



BOARD OF SCHOOL TRUSTEES

## KELLER INDEPENDENT SCHOOL DISTRICT

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**9H.** **Action** **Date: March 26, 2007**

**SUBJECT:** **APPROVAL OF FOOD SERVICE MANAGEMENT CONTRACT**

**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 fourth 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 April 30, 2007

### **Administrative Considerations:**

- An increase is requested by Chartwells for the administrative charge and the management fee, both of which are currently \$.036 per meal
  - An increase of 2.08% is requested, based on the 12-month change in the CPI from January 2006 to January 2007, which is the allowable methodology for determining such increases under current federal and state FSMC guidelines
  - The current administrative charge and management fee of \$.036 each would be increased to \$.0367 per meal with this adjustment
    - This amounts to an increase of \$.70 per each 1,000 meals and meal equivalents sold
    - Last year's fee adjustment was 3.51%

- Since the March 5 preview, we have worked with Chartwells to analyze a variety scenarios involving growth in student enrollment and participation, changes in variable costs due to growth, changes in revenues due to growth, adjustments in government reimbursement rates, and net changes in ala carte sales resulting from price increases decreases in individual ala carte items
  - The proposed guarantee, based on overall growth of 7%, is recommended to increase from the current \$120,786 to \$145,786
  - The increase offsets the management fee increase of approximately \$25,000 using the assumptions in the analysis
  
- Recently completed survey results from recent surveys undertaken by Chartwell’s are attached
  - The student surveys show year-to-year changes in each category from 2006 to the current 2007 school year
  - The format for the principals’ survey, labeled as “School Food Service Progress Report” was changed for the current year, so an exact year-to-year comparison is not possible. Overall averages expressed as the percentage of responses rated as “excellent” and “very good” show the following results:
    - Elementary principals                      80%
    - Middle school principals                      72%
    - High school principals                      83%
  
- Goals for the 2007-08 year are attached
  
- The draft of the 07-08 Amendment is also attached

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**It is the recommendation of the administration that the Board renew its contract with Chartwell’s for the 2007-08 school year for management of the district’s food services operations.**

Respectfully submitted,

Bill Stone, Asst. Supt.  
Business Operations