



TOPIC: Towson University: Dining Services Contract – Exercise Renewal Option

COMMITTEE: Finance

DATE OF COMMITTEE MEETING June 15, 2010

SUMMARY: Towson University (TU) requests approval from the Board of Regents to exercise the third renewal option to its dining services contract with Compass Group USA, by and through its Chartwells division, for boarding student meal plans, cash dining facilities and catered events on campus.

TU issued an RFP in November 2002 and received proposals in January 2003. The contract approved June 23, 2003 by the Board of Regents had a five-year initial term that expired June 30, 2008, and five one-year renewal options. The university requests approval to exercise the 3rd one-year renewal option with Compass Group USA.

This request for approval is submitted to the Finance Committee of the Board of Regents pursuant to University System of Maryland Procurement Policies and Procedures: Section VII.C.2 for procurements exceeding \$5 million.

This is a revenue-generating contract with approximately \$17,400,000 in gross revenues to TU (before maintenance and debt service expenses) anticipated for FY2011. Annual increases in the cost of board plans and cash sale products are tied to the CPI-U "Food away from home" (Baltimore/Washington area).

ALTERNATIVE(S): The alternative would be for the University to perform the contract in house. This alternative subjects the University to higher direct costs as well as overhead associated with equipment, maintenance, supervision, and personnel administration, plus the loss of associated commissions and contributions.

FISCAL IMPACT: TU receives commissions of approximately \$700,000/year, including 13% on retail sales, 9% on franchise sales, 16% on catering, and 30% on concession sales. The contractor continues to make capital investments in renovating dining areas, installing new dining venues, and upgrading food service equipment, counters, lighting, and signage to enhance student dining experiences. The contractor provides an annual capital campaign gift of \$50,000, annual unrestricted gifts of \$50,000, and cash and other in-kind contributions to campus groups and operations. An average of \$50,000 for smallwares equipment replacement and \$30,000 for floor care and hood cleaning is also funded each year.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for Towson University the exercise of the 3rd one-year renewal option with Compass Group USA for dining services and catering services as described above with Compass Group USA, by and through its Chartwells division, in the amount of approximately \$13,664,000 beginning July 1, 2010.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923
