



BOARD OF SCHOOL TRUSTEES

## KELLER INDEPENDENT SCHOOL DISTRICT

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**5C.** **Action** **Date: April 24, 2006**

**SUBJECT: RENEW CONTRACT FOR FOOD SERVICE MANAGEMENT**

**BOARD GOAL: All students will achieve educational excellence.**

**All systems in the Keller Independent School District will be effective, efficient, and accountable in support of the district's mission**

**FISCAL NOTE: Funded Through Food Service Revenues in Fund 240**

### **Background Information:**

- School districts that contract with a Food Service Management Company (FSMC) under the National School Lunch Program (NSLP) and the School Breakfast Program (SBP) have the option to annually renew the contract for four one-year terms after the procurement year
- KISD is in the third year of a maximum 5-year agreement with Chartwells for management and operation of its food services program
- The district must consider renewal and notify TDA of its intent to renew or not by May 31, 2006

### **Administrative Considerations:**

- An increase is requested by Chartwells for the administrative charge and the management fee, both of which are currently \$.035 per meal
  - An increase of 3.51% is requested, based on the 12-month change in the CPI from January 2005 to January 2006, which is the allowable methodology for determining such increases under current federal and state FSMC guidelines
  - The current administrative charge and management fee of \$.035 each would be increased to \$.036 per meal with this adjustment
- Based on a total of 3,000,000 total meals and meal equivalents this amounts to an increase of \$6,000 in the combined total for administrative charges and the management fee

- This is the first fee adjustment requested by Chartwells' since the inception of the contract in the 2003-04 school year
- The current guarantee of \$120,786 remains in effect, however, several minor changes were made to conditions that were agreed upon for the 2005-06 school year following the discussion with the Board during the preview meeting:
  - Language was modified in the paragraph pertaining to meal prices to reflect that meal and ala carte prices may be adjusted upon the district's approval to take into account increases in food, labor and other costs
    - the district does not anticipate increasing prices of the Menu Pattern Meals (i.e., reimbursable meals)
    - the district's food service management team will undertake a comprehensive evaluation of all ala carte pricing currently in effect and make a recommendation to the district for increasing or decreasing ala carte prices as warranted
  - The threshold for increases in the level of wages and salaries was increased from 3.5% to 4.0%, and Chartwells' has concurred with this change
  - Any increase in the guarantee to the district (\$120,786) could be established by a change in any one or combination of the following: cost to student, personnel costs, USDA reimbursement rates, enrollment change, etc. Under the current parameters, the \$120,786 guarantee is a minimum return to the Food Service Fund Balance account.
- The language that was added to provide flexibility in making purchases of food and other supplies providing that the purchases are made from approved district vendors and complies with all other district purchasing procedures and policies was modified to reflect the intent that this flexibility is for emergencies only.
- Chartwells and the district have mutually determined a list of goals for the 2006-07 school year, which are attached for your review

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**The administration recommends renewal of the Food Service Management Company contract with Chartwells in accordance with the terms included in the amendment to the current contract.**

Respectfully submitted,

Bill Stone, Asst. Supt.  
Business Operations