



TOPIC: University of Maryland, Baltimore County: Food Service Contract Modification

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: September 1, 2011

SUMMARY: In April 2008, the Board of Regents approved the award of UMBC's food services contract to Compass Group USA, Inc. by and through its Chartwells Division. The contract had an initial term of 5 years commencing on July 1, 2008 through June 30, 2013 with five (5) one-year renewal options at UMBC's sole discretion. The initial 5-year contract was estimated at \$35,000,000 with contract pricing increases limited by the consumer price index. As part of this initial contract, the Contractor also provided a one-time capital investment of \$5,440,000 for food services renovations and upgrades on campus which were completed over the first two years of the contract.

UMBC has worked with Chartwells to provide a wide range of food venues and food choices along with offering additional meal plans to meet all students' needs. As a result, graduate students, on-campus apartment students, and off campus undergraduate students have been purchasing far more meal plans than originally anticipated. This is a testimony to the success of the food services program, which greatly contributes to student life on campus as well as student recruitment and retention. Based on this growth in meal plan sales, it has become apparent that the original contract approximation of \$35,000,000 for the initial five year term will be exceeded. The revised estimate is \$45,500,000 through June 2013. In addition, the estimate for the sum of the five one year renewal options is revised from \$40,000,000 to \$48,500,000. As a result of both changes, the total potential 10-year contract amount is revised to \$94,000,000.

ALTERNATIVE(S): The Board could require UMBC 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.

FISCAL IMPACT: If this modification was not approved, the University would be required to limit the number of students who, on a voluntary basis, could purchase meal plans on campus. This would have a negative fiscal impact on the food services program, and an adverse impact on student life, recruitment and retention. The terms of the contract including pricing have not changed. The increase is due only to the change in demand.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommends that the Board of Regents approve the modification of UMBC's contract with Compass Group USA, Inc. by and through its Chartwells Division to \$45,500,000 for the initial 5 year term and \$48,500,000 for the subsequent five year renewal years for a revised ten year contract amount of \$94,000,000.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

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