

A faded background image of the University of Kentucky campus, showing a large red brick building with a central dome, surrounded by green trees and a lawn.

# **Update on Dining Public Private Partnership (P3)**

**June 10, 2014**

**Board of Trustees Meeting**

University of Kentucky

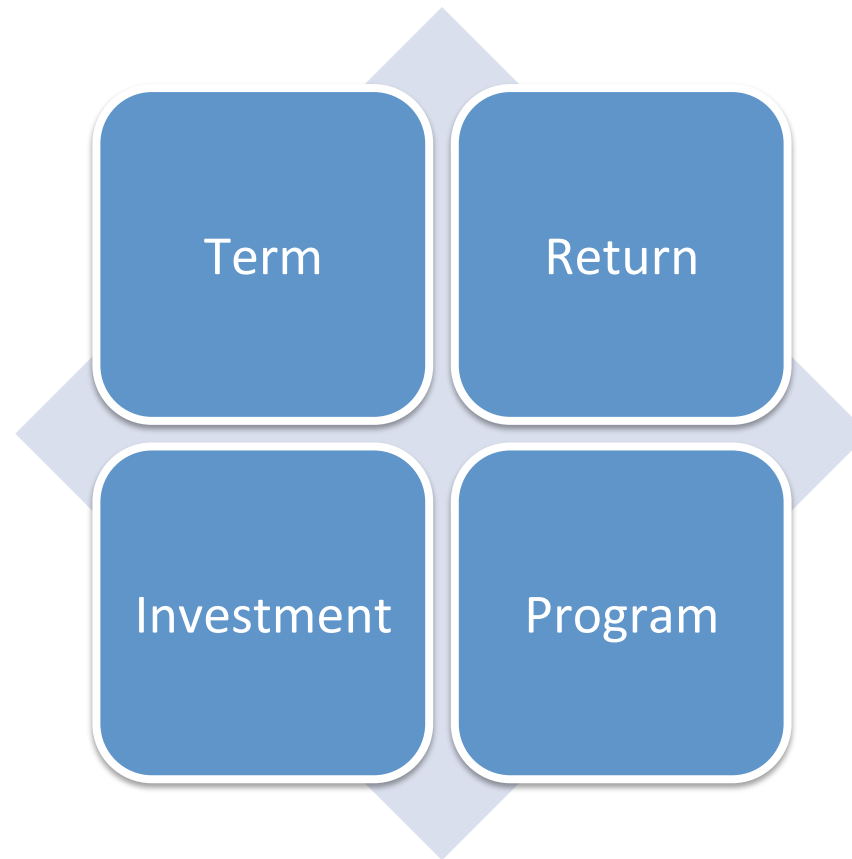
Updated: 06/09/14

# Key Dates

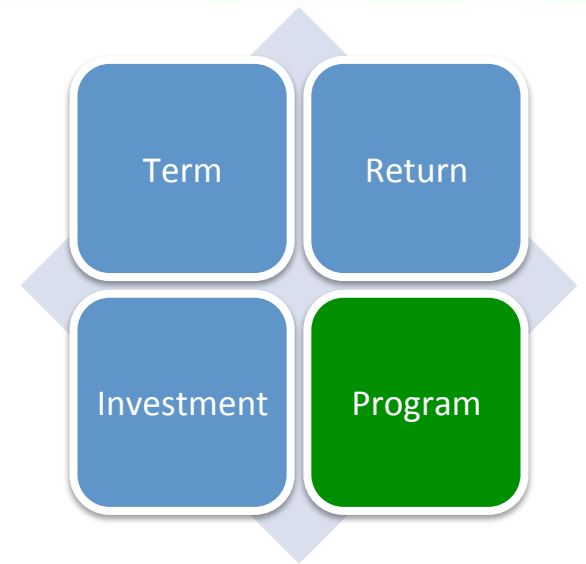
- Sept 12, 2013 – RFP released
- Nov 7, 2013 – RFP responses received
- Feb 4, 2014 – University announces decision to proceed with dual track discussions and negotiations
- May 9, 2014 – Intentions announced to move to contract negotiations with preferred vendor
- June 10, 2014 – Update to BOT and FCR consideration

\*This process has been conducted in compliance with the Kentucky Model Procurement Code (KRS 45A)

# TRIP



# PROGRAM



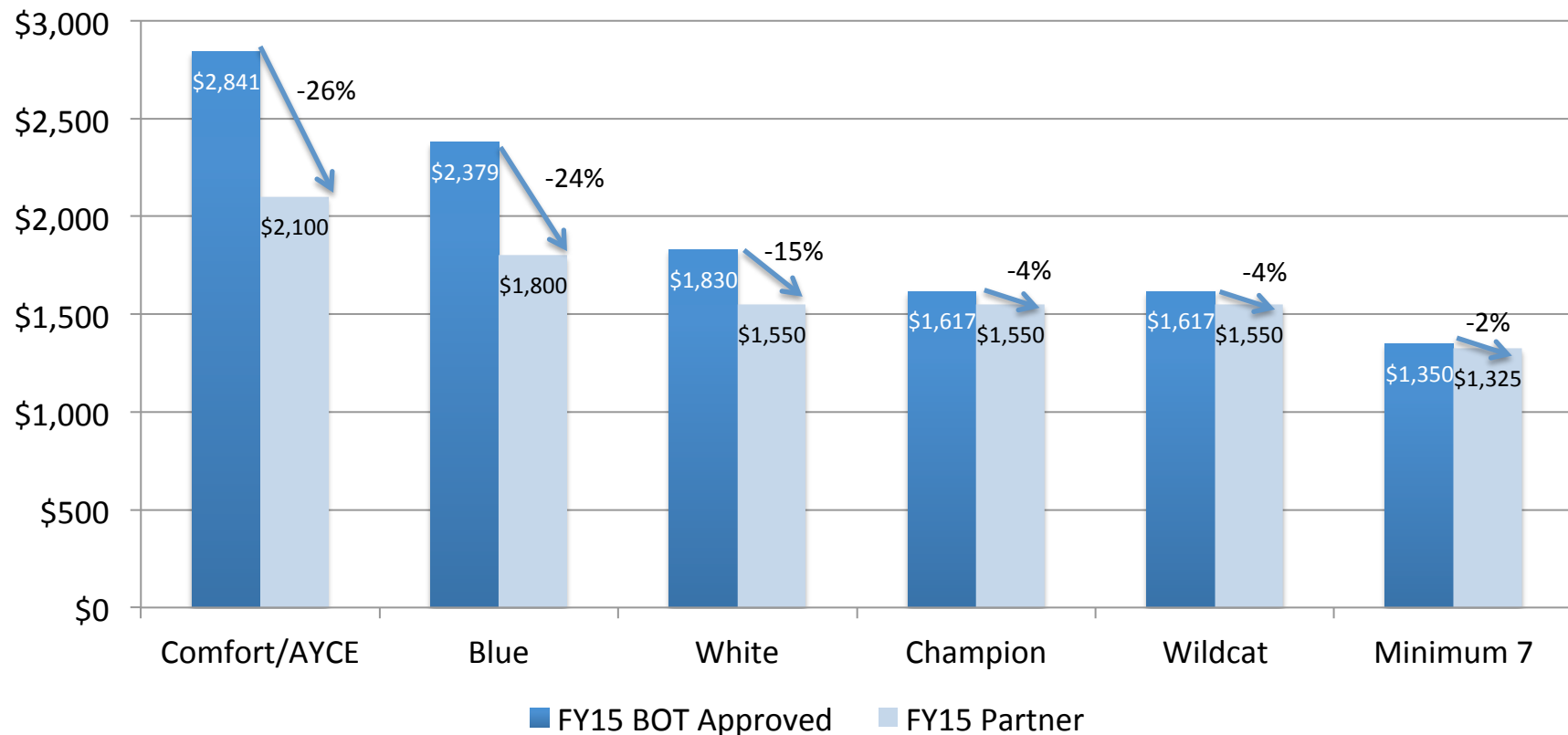
# PROGRAM

- Employees
- Meal Plans & Value
- Brands & Variety
- Nutrition & Wellness
- Sustainability (KY Proud, local purchasing, & other initiatives)
- Academic Partnership
- Key Performance Indicators

# UK Dining Employees

- Current UK Dining employees remain UK employees with the same salary and benefits
- Partner commits to grow total number of full-time dining employees
- Partner commits to grow total number of student dining employees

# Meal Plan Value (Cost per Semester)





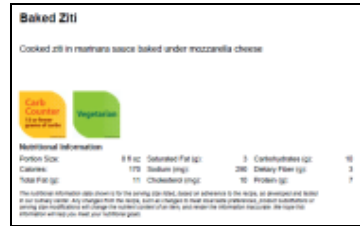
# Brand Variety

- Brand Variety
  - First campus Panera in the nation
  - Responds to students' preferences
  - Fresh Food Company and Greens to Go





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Show menu for:		Lunch		Saturated Fat 3.4 g		Potassium 483.52 mg																																																																									
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<p><b>BLISS</b></p> <table border="1"> <thead> <tr> <th>ITEM</th> <th>PROTEIN</th> <th>THYME</th> <th>SPICE</th> <th>ITEM</th> <th>PROTEIN</th> <th>THYME</th> <th>SPICE</th> </tr> </thead> <tbody> <tr> <td>MY SHU TORU</td> <td>GLAZED CARPACS</td> <td>ITALIAN GREEN</td> <td>BUTCHER'S</td> <td>PEANUT GREEN</td> <td>SHU</td> <td></td> <td></td> </tr> <tr> <td>CHICKEN</td> <td>CRISPY CHICKEN</td> <td>SMOXY CARPACS</td> <td>BUTCHER'S</td> <td>HEARTHEALD</td> <td>LEO</td> <td></td> <td></td> </tr> <tr> <td>MACARONE BAKE</td> <td>NUGGETS</td> <td>NAC &amp; CHEESE</td> <td>ORANGE</td> <td>MEER WITH TORU</td> <td></td> <td></td> <td></td> </tr> <tr> <td>BROCCOLI</td> <td>BLACK BEAN</td> <td>BATTER-FRIED</td> <td>COUSCOUS</td> <td>EGG NOODLES</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>SLIDERS</td> <td>CHICKEN</td> <td>HEARTY LARDERS</td> <td>ASH &amp; SHOPS</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>CRISPY</td> <td>HONEYDILL</td> <td>BBQ TORU</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>SHRIMP</td> <td>MARIN</td> <td>SLIDERS</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>FRENCH FRIES</td> <td>POTATOES</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>								ITEM	PROTEIN	THYME	SPICE	ITEM	PROTEIN	THYME	SPICE	MY SHU TORU	GLAZED CARPACS	ITALIAN GREEN	BUTCHER'S	PEANUT GREEN	SHU			CHICKEN	CRISPY CHICKEN	SMOXY CARPACS	BUTCHER'S	HEARTHEALD	LEO			MACARONE BAKE	NUGGETS	NAC & CHEESE	ORANGE	MEER WITH TORU				BROCCOLI	BLACK BEAN	BATTER-FRIED	COUSCOUS	EGG NOODLES					SLIDERS	CHICKEN	HEARTY LARDERS	ASH & SHOPS					CRISPY	HONEYDILL	BBQ TORU						SHRIMP	MARIN	SLIDERS						FRENCH FRIES	POTATOES					
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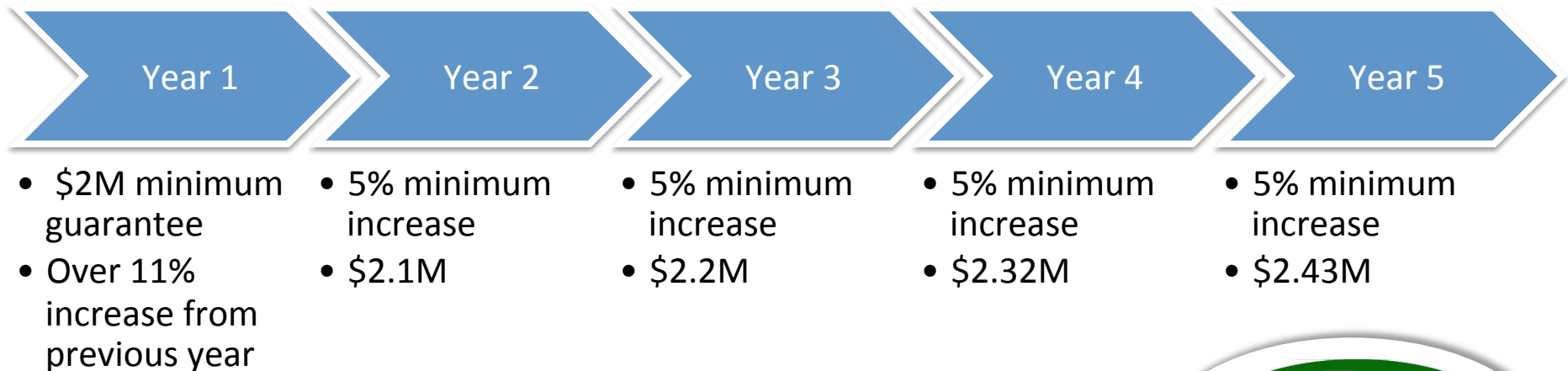
Nutrition information available through  
(clockwise from top left)

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# KY Proud & Local Purchasing

- \$2M guaranteed minimum in first year
- 5% annual growth guarantee
- Projected 25% of total purchases by end of term



# Sustainability Initiatives

- Sustainable construction and LEED certification
- Full time dining sustainability coordinator
- Implementation of Green Thread business practices
  - Waste stream management practices (waste audits, recycling, etc.)
  - Minimize food waste and support composting
  - Zero Waste and Green Event catering options
  - Green cleaning products & recycled content paper products
  - Energy and water conservation (adopt SOPs)
  - Conduct and adopt energy audit findings

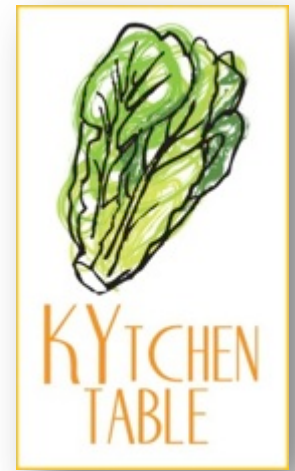




# Academic Partnership



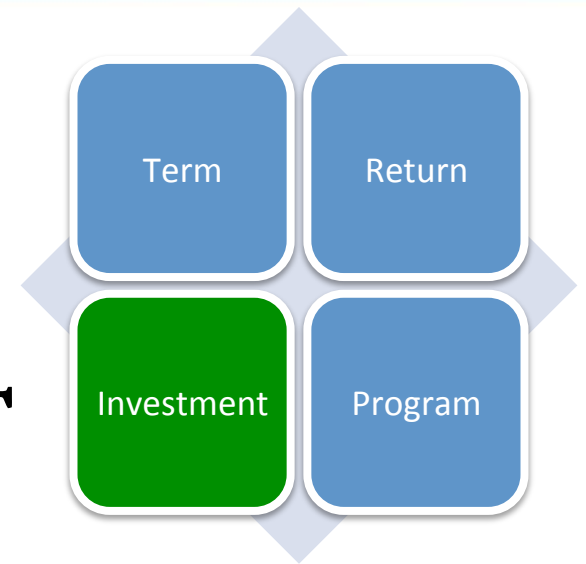
- Flagship collaborative innovation center aligning land grant heritage, teaching, research and education
- \$5M guaranteed investment in an unprecedented academic partnership
  - \$1.25M upfront start-up capital investment
  - \$250K annual operating support



# Key Performance Indicators

- Contractual obligations with penalties for failure to meet targets:
  - Employees (Full-time and students)
  - KY Proud & Local
  - Customer satisfaction
  - Food Institute investment
  - Nutrition and Wellness

# INVESTMENT





# Dining Facilities – Major & Minor



# Construction Requirements

- Partner pays Kentucky prevailing wage rates for construction
- All new construction will be LEED certified
- Partner will make a good faith effort to utilize MBE/WBE businesses in subcontracting opportunities
- Partner will provide 100% equity funding for investment



# K-Lair @ Haggin Hall



## BIG BLUE IMPACT:

- 50+ year UK tradition
- New for August 2014
- Retains spirit, menu favorites, and programming
- Kentucky Proud core menu



# Student Center Refresh



## BIG BLUE IMPACT:

- New dining option for fall 2014
- Visual improvement to entrance
- Enhanced flow & ease of service
- Kentucky Proud products
- Fresh, healthy, fast
- Accepts Dining Plan Meals





# New Commons



## BIG BLUE IMPACT:

- Additional points of service
- Kentucky Proud products
- Sustainable elements in design
- Naturally delicious, high-quality food
- Comfortable seating – in and out

KENTUCKY<sup>®</sup>  
see blue.



# INVESTMENT

(Over 15 Years)

\$40.14M new facilities

\$12.60M existing facilities

\$17.34M contingency

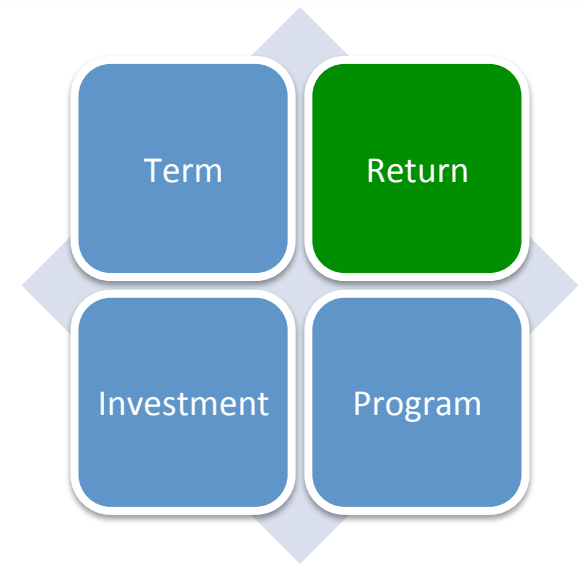
\$14.57M cash (*scholarships, Academic Partnership, Patterson Hall, athletics, and food truck*)

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**\$84.6M TOTAL INVESTMENT**



# RETURN



# RETURN

(Over 15 Years)

\$112.4M of guaranteed commissions

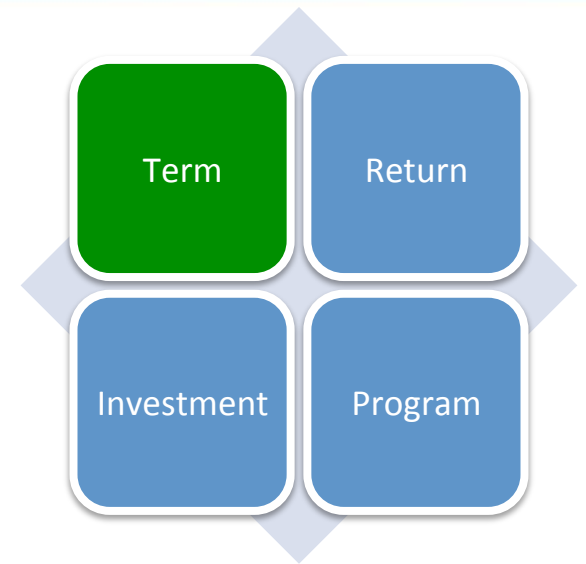
- \$95.9M campus commissions
- \$16.5M athletics commissions

\$5.9M of projected rebate share

\$7.9M of other programmatic investment

**\$126.2M TOTAL RETURN**

# TERM



# TERM

- 15 year term allows longer amortization and therefore greater capital investment and return

# FINANCIAL SUMMARY

\$84.6M investment

\$126.2M returns

\$34.5M reimbursed expenses

**\$245.3M total financial value of partnership  
over 15 years**

- Increased KY Proud and local food purchasing
- Enhanced meal plan value
- Increased variety of brands responding to student desires

# Next Steps

- June 10 – BOT considers FCR for dining facility projects and vehicle transfers
- June 11 – Transition begins (employees, summer advising conferences, facilities transformation)
- July 1 – Target launch date for new UK Dining
- August 27 – Opening of K-Lair, Champions Court coffee concept, refreshed student center food court, refreshed Blazer, refreshed Commons, and other venues
- Fall 2014 – Break ground for New Commons





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