

Executive Summary:

- UK Dining services is a national leader in purchasing and providing locally, Kentucky-grown food to our campus community and makes a *multimillion dollar annual impact* on local farms through their local food purchases. In addition, through teaching and outreach activities, UK Dining services is a critical partner and contributor to the land grant mission of our university. As such, UK Dining services is a substantial contributor to UK's sustainability mission and policy.
- Replacing UK Dining services with a for-profit, national vendor will not only eliminate our unique status as leaders in the arena of campus food sustainability, but it has the potential to establish a new 'extractive' industry, whereby profits from dining services, rather than remaining on campus, are removed to a third, largely out-of-state party, who does not have the same goals or incentives as our University. Outsourcing UK dining services would be at odds with the UK Sustainability Policy. It would reduce our leadership in this area, take away our current cutting edge approach to campus food, reduce our commitment to inter/trans-disciplinary sustainability research and education, and decrease our engagement with farmers, small businesses, and other community members.
- UK should slow the decision-making process down, consider alternate funding options, and fully engage with faculty, staff, students, and community members to make sure that UK's missions and goals are maintained throughout the dining revitalization process.

I. Background

Since release of the RFI, there have been four forums on the topic of dining revitalization. The first was hosted by student groups (Student Speakout March 27, 2013) led by United Students Against Sweatshops (USAS) and provided input from students, faculty, and a representative group of farmers. The second two forums (April 9 and April 18, 2013) were hosted by the Dining Revitalization Committee and the Vice President for Financial and Administrative Affairs. These were open forums providing the public an opportunity to ask questions about the process and voice their concerns. The fourth forum was hosted by TFISE, inviting members from other local university communities (Berea and U of L) to provide their perspective on their experience with outsourcing and to provide a platform for further public comment. Based on these forums, some recurring concerns have been identified that should be considered as part of the upcoming RFP and contracting process. Several of these concerns were also voiced in a letter from the President's Sustainability Advisory Committee to Bill Harris and Peg Rodgers in December 2012.

II. Issues

Timeline & Transparency/Communication

The Administration has stated that there is no "race to the date" to issue the RFP, yet the Dining Revitalization Committee deems that modernizing dining is vital "to complement and support the aggressive timeline for student housing" (P. Cox, internal memo, 3/29/13). Administration acknowledges that the timeline for demolition of existing dining facilities will leave a gap in service, a primary driver behind the RFP schedule.

Concerns about the pace and transparency of the process have been presented at each of the forums, specifically, that the timing of the issue of the RFP and assessment of potential vendors will occur during the summer when most faculty and students are away from campus. There is a general theme that resonates among all of the communities that will be impacted by this decision that they have been left out of the process. This does not align with the commitment statement in UK's Strategic Plan that calls for "**engage(ing) the University community** to create policies and programs that will simultaneously advance economic vitality, ecological integrity and social equity, now and into the future" (emphasis added). The two forums sponsored by the administration on the topic were useful and appreciated by the community. There is a committed contingent of faculty, staff, students, and community members who care deeply about this decision and want to be informed and given a chance to voice concerns which deserve thoughtful responses.

Commitment to Local Food/Investment in Local Economy

Administration stated that a "mandatory commitment to sustainability by purchasing local food produce and, in particular, to our already enduring partnership with the Kentucky Proud Program" would be one of the criteria for a third party business partner. The concern is that this language provides a broad definition of "local" and that the majority of the local food could potentially be supplied through a distributor which may or may not provide Kentucky sourced products, thus removing these funds from

the local economy. As the Flagship University, UK should lead the way in stimulating the local economy by investing in local growers and producers. There is an added concern that any profits made by a third party supplier will leave the state which “**will, in effect, establish a new extractive industry in the Bluegrass**” (Rona Roberts, *Savoring Kentucky*)(*emphasis added*). Language such as ‘direct farm impact’ could be incorporated into the contract. Establishing a committee to develop the definition of ‘local’ during contract development is critical to accomplishing this goal. The December letter from the PSAC outlines many of the items that might be considered in this effort.

Alternate Funding Mechanisms

The Administration considers that there are 3 primary means to resolve the funding issue: outsourcing is one of the options that the University has considered. The other two were partnering with the existing dorm contractor (which was explored but is not an option) and utilizing existing debt capacity. It is estimated that new dining facilities will cost an estimated \$25 - \$30 million.

There have been several questions raised as to whether this is a prudent move or if there are other creative options that should be considered before brokering our food service. Some considerations:

- UK's debt service limits (without risking the downgrading UK's credit rating) is a changing, movable target
- a number of UK's bonding programs will be satisfied in the next few years, raising the available bonding capacity
- the need for new dining service capacity will be coming online gradually over the five year construction period, so the need for the \$30 million or so is not really an up-front number, and UK Dining Services has proposed a plan that could meet this demand and release the debt capacity within a relatively rapid timeframe (see selected comments – pg. 6)
- the list of projects that UK has prioritized on which to apply its bonding capacity will also be spread out over five or more years, so the strain on the bonding capacity may be less severe than the raw numbers might suggest
- it might be prudent to re-evaluate the list of prioritized projects affecting UK's bonding capacity. How can new athletic training facilities and upgrades to the football stadium be as important as sustaining on-campus food services (which impacts every person on campus) and the local economy?

There is a balance in the project schedule that can be achieved to maintain the university's bonding capacity. **Consider that if the university selects for self-op, it will own the facilities and run the service, with surpluses returned to the university rather than extracted by a for-profit, out-of-state business.**

Effects on Education & Outreach

The Dining Revitalization Committee recommended that the RFP include language for “continued support and sponsorship for campus activities and engagement”. UK Dining is a part of the academic sector in that it supports the educational needs of the campus and local community. It is a vested

partner, collaborating with faculty and students to develop innovative projects and building bridges into the community through outreach. It is not just a meal service provider.

There is a concern that UK will lose these creative initiatives with a third-party business partner who may be less interested and in-tune with the needs of the community and lack commitment to this aspect of the dining “service” because there is no monetary dividend.

Effects on jobs

Based on the DR Committee recommendations and per the public forums, UK has committed to include contract language that will guarantee current full-time employees employment opportunities either with UK or the new vendor and include a provision to employ students. They have also agreed to work with the contractor to outline a compensation package that is consistent with UK’s for those hired under the contractor. Some additional concerns voiced during the forums:

- What will be the process to assess existing employees?
- How will existing UK Dining management integrate with the subcontractor management?
- How will student employment be affected?

Commitment to Sustainability and UK Strategic Plan

UK has been at the forefront of the effort to transform the food buying industry by redirecting its purchases to local sources. It has created a ripple in the community, helping to inform choices within city government for more active commitment to support local food initiatives. There is concern that outsourcing is not only counter to the local movement, but is contradictory to UK’s commitments to sustainability, as outlined in the UK Strategic Plan, and conflicts with its Cardinal Principle “Sustainable Campus as Exemplar” as outlined in the UK Sustainability Policy.

III. Summary and Recommendations

The issues identified above are a summary of the key and recurring concerns voiced in the public forums regarding UK’s proposal to potentially outsource dining services. The prevailing opinions are that UK Administration is moving too quickly and may risk making a decision that is at odds with its mission as a land grant university and its commitment to be an exemplar of sustainability, and that these decisions are being made without consideration of its constituency or the long-range impacts on the surrounding community. UK Dining Services efforts to date, with regard to local purchasing and partnering with education and outreach efforts, have made UK unique in the state and a regional and national leader in this arena. It is prudent to consider this as an opportunity to further distinguish ourselves in this arena – to become a flagship campus with regard to food system sustainability. In light of these concerns, it is recommended that the following be considered by the Dining Revitalization Committee and powers that be in this process.

- Slow down and consider the merits and opportunities of the present system and other capital concerns such as food security, and the relationship to the surrounding community who are also stakeholders in this decision.

- Preference should be given to food purchases that expand direct farm impact, meaning all food and ingredients for processed food should be from a Kentucky farm and meat and dairy are from pasture-based operations. Stipulate a baseline for the percentage of KY direct farm purchases with expectation for a demonstrated, ongoing effort to increase this percentage.
- Include language in the contract that there is an expectation that Dining Services maintain a collaborative, supportive relationship with faculty and students and provide for education outreach. Consider this language carefully and vet with all involved/impacted groups.
- Utilize the expertise and experience within the University, the local community, and UK Alumni and solicit input for creative, alternative funding mechanisms.
- Require that any third party vendor provide for a position to act as liaison and support their efforts as advocate for sustainability.
- Require the food service contractor be accountable to and maintain a collaborative relationship with the sustainability council or other governing entity.
- Require continual improvements in minimizing waste in all aspects of operations.

SELECTED COMMENTS (from forums):

*"...Any outsourcing contract may specify food quality, set sustainability deliverables, mandate a percentage from local sources, require employee protections, and insist on collaboration with academic units. What an external food service contractor must do, however, is make money for its shareholders. Right now we Kentuckians are the shareholders in UK Dining Services. In spite of faltering legislative support for the University, we are still the beneficiaries of UK Dining Services' good work. Outsourcing dining services to Aramark or Sodexo ensures that a significant portion of the money Kentucky students are required to spend on dormitory food will leave the state and enrich others. **It will, in effect, establish a new extractive industry in the Bluegrass**" (emphasis added). – **Rona Roberts, Savoring Kentucky***

*"In the previous forums it has been reiterated by Mr. Eric Monday that the purpose of outsourcing is not simply a financial one but it is instead an effort to "create the best dining services possible and to create a more healthy campus community," I've thought a lot about what it means to live, work, and learn in a healthy community. To me a healthy community represents the realization of innovative designs and research with the site specific knowledge required to implement those innovations locally. Healthy communities are collaborative. They are inclusionary. They are empowering. The current dining services are all of the aforementioned. Those currently working and managing dining services actually live within this community and understand its needs. Dining services currently has the freedom to innovate to meet the needs of the student body. Dining services can and has collaborated with other departments to develop unique programs specific to the University of Kentucky." - **Polly Sympton, Student, Slow Foods***

*"There is an argument that we are facing a tradeoff between academic buildings and outsourcing. This is not true. We are facing a decision about when the investments will be made. UK Dining Services' business plan has a strategy for investing in the new dining facilities, which when paired with new residential facilities, will be part of a transformed campus and will attract and retain students. With a rapid repayment plan, there will only be a three to five year delay in releasing the debt capacity for other campus uses. For the good of UK's core mission, this tradeoff should be accepted." – **Anonymous Faculty Member***