

**MEMO TO: BOARD MEMBERS;
DR. JOHN SIMPSON**

FROM: BRUCE ELLERMAN

DATE: FEBRUARY 25, 2019

RE: FOOD SERVICE MANAGEMENT COMPANY (FSMC) RECOMMENDATION

The district contracts with a private company to manage its food service operation which includes breakfast and lunch at all buildings and snacks for the after school Adventure Club. The contract with the current vendor (Chartwells) expires in June, 2019 so the district recently issued a Request for Proposal (RFP) to interested food service companies. DESE and the USDA require school districts that engage the services of an FSMC to contract on a year-by-year basis with annual renewals, provided, however, that it is formally bid out at least every five (5) years. In fact, DESE prescribes the basic form of the RFP/FSMC contract and must ultimately approve the proposal selected by a school district.

The RFP was sent out to eight (8) food service companies known to be active in Missouri from an even larger list maintained by DESE. The district also advertised the RFP in the Webster Kirkwood Times newspaper. A mandatory pre-bid meeting/tour of district kitchens was held on November 27, 2018 and formal bids were due on January 15, 2019. While only two (2) proposals were actually received, Chartwells and SFE-Southwest Foodservice Excellence, both were very strong proposals.

Proposals were initially evaluated and scored by a small committee consisting of district administration and 2 parents from the District Wellness Committee including:

Shannon Carr, Parent
Bruce Ellerman, CFO
Meghan Haines, Parent
Joann Kite, Comptroller
Matt Irvin, High School Principal
Betsy Moppert, Edgar Road Admin Intern
John M. Thomas, Director of Student Services

Both vendors were also asked to participate in an on-site interview consisting of a presentation and Q & A session to clarify any remaining issues.

Food service operations in the Webster Groves School District is the equivalent of a good size restaurant. Annual revenues total over \$1 million representing over 400,000 meal

equivalents served. The FSMC structure consists of an administration and management charge by the vendor on a per meal equivalent basis. All other food and labor costs are on a dollar-for-dollar reimbursable basis. In essence, the FSMC just “manages” the meal service operation and provides a legal entity separate from the district for the employment of food service staff and procurement of foodstuffs/supplies. In return, the district essentially just pays the vendor an admin/management fee and provides the facility (kitchen/cafeteria) and utilities for the food service operation.

The committee used a rubric provided by DESE to initially score each company’s proposal. This rubric required cost to be the single largest factor out of a total of 9 separate score-able facets, as follows:

Price/Cost –	30 points
Service Capability Plan –	15 points
Experience, References –	10 points
Financial Condition/Stability/Business Practices –	10 points
Personnel Management –	5 points
Innovation –	15 points
Promotion of School Food Service –	5 points
Involvement of Students, Staff & Patrons –	5 points
Total =	100 Points

Based upon this evaluation process, it is the committee’s unanimous recommendation that the district renew the Chartwells contract for the 2019/20 school year, with the option for four (4) additional annual renewals based on satisfactory ongoing performance.

The cost information and evaluation scores are presented on the attached for your reference. While Chartwells did not have the lowest net cost, it did submit the strongest overall proposal and the annual cost difference was not significant. It is also noteworthy that Chartwells’ new proposed administration and management fees are significantly less than their current rates—a 16% reduction from \$.23897 per meal to \$.20 per meal. (NOTE/Per DESE and USDA requirements, annual renewals are benchmarked to the CPI for All Urban Consumers.)

RECOMMENDED BOARD ACTION.....that the Board of Education approve the FSMC proposal from Chartwells for the 2019/20 school year, including up to four (4) annual renewals subject to satisfactory ongoing performance.