



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

6F. Preview

Date: April 17, 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

**ANTICIPATED DATE
FOR ACTION: April 24, 2006**

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
- The Board has previously directed the administration to evaluate the performance of Chartwells under the agreement and report its findings, which were presented to the Board on February 27 with a follow-up per the Board's request on March 27

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
 - This amounts to an increase of \$2 per each 1,000 meals and meal equivalents sold
 - 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 with the same conditions that were agreed upon for the 2005-06 school year, subject to the following clarifications recommended by the district:
 - Student enrollment shall be no less than enrollment for the 2005-06 school year
 - 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 district has requested a change in the language of Section 10.2 Operating Expenses to clarify the taxes that are specifically excluded from reimbursement by the district, and to add language that provides flexibility in making purchases of food and other supplies provided that the purchases are made from approved district vendors and complies with all other district purchasing procedures and policies.
- The district has requested a change in the language of Section 10.5 Computing Meals to reflect the correct references to the sections of the contract pertaining to the administrative and management fees
- Chartwells and the district have mutually determined a list of goals for the 2006-07 school year, which are attached as part of the administrative consideration
- It is anticipated that the administration will recommend renewal of the FSMC contract with Chartwells at the April 24 Board meeting

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Respectfully submitted,

Bill Stone, Asst. Supt.
Business Operations