was to implement software solutions that would enhance our ability to properly manage resources and improve customer service. Two such solutions, Caterease and Chef-tech were successfully implemented this year. Caterease has significantly improved our ability to plan and manage catering events. Chef-tech is a recipe management program that will help us to achieve greater consistency in meals produced while reducing waste. A great deal of up-front labor was devoted to implementing these programs and we expect to fully realize the benefits of these investments in future years.
- Other efforts to improve catering operations included the development of a catering operations manual, the implementation of new catering menus and the creation of catering packages.
- ASC's sustainability initiatives continued in FY09. Waste vegetable oil was recycled into biodiesel fuel in partnership with Lime Hollow Nature Center. Energy efficient equipment upgrades include a new boiler that was installed in the commissary and a new in-line dishwasher for the catering kitchen. Hilltop continued to use 100% biodegradable containers.
- The focus of the College Store was on the total store remodel which began in April and was completed in June. This was a major undertaking which required the relocation of store operations to the Neubig basement on two separate occasions during construction. Despite these disruptions, Terry Cahill and his dedicated staff were able to maintain sales at or near 2008 levels.
- Used book buyback was down slightly, yet we were able to maintain a 60/40 ratio of used to new textbooks.
- The ASC administrative office continued to provide a high level of service to our students, particularly during startup.
- Jeff Johnson completed the RFP process for our on-campus bank branch and entered into an agreement with M&T Bank. In addition, he secured a low interest

line of credit with Alliance Bank as well as a no-cost collateralization agreement for our deposits.

- Dan Davis and the facilities department were extremely busy during FY09. The Neubig renovation was completed in two phases. The dining room was renovated under Phase I which was completed from November 25, 2008, to January 7, 2009. The facility was reopened and then closed again for Phase II which began on April 24, 2009. Neubig dining was reopened on June 25, 2009, in time for summer orientation and the New York Jets to use the facility.
- The College Store renovations were completed between April 24 and June 15, 2009.
- Dunkin' Donuts was renovated in July with new finishes, millwork and the addition of a large roll-up gate to ease congestion and improve traffic flow. The open concept has also led to a significant improvement in ventilation and has improved the comfort level for customers and staff.
- Subway and Freshens were moved from the Campus Corner to their new homes in the Dragon's Court.
- Significant work was completed at Raquette Lake with the development of fully-equipped quarters for ASC staff in the Lake Ice House apartment, full renovations of bathrooms in two of the Antlers cabins, and replacement of the roof on Cedars Lodge.
- The Janitorial Department expanded its schedule to include special summer dates as well as weekend coverage during the school year.
- Michelle Brackin successfully negotiated a new 5-year contract with CSEA Local 631. She also successfully negotiated a contract to provide dining, parking, laundry and ID services to the New York Jets for their summer training camp. The "cost plus" contract will allow us to provide a high level of service while minimizing the financial risks to ASC.
- Michelle also negotiated a collaborative arrangement between ASC, the Alumni Association and our laundry services provider, Mac Gray. This agreement will allow us to set aside funds to make improvements to outdated laundry payment technology over the next five years.
- As ASC neared the end of its ten-year exclusive pouring rights agreement with Coca Cola, Bachtelle and Associates was engaged to perform a comprehensive study of our snack and beverage program. The analysis provided valuable information that will be used as we evaluate proposals for a new prime-source vending agreement in the fall.
- Payroll processing was upgraded to a web-based application through ADP at no cost to ASC. This new program has improved data redundancy and backup.
- Improvements to the online application process were implemented to add functionality.
- Technology based processing of pension plan transactions was implemented through TIAA-CREF.

**Executive Management Team Annual Reports** – Annual reports from each member of ASC's executive management team are included in this report as appendices. The reports are presented as submitted to the Executive Director.

<b>Divisional Area</b>	<b>Submitted By</b>	<b>Appendix</b>
Asst. Executive Director (HR)	Michelle Brackin	A
Dining Services	Bill McNamara	B
College Store	Terry Cahill	C
Accounting & Finance	Jeff Johnson	D
Facilities, Equipment, Planning	Dan Davis	E

The ASC executive management team faced a very difficult year with the resignation of Dana Wavle as Executive Director. Michelle Brackin was instrumental in providing strong leadership as Acting Executive Director during the search process. She and the rest of the management team are to be commended for their significant accomplishments under very challenging conditions.

Annette O'Hara also deserves a note of thanks for her efforts throughout the year. In addition to coordinating all of the activities of the Board of Directors, she assists with marketing activities, maintenance of our web presence, and ancillary services. Annette also provided valuable support to the Executive Director Search Committee.

### **Conclusion**

On behalf of the entire management team, I would like to express sincere thanks to every member of the ASC family for their efforts throughout the year. Our employees are incredibly dedicated to our mission of providing outstanding service to the SUNY Cortland community. We would also like to express our appreciation to the ASC Board of Directors and the Bylaws, Finance, Operations and Personnel committees for their support and leadership throughout the year.

**Appendix A**  
**2008-09 Annual Report**  
**Assistant Executive Director**  
**Michelle Brackin**

During the fiscal year July 1, 2008 until June 30, 2009, the Assistant Executive Director managed the following projects:

1. Successfully negotiated a 5-year contract with CSEA Local 631
2. Compiled the data for an actuarial study of the ASC post retirement medical benefits
3. Successfully negotiated a contract to provide dining, parking, laundry and ID card services to the NY Jets Summer Training Camp.
4. Engaged Bachtelle and Associates to perform a comprehensive study of our Snack & Beverage vending program and to provide comparable data for an exclusive beverage vendor's sponsorship program.
5. Researched and leased printers for to replace 30% of the technology currently provide by ASC to the Network Printing and Copying program.
6. Negotiated a collaborative arrangement to fund the upgrade of the currently outdated payment technology over the next five years with the SUNY Cortland Alumni Association and Mac Gray.
7. Upgraded the payroll processing to a web-based program that provides more data backup and redundancy with no additional cost
8. Implemented a technology-based processing of Pension Plan transactions with TIAA CREF.
9. Supported the Board of Directors through a process to provide the SUNY Cortland Foundation with continuing support for a scholarship program.
10. Upgraded the functionality of the ASC Online application process
11. Oversaw the implementation of the Annual ASC Dining survey to a new, user-friendly online format.
12. Created guidelines for the ASC Family Fund disbursements
13. Oversaw legal counsel review of the ASC Pension Plan and Health and Welfare Plan

**Appendix B**  
**2008-09 Annual Report**  
**Director of Dining Services**  
**Bill McNamara**

**Operations:**

- Successfully opened Neubig dining after \$3.5million renovation project
- Increased off campus partners to 14 (up from 9)
- Maintained high level of satisfaction on Student Survey, October 2008
- Implemented Chef tech recipe software for food cost controls and consistency
- Implemented Caterease for catering event planning
- Created an operations manual for catering
- Successfully implemented new menus and packages for catering

**Capital Projects:**

- Completed Neubig Dining Hall renovation

**Financial Measures:**

- Overall revenue increase by 5.1%
  - Dining plan: 3.8%
  - Cash/connection: 39%
  - Banquets /conferences: -4.4%
- Cost of sales 32.8% (budget of 33%)
- Total payroll expense 38.5% (budget of 40%)

**Key Hires:**

- Aaron Hatfield – Executive Catering Chef
- Kelley Neville – Executive Dining Chef
- Sharon Wegzyn – Catering Clerk
- Katherine Schutte – Dining Manager

**Greening:**

- Maintained vegetable oil recycling program with Lime Hollow Nature Center
- Replaced commissary boiler
- Introduced Coffee Mania as house brand coffee
- Hilltop uses all biodegradable compostable products

**Department Training and Development:**

- Attended NACUFS Regional – University of New Hampshire

**Appendix C**  
**2008-09 Annual Report**  
**Director of College Store**  
**Terry Cahill**

Fiscal year 2009 was one of great changes for the College Store. The most significant change was the remodel project. This event was the central fact for the store this year and impacted all of our plans and other projects. Despite the disruption to our normal schedule and means of operation, the College Store was able to maintain sales and provide the level of service the SUNY Cortland community deserves. Some highlights of the year are:

- **College Store Remodel:** On 15 June 2009, a completely remodeled College Store opened its doors. Construction began On 27 April. The \$600K project was the culmination of several years planning as was part of a larger Neubig Hall construction project. During the year, the College Store relocated to the basement of Neubig twice, once for 1 week and once for 6 weeks. The new store makes much better use of available space, allowing for greater ease of movement and provides a greatly enhanced customer experience.

- **Prepacks:** Both fall and spring semesters saw a significant increase in prepack numbers. In fall semester 2008 we took orders for 2,247 prepacks, a 5.5% increase over the previous fall, and in spring 2009 we saw orders for 1,332 prepacks a 9.4% increase over the previous spring. These increases were driven in large part by the very successful buyback we conducted in May of 2008 which allowed us to stock a great number of used books at very competitive prices.

- **Sales:** Sales in fiscal 2009 remained flat to fiscal 2008. While an increase is always to be desired, I consider flat sales this year a plus given the uncertain economic times and the considerable impact of conducting business in greatly reduced space due to construction.

- **Buy back:** Fall buyback was equivalent to the previous year. May's buyback numbers were down about 5% from the previous May but were in keeping with most spring buys. May of 2008 was an unusually large buy. Through these buys we were able to maintain our ratio of 60/40 used to new textbooks.

**Appendix D**  
**2008-09 Annual Report**  
**Controller**  
**Jeff Johnson**

- Finished exploring Card access equipment to replace tickets and alternative vendors for the Parking Lot equipment. Since we cannot find a better vendor, I suggest we train one of our maintenance people to repair the Lot equipment, purchase some spare parts, save the annual maintenance fee and maintain the Lot ourselves.
- Admin staff did another great job creating a welcoming atmosphere for new students during a flawless Opening and Orientation.
- Updated internal control policies & procedures to comply with new I.R.S. regulations and the FY08 Management Letter.
- Produced a catering order processing procedure.
- Successfully completed the Banking RFP & Contract process for the on campus bank branch.
- Continued implementing the Admin office ongoing cost control measures.
- Negotiated a low interest Line of Credit with the bank.
- Completed a no cost Deposit Collateralization agreement with the bank.
- Continued the upgrade and automation of ASC's computer systems and reporting.
- Timely completed the annual FY09 audit and subsequent reporting to Albany
- Timely completed the FY10 budget and submitted to Albany.
- Various Admin staff actively participated on the following committees:
  - o Parking Committee writing recommendations to the FPMOC to ease campus parking problem
  - o ASC union contract negotiation committee
  - o Search committee for the Executive Director
  - o Search committee for the College Store Manager

**Appendix E**  
**2008-09 Annual Report**  
**Director of Facilities, Equipment and Planning**  
**Dan Davis**

Capital Projects:

- Neubig Dining Hall Renovation Project – The project construction was conducted in two phases. Phase 1 (Dining Room) commenced November 25th, 2008 and was completed by January 7th, 2009 and was used to accommodate students for the spring '09 semester. Phase 2 (Serving Line) commenced April 24th, 2009 and was completed by June 25th, 2009 and used for summer orientations and the JETS training camp. The project boasts totally renovated spaces, finishes, new millwork, and new equipment.
- College Store Renovations – The construction for this project began April 24th, 2009 and was completed by June 15th, 2009. The College Store was completely renovated and features all new merchandise fixtures, book gondolas, and, point of sale stations along with special lighting treatments.
- Raquette Lake Ice House Apartment – Project completed July 2008 provides modern, fully equipped quarters for ASC employees working at Camp Huntington.
- Dunkin' Donuts Renovation – Project was completed in July of 2009 and features all new finishes, millwork, and the addition of a large roll up gate to ease patron congestion and improve traffic flow.

Facilities/Maintenance:

- Subway / Freshens Relocation - The Subway & Freshens functions were moved from the Campus Corner to their new home in the Dragon's Court.
- Raquette Lake – Antlers - Cabins – Two of the cabins got full bathroom renovations new fixtures including new modern shower units.
- Maintenance Work Order System – The Web Based System is working smoothly with auto response features, and, equipment and labor tracking elements.
- Janitorial – The Janitorial Department has expanded its schedule to include special summer dates and weekend coverage during the school year in Neubig Hall.

Equipment:

- Catering Kitchen – The antiquated carousel dishwashing machine was replaced with an energy efficient, in line model which saves space in the area.
- Miscellaneous Equipment - Many smaller pieces of equipment throughout the dining units to build reliability into the operation. Additionally, all new equipment purchased was "Energy Star" rated and "NYSRDA" researched for compliance.

Planning:

- Future Projects – Corey Back Dock Project, Neubig Loading Dock, Neubig Offices, Corey Bulk CO2 System, Multiple "Antlers Complex" projects at Raquette Lake.