

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Food and Beverage Concession Contract Extension – Sodexo America LLC

Recommended action:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President be delegated authority to execute a contract as appropriate for a five year extension of the food service concession contract with Sodexo America LLC. The contract guarantees a minimum of \$3.4 million over the five year period.

Background:

In 2002, a five year contract was awarded to Sodexo for food service concessions for the Department of Intercollegiate Athletics sports events and facilities based on a competitive solicitation. The action was reported to the Board of Regents in September, 2002. The initial term of the contract was five years, ending June 30, 2007, with an option to extend for up to five additional years. Sodexo has performed satisfactorily over the five year period.

The table below illustrates the improvements in the contract terms. Overall, the contract extension is considered fair and reasonable.

Current Contract Terms	Previous Contract Terms
Minimum Guarantee \$3.4M	Minimum Guarantee \$3.2M
50% commission on first \$2M of annual gross sales, 52% on annual gross sales exceeding \$2M	50% Commission on annual gross sales in years 1 & 2 of the contract, 48% on annual gross sales in years 3-5
Sodexo funded 2% for Required Services (Bond and audit costs), unspent funds paid to UW	Required Services paid by Sodexo, no additional payment to UW

The contract extension has been approved by the Director of Intercollegiate Athletics and the Executive Vice President.