

School Board Meeting:

February 23, 2009

Subject:

Addendum – Milk Bid

Presenter:

Chuck Klaassen

SUGGESTED SCHOOL BOARD ACTION:

Recommend board approval.

DESCRIPTION:

Approve the addendum to the 2008-09 milk bid to change from a fixed bid to escalation effective February 2, 2009.

BHM Schools awarded the bid for milk to Kemps for the 2008-09 school year. The bid award was for a firm price based on the May 2008 price of Class 1 milk, which was \$20.58.

The price of milk dropped considerably in January and again in February. With this in mind, we approached Kemps and asked them to consider revising our contract to reflect the current price per hundred weight of Class 1 milk.

Dick Jensen, Regional Manager, Kemps proposed revising the bid to an escalation clause. The Minnesota February 2009 Escalator Clause is based on \$14.43 per hundred weight. Kemps was the low bid for both the escalation and fixed when the bid was awarded in June 2008. Kemps was also the only vendor able to provide daily delivery to our schools. At the time of the award, milk prices were expected to reach all time highs in the coming months. This did happen and the fixed bid served us well until February 2009.

Kemps was willing to amend the contract, given our history as a good customer, and business partner, for many years.

The revision to the milk bid can potentially save food service \$6,000 on the milk purchased for the balance of the school year.