

Food Service Advisory Committee

January 29, 2016

Who are we?

- UHDS manages most food service locations on campus
 - 2 all-you-care-to eat residential restaurants
 - Fresh Food Company
 - Cougar Woods
 - 30+ retail locations
 - Student Center South Food Court
 - Student Center Satellite
 - Stadium Parking Garage
 - Multiple Convenience Store Locations
 - 14 Food Trucks
 - Multiple Locations across campus
 - Full-service Catering Department
 - Provide In-kind Catering Funds for departments and student organizations
 - Meal Plan Scholarships
 - Provide at least 20 scholarships per academic year
 - Food Insecurities
 - Working with campus to address the needs of campus population with food insecurities
- UHDS is a contracted partner under Auxiliary Service
 - Self Supported from program revenue
 - No state funding
 - Cannot use other University funds
 - Can enter into debt service

Who are we?

- Auxiliary Services Mission Statement
 - The mission of Auxiliary Services is to enhance the campus experience for the University of Houston System's students, faculty, staff, alumni, and visitors. The programs offered by Auxiliary Services are intended to be compatible with each Campus' individual missions and goals. We are committed to providing exceptional service to our customers through outstanding quality and value; along with delivering green and efficient service in collaboration with our business partners. Auxiliary Services is also committed to acknowledge, appreciate, affirm, and assure our customers that we will continue to strive to provide the best service possible.
- Mission of Aramark
 - Deliver experiences that enrich and nourish lives

Auxiliary Services Cash Flow - Dining

University of Houston					
Master Food Service					
Financial Comparison					
	Actuals	Projected	FY2016 Assumptions	Break Even Analysis FY2016	
Revenue:	2015	2016			
In Kind (scholarships/catering)	\$ 170,000	175,000	Aramark contribution - per contract	175,000	Aramark contribution - per contract
Maintenance/Replacement Funds	250,000	250,000	Aramark contribution - per contract	125,000	Aramark contribution - per contract
Lease	1,093,000	1,126,000	Fixed amount per contract	1,126,000	Fixed amount per contract
Capital	250,000	0	Fixed amount per contract	250,000	Fixed amount per contract
Commission	1,951,305	2,009,844	Actual rates from FY15. FY16 was increased by 3%	4,047,424	based on FY15 actuals
Total Contract Revenue	3,714,305	3,560,844		5,723,424	
Expenses:					
In Kind (scholarships/catering)	(170,000)	(175,000)	Aramark contribution - per contract	(175,000)	Aramark contribution - per contract
Utilities	(705,831)	(739,407)	Calculated on FY15 actuals-3% increase	(739,407)	Calculated on FY15 actuals-3% increase
On-Campus Dining Maintenance & Equipment (FAMIS)	(1,230,984)	(1,267,913)	Calculated on FY15 actuals-3% increase	(1,267,913)	Calculated on FY15 actuals-3% increase
On-Campus Dining Maintenance Support (SLA)	(794,811)	(200,000)	Calculated on removing contracted custodial from UH	(200,000)	Calculated on removing contracted custodial
Dining Rent - SC Locations	(43,497)	(43,497)	Fixed amount per contract	(41,393)	Fixed amount per contract
Salaries	(996,597)	(1,026,495)	Calculated on FY15 actuals-3% increase	(1,026,495)	Calculated on FY15 actuals-3% increase
Capital Investment (Earmarked for brand refreshes/facility)	(250,000)	0	Fixed amount per contract	(250,000)	Fixed amount per contract
Total Operating Expenses	(4,191,719)	(3,452,312)		(3,700,208)	
Debt Service:					
Calhoun Lofts	(55,000)	(55,000)		(55,000)	
SC Project - Pro forma	(400,000)	(400,000)		(400,000)	
Stadium Garage (Food Service Contribution)	(150,000)	(150,000)		(150,000)	
Fresh Food Company - Actual	(875,464)	(875,464)		(875,464)	
Cougar Woods - Actual	(542,752)	(542,752)		(542,752)	
Total Debt Service	(2,023,216)	(2,023,216)		(2,023,216)	
Net Cash Flow	(2,500,630)	(1,914,684)		0	

Challenges

- Operating costs continue to rise (CPI, wages, rent, social responsibility, etc.)
- Existing program does not generate enough revenue to be self supporting.
 - 54.4% is subsidized from other Auxiliary Services programs
- Quadrangle to go offline in Dec. 2017 (800 beds ~24 months)
- Current condition of SC Satellite
- Request for more and/or new retail locations, e.g. Law Center, Vietnamese Sandwich Shop
- Expansion of service for religious, vegan, and other dietary restrictions
- Upkeep of equipment and facilities

The Future of the Program



















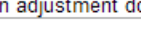



- Enrollment projected to continue to rise at about 3% per year
- Increased number of retail locations on campus causing increase of debt service
- Quadrangle to go offline in Dec. 2017
- Upgrades to the SC Satellite
- Capacity of Fresh Food Company
- Increase of visitors on campus
- MarketMATCH in Spring 2016
- Increase usage will continue to contribute to wear and tear

Meal Plan Alternatives

Goals

- PROGRAM
 - Financially sustainable
 - Affordable
- COMMITTEE
 - Lower point of entry
 - Fewer unused meals
 - Bulk discounting
 - Shift from board to declining balance
 - Commuters to bear more

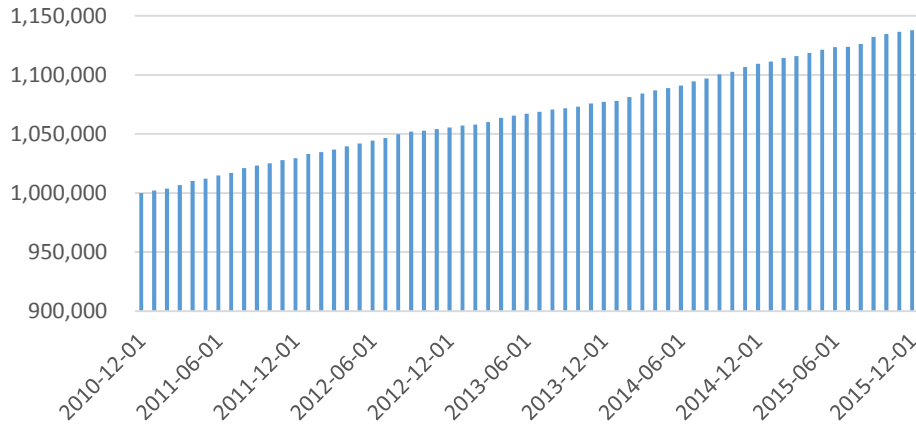
Changes in Food Price Indexes, 2013 through 2016

Item	Relative importance ¹	Trend Line	Month-to-Month	Year-over-Year	Year-to-date	Annual	Annual	20-Year Historical Average	Forecast	Forecast
		Dec 2014 to Nov 2015	Oct 2015 to Nov 2015	Nov 2014 to Nov 2015	2015	2013	2014		2015	2016
Consumer Price Indexes	<i>Percent</i>		<i>Percent change</i>							
All food	100.0		-0.3	1.3	1.8	1.4	2.4	2.6	1.5 to 2.5	2.0 to 3.0
Food away from home	40.9		0.2	2.7	2.8	2.1	2.4	2.7	2.2 to 3.2	2.5 to 3.5
Food at home	59.1		-0.6	0.3	1.2	0.9	2.4	2.6	0.75 to 1.75	2.0 to 3.0
Meats, poultry, and fish	13.2		-0.8	-2.1	2.1	2.1	7.2	3.1	1.5 to 2.5	2.0 to 3.0
Meats	8.6		-1.3	-2.1	3.3	1.2	9.2	3.3	2.5 to 3.5	1.5 to 2.5
Beef and Veal	4.1		-1.4	-1.3	7.7	2.0	12.1	4.1	6.75 to 7.75	1.0 to 2.0
Pork	2.6		-2.3	-6.6	-3.6	0.9	9.1	2.8	-4.25 to -3.25	1.5 to 2.5
Other meats	1.9		0.4	2.2	3.9	-0.1	3.9	2.4	3.5 to 4.5	2.5 to 3.5
Poultry	2.5		-0.3	-1.3	0.6	4.7	2.0	2.6	0.25 to 1.25	2.0 to 3.0
Fish and seafood	2.0		0.4	-3.1	-0.7	2.5	5.8	2.9	-1.0 to 0.0	2.5 to 3.5
Eggs	0.9		-2.2	23.7	17.1	3.3	8.4	4.3	16.75 to 17.75	0.0 to 1.0
Dairy products	6.3		-0.6	-3.4	-1.2	0.1	3.6	2.8	-1.5 to -0.5	2.0 to 3.0
Fats and oils	1.7		-2.2	-1.7	-1.0	-1.4	0.1	2.8	-1.25 to -0.25	0.0 to 1.0
Fruits and vegetables	9.7		0.0	1.4	-0.4	2.5	1.5	3.0	-0.25 to 0.75	2.0 to 3.0
Fresh fruits & vegetables	7.5		0.3	1.4	-0.7	3.3	1.9	3.1	-0.75 to 0.25	2.5 to 3.5
Fresh fruits	4.0		-0.3	1.1	-2.4	2.0	4.8	3.0	-2.25 to -1.25	2.5 to 3.5
Fresh vegetables	3.5		1.1	1.8	1.3	4.7	-1.3	3.2	0.75 to 1.75	2.0 to 3.0
Processed fruits & vegetables*	2.1		-1.0	1.3	0.9	0.3	0.1	2.8*	0.5 to 1.5	1.5 to 2.5
Sugar and sweets	2.1		-0.5	3.2	3.3	-1.7	-0.8	2.2	2.5 to 3.5	1.5 to 2.5
Cereals and bakery products	8.0		-0.7	1.3	1.1	1.0	0.2	2.6	0.5 to 1.5	1.5 to 2.5
Nonalcoholic beverages	6.7		-0.9	0.0	1.2	-1.0	-0.5	1.5	0.75 to 1.75	1.5 to 2.5
Other foods	10.5		-0.4	1.7	1.6	0.5	1.0	2.0	1.5 to 2.5	2.0 to 3.0

Blue indicates an adjustment upward, orange indicates an adjustment downward, and black indicates no change from last month's forecast.

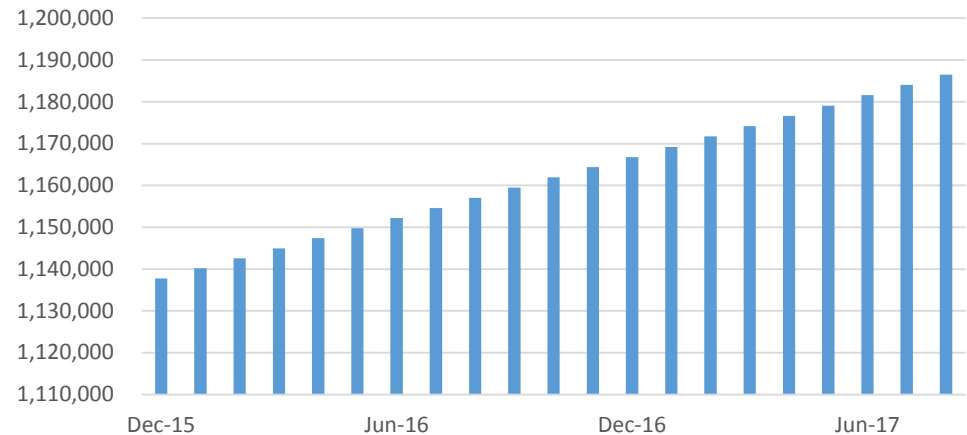
UHDS Cost Pressure

Food Inflation Per Million – 5 Year



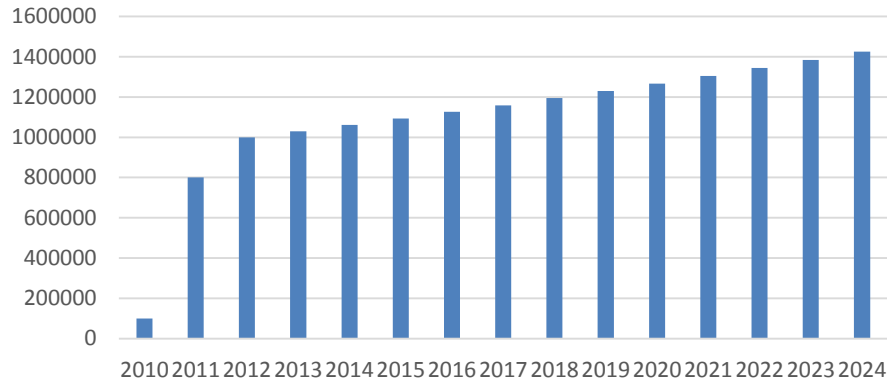
- BLS 2.5 to 3.5 % for Food Away From Home for 2016
- No BLS projection for 2017
- 2.5% used for model

Food Inflation Per Million - Prospective



UHDS COST PRESSURE

Rent



- Costs absorbed by program and not included in price increase request.
- Other costs absorbed by program includes supporting food insecurities initiatives, B.O.U.N.C.E., Campus Kitchens, Sustainability, etc.

Federal Reserve Wage Inflation



Current Plans

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11	Plan 12
Meal Plan Name	AA 7	LS 15	LS 160	Select1600	Block 120	Block 80	Block 40	Block 20	Select 1000	Select 800	Select 500	Select 300
Meal Plan Type: <i>(Weekly, Block, Unlimited)</i>	7 Day Unlim	Weekly	Block	All DB	Block	Block	Block	Block	All DB	All DB	All DB	All DB
# Meals in Block <i>(if applicable)</i>			160		120	80	40	20				
Who can purchase the Meal Plan?	Both	Both	Both	Both	Voluntary	Voluntary	Voluntary	Voluntary	Voluntary	Voluntary	Voluntary	Voluntary
Is this Meal Plan Captured in Insight?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
# Meals Available each Week (#)	21.0	15.0	9.7	0.0	7.3	4.9	2.4	1.2	0.0	0.0	0.0	0.0
Student Price with DB, 1 Semester (\$)	\$ 1,905	\$ 1,865	\$ 1,690	\$ 1,520	\$ 900	\$ 680	\$ 410	\$ 210	\$ 950	\$ 760	\$ 475	\$ 285
Amount of DB per Semester (\$)	\$ 100	\$ 250	\$ 400	\$ 1,600	\$ 200	\$ 150	\$ 100	\$ 50	\$ 1,000	\$ 800	\$ 500	\$ 300
Aramark Price with DB, 1 Semester (\$)	\$ 1,905	\$ 1,865	\$ 1,690	\$ 1,520	\$ 900	\$ 680	\$ 410	\$ 210	\$ 950	\$ 760	\$ 475	\$ 285
Mandatory Sales Count Semester 1 (#)	1002	456	2689	537								
Mandatory Sales Count Semester 2 (#)	523	307	3007	626								
Mandatory Sales Count Subtotal	1525	763	5696	1163	0	0	0	0	0	0	0	0
% of Total Mandatory MP Sales Count	16.7%	8.3%	62.3%	12.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Voluntary Sales Count Semester 1 (#)					128	147	180	118	68	75	186	351
Voluntary Sales Count Semester 2 (#)					102	112	154	88	20	42	117	227

New Proposed Plan

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9
Meal Plan Name	AA7	225	150	100	50	1650	1000	500	250
Meal Plan Type <i>(Weekly, Block, Unlimited)</i>	7 Day Unlim	Block	Block	Block	Block	All DB	All DB	All DB	All DB
<i># Meals in Block (if applicable)</i>		225	150	100	50				
Who can purchase the Meal Plan?	Both	Both	Both	Voluntary	Voluntary	Both	Voluntary	Voluntary	Voluntary
Is this Meal Plan Captured in Insight?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
# Meals Available each Week (#)	21.0	13.2	8.8	5.9	2.9	0.0	0.0	0.0	0.0
Student Price with DB, 1 Semester (\$)	\$ 1,950	\$ 1,775	\$ 1,650	\$ 1,000	\$ 500	\$ 1,650	\$ 1,000	\$ 500	\$ 250
Amount of DB per Semester (\$)	\$ 100	\$ 225	\$ 500	\$ 250	\$ 100	\$ 1,650	\$ 1,000	\$ 500	\$ 250
Aramark Price with DB, 1 Semester (\$)	\$ 1,950	\$ 1,775	\$ 1,650	\$ 1,000	\$ 500	\$ 1,650	\$ 1,000	\$ 500	\$ 250
	5.18	6.89	7.67	7.50	8.00				
	\$ 1,905.00	\$ 1,865.00	\$ 1,690.00	\$ 900.00	\$ 410.00				
Mandatory Sales Count Semester 1 (#)	1002	456	2689			537			
Mandatory Sales Count Semester 2 (#)	523	307	3007			626			
Mandatory Sales Count Semester 3 (#)									
Mandatory Sales Count Subtotal	1525	763	5696	0	0	1163	0	0	0
<i>% of Total Mandatory MP Sales Count</i>									
Voluntary Sales Count Semester 1 (#)				275	448		130	250	300
Voluntary Sales Count Semester 2 (#)				200	331		30	176	200
Voluntary Sales Count Semester 3 (#)									

**Includes 25¢ door rate increase*

New Proposed Plan

	PLAN	AA7	LS15	160	TOTALS
CY	BOARD PRICE	1820	1640	1310	
	# SOLD	1525	763	5696	7,984
	REVENUE	2,775,500	1,251,320	7,461,760	11,488,580
	# MEALS	544,425	194,565	911,360	1,650,350
	COST PER MEAL	5.23	6.55	8.19	

	PLAN	AA7	225	150	TOTALS
PROPOSED	BOARD PRICE	1850	1550	1150	
	# SOLD	1525	763	5696	7,984
	REVENUE	2,821,250	1,182,650	6,550,400	10,554,300
	# MEALS	544,425	171,675	854,400	1,570,500
	COST PER MEAL	5.18	6.89	7.67	

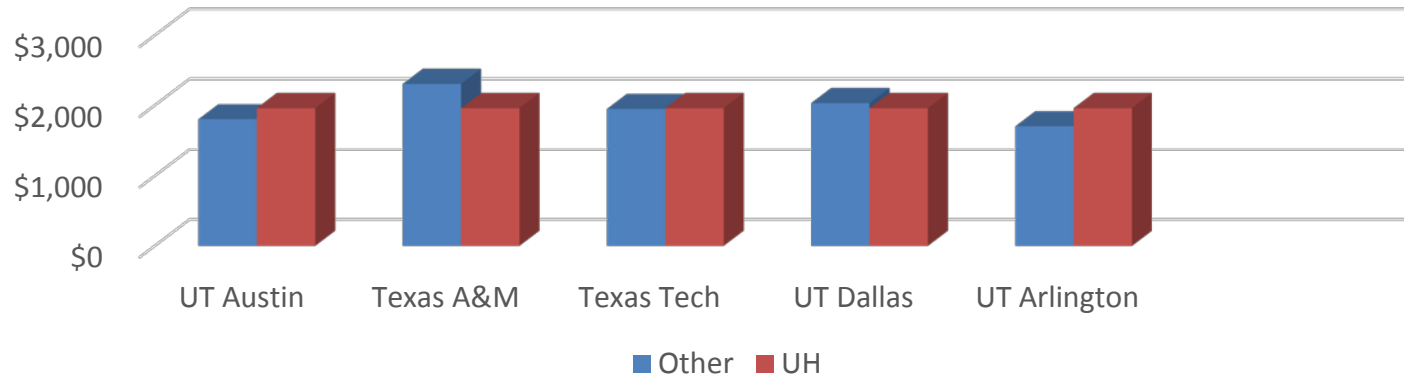
VARIANCE \$ (934,280)

MEALS (79,850)

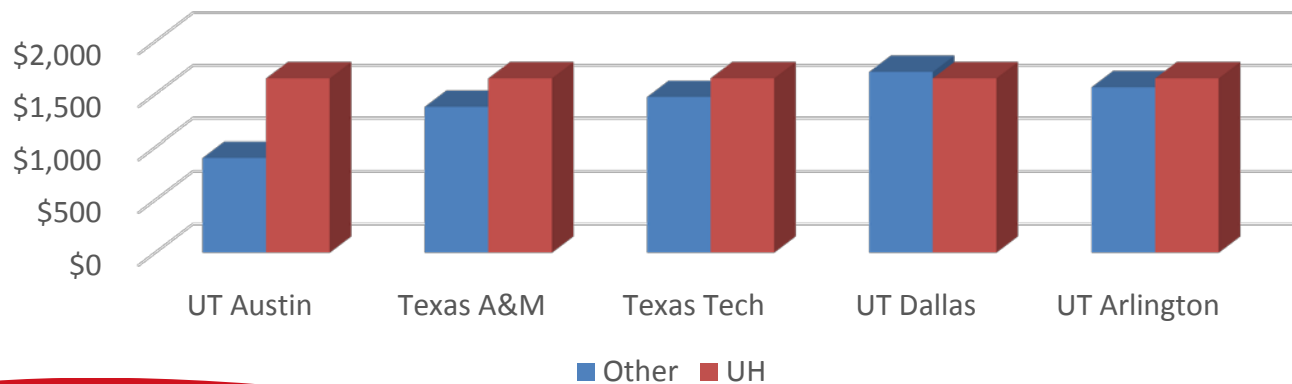


University Meal Plan Comparisons

University Comparison – Highest Cost Meal Plan



University Comparison – Lowest Cost Meal Plan



SCHOOL	ENROLLMENT	# OF DINING HALLS	# OF RETAIL	TOTAL LOCATIONS	LOCATIONS PER STUDENT
Texas Tech	35,158	2	51	53	663
University of Houston	42,000	2	35	37	1135
Arizona State University	83,301	4	27	31	2687
Texas A&M	58,577	2	28	30	1953
University of Illinois Chicago	27,589	2	27	29	951
University of North Texas	36,486	5	20	25	1459
University of Cincinnati	43,691	3	22	25	1748
University of Oklahoma	28,966	2	21	23	1259
Wayne State University	25,619	2	19	21	1220
UT Dallas	23,095	2	18	20	1155
UT El Paso	23,000	1	19	20	1150
UTSA	31,000	1	19	20	1550
Temple University	37,788	2	17	19	1989
Georgia State University	32,842	2	15	17	1932
Texas State University	35,546	2	14	16	2222
George Mason University	33,723	5	9	14	2409
UT Arlington	34,870	1	12	13	2682
University of Texas	50,950	2	4	6	8492

Summary of Changes

- Two plans with lower point of entry, Block 225 and Block 150
- Fewer plans overall
- High point of entry for commuters
- Increased door rate
 - Breakfast: \$7.50
 - Lunch: \$8.50
 - Dinner: \$9.50
- More cougar cash
- Cougar Cash 1600 increased to \$1650
- Nearly 80,000 fewer meals allocated

Goals - Reviewed

- PROGRAM
 - ✓ • Financially sustainable
 - ✓ • Affordable
- COMMITTEE
 - ✓ • Lower point of entry
 - ✓ • Fewer unused meals
 - ✓ • Bulk discounting (price per meal)
 - ✓ • Shift from board to declining balance
 - ? • Commuters to bear more financial responsibility