

Analysis of Food Service Management Company Proposals & Staff Recommendation

Background: In late June 2016, ECRCHS learned from the California Department of Education (CDE) that we could not simply renew our then-existing contract with Revolution Foods as originally planned, as the contract had a lower dollar threshold than what we were expecting to spend for the 2016-17 school year. As soon as we became aware of this, we issued a Request for Proposals (RFP) in search of a new contract with a Food Service Management Company (FSMC).

ECRCHS received four proposals from the following FSMCs: Bevaris, Chartwells, Sodexo, and Revolution Foods. The four FSMCs also participated in tasting events at the school. ECRCHS staff contacted the Food Committee and invited the committee members to the tasting events. We also reached out to summer school teachers and asked them to invite students to the tasting events. We prepared a survey for students and staff to complete after tasting the food, asking them to rate the food from each vendor on a sliding scale.

We evaluated the proposals using the following criteria, as outlined in the RFP:

Cost (30 points)

Taste test, food quality, and appeal (25 points)

Experience with School Breakfast and National Lunch Programs (20 points)

Corporate capability and experience (10 points)

Administrative Requirements (5 points)

Understanding of ECRCHS's food program and requirements (5 points)

Financial stability of FSMC (5 points)

Analysis of Proposals: Although Bevaris was the winner of the taste test, this company has no experience with public schools, and therefore has very limited knowledge of school breakfast and national lunch programs. Bevaris did not bring compliant meals to the tasting event, but told the students that if they won the bid, they would serve the same food for school meals. ECRCHS staff believes working with Bevaris would be very risky, as the vendor would require constant monitoring to ensure compliance with federal guidelines for school food. Bevaris currently operates in private schools including Oaks Christian and Campbell Hall. The price proposal from Bevaris was the highest, at \$2.75 for breakfast and \$3.75 for lunch. For those ECRCHS students who qualify for free meals and choose to eat at school, we receive combined federal and state reimbursements of \$1.89 for breakfast and \$3.30 for lunch. Students who do not qualify for free or reduced price meals pay \$2.50 for breakfast and \$3.50 for lunch, and we also receive a federal reimbursement of \$0.29 for each meal.

Chartwells, Sodexo, and Revolution Foods have extensive experience with school breakfast and national lunch programs. Sodexo submitted the most competitive price proposal (\$1.95 for breakfast, \$3.18 for lunch), but ECRCHS has several concerns about working with Sodexo. We worked with Sodexo during 2011-2013, and toward the end of

our contract we discovered Sodexo had been billing us the cost of a full meal for each a la carte item sold. In addition, Sodexo has issues with client retention, having lost 17 clients in the last 5 years, including ECRCHS and Birmingham Charter High School. ECRCHS staff spoke with a Birmingham employee, and he explained that the school was frustrated with Sodexo's inability to encourage student participation in the school food program, as well as the poor quality of their food. Two years ago, Birmingham began working with Chartwells, and since then student participation in the school food program has increased by 30%.

Although Revolution Foods submitted a proposal, the company missed a mandatory step earlier on in the RFP process – a tour of our kitchen facilities and Q&A session. We agreed to let Revolution Foods submit a proposal, but warned them that other vendors may object to this. We did receive objections from other vendors. In addition, during Revolution Foods' two years at ECRCHS, the company has been unsuccessful in increasing student participation in the school food program; only ~350 students eat lunch at school each day, and we have approximately 900 students who qualify for free or reduced price meals. Moreover, our students and staff are generally unhappy with the quality of the food. The company has lost five clients in the last five years, and submitted the second highest price proposal (\$2.30 for breakfast, \$3.70 for lunch without salad bar, \$3.80 for lunch with salad bar).

Chartwells came in second place in the faculty and student taste test, and submitted the second most competitive price proposal (\$2.75 for breakfast, \$3.30 for lunch – more students purchase lunch than breakfast, so that is why Chartwells ends up being more affordable than Revolution Foods). The company has lost just one client in the last five years. Chartwells has extensive experience with school breakfast and national lunch programs, as the company serves 2.6 million students in 600 school districts in 37 states. In addition, as discussed above, Birmingham has had a very positive experience with Chartwells, and highly recommended this vendor due to their knowledge of the national lunch program and USDA nutrition requirements, their success in encouraging student participation in the school food program, and student and staff satisfaction with the food served on campus.

Recommendation: Chartwells earned the highest score of 83.3 due to this vendor's extensive experience with public schools, their knowledge of school food programs and USDA requirements, their second place score in the student and staff taste test, and the positive recommendation from staff at Birmingham. ECRCHS staff has selected Chartwells as the new school food vendor and encourages the Board to sign the CDE-approved contract.

Financial Impact: When we consider the cost of breakfast and lunch alone, ECRCHS would lose \$19,000 in our 2016-2017 contract with Chartwells. It is normal for public schools with a low percentage of students who qualify for free and reduced meals, to lose money on the school food program. This is because there is always some food

waste, and because the cost of meals is rising due to new healthy menu adjustments required by the USDA as part of the Healthy, Hunger-Free Kids Act. It is important to point out that the \$19,000 does not include the cost of supplies or the sale of a la carte items; including these items, ECRCHS is expected to end the year budget neutral or at a small loss. However, as with any new vendor, there are bound to be some complications in our first year with Chartwells, so ECRCHS staff expects to experience a loss on our food program in 2016-17.