

UK Dining Sourcing Report

Fiscal Year 2018

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SUMMARY

This report contains the fourth annual assessment of the local food procurement efforts of UK Dining (Aramark) and covers the 2018 fiscal year (July 1, 2017 to June 30, 2018). Fiscal year 2018 was the first full year of the revised definitions and benchmarks for the dining contracts' Kentucky Farm and Food Business Impact (KYFFBI) key performance indicators. These revised 'local food' benchmarks were finalized in February of 2017. For FY18, UK Dining's local purchases exceeded both the farm impact benchmark and the overall KYFFBI benchmark. Three major factors are identified that contributed to the continued growth of UK Dining's KYFFBI purchasing efforts: the implementation of monthly KYFFBI purchasing reports, the opening of Champions Kitchen (a residential dining facility at the new student center), and the strategic integration of new secondary distributors specializing in farm-impact products.

INTRODUCTION

Our analysis provides item level assessment of how UK Dining meets its annual Kentucky Farm and Food Business Impact purchasing requirements (referred to as "key performance indicators" or "KPIs"). As stated in previous reports, our goal is the development of a replicable metric and methodology that fairly represents the relative impact of food purchases on the Kentucky food economy (using business ownership and activities as a proxy) and Kentucky farms (using approximated percentages of Kentucky-sourced ingredients as a proxy).

WHY LOCAL?

A key challenge for any local food program is to both effectively communicate the motivation (e.g. the 'why' of local food) for such a program and the rationale for the definition of local by which that program operates. While commodity and export markets will always be a key piece of our state's agricultural economy, our community also recognizes the additional values (social, environmental, and economic) the commonwealth receives from supporting home-grown products from Kentucky farms and Kentucky entrepreneurs.

Figure 1: The Many Values of Kentucky Grown Food



During the public conversations regarding the University's decision to privatize dining services in 2014, a common theme was the vital role of the University of Kentucky as a land-grant institution in fostering the growth of a resilient and sustainable agro-food economy for our state¹. Following the input of on- and off-campus stakeholders, the primary rationale for both the integration of local food (i.e. Kentucky Farm and Food Business Impact) KPIs and the establishment of The Food Connection was to leverage the University as a committed buyer of Kentucky sourced products to develop and expand wholesale value chains for local foods².

Wholesale and institutional markets are traditionally driven by low cost, high volume, and standardized products. This is further complicated by consolidated markets and authorized vendor agreements (including rebate systems) that make it difficult for local and independent producers to gain access to the institu-

tional supply chains³. Said simply, because of the Kentucky Farm and Food Business Impact KPIs, UK Dining can and must work outside of the conventional institutional market arrangements in order to fulfill their commitment. By serving as a dedicated market for locally grown and produced products, UK Dining also provides opportunities for Kentucky producers to build production capacity, develop new products, and generally grow their businesses in ways that would not otherwise be readily supported by conventional wholesale and institutional dining marketplace.

While definitions of local food vary across institutions, there are several financial and non-financial values that are associated with local foods by consumers, and which have research-based evidence to support them⁴. In communicating the values of Kentucky Farm and Food Business Impact purchases to our on-and off-campus community, the Food Connection uses a five 'values' framework.

1. Editorial. *Lexington Herald-Leader* April 28, 2014. <https://www.kentucky.com/opinion/editorials/article44421204.html>

2. Blackford, Linda. 2014. "UK partners with Aramark on \$5 million institute to bolster locally grown food." *Lexington Herald-Leader*. Retrieved from <https://www.kentucky.com/news/local/education/article44508111.html>

3. Givens G, Dunning R. 2017. "Distributor intermediation in the farm to food service value chain." *Renewable Agriculture and Food Systems*. Retrieved from <https://doi.org/10.1017/S1742170517000746>

4. Martinez, Steve, et al. 2010. "*Local Food Systems: Concepts, Impacts, and Issues, ERR 97*." U.S. Department of Agriculture, Economic Research Service. Retrieved from <https://www.ers.usda.gov/publications/pub-details/?pubid=46395>

UK's Local Food Commitments

The University's local food program is comprised of a two-part key performance indicator written into the dining contract that dictates minimum purchases of Kentucky Farm Impact and Kentucky Food Business Impact purchases. The combined Kentucky Farm and Food Business Impact (KYFFBI) is the sum total of all individual items purchased and classified within these metrics, with farm impact purchases as a subset of that total. The fiscal year 18 KYFFBI benchmark annual increase of commitment is included in Table 1, and the contractual definitions of farm impact and business impact are detailed in Table 2.

Additionally, the revised contract stipulates the following overall increase of Kentucky Farm and Food Business Impact (KYFFBI) purchases relative to the total food purchases by UK Dining as follows: "By the 2023-2024 Contract Year, total Kentucky Farm Impact and Kentucky Food Business Impact purchases shall be at least Twenty Percent (20%) of Dining Partner's food and beverage purchases for that Contract Year and each future Contract Year."

While the KYFFBI metrics are not directly tied to the Kentucky Proud program, a key caveat in the revised contract is that "The Food Connection will utilize a

Table 1. FY18 KYFFBI benchmarks

	FY18 Commitment	Annual Increase against FY17 Benchmark
Total Kentucky Farm and Food Business Impact	\$1,730,602	5%
Minimum Portion Kentucky Farm Impact	\$672,566.31	3%

combination of Kentucky Proud and Kentucky Proud Restaurant Rewards participation, and independent verification methodologies..." in our assessment and classification of items. Thus, the Kentucky Proud program and the Buy Local program in particular (formerly known as the Restaurant Rewards program) remain a key component of our classification methodology. The Buy Local program's product classification system ranks products into gold (100% farm impact), silver (more than 10% farm impact), and bronze (no farm impact, only business impact), and thus aligns with our farm impact (gold and silver) and business impact (bronze) categories⁵. Collaborating and sharing vendor information with Kentucky Department of Agriculture staff members has been a significant help to our classification and tracking efforts.

5. For more information on the Kentucky Department of Agriculture's Buy Local program, visit <http://www.kyagr.com/marketing/buy-local.html>

Table 2. Kentucky Farm and Food Business Impact Definitions

KENTUCKY FARM AND FOOD BUSINESS IMPACT (KYFFBI) DEFINITIONS	
Kentucky Farm Impact	
Majority Farm Impact	Greater than 50% of the ingredients or food product are sourced from Kentucky farms. For this category, specific farm sources can be identified, though they may be comingled. Percentage is calculated by value (cost) of total ingredients, not volume.
Some Farm Impact	It can be reasonably concluded that >10% and < 50% of the ingredients are sourced from Kentucky farms. Percentage is calculated by value (cost) of total ingredients, not volume.
Kentucky Food Business Impact	
Kentucky-owned Business	Vendor of the product is a food grower, processor, or value-adding enterprise operating primarily in Kentucky, and the majority of business is owned by Kentucky citizens.
Kentucky-located Food Processor	A non-Kentucky owned business that is engaged in significant value adding to the food product at a Kentucky-based operation (beyond aggregation, transportation, or distribution). Products must be verified to come from Kentucky-located production facilities.

Table 3. Examples of KYFFBI Products and their Two-Part Classifications

FOOD PRODUCT EXAMPLES	FARM IMPACT	BUSINESS IMPACT
A case of tomatoes sourced from a Kentucky farm	Majority	KY Business
Fluid milk from plant owned by a regional dairy cooperative, and the plant sources primarily from Kentucky dairies	Majority	Processor
A broccoli soup with Kentucky grown broccoli and other ingredients sourced from out of state, made by a Kentucky-owned food manufacturer	Some	KY Business
Beer cheese made by a Kentucky-owned business but from cheese sourced from out of state	None	KY Business
Sandwich bread made at a bakery located in Kentucky and owned by a national corporation from non-Kentucky flour	None	Processor

METHODOLOGY

Our data set for this assessment consists of all Kentucky Farm and Food Business Impact food and beverage purchases reported to the University of Kentucky by UK Dining (Aramark) as defined and required by KPIs in the dining service contract. Fiscal Year 18 saw the implementation of a monthly classification report facilitated by a specially designed database built by The Food Connection’s graduate associate. This database allowed for the implementation of monthly reporting on monthly and year to date KYFFBI purchases on the item and vendor level, and tracked in aggregate against KPI benchmarks.

For monthly reports, we receive procurement records (drawn from invoices and other purchasing records) from the two primary distributors and purchases made directly by UK Dining (Aramark) from vendors. This data includes the names of vendors from which distributors sourced, the items purchased from each vendor, and the total dollar value spent by UK Dining (Aramark) on each item. New (i.e. unclassified) items are thus identified and classified on a rolling basis by The Food Connection. Final year-end analyses (e.g. total purchases by category, vendor classifications, and product classifications) were reviewed and verified by the authors.

Consistent with previous reports, the data presented here are analyzed at the item level, meaning the categorization of business and farm impact is made for each individual item purchased from any given vendor. This method is key to our assessment, as some food businesses engage in a mixture of both in-state processing and redistribution of products manufactured out of state. For such cases we included expenditures on in-state processed items in the Kentucky-located processor category, and expenditures on redistributed products are disqualified and thus do not count toward the total Kentucky Farm and Food Business Impact KPI. In this way our method departs from Kentucky Proud classification, which occurs at the vendor level.

In order to help clarify our two-part classification methodology, Table 3 provides examples of products sourced by UK Dining (including a description of the business and the nature of the product’s production or processing) and the subsequent farm and business impact classifications applied.

As an addition to the KYFFBI classifications, and for a deeper understanding of exactly what kinds of Kentucky foods are sourced, we further classify data based on broad food-type categories detailed in Table 4.

Table 4. Product Type Classifications

CATEGORY	DESCRIPTION
Dairy	Fluid milk (all kinds), cheese, excludes ice cream
Value-added	Value-added and processed foods: soups, syrups, sauces, jams, ice cream, coffee, candy, juices, granola, salsa, popcorn
Meats and proteins	Raw or processed meats: beef, pork, eggs, chicken; includes sausages, pre-formed patties, and breaded cutlets
Baked goods and grains	Cupcakes, cookies, bread, pasta, baking mixes, flour
Produce	Fruits and vegetables, fresh or minimally processed (chopped and frozen)

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. Because of the complex nature of supply chains involved in large institutional dining, our analysis cannot be used to accurately assess the ultimate financial impact of these purchases on the businesses and farms involved. This methodology does not enable quantitative determi-

nation of economic impact on farm or food business, nor does it directly measure health or sustainability outcomes. However, by focusing on item level classification of impact on Kentucky farms and Kentucky business ownership, we seek to facilitate a greater level of transparency than local food definitions or metrics based solely on business location (e.g. geographic proximity or “food miles”). Identifying vendors and cataloguing the products is an essential first step to address these and other values-based questions about our food.

FINDINGS

During FY18, reported Kentucky Farm and Food Business Impact expenditures again met or exceeded the related key performance indicators. Results of our assessment and classification of foods reported for fulfillment of Kentucky Farm and Food Business Impact (KYFFBI) by UK Dining (Aramark) are presented in Figure 1, purchase totals are shown in Table 5, a detailed breakdown is shown in Table 6, and Table 7 presents a year-to-year comparison of KYFFBI purchases. A complete list of vendors by classification is provided in Attachment 2.

Figure 2: Kentucky Farm and Business Impact Purchases as Portion of Total Food Buy FY18

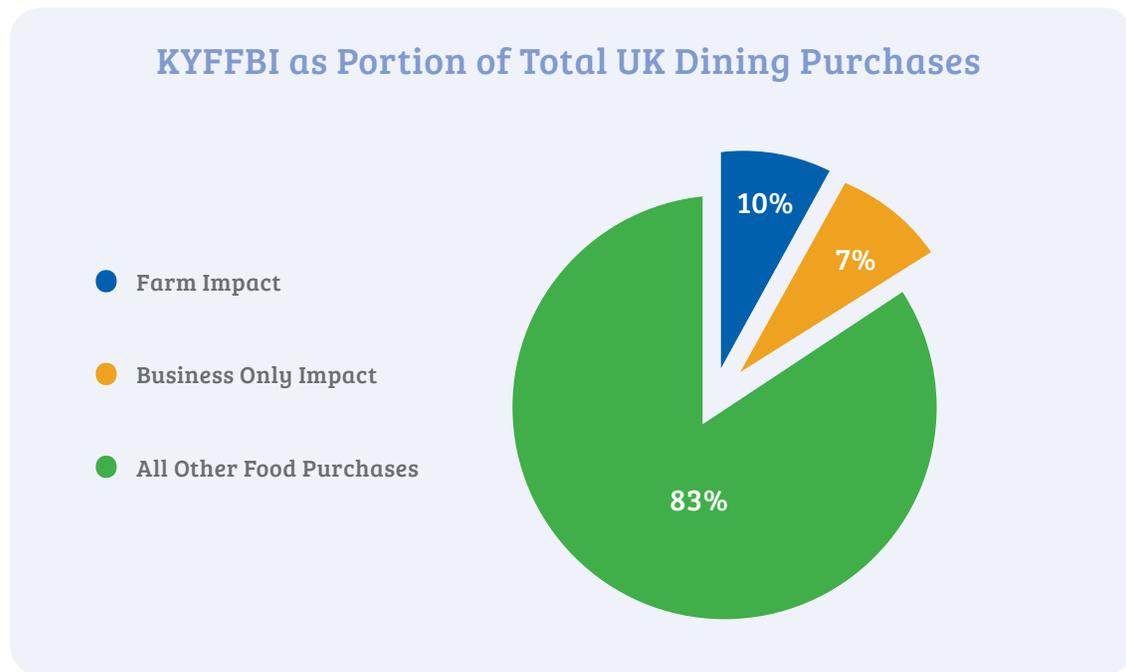


Table 5. FY18 KPIs vs Final Purchase Totals

	FY18 KPI	FY18 TOTAL PURCHASES
KENTUCKY FARM IMPACT PURCHASES	\$672,566.31	\$1,045,632
FOOD BUSINESS IMPACT PURCHASES	-	\$707,276
COMBINED KENTUCKY FARM AND FOOD BUSINESS IMPACT	\$1,730,602	1,752,911

Table 6. Categorization of Kentucky Farm and Food Business Impact Purchases for FY18

FARM IMPACT	BUSINESS IMPACT	TOTAL PURCHASES	NUMBER OF VENDORS
Majority	KY Business	\$608,096	28
Majority	Processor	\$299,794	6
Some	KY Business	\$101,938	25
Some	Processor	\$35,803	2
TOTAL FARM IMPACT		\$1,045,632	
None	KY Business	\$540,039	23
None	Processor	\$167,240	8
TOTAL BUSINESS ONLY IMPACT		707,276	
TOTAL KENTUCKY FARM AND BUSINESS IMPACT		\$1,752,911	

The largest category of purchases was of majority farm impact products from Kentucky owned businesses (\$608,096). This is more than double the purchases in this category from last fiscal year (\$268,964). Of the 164 products within this category, the top five items represent nearly half (48%) of the category’s purchases and include (in descending order): pre-cooked chicken breasts and breaded chicken tenders made by Kentucky-owned businesses from Pilgrim’s Pride chicken, mozzarella and cheddar cheese made with milk sourced from a Kentucky-located fluid milk plant, and a 100% Kentucky farm-impact hamburger patty produced specifically for UK Dining. Other noteworthy products include grass-fed beef, pork, and pastured chicken sourced from Marksbury Farm, organic shelled eggs from Stone Fall Farm, and Crank & Boom Ice Cream, which is made primarily with JD Country Milk.

Majority farm impact products sourced from Kentucky located processors includes Pilgrim’s Pride chicken, Southern Belle milk (and affiliated brands of Prairie Farms and Borden’s), and Preferred Popcorn (a multi-state farmer co-operative with a 100% Kentucky sourced popcorn line). Products with some farm impact were sourced from five vendors and totaled \$ 137,741 or 8% of the total KYFFBI purchases, including primarily custom formulated soups and sauces, sausage products, and canola oil as seen in previous years.

Kentucky owned business impact purchases represent 31% of the KYFFBI purchases (\$540,039) sourced from 23 different businesses. These items have no Kentucky farm impact but are manufactured by a Kentucky owned and operated business. The largest expenditure in this category is coffee, and other items include soups and sauces, donuts, bagels, ice cream, and processed meats.

Table 7. Comparison of FY16, FY17, and FY18 Kentucky Farm and Food Business Impact purchases.

		2016		2017		2018	
FARM IMPACT	BUSINESS IMPACT	Number of vendors	Total purchase	Number of vendors	Total purchase	Number of vendors	Total purchase
Majority	KY Business	20	\$292,334	25	\$268,964	28	\$608,096
Majority	Processor	5	\$304,182	3	\$248,658	6	\$299,794
Some	KY Business	3	\$37,501	4	\$224,833	25	\$101,938
Some	Processor			1	\$10,028	2	\$35,803
TOTAL FARM IMPACT			\$634,017		\$752,483		\$1,045,632
None	KY Business	25	\$678,097	20	\$478,715	23	\$540,039
None	KProcessor	6	\$257,593	5	\$85,164	8	\$167,240
TOTAL BUSINESS ONLY IMPACT			\$935,690		\$563,879		\$707,279

Table 8. Product Type Classifications

	MAJORITY	SOME	NONE	TOTAL
Baked Goods	\$12,603	-	\$142,107	\$154,709
Value-added	\$19,376	\$96,170	\$278,684	\$394,230
Dairy	\$360,889	-	\$95,837	\$456,726
Meat	\$498,401	\$41,572	\$190,651	\$730,624
Produce	\$16,622	-	-	\$16,622

Assessment of the breakdown of KYFFBI purchases by product type is summarized in Table 8. The largest category of expenditures was meat products (\$730,624) with \$539,973 of those expenditures having at least some farm impact. Produce purchases were down from last year at \$16,622 and constituted 1% of the KYFFBI purchases.



Figure 3: UK Dining KYFFBI marketing logo

DISCUSSION

Completing the fourth year of the dining contract and the first full year of the revised KPIs, we see that growth, learning, and adaptation occur at all points of our farm-to-campus value chain. As discussed in the methods section, the implementation of monthly KYFFBI purchasing reports by The Food Connection has significantly improved UK Dining’s ability to monitor their monthly purchasing against annual benchmarks, and The Food Connection’s ability to identify and classify new vendors or products in a timely manner.

With the support of contractually mandated benchmarks, our dining partner has integrated new vendors, new distributors/aggregators, and products that fall outside of the normal institutional dining model. At the same time, Kentucky farmers and food entrepreneurs have invested significant time and resources in scaling-up their operations for the wholesale marketplace. For example, during FY18, 13 new produce farms successfully completed Good Agricultural Practices third party food safety audits with the assistance of The Food Connection’s senior extension associate. These farmers are now qualified to sell through wholesale distributors and constitute a significant increase in the amount of produce available in the marketplace for FY19. UK Dining also developed an innovative partnership with

Clem's Refrigerated Foods, a family-owned meat packer and distributor based in Lexington, that allowed for three new Kentucky-owned businesses to bring farm impact products to campus. Among those new products were pastured beef, pork and chicken from Marksbury Farm, a Kentucky-owned meat processor and aggregator based in Danville, KY.

Marksbury Farm products were featured in the newly opened Champions Kitchen, a second residential dining facility at UK's new student center. Because the franchise restaurants operated by Aramark are restricted in both their menus and ingredient sourcing by virtue of the business model, UK Dining has found that the majority of their KYFFBI purchases must go through the residential dining facilities (e.g. cafeterias), where the menus and procurement are controlled by Aramark. This factored into the design of the Champions Kitchen menus, including a range of products such as a daily offering of Marksbury Farm's meatloaf, the development of a farm impact cupcake mix by Weisenberger Mill, and

sourcing locally produced ramen noodles for a rotating international cuisine station.

Outside of procurement efforts and annual fulfillment of the KPIs, to date there have been limited marketing and education efforts to promote the value of the local-food procurement initiative to the community, and to educate campus community members on where to find local food on campus. As reported in the dining advisory committee annual report, students specifically recommended that UK Dining engage in more marketing efforts to identify and promote Kentucky sourced products. In the spring of FY18 UK Dining launched the 'Local Impact' logo (see Figure 2). This logo was used on residential dining menus to call attention to Kentucky-sourced products and printed on stickers for distribution to students. Further development of the Local Impact and affiliated marketing campaigns will assist in raising the profile of UK Dining's local-procurement efforts, and in educating the campus community on the value of local food systems.

Attachment 1

UK Dining Purchases by Kentucky Farm and Vendor Source

KENTUCKY FARM IMPACT	
Category	Definitions
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 comingled.
Some 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 comingled 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 potential Kentucky farm content is derived from nationally/ globally processed and comingled commodities (e.g. corn sweetener).

KENTUCKY FOOD BUSINESS IMPACT	
Category	Definitions
Kentucky food business/entrepreneur	A food producer or farm that is privately held and majority owned by citizens 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. Only processors that are Kentucky Proud are included.

Attachment 2 Complete List of UK Dining Vendors by Classification

VENDORS	PRODUCTS	BUSINESS IMPACT	FARM IMPACT PRODUCTS
Adams Matthews	Cheesecake	KY Owned Business	None
Ale-8-One Bottling Company	Soda	KY Owned Business	None
Applecreek Specialty Foods	Salsa, confections, seasonings	KY Owned Business	None
BLM Coffee Enterprise LLC	Coffee	KY Owned Business	None
Boone Creek Creamery	10 varieties of cheese	KY Owned Business	Majority
Borden Dairy Company	Milk, ice cream mix	Processor	Majority
Clem's Refrigerated Foods	Beef, chicken, pork, turkey, catfish	KY Owned Business	Majority, None
Courtney Farms	Produce	KY Owned Business	Majority
Crank & Boom Ice Cream	Ice cream	KY Owned Business	Majority
Crigger Farms	Honey	KY Owned Business	Majority
Custom Food Solutions LLC	Soups, sauces, pre-cooked meat	KY Owned Business	Majority, Some, and None
Dan-O's Seasoning	Seasoning	KY Owned Business	None
Dee's Gourmet Nutz	Snack mix	KY Owned Business	None
Dohn And Dohn Gardens	Mint	KY Owned Business	Majority
Donut Days Bakery	Donuts	KY Owned Business	None
Evans Orchard	Apples, apple cider	KY Owned Business	Majority
Farmer Joe's Turkey Farm	Ground turkey	KY Owned Business	Majority
Fayette Co. Creamery	Ice cream	KY Owned Business	None
FB Purnell Sausage	Sausage	KY Owned Business	Some
Fischer	Hot dogs	Processor	None
Fishmarket Seafood	Meat, beer cheese, kettle corn	KY Owned Business	Majority, None
Fleming Co Organics	Potatoes	KY Owned Business	Majority
Flowers Foods	Buns, Wonder Bread, Nature's Own Bread, Tasty Cakes,	Processor	None
Floyds Fork Bison	Bison	KY Owned Business	Majority
Freedom Run Lamb Farm	Lamb	KY Owned Business	Majority
Gallrein Farms	Pumpkins, corn,	KY Owned Business	Majority
Grateful Greens	Basil	KY Owned Business	Majority
Great Bagel	Bagels, flavored cream cheese, flavored butter	KY Owned Business	None
Happy As A Lark	Cakes	KY Owned Business	None
John Conti Coffee Company	Coffee	KY Owned Business	None
JSW Farm Chop Shop	Pork	KY Owned Business	Majority
Kerns Kitchen	Derby Pie	KY Owned Business	None

VENDORS	PRODUCTS	BUSINESS IMPACT	FARM IMPACT PRODUCTS
Khi Food Inc	Butternut squash	KY Owned Business	Majority
Ky Dawgs	Hotdogs, bologna	KY Owned Business	Majority
Ky Eagle	KY Ale, Town Branch bourbon	KY Owned Business	None
Lee's Garden Center	Green beans	KY Owned Business	Majority
Lexington Pasta	Noodles	KY Owned Business	None
Lincoln Co Coop	Cabbage, tomatoes	KY Owned Business	Majority
Louisville Vegan Jerky Co	Vegan jerky	KY Owned Business	None
Lyons Magnus	Dessert sauces	Processor	None
Marksbury Farm Foods LLC	Beef, pork, lamb, chicken	KY Owned Business	Majority
Mingua	Beef jerky	KY Owned Business	None
Old Kentucky Chocolates Llc	Chocolates	KY Owned Business	None
Pilgrim's Pride	Chicken	Processor	Majority
Prayer Mountain Larue	Mushrooms	KY Owned Business	Majority
Preferred Popcorn	Popcorn	Processor	Majority
Smucker's	Jif peanut butter	Processor	None
Solio	Canola oil	Processor	Some
Southern Belle Dairy	Milk, ice cream mix	Processor	Majority
Southern Glazer'sWine	Maker's Mark	KY Owned Business	None
Specialty Foods Group Inc	Hotdogs, deli meats	Processor	None
Stone Fall Farm	Eggs	KY Owned Business	Majority
Superior Meats	Beef, lamb, turkey, bison, sausage	KY Owned Business	Majority, None
Sweetgrass Granola	Granola	KY Owned Business	Some
Tandoor	Catered food	KY Owned Business	None
Taylor Belles	Ice cream	KY Owned Business	Majority
UK South Farm	Produce	KY Owned Business	Majority
Weisenberger Mill	Flour, baking mixes, honey	KY Owned Business	Majority
Wildcat Creamery	Ice cream	KY Owned Business	None