

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

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: November 17, 2016

SUMMARY: The University of Maryland, Baltimore County (UMBC) requests approval to: 1) exercise the remaining one-year option and 2) extend for an additional five years its food service contract with Compass Group USA by and through its Chartwells Division for boarding students and cash facilities on the UMBC campus. The original contract commenced on July 1, 2008 with an initial 5-year term and five (5) one-year renewal options through June 30, 2018.

The Contractor submitted an unsolicited proposal to UMBC to extend the contract for an additional 5-year term through June 30, 2023 with the commitment of an additional capital investment of \$4 million. All other terms and conditions during this contract extension will remain the same.

In accordance with USM Procurement Policies and Procedures, the University reviewed this unsolicited proposal and found it advantageous to the University to proceed with amending this contract through June 30, 2023. This extension will provide an additional \$4 million of capital investment by the Contractor, allow additional enhancements to the dining program to be pursued now, and maintain the high level of service and performance and the current cost approach for our students. Based on the student surveys and focus groups conducted by the Contractor, student satisfaction ratings have averaged 84%. In addition, the most recent survey by the Association of College and University Housing Officers (ACUHO), indicates that UMBC students give a higher satisfaction rating for dining services than comparable institutions (survey involves 295 institutions in the Carnegie Class); and, they ranked dining services as the factor having the 3rd largest impact on satisfaction on campus. Another indicator of satisfaction is the number of meal plans sold which has increased by 24% since July 2008.

This extension proposal was reviewed throughout the campus community with extensive consultation with the Residential Student Association, Student Government Association, Graduate Student Association, University Steering Committee, and Vice Presidents and Deans.

This request for approval is made pursuant to University System of Maryland Procurement Policies and Procedures: Section VII.C.2 for procurements exceeding \$5 million.

CONTRACTOR: Compass Group USA, Inc.—Chartwells Division

ALTERNATIVE(S): UMBC could request approval to exercise only the remaining one-year renewal option and conduct a procurement for a new contract starting in FY 2019.

FISCAL IMPACT: The one-year renewal is estimated to cost \$11,800,000. The estimated value of extending the contract for an additional five-year term is estimated at an average of \$13M per year or \$65M for the full five-year term; this amount includes projected annual increases of 3% which would be confirmed each year based on the actual costs for the prior year and escalation per the CPI. In addition, UMBC will realize \$4 million in additional capital investment to facilities through the term of the extension. The total value of this action for the six-year period is \$76,800,000.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland, Baltimore County to amend the contract with Compass Group USA, Inc. by and through its Chartwells Division through June 30, 2023 in the 6-year amount of approximately \$76,800,000 to commence on July 1, 2017.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

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