Advancing Health, Sustainability, and Equity at UC Berkeley: A Campus Beverage Redesign

CONTRACTS TEAM

Goal

To establish a healthier, sustainable, equitable, and responsible beverage portfolio on UC Berkeley’s campus, we will propose an alternative contract solution that offers more variety of non-sugar sweetened beverages and maintains affordability, convenience, and power of choice for students, staff, faculty, and visitors.

Project Summary

In response to the nearing expiration of the university’s pouring rights contract with PepsiCo in 2021, our team has sought to redesign a beverage procurement plan over the next ten years.
Key Facts

Research suggests that Big Soda has adverse effects on health, health equity, and environmental sustainability. While the consumption of soda has been linked to various health conditions including obesity and Type 2 diabetes (1), the industry continues to fund scientific research that is significantly more likely to find no association between sugar-sweetened beverage (SSB) consumption and these health outcomes. (2) The impact of soda consumption disproportionately impacts lower-income communities: the highest rates of obesity and Type 2 diabetes are "among groups with the lowest levels of education and income and in the most deprived areas" (3). In the realm of sustainability, Big Soda contributed over 5 billion bottles to landfill in 2013 and 11.7 million metric tons of carbon emissions in 2011 alone. The industry’s production practices are also known to hurt rural farming communities (4).

Several universities have already taken steps to work towards a campus beverage portfolio that reflect their core values. In 2012, the University of Vermont discontinued their pouring rights contract and instead opted to work with their dining service provider, Sodexo, to choose their own mix of beverages (5). In our local sphere, San Francisco State University students successfully prevented a pouring rights contract with Coca-Cola in 2015 (6). In that same year, UCSF also banned all on-campus sales of sugar-sweetened beverages (7).

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Business Partner Evaluation Criteria

Cost-Benefit Analysis
SHORT AND LONG-TERM IMPACTS ON CAMPUS, SOCIETY, AND THE PLANET

COSTS

- Sponsorship fees: $1.3M/year
- Sustainability: $15K/year
- Transactional time and fees

BENEFITS

- Improved prestige
- Athletics/ Rec Sports: $1 M
- Offset Cal Dining profits
- Improved health cost-saving
  - Diabetes: $327 B/year
  - Obesity: >$160 B/year
- Mitigate climate change
  - Ocean pollution: $33k/ton
  - Landfill pollution

Sponsorship fees: $1.3M/year
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Landfill pollution

Hodal, K. (2019, April 4). Marine plastic pollution costs the world up to $2.7tn a year, researchers find. Retrieved from
Financial Analysis

- Multiple beverage and vending machine contracts can achieve sponsorship, and alongside future Cal Athletics sponsorship, the university can receive $1M to $1.3M per year.
- Current Cal Dining commissions barely breaks even. Sales are estimated to increase (> $11,225 per year) with more beverage variety and student choice.
- Reductions in dining hall costs are anticipated with the elimination of soda dispensers, syrup bags.
- Vending costs remain the same with the expansion of the Canteen contract.
- We anticipate ASUC and RSSP will receive a minimum of $50K per year from Canteen and other priority sponsors.

Risk Assessment

<table>
<thead>
<tr>
<th>Potential Hazard ¹</th>
<th>Who/What is at Risk? ²</th>
<th>Impact on Values ³</th>
<th>Likelihood ⁴</th>
<th>Risk Factor ⁵</th>
<th>Preventative Measures ⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer disinterest in new beverage offerings</td>
<td>CalDining &amp; ASUC profit, overall profit</td>
<td>20%</td>
<td>1</td>
<td>0.2</td>
<td>Provide variety according to consumer preference</td>
</tr>
<tr>
<td>Increase in consumption of bottled beverages decreases on-campus sustainability</td>
<td>Environment</td>
<td>10%</td>
<td>2</td>
<td>0.2</td>
<td>Strategic partnerships, eventuall phase-out plastic water bottles</td>
</tr>
<tr>
<td>Partnering with companies who do not represent all values</td>
<td>Corporate responsibility</td>
<td>10%</td>
<td>2</td>
<td>0.2</td>
<td>Strategic partnerships, work towards phasing out PepsiCo</td>
</tr>
<tr>
<td>Healthier drinks are often more expensive which may exclude low-income consumers</td>
<td>Low-income students, health equity, inclusivity</td>
<td>30%</td>
<td>2</td>
<td>0.6</td>
<td>Provide variety of price ranges and according to consumer preference</td>
</tr>
<tr>
<td>Loss of sponsorship funding</td>
<td>Cal Athletics, RSSP, ASUC, Rec Sports</td>
<td>20%</td>
<td>3</td>
<td>0.6</td>
<td>Consider phase-out plan, alternative revenue streams</td>
</tr>
<tr>
<td>New plan becomes logistically challenging, requiring greater staffing</td>
<td>CalDining, Dept in charge of stocking vending</td>
<td>40%</td>
<td>3</td>
<td>1.2</td>
<td>Strategic partnerships, not replace dining hall drink dispensers</td>
</tr>
<tr>
<td>Need more UC Berkeley human capital for logistics of multiple contracts</td>
<td>Campus business partners</td>
<td>40%</td>
<td>3</td>
<td>1.2</td>
<td>Contract Details and Logistic Division</td>
</tr>
</tbody>
</table>

¹ Issues that may arise and affect stakeholders and values; derived from general observations, interviews with stakeholders and experts, and student surveys.
² Stakeholders and values
³ Used criteria that we developed together as a class. The percentage break-downs are how much weight we wanted to give each aspect of our plans.
4 10% each: Health, Sustainability, Equity, Corporate Responsibility
5 20% each: Feasibility, Financial Analysis, Inclusivity
6 Rating of how likely to happen based on evidence
7 Metric of risk = impact on value * likelihood
8 How our solution will try to mitigate/prevent these issues
Proposal

Limit PepsiCo contract to Cal Athletics and work with Canteen in vending and retail environments.

Implementation Plan

<table>
<thead>
<tr>
<th></th>
<th>PHASE 1 2021-2025</th>
<th>PHASE 2 2026+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cal Athletics</td>
<td>Continue with PepsiCo contract</td>
<td>Partner with more socially responsible businesses</td>
</tr>
<tr>
<td>Dining Halls</td>
<td>Remove all PepsiCo dispensers</td>
<td>Consider in-house mixes</td>
</tr>
<tr>
<td>Retail</td>
<td>Order variety of beverage choices from Canteen and priority sponsors</td>
<td>Consider other priority partnerships</td>
</tr>
<tr>
<td>Vending</td>
<td>Order variety of beverages from Canteen</td>
<td></td>
</tr>
</tbody>
</table>

| Sustainability       | Sell bottled water                        | No bottled water, only glass and compostable containers |
| Corporate Responsibility | Partner with businesses that reflect values |                                                |
| Health Equity        | Decrease SSBs ads                          |                                                |
| Student Choice & Affordability | Maintain student choice and affordability |                                                |