

UK Dining Sourcing Report

Fiscal Year 2014-15

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**THE
FOOD
CONNECTION**

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INTRODUCTION AND OBJECTIVES

The purpose of this project is twofold: 1) To propose and test a methodology for replicable evaluation of regional food sourcing by an institutional dining services provider 2) To provide an assessment based on that methodology of Kentucky Proud and local purchases by Aramark, contractor for University of Kentucky Dining Services, during the 2014-15 academic year. Our overarching goal is to support institutional and community stakeholders who seek to better understand and evaluate food sourcing trends. The proposed methodology should assist more informed comparisons over time and across institutions.

In this assessment, we worked to develop a metric that would fairly represent relative impact of food purchases on 1) the Kentucky food economy (using business ownership and activities as a proxy) and, in particular, 2) Kentucky farms (using rough percentages of Kentucky sourced ingredients as a proxy). We do not attempt to evaluate, nor should our results be assumed to represent, food characteristics such as environmental impact, fair labor practices, sustainability of production methods, or consumer health. However, in complex, often obscured institutional food supply chains, identifying vendors and cataloguing what products are procured is an essential first step to address these and other values-based questions about our food.

The UK Dining agreement requires annual reporting by Aramark of “Kentucky Proud” and “local” expenditures. The former is a state branding program operated by the Kentucky Department of Agriculture; the latter is defined in the UK agreement as Fayette (where the main campus is located) and the six adjoining Kentucky counties. Neither of these designations consistently defined Kentucky food vendor type or KY farm source in our data set. Our objective was not to replace these designations, rather to provide additional, replicable information about food sources.

METHODOLOGY

In this assessment our data set consists of all Kentucky Proud and local food and beverage purchases reported to the University of Kentucky by UK Dining (Aramark) as defined and required in the dining service contract. In developing our alternative evaluative metric we considered the role and interests of the University of Kentucky as a land grant institution of our commonwealth. As such our goal was to apply an evaluative metric that reflects the potential relative impact of each vendor and food item on our Commonwealth’s food and farm economy.

UK Dining works primarily through two distributors, Piazza and Sysco, and purchases a limited number of items directly from vendors. Purchases made through all three channels were itemized first at the vendor level, and then by specific food and beverage items. For our evaluation we classified vendor and item procurement data along two variable axes: vendor type and ingredient source. The variables and their three defining categories

are summarized in Table 1 with a complete definition in Attachment 4.

The format and completeness of data provided to our research team varied among distributors and direct purchases by Aramark. For purchases made via distributors, we reviewed complete procurement records listing the various vendors for which that distributor sourced, the items purchased from each vendor, and the total dollar value spent by Aramark on each item over the course of the year.

For vendor classification we employed a combination of publicly available business information, and on-site or telephone interviews. Interviews were conducted during the fall of 2015 by the investigators identified here, and guided by a common protocol. Vendors with potential Kentucky farm impact were contacted directly and asked a series of clarifying questions to determine if their product had a) majority b) mixed of c) no Kentucky farm sourced ingredients.

VENDOR TYPE	
Category	Definition
Kentucky Food Business/Entrepreneur	A food producer or farm that is privately held and majority owned by residents of Kentucky, and operates primarily in Kentucky.
Kentucky Located Food Processor	An enterprise not classified here as a Kentucky Food Business, but which engages in significant food production or processing at a Kentucky facility.
Kentucky Distributor or Not a Food Business	A vendor which in Kentucky primarily transports or repackages, a majority share of ownership is held by non-Kentucky residents.
INGREDIENT SOURCE	
Category	Definition
Majority Kentucky Farm Source	The food product or the primary ingredient is sourced exclusively or predominantly (>50%) from Kentucky farms. Specific farm sources are or could be identified, though they may be co-mingled.
Mixed Kentucky Farm Source	It can be reasonably concluded that >10% of the food product or a majority fraction of a primary ingredient was sourced from Kentucky farms. In most examples, Kentucky and non-Kentucky farm products are co-mingled with no means to identify specific Kentucky farm sources.
No Significant Kentucky Farm Source	There is no identifiable Kentucky farm source for ingredients, or the only significant KY farm content is derived from nationally/globally processed and co-mingled commodities (e.g. corn sweetener).

Table 1: Definitions for Vendor Type and Ingredient Source Variables

Limitations of the data available for the analysis presented in this report did not permit us to sub-divide purchase totals by item. As a result, the total purchase from each vendor is allocated to the ingredient source category which is most representative of the all of the items sourced from that vendor. For example, for one large vendor from which UK Dining purchased directly, the data provided did not make it possible to segregate expenditures for items that were very likely majority KY farm sourced, e.g., milk; from expenditures from the same vendor that were neither processed or farm-sourced in Kentucky, e.g., orange juice. As reliable accounts attest that the majority farm sourced products were an overwhelming majority of the purchase from this vendor, we classified all expenditures with this vendor as majority Kentucky farm source.

PRELIMINARY RESULTS FOR 2014-15

Results for categorization of UK Dining local and Kentucky Proud purchases in the academic year 2014-15 are presented in Table 2 and Figure 1. A complete list of vendors with our classification and a summary of year to year annual expenditures by market source are provided in Attachments 1 and 2.

Vendors

Purchases from vendors classified as Kentucky food businesses or entrepreneurs totaled \$623,051 or 5.9% of the food and beverage purchased for the year. There were 43 vendors in this category providing a wide range of products. Included were several direct farm sources, cheese and meat producers, bakeries, local distributors and processors. The majority (62%) of expenditures in this vendor category was with those who use no identifiable Kentucky farm source; the two largest examples being locally roasted coffee and hamburger patties made from globally or nationally sourced meat. Prominent among the Kentucky food business vendors which sold majority Kentucky farm sourced product were cheese makers and produce farms.

A smaller number of vendors, five, were identified as Kentucky located food processors. One of the largest of these was a dairy, which is owned and operated in a multistate region. It typically sources about 75% of the milk content in purchased products from Kentucky farms, but also distributes a line of 100% Kentucky farm sourced milk. Another large purchase was for bread and rolls from a Kentucky-located bakery.

KY Vendor Type	KY Farm Source	# Vendors	Total Purchase	Percent, Total UK Purchase
KY Food Business Entrepreneur	Majority	19	\$140,137	1.4%
KY Food Business Entrepreneur	Mixed	5	\$95,425	0.9%
KY Food Business Entrepreneur	None	19	\$387,489	3.6%
KY Located Processor	Majority	1	\$365,626	3.4%
KY Located Processor	Mixed	1	\$7,664	0.1%
KY Located Processor	None	3	\$226,571	2.1%
KY Distributor	Mixed	1	\$10,676	0.1%
KY Distributor	None	4	\$1,130,140	10.6%
Total		53	\$2,363,728	22.2%

Table 2: Categorization of Kentucky Proud and Local Expenditures 2014-15

Only five vendors on the reported local and Kentucky Proud purchases were classified as Kentucky Distributors, or non-Kentucky based businesses with no major processing activities. However, this was the largest category reported at \$1,140,816 or 10.7% of the total annual buy. Soft drink purchases from local distributors/bottlers dominated this category.

Kentucky Farm Source

A majority Kentucky farm source was identified in products purchased for a total of \$505,763 or 4.8% of the annual purchase. There were 20 vendor/suppliers placed in this category; 13 of these were fruit/vegetable growers whose product was distributed by Piazza. Other majority farm source items were cheese/dairy (3 suppliers), meat (3), and milled grain mixes (1).

Products identified as mixed Kentucky farm source included dairy, sausage, other meats, soups, and sauces. These purchases totaled \$113,765 or 1.1% of the total food purchases. These were provided to UK Dining both by Kentucky distributors, processors and food businesses.

In total, expenditures for majority and mixed Kentucky farm sourcing were \$619,528. This was 5.8% of the total annual food and beverage purchased, or 26.2% of the reported local and Kentucky Proud expenditure.

CONCLUSIONS AND RECOMMENDATIONS

We recommend further review and discussion of how food purchase information is shared among the institution, food service providers and evaluators.

Quality and format of purchasing data was inconsistent, and at times incomplete. For example, we did not consistently receive data on unit cost or on expenditures by item for vendors supplying various items. This would be essential for more direct and meaningful analysis of economic impact on farm suppliers.

Understandably, purchase information systems were not developed with a primary objective of monitoring and understanding local and regional food sources.

UK Dining FY15 Procurement

- KY Business: Majority
- KY Business: Mixed
- KY Business: None

- KY Processor: Majority
- KY Processor: Mixed
- KY Processor: None

- KY Distributor: Mixed
- KY Distirbutor: None

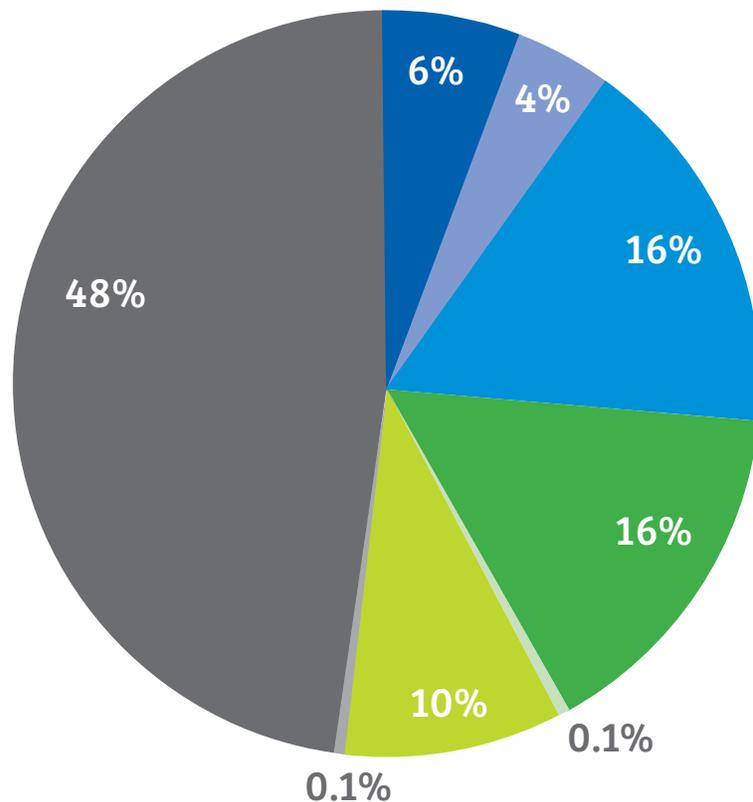


Figure 1: Percentage of Kentucky Proud and Local Expenditures by Category

Tracing and analyzing sources, vendor type and ingredient content is further confounded by the nature of the institutional food supply chain whereby any given item may pass through a number of different distributors and processors after originating with a farm producer.

Addressing this communication and data challenge could yield broader mutual benefits to food service providers, producers and consumers by increasing the transparency of food sourcing. Institutions and their stakeholders might better evaluate the outcomes of their dining partnerships with more informative annual purchase reports.

We recommend that an annual report of food sourcing by UK Dining be prepared and released. This should feature tracking of progress against the baselines established here. It could also include brief summaries of continuing programs by the University and UK Dining to diversify and expand local and regional sourcing, and concise profiles of Kentucky farms or food businesses supplying the campus.

This will require continuing review and monitoring of vendors to apply the proposed classification. The task will be simplified somewhat by this initial classification of vendors, but by the nature of food and farm production sourcing may change frequently with season, supply or market price. Changes during the year were only an occasional issue for the data set we evaluated, particularly for large expenditure categories such as dairy, meat, bread products. Additionally, with enhanced

purchasing data, in particular for direct purchases, it would be possible to provide a more detailed account of total purchases by ingredient source.

The annual evaluation process can also include source mapping of UK campus food sources, which was a notable by-product of this study. Attachment 5 provides a first version of this educational, informational tool.

Regardless of the format, we recommend that the alternative purchase evaluation and results of this analysis be released to stakeholders annually, alongside performance on contract metrics.

It is both an advantage and a limitation that our evaluative metric is based on relatively objective characteristics of the vendors and products. These characteristics are not necessarily linked to consumers' and stakeholders' values-based sustainability, quality, or health expectations. Therefore, some may perceive that the results fail to address such concerns and expectations.

However, we conclude that the classification does provide more useful information to both institutions and their stakeholders than point-of-purchase food miles, zip codes, or state branding programs alone. This or similar purchase evaluation may offer feasible reporting and accountability strategies for institutions and their partners. Such reporting could then provide a sound foundation for further analysis of impact on local food and farm economies. Furthermore, it could enable both institutional food buyers and consumers to make more informed choices.

Attachment 1: Complete Vendor List with Classification

Vendor Name	Vendor Type	Ingredient Source	Procurement Channels
Kenny's Farmhouse Cheese	KY Business	Majority KY Farm	Sysco
Boone Creek Creamery	KY Business	Majority KY Farm	Piazza
Marksbury Farm Foods LLC	KY Business	Majority KY Farm	Direct, Sysco
JSW Farm Chop Shop	KY Business	Majority KY Farm	Piazza
Weisenberger Mill	KY Business	Majority KY Farm	Piazza, Sysco
Gallrein Farms	KY Business	Majority KY Farm	Piazza
Jones Bros Farms	KY Business	Majority KY Farm	Piazza
Evans Orchard	KY Business	Majority KY Farm	Piazza
UK Butcher Shop	KY Business	Majority KY Farm	Direct
Courtney Farms	KY Business	Majority KY Farm	Piazza
VanMeter Farms	KY Business	Majority KY Farm	Piazza
Horton Fruit	KY Business	Majority KY Farm	Sysco
Cow-U-Met	KY Business	Majority KY Farm	Piazza
Mulberry Farms/Orchard	KY Business	Majority KY Farm	Piazza
Triple J Farm (Triple Ridge)	KY Business	Majority KY Farm	Piazza
KY HydroFarm	KY Business	Majority KY Farm	Piazza
Grow Farms	KY Business	Majority KY Farm	Piazza
Grateful Greens	KY Business	Majority KY Farm	Piazza
Dohn and Dohn Gardens	KY Business	Majority KY Farm	Piazza
Custom Food Solutions LLC	KY Business	Mixed KY Farm	Sysco
FB Purnell Sausage	KY Business	Mixed KY Farm	Sysco
Dad's Favorites	KY Business	Mixed KY Farm	Piazza
Kentucky Mushroom Co	KY Business	Mixed KY Farm	Sysco
Fishmarket Seafood	KY Business	Mixed KY Farm	Sysco
BLM Coffee Enterprise LLC	KY Business	No KY Farm	Direct
John Conti Coffee Company	KY Business	No KY Farm	Direct
Donut Days Bakery	KY Business	No KY Farm	Direct
Omni Custom Meats Inc.	KY Business	No KY Farm	Sysco
Applecreek Specialty Foods	KY Business	No KY Farm	Piazza
Blaze	KY Business	No KY Farm	Sysco
Trifecta Sauce Co	KY Business	No KY Farm	Sysco
Ale8	KY Business	No KY Farm	Direct
Old Kentucky Chocolates	KY Business	No KY Farm	Direct
Wildcat Creamery	KY Business	No KY Farm	Piazza
Lexington Pasta	KY Business	No KY Farm	Sysco, Piazza
Gluten Free Miracles	KY Business	No KY Farm	Piazza
Bourbon Barrel Foods LLC	KY Business	No KY Farm	Sysco

Vendor Name	Vendor Type	Ingredient Source	Procurement Channels
Uncle Charlie's Meats Inc	KY Business	No KY Farm	Sysco
Triad MFG KY LLC	KY Business	No KY Farm	Sysco
Rooibee Red Tea	KY Business	No KY Farm	Piazza
Clem's Refrigerated Foods	KY Business	No KY Farm	Direct
Lexington Seafood	KY Business	No KY Farm	Direct
Kilimanjaro Foods Inc	KY Business	No KY Farm	Sysco
Southern Belle Dairy	KY Located Processor	Majority KY Farm	Direct
Flav-o-Rich Dairies LLC (Bordens)	KY Located Processor	Mixed KY Farm	Sysco
Klosterman's	KY Located Processor	No KY Farm	Direct
Specialty Foods Group Inc	KY Located Processor	No KY Farm	Sysco
Continental Mills	KY Located Processor	No KY Farm	Sysco
Coremark	Distributor	Mixed KY Farm	Direct
Coca Cola	Distributor	No KY Farm	Direct
Home City Ice	Distributor	No KY Farm	Direct
Pepsi	Distributor	No KY Farm	Direct
Lyons Magnus	Distributor	No KY Farm	Sysco

Attachment 2: Expenditures for Fiscal Year 2015, by Market Channel*

Direct Purchase (Vendor to UK Dining)		
KY Business	Majority KY Farm	\$12,944
KY Business	No KY Farm	\$315,459
KY Located Processor	Majority KY Farm	\$365,626
KY Located Processor	No KY Farm	\$147,380
KY Distributor	No KY Farm	\$1,127,033
Piazza (Vendor to Piazza to UK Dining)		
KY Business	Majority KY Farm	\$76,826
KY Business	Mixed KY Farm	\$600
KY Business	No KY Farm	\$21,501
Sysco (Vendor to Sysco to UK Dining)		
KY Business	Majority KY Farm	\$50,367
KY Business	Mixed KY Farm	\$94,825
KY Business	No KY Farm	\$50,528
KY Located Processor	Mixed KY Farm	\$7,664
KY Located Processor	No KY Farm	\$79,191
KY Distributor	No KY Farm	\$13,783
Total		\$ 2,363,728

* The small discrepancy in totals reported by UK Dining in Att. 3 and our reported totals results from differences in purchase data included in the analyses.

Attachment 3: Expenditures for Fiscal Year 2014 vs 2015, as Reported by UK Dining

KY Proud and Local Purchases	Purchase FY 2013-14	% of Total Buy FY 14	Purchase FY 2014-15	% of Total Buy FY 15
Primary Distributors Sub-Total	\$598,792	7.0%	\$405,961	3.8%
Sysco			\$296,418	
Piazza			\$98,927	
Coremark			\$10,616	
Creation Gardens	\$253,199			
Gordon Food Service	\$345,593			
Direct Purchases				
Bottlers, Beverage Distributors	\$649,289	\$649,289	\$1,121,433	10.5%
KY Located Processors	\$258,968	\$258,968	\$612,612	5.8%
KY Food Businesses	\$229,905	\$229,905	\$223,721	2.1%
TOTAL KY Proud	\$1,057,855	12.4%	\$1,228,014	11.6%
TOTAL KY Proud and Local*	\$1,727,954	20.2%	\$2,363,787	22.2%
TOTAL FOOD BUY	\$8,559,063		\$10,630,395	

Attachment 4: Complete Definition of Kentucky Farm and Vendor Source Classification

Ingredient Source

Majority or Direct KY Farm Source

- The food product or the primary ingredient is sourced exclusively or predominantly (>50%) from Kentucky farms.
- Specific farm sources are or could be identified, though they may be co-mingled.

Mixed or Indirect KY Farm Source

- It can be reasonably concluded that >10% of the food product or a majority fraction of a primary ingredient was sourced from Kentucky farms.
- Farm sources are not tracked.

No Significant KY Farm Source

- There is <10% content of KY farm product, or
- The only significant KY farm content is derived from nationally/globally processed and intermingled commodities, e.g., corn sweetener.

Vendor Type

Kentucky Food Business/Entrepreneur

- Vendor of the product is a food grower or processor operating primarily in Kentucky.
- The owner and operator is/are Kentucky residents.

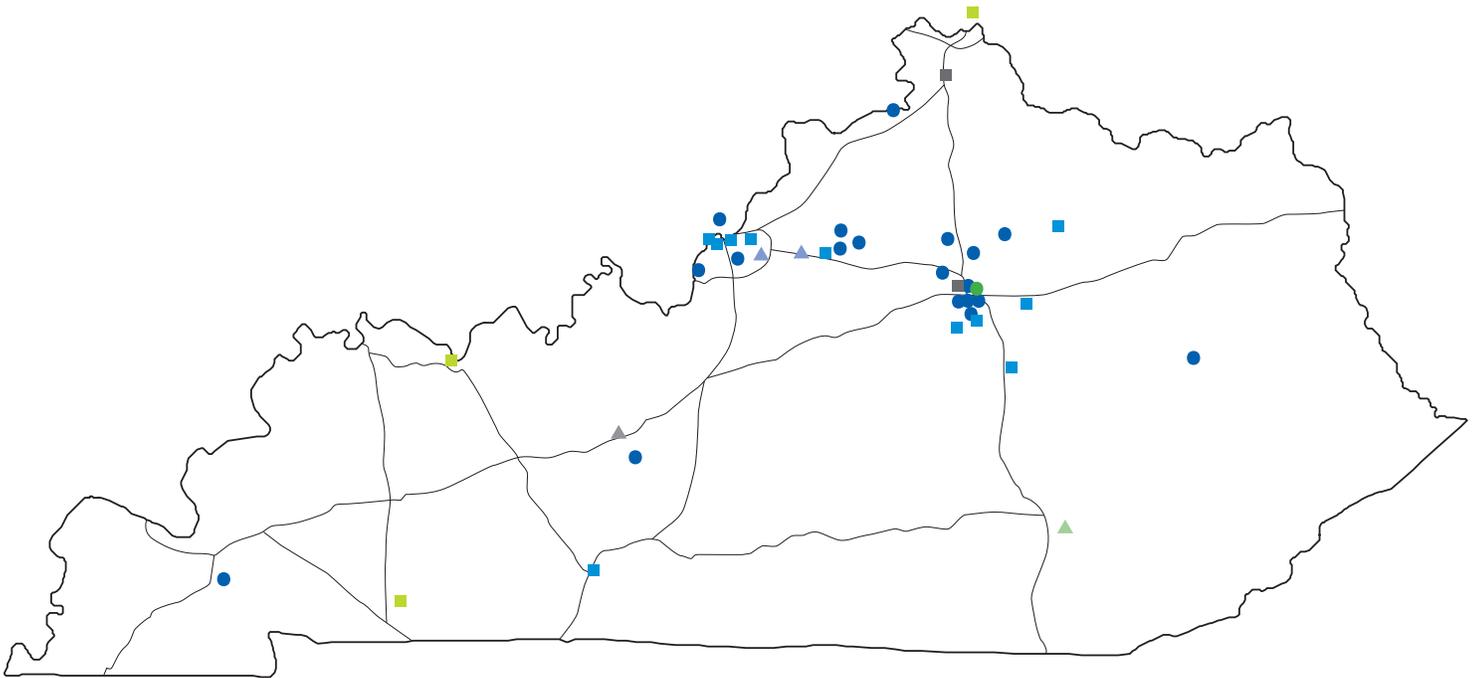
Kentucky Located Food Processor

- The vendor adds significant value to the food product through Kentucky operations, beyond aggregation, transportation or distribution.
- The food processor is not owned or not controlled by Kentucky residents.
- Only food processors that are Kentucky Proud or have at least mixed Kentucky farm content are tracked in this category.

Kentucky Distributor or not a Food Business

- Vendor of a non-food product
- Franchises or subsidiaries of national/global brands which have no significant KY farm sourcing

Attachment 5: Map of UK Dining Vendors



Key

- KY Business: Majority
- ▲ KY Business: Mixed
- KY Business: None

- KY Processor: Majority
- ▲ KY Processor: Mixed
- KY Processor: None

- ▲ KY Distributor: Mixed
- KY Distributor: None