

**MINUTES OF THE WORK SESSION
OF THE BOARD OF DIRECTORS
SCHOOL DISTRICT 4J, LANE COUNTY, OREGON**

February 13, 2019

The Board of Directors of School District No. 4J, Lane County, Eugene, Oregon, held an executive session at 5:30 p.m. and a work session at 6:30 p.m. at the Education Center, 200 North Monroe Street, Eugene, Oregon. Notice of the meeting was mailed to the media and posted in the Education Center on February 8, 2019, and published in *The Register-Guard* on February 13, 2019.

ROLL CALL

BOARD MEMBERS:

Alicia Hays, Chair (called in)
Anne Marie Levis, Vice Chair
Eileen Nittler
Judy Newman (called in)
Evangelina Sundgrenz
Jim Torrey
Mary Walston

STAFF:

Dr. Gustavo Balderas, Superintendent of Schools
Charis McGaughy, Assistant Superintendent of Instruction
Kerry Delf, Chief of Staff
Cydney Vandercar, Assistant Superintendent for Administrative Services
Christine Nesbit, In House Counsel
Ryan Spain, Director of Facilities Management
Steve Menachemson, Director of Technology
Lisa Fjordbeck, Executive Assistant / Board Secretary
Andrea Belz, Assistant Finance Director
Holly Langan, Support Services Manager

MEDIA: KVRM, Register Guard.

OTHER: None.

I. EXECUTIVE SESSION

From 5:30 p.m. until 6:30 p.m. The board convened in executive session to consider records that are exempt by law from public inspection, pursuant to ORS 192.6.

The board convened in executive session to conduct deliberations with persons designated by the governing body to carry on labor negotiations, pursuant to ORS 192.660 (2)(d).

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All matters discussed during the executive session are confidential and shall not be disclosed by any representative of the news media without authorization by the school board.

II. WORK SESSION

1. Nutrition Services: Review Sodexo Contract Annual Evaluation for Renewal

Dr. Balderas explained discussion regarding annual evaluation for Sodexo's contract as well as possibility of using bond dollars for nutrition services.

Ms. Langan provided a general overview of 4J nutrition services, and shared considerations moving forward in settling a contract. Overall, the board and district is focused on having healthy meals available for all students -- the goal was to have all kids fed well and ready to learn. She stated the department preferred to procure food products from locally grown and sourced vendors.

Ms. Langan explained nutrition services was served under the federal government, as one of many USDA Child Nutrition Programs. She explained the district received an allocation from USDA at no cost based on the district's free and reduced lunch participation rate. The department also utilized the Oregon Farm to School grant which was one incentive to buy local.

Ms. Langan acknowledged families had varying nutrition philosophies. However, national school lunch programs had to follow USDA guidelines which were also known as "My Plate Guidelines" in order to offer free and reduced meals. Additionally, reimbursements from federal and state programs required the district to follow certain meal patterns. Those meal patterns included providing a meat/meat alternative, vegetables, fruits, whole grains, and fluid milk. Other nutritional considerations included levels of sodium, trans fats, and high fructose corn syrup.

Ms. Langan provided quick facts about the nutrition services team. The district served meals at 36 sites, some of which were not 4J programs. In total, 95 staff members dedicated 491 hours per day toward meal service.

Ms. Langan shared data around meals served. During the 2017-2018 academic year 1,827,682 meals were served. Most were lunch meals; however, breakfast meals made a sizable chunk. Breakfast consumption increased by around 400 elementary students daily, once the board allowed service at no cost to students.

Ms. Langan addressed the free and reduced meals program. The district wanted to support families, and providing meals was one way to do so. Besides free and reduced lunches, there were several ways to provide no cost meals, one of which was the Community Eligibility Program (CEP). Families eligible for CEP did not require paperwork -- they could show up during meal service and kids ate at no cost. Schools providing CEP included Chavez Elementary School, Howard Elementary School, Arts and Technology Academy (ATA), River Road el Camino del Rio Elementary School, and McCornack Elementary School.

Ms. Langan added that the state helped determine which locations qualified for CEP, and then the district conducted analysis on whether the program was beneficial for a particular school. The district would then be reimbursed based on a formula.

Mr. Torrey was curious how the numbers compared to five years ago. Ms. Langan was unsure at the time but would provide data at a future meeting or Friday Memo. Dr. Balderas noted many families were moving to Springfield or Bethel school districts due to more affordable housing.

Ms. Langan provided a brief summary on what was included within the full year \$2.7 million contract with Sodexo. The contract brought three operation staff on site as well as a team working behind them. It also provided for food, small wares, and Sodexo's built in profit margin. Additionally, 4J paid \$2.97 million from the general fund which paid for staffing, equipment technology, and storage.

Ms. Sundgrenz asked if the staffing numbers were from last year. Ms. Langan said yes; there were around 89 employees equating to around 60 FTE.

Ms. Walston clarified the general fund was still subsidizing the nutrition services program. Ms. Langan said yes, however, that number was going down each year. Currently, there was money carried forward from previous years, but Ms. Langan expected the program to break even during the 2018-2019 academic year.

Ms. Levis asked about district perceptions around costs versus budget. To her, nutrition was not just a budgetary item, it was an investment. Dr. Balderas explained the district could dedicate as much of the budget to nutrition as desired. The overall goal was to become more involved and spend resources and money on quality food for students.

Ms. Walston added that staffing really drove costs. She wondered if there were ways to increase meal purchases by students. If the district planned to explore options internally, Ms. Walston wanted to ensure quality was provided, but at reasonable prices.

Ms. Langan agreed and mentioned there always needed to be at least two staff members, generally three, monitoring lunch purchases to ensure students had all the required meal components. Additionally, the general fund transfer was intended to partially cover negative balances for students qualifying for free and reduced lunch.

Ms. Nittler wondered if they saw a shift in reimbursements since the "lunch shaming" bill came into place -- as in were less kids paying for meals and effecting the district's overall balance. Ms. Langan believed so. At the time, the program was running with \$80,000 in negative balances, a \$10,000 to \$20,000 increase, but she wouldn't be completely sure until the end of the year.

Ms. Vandercar added families were called regarding their student's balance weekly on Tuesdays.

Ms. Walston wondered if they would discuss how bond dollars would affect the program. Dr. Balderas said yes, the work session would be an ideal time.

Ms. Langan continued, and said annually the board and district decided how it wanted to manage the program. April 1st was the annual deadline to report changes to ODE. If the board opted to discontinue its contract with Sodexo, the district would need to solicit new proposals via an RFP. Alternatively, the district could transition into a self-operating program.

Mr. Torrey wondered if staff had a recommendation. Ms. Vandercar said each option held individual pros and cons. Staff would go into each option and explain for the board.

Ms. Langan explained there were benefits to outsourcing, including maintenance of equivalent meal pricing. That meant the district only paid for the number of meals served -- it did not do purchasing or pay for any overage/waste. As the contract outlined, Sodexo managed the program, trained staff, enforced food and personnel safety measures, made menus, and ensured USDA guidelines were met. Ms. Langan noted challenges with the company had arisen since people voiced a desire to try new things or have more customized meals. Implementing that sort of change was challenging for Sodexo as part of their model was to be consistent in each place served.

Ms. Newman remembered that last year, Sodexo was asked to report on and begin to think about reducing certain ingredients, like high fructose corn syrup and trans fats. She was interested to see if any progress was made on the request, as she thought it was included in the company's contract. Ms. Langan responded Sodexo agreed to reduce and work toward cleaner ingredient labels. As a start, the company provided a report on foods served very frequently as a baseline, which identified where the program was at - the next step was to talk about steps to actually eliminate/reduce ingredients.

Ms. Newman requested to see the report.

Ms. Sundgrenz noted the USDA had changed its guidelines which were not necessarily healthier. She wondered if the board could ask Sodexo to work with previous guidelines. Ms. Langan said that was possible, however, it could be complicated under the current contract. She explained the contract required Sodexo to reduce and/or replace the seven ingredients when it was cost feasible. It wouldn't be possible for all items. For example, if the board wanted natural, organic ingredients, it generally meant scratch cooking, which would require increased staffing. If they wanted to move in that direction, the district could release another RFP and select a company willing to make the desired changes.

Ms. Langan acknowledged the USDA allowed the seven ingredients in question for commodity foods. If the district chose not to use those items, many products would be eliminated, and the program would lose \$260,000-\$300,000 from the budget.

Ms. Levis wondered when the last contract renewal was signed. Ms. Langan responded it was signed in March or April 2018 and went into effect July 1, 2018. Ms. Levis was confused as to why the work session was the first review of Sodexo's progress. Dr. Balderas explained there was no way a district the size of 4J could eliminate the seven ingredients entirely. He thought the district could continue to work toward its goals in any contract. It was also about what areas the board and district wanted to direct dollars to.

Ms. Newman agreed with Ms. Levis. She wanted to see Sodexo's baseline, and check if other companies could do better. She understood there were limited funds, but felt nutrition was a very important part of physical mental health. The issue was not about the bottom line.

Ms. Langan said the district could go out for another contract if Sodexo's wasn't serving identified needs. If there were any major changes, the district was required to release another RFP, to allow companies the opportunity to provide an accurate bid based on district expectations.

Ms. Sundgrenz asked about the outcome of the last RFP released. Ms. Langan explained that the district had three vendors attend a mandatory walk through to see district facilities. Sodexo was the only company to submit a bid. When Ms. Langan followed up with the other vendors, there was a variety of reasons why they chose not to follow through. Ms. Langan explained there were only two vendors currently established in Oregon -- it would be a major investment for an out-of-state vendor. She thought that unless the district did a lot of work to solicit bids, it was not likely to get another company.

Mr. Torrey wondered if staff considered asking Sodexo if they would be willing to renegotiate the contract. Ms. Langan said no, district contract parameters could not change via a renewal. If the district wanted something different than what was within the current contract, they would need to open an RFP regardless.

Mr. Torrey pointed out businesses would likely not want to commit to changing without a multi-year contract, which provided greater security. He wondered if the district could potentially provide another year of predictability for a vendor. Ms. Langan said the district didn't have an option to sign a multi-year option as it was federally required to renew the contract annually.

Ms. Langan said the last option available to the district was to become self-operating. Doing so would mean the district would buy its own food and hire additional management staff, as well as take on any associated risks.

Ms. Walston asked if the district would need to create a new procurement system, and possibly have a different relationship with USDA in terms of receiving commodities. Ms. Langan replied the commodities would work largely the same. The procurement process was via a co-op that was already in place -- should the district decide to join, they would simply tell them the amount of food needed. She thought the biggest learning curve would be designing menus -- there were still USDA constraints.

Ms. Walston observed kids who brought lunch from home seemed to eat worse. She was happy to have the nutrition program and hoped to encourage more kids to participate. Additionally, kids needed more time to eat during lunch. Sometimes recess interfered and some kids only spent a few minutes focused on food, leading to waste

Ms. Walston noted elementary schools now gave snacks to kids, which was great; however, lunch was only 45 minutes later so kids weren't hungry. The snacks were well intentioned but interfered a bit. Again, snacks brought were not always the most nutritional. Finally, the district had bond dollars to make significant changes to the quality of food served, as long as it was willing to take on the financial risk. Ms. Walston thought the bond passage provided opportunities.

Mr. Torrey agreed that improved foods benefited physical and mental health. From a fiscal standpoint, it wasn't possible to transition to self-operating that year. The near-term question was whether to renew the contract or go out for an RFP. Mr. Torrey thought long term, the board needed to consider how big of a capital hit the district would take when transitioning to self-operating. They needed to consider costs and benefits, in terms of how spending dollars improved student lives.

Ms. Levis was thankful for Ms. Langan and Ms. Vandercar's work on the issue. She also thanked Ms. Walston for bringing up the amount of time dedicated toward eating -- it was a critical piece currently missing.

Ms. Levis noted it was the generation with a shorter lifespan and due to nutrition and lack of activity. Ms. Levis was pleased there were dedicated bond dollars toward food services. She thought the longer the district was in a contract, the farther behind it fell. A self-operating program would invest into the lives of kids, and lead to a better education overall.

Chair Hays acknowledged the board asked Sodexo to change for many years. She appreciated comments on the importance of healthy foods, but reminded board members schools didn't have mental health specialists, psychologists, nurses, etc. The district was in need due to voter decisions and she didn't want to commit to having a world class food program when there wasn't a system around mental health for students. There were competing interests and she wanted to remind the board to think about the full circle of services.

Ms. Nittler agreed acknowledging that there were competing interests, and seconded Ms. Newman in her comment that good nutrition benefited the health of children. She also wanted to balance a good budget and feed the poorest of students. Ms. Nittler thought that in the future, the board should discuss closed campuses or other policies that would support the district's greater goal.

Ms. Levis asked whether local districts that self-operated were cutting mental health and other services. Dr. Balderas said staff could explore further.

Ms. Newman was curious as to next steps. She didn't want to prioritize what was a necessary service over another and wanted to look at the whole picture. Ms. Newman also wondered if the district could perhaps learn from other companies already pulling off a similar system. More information was needed.

Dr. Balderas said staff spent lots of time investigating and discussing with other districts of similar sizes. There was a lot unknown because every district different and each system had to be localized.

Dr. Balderas said nothing, beyond minor tweaks, could be done for next year. The board would continue dialogue during the February 20, 2019 regular meeting.

Chair Hays clarified she didn't want to pick between one service and another, but there was a skinny budget. Therefore, the district couldn't do everything it wanted.

Ms. Levis agreed, but knew the district could do better, and there were bond dollars to at least explore improvements. She was frustrated that there wasn't as much cooperation from Sodexo in the requested changes as expected.

Ms. Levis outlined actions and deadlines for those members calling in. Chair Hays would call in for both upcoming meetings.

III. ADJOURN

Ms. Levis adjourned the work session at 7:36 p.m.

(Recorded by Marina Brassfield)

Dr. Gustavo Balderas
District Clerk

Alicia Hays
Board Chair