

BACKGROUND

This brochure was created to guide the district decision-makers when they are considering contracting with a food service management company. When comparing school-operated programs run by school employees vs. food service management company operations, decision-makers must be sure they are comparing “apples to apples” and all costs are considered.

School board members, administrators and business officials need to be aware that federal and state requirements regulate the process of contracting with a food service management company. These comprehensive and detailed requirements should be reviewed thoroughly by any local education agency (LEA) considering contracting with a food service management company. Decision-makers should also know that the LEA remains responsible for certain aspects of the food service program. They need to assure that the program is being operated in the best interests of the LEA and the students. Compliance with state and federal laws remains the LEA’s responsibility.

USDA has a document entitled “Contracting With Food Service Management Companies: Guidance for School Food Authorities”. It is a useful reference that covers important topics such as responsibilities and considerations, procurement methods, advertising, bids and proposals. It emphasizes that the procurement of FSMC services “must be conducted in a manner that provides maximum open and free competition.” PDE’s “FSMC Guidance from Office of Inspector General (PDE054a)” is also recommended reading.

QUESTIONS TO ASK FOOD SERVICE MANAGEMENT COMPANIES (FSMC’S) DURING AN RFP PROCESS

PERSONNEL/PUBLIC RELATIONS

Who will be the on-site manager and what are that person’s qualifications?

What will the impact be on existing food service staff?

The Food Service Advisory Group must be established and maintained by the SFA. What responsibility will the FSMC have in regard to this group?

Are the marketing and promotions costs included in the management or support fee, or are the costs billed to the district?

Who controls the a la carte selections that are offered?

What is the company policy on providing nutrition education?

How will these costs be paid?
Travel, conferences, mileage
Membership dues in professional organizations
Continuing education/tuition
Consultants
Advertising

OPERATIONS/REGULATIONS

Who creates and verifies the nutrient content of the weekly/monthly menu?

Will a 6 week menu cycle and the components that are required be provided by the FSMC?

Operations/Regulations Continued

Who owns the food and supply inventory? When does the district own the food...when it’s delivered or when it’s served?

What is the company’s daily food safety (HACCP) process? Who performs verification of the process?

How will audit costs be paid for? Who arranges the audit?

FINANCE

What do the total fees paid to the management company cover?

Corporate overhead?
Management fees?
Payment of salaries for the administrator and office staff?
Payment of wages for managers and staff?
Payment of fringe benefits?

To what extent are these fees negotiable?

Are the fees a flat monthly amount or based on cents per meal? If based on cents per meal, how are a la carte sales converted to meal equivalents?

What is the markup on products purchased directly from the management company? Is it negotiable?

Will the company provide monthly and year-to-date operating reports, by building location, together with a summary statement for all locations?

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Finance Continued

How will these expenses be paid?

- Equipment replacement
- New equipment and equipment repairs
- Laundry
- Custodial supplies
- Paper supplies and products
- Office supplies
- Postage
- Pest control
- Uniforms, aprons and allowances
- Long distance telephone service
- Transportation expenses
- Smallwares and smallware replacement

What is the fixed contract net cost (if any) to the district for the next operating year? Or, and alternatively, what is the guaranteed return to the district net of all costs for the next operating year?

Do the invoices of the food and supplies delivered reflect the total costs to the company? Are there percentage discounts for net payment (i.e. 2% net 10 days EOM)?

Will the FSMC buy the beginning inventory from the School Foodservice Authority (SFA)?

If the FSMC bills the SFA for supplies as purchased, rather than used, will the FSMC purchase back unused supplies from the SFA at the end of the contract period?

Did you know that PDE has a FSMC contract that LEA's are required to utilize?

The Standard Terms and Conditions section of this contract points out that:

- ♦ The School Foodservice Authority (SFA) is responsible for ensuring that USDA procurement and commodity regulations are adhered to.
- ♦ SFA's must process free and reduced applications.
- ♦ SFA's must verify free and reduced applications.
- ♦ SFA's must complete the required annual on-site reviews.
- ♦ School districts remain legally responsible for the conduct of the food service program.
- ♦ Any manufacturer rebates are required to go to the school district.
- ♦ The SFA shall ensure that all state and local regulations are being met.
- ♦ The FSMC must comply with all wage and hours of employment requirements of federal and state laws, including providing Workers Compensation coverage.

FOOD SERVICE OPERATION RESOURCES

Pennsylvania Association of School Business Officials
www.pasbo.org ♦ 717-540-9551

School Nutrition Association of Pennsylvania
www.snapa.org ♦ 800-929-7737

School Nutrition Association
www.schoolnutrition.org ♦ 800-877-8822

Pennsylvania Department of Education
www.pde.state.pa.us ♦ 800-331-0129

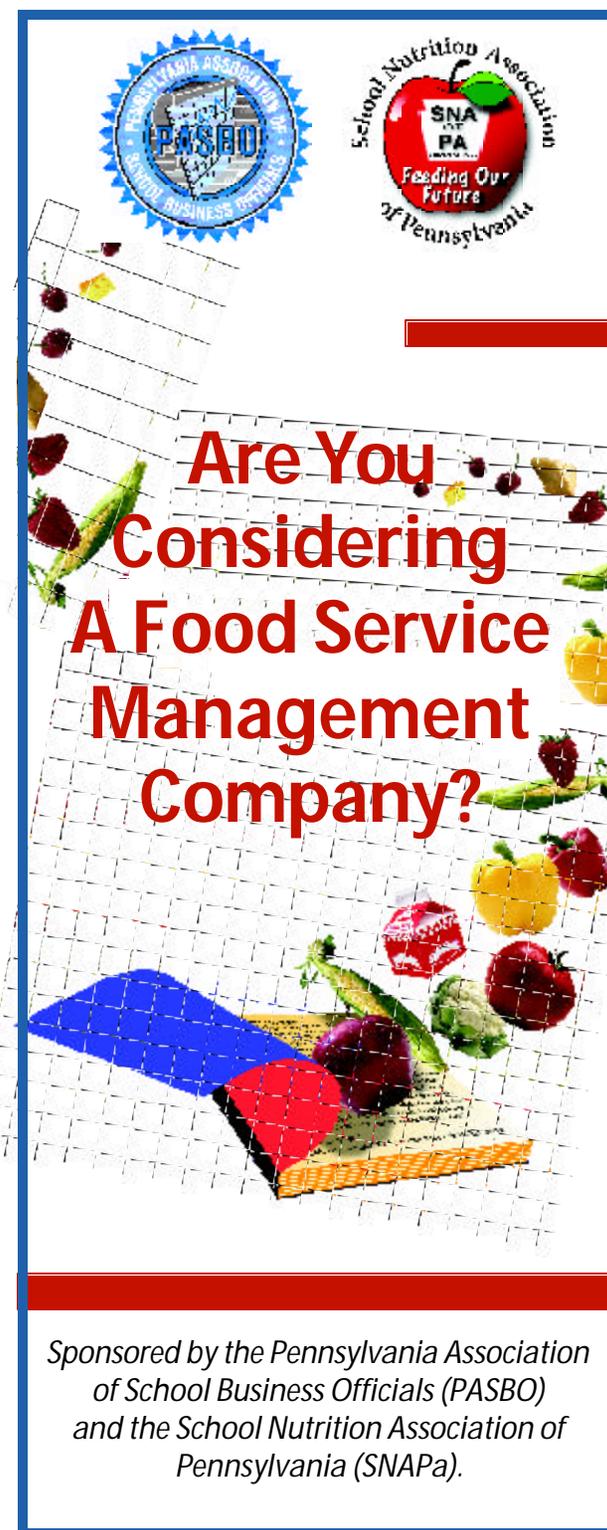
Pennsylvania Department of Agriculture
www.pda.state.pa.us ♦ 717-787-2940

National Food Service Management Institute
www.nfsmi.org ♦ 800-321-3054

United States Department of Agriculture
www.usda.gov

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518-631-2894



Are You Considering A Food Service Management Company?

Sponsored by the Pennsylvania Association of School Business Officials (PASBO) and the School Nutrition Association of Pennsylvania (SNAPa).