TACO BELL FRANCHISE

Issue:

UVU Dining Services would like to expand its food options to include a Taco Bell express in the junction of the halls between the UCCU Center and the LA Building where the current LA Café is located. This is directly across from Jamba Juice. Dining Services would move the LA Café to a linear footprint across the hall from these two restaurants.

Discussion:

- Student Survey shows students want and will support a “Taco Bell”
- will offer a low price point option for campus
- cost of remodel and build out of facility will be $97,500
- cost of equipment will be $120,000
- royalty fee funds from other restaurant leases will be used to cover the costs to open
- annual sales are estimated to be $350,000
- annual amortization of startup costs - $31,000
- annual net income is estimated to be $49,000
- contract has been reviewed by University Administration and David Jones, Assistant Attorney General

Contract Highlights:

- contract is for seven (7) years with an August 2013 opening
- negotiated that UVU does not have to operate every day as most “licensees” do
- UVU will be allowed to serve beverages other than Pepsi in the event that UVU’s “pouring rights” change in the future
- Taco Bell consents to the presence of Costa Vida on campus, and UVU can serve Mexican food at all their own food venues on campus
- normal royalty fee is 10% of gross sales, we negotiated 8%
- initial license fee is $10,500 and is included in facility costs listed above
- UVU can terminate the agreement for any reason by providing 90 days written notice and paying a penalty (9% of gross sales for 12 months preceding notice)

APPROVAL:

Approval will be sought from the Board of Trustee Executive Committee on April 18. Ratification will take place at the June 20 Board of Trustee meeting.