New Food Service Management Contract Requirements

These requirements apply to school food authorities (SFA) that participate in School Nutrition Programs (SNP) and plan to enter into a new contract with a company for management of any aspect of the school food service. A food service management company is a commercial enterprise or non-profit organization that provides meals and manages any or all aspects of school food service operations. New contract can be the result of a new SNP start up, moving from self-operation to a management company, a desire to change management companies or a required new procurement after a maximum of four number of renewals for an existing contract.

General Procurement Requirements

Federal and state requirements for competitive procurement and contract provisions must be met when a school food authority participating in School Nutrition Programs (SNP) obtains a contract for management of its food service. Federal procurement standards allow state and local procurement procedures to be used as long as they are consistent with federal requirements. If procurement and contract requirements are not met, a school food authority may be prohibited from paying contract costs from the nonprofit school food service account.

Federal regulations require a school food authority to follow formal procurement procedures to obtain a contract that will exceed $250,000. Public schools must follow the state law that requires formal procurement procedures for contracts that will exceed $175,000. Formal procedures require public advertisement of the bid opportunity.

The Request for Proposals (RFP) format is usually used to obtain a food service management contract. The RFP format allows the school food authority to award its contract based on a combination of lowest price and how well the bidders proposals meet non-price criteria established by the school food authority.

The documents and templates for new food service management contracts are available on the Minnesota Department of Education (MDE) **Food Service Management Contracts** website.

1. Draft Request for Proposals (RFP) - January

The school food authority drafts its RFP using the template Request for Proposals for a Food Service Management Contract for fixed price contracts. Contact MDE for the cost reimbursable RFP template. Changes may be made to the RFP as needed as long as program requirements are met. SFA's should contact MDE to discuss any major changes to the RFP they are considering. An SFA procuring a new food service management contract must ensure that its request for proposals (RFP) fully describes the SFA's requirements and the criteria that will be used to evaluate proposals. MDE RFP templates include required Federal provisions, template pages to provide information about the SFA's operations and evaluation criteria.

Identification of Management Contract Type

The RFP must state whether the school food authority wants a fixed meal prices contract or a cost-reimbursable contract with fixed administrative fees. In fixed meal contracts the SFA is billed a set meal price for meals served to students. Fixed price contract can be easier to manage because fees are charged simply based on meals served. In a cost-reimbursable contracts SFA's are billed for the allowable food, supply and labor cost to operate the school nutrition program. Cost reimbursable contract require greater monitoring to ensure that only allowable cost are billed to the SFA's.

Evaluation Criteria

The criteria that the school food authority will use to award points for the non-price portions of proposals must be included in the RFP.

- **Sample** evaluation criteria are provided in the RFP-Attachments spreadsheet. The school food authority decides the criteria it will use and the maximum number of points for each criterion.
- The number of **points assigned to price** must be higher than the number of points assigned to any non-price criterion. The number of points assigned to price does not necessarily have to be greater than 50 percent. Points are usually distributed so that total maximum points are 100.

Procurement of Automated Eligibility System

If an RFP will include requesting the company to act as the school's procurement agent for acquiring an automated eligibility system, contact the MDE-Food and Nutrition Service (FNS) for additional provisions that must be included in the RFP.

2. Send Draft RFP to MDE for Approval – January - February

The draft RFP must be reviewed and approved by MDE prior to distributing to potential vendors. Allow up to two weeks for a response from MDE. Email the complete draft RFP to MDE at mde.fsmc@state.mn.us. Do not send documents through the U.S. postal mail. If necessary documents may be faxed to MDE at 651-582-8501, attention - FSMC Review.

3. Advertise and Distribute the RFP – March

To ensure full and open competition the SFA may be required to advertise the RFP and is required to distribute the RFP to an adequate number of potential bidders.

When the estimated contract is over $175,000 for public schools or $250,000 for non-public schools the SFA is required to advertise the RFP in a newspaper of general circulation in the area of the school food authority. The notice must provide a general description of the scope of work, how to request a copy of the RFP, information about the pre-proposal meeting (see number 5 below) and the deadline for proposals (see number 6 below). A prototype Legal Notice is included in the RFP templates.

The school food authority also must distribute the RFP to an adequate number of potential bidders that may be interested in submitting proposals.

- Refer to Food Service Management Companies Contact Information for a list of management companies that are known to be interested in submitting proposals for food service management contracts in Minnesota.
- A prototype Letter to Food Service Management Company is attached to the RFP templates.

4. Form an Evaluation Committee – March

At least three persons should be selected for the evaluation committee. Do not select individuals who may have a real or apparent conflict of interest. Members of the committee should be familiar with the food service operation and needs of the SFA. The evaluation committee members will attend the pre-proposal meeting and any presentations, and evaluate the non-price portions of the proposals.

5. Hold Pre-proposal Meeting (Optional) – March/April

An on-site pre-proposal meeting provides an opportunity for the school food authority to answer questions and provide clarifications, and to conduct a facility tour. The meeting should be scheduled approximately two weeks after the RFP is released and at least two weeks prior to the deadline date that needs to be set for companies' proposals, so that companies have time to thoroughly develop their proposals and request any clarifications. The meeting may be mandatory or optional. If the meeting is mandatory, only companies that have attended the meeting may submit proposals.

It should be stated at the meeting that information provided orally from the school food authority is not official until provided in writing to all companies that have received the RFP. Inform companies that all contact with the district must be through the designated district representative. Any other contact with district personnel, administration, vendors, contractors, or board members will disqualify their proposal.

Companies may request clarifications about the RFP before, during or after the pre-proposal meeting. Clarifications must be provided in writing to all companies that have received the RFP, and should be provided within a week of the request. The school food authority may issue needed clarifications at any time, although it is recommended that clarifications not be issued during the last week before the proposal deadline. However if a late issue arises that must be clarified, the proposal deadline can be extended.

6. Receive and Evaluate Proposals – April/May

The SFA accepts proposals up to the due date designated in the RFP. Proposals should be time/date stamped when received. A bid opening event is not required for RFP's. The evaluation committee evaluates and ranks the non-price portions of the proposals, based on the criteria that were listed in the RFP. Maintain documentation of each person's evaluation and the final decision. The Bid Point Calculator, available on the MDE website is formulated to correctly assign price point and can be set up to record and calculate points awarded to each proposal for price and non-price criteria.

- Non-price portions of the proposals (materials, references, presentations) should be evaluated before reviewing the price proposals.
- The Bid Point Calculator calculates the number of points to award to each proposal for price. The evaluator enters the number of points that have been awarded to each proposal for each non-price criterion. The Bid Point Calculator calculates the number of points to award to each proposal based on

proposal prices (the proposed dollar cost of each proposal) and then shows the total number of points awarded to each proposal after adding the points awarded for both price and non-price criteria.

7. Determine Contract Award/Draft Contract

The contract is awarded to the responsible company that has submitted a proposal that is responsive to the RFP and has received the highest number of points based on all criteria.

MDE provides a template for a Food Service Management Contract - Fixed Meal Prices. Contact MDE for a template cost reimbursable contract. The SFA may attach an additional document to the contract to add or modify provisions as needed, subject to review of the additional provisions by MDE. The SFA must complete the draft contract, which may be signed by the company prior to MDE review.

General requirements for food service management contracts:

- The school food authority is responsible for drafting the details of the management contract provisions, using the contract template.
- Select the appropriate contract template as specified in the RFP, either for fixed meal prices or for reimbursement of costs plus fixed administrative fees.
- Effective dates of the management contract must be within the school year, usually July 1 - June 30.
- The contract specifies whether it is renewable for additional years by mutual agreement of the school and the company, and the economic index (usually CPI) that will be used to revise prices for any renewal years.

Additional Contract Provisions or Addendums

An SFA may add provisions to the management contract template if the additional provisions are consistent with, and not already covered by, the provisions in the standard contract template.

Any additional provisions must be attached to the standard contract, and organized and numbered to link to the standard contract provisions that are being added to or modified. Draft contracts with additional provisions that do not meet these requirements will be returned to the SFA for revision. Contact MDE if there is any question about adding provisions.

Procurement Description for Food Service Management Contract

This form is used to describe how the SFA procured the contract in regards to advertisement, sending the RFP to companies, any adjustments or clarifications that were issued for the RFP, how many proposals were received, and the basis for award of contract. The procurement information must be reviewed by MDE before the draft contract can be approved.

8. Send Draft Contract to MDE for Approval - May

The SFA sends the draft contract and completed Procurement Description for Food Service Management Contract to MDE at mde.fsmc@state.mn.us or fax to 651-582-8501, attention FSMC Review. MDE may require changes to the draft contract and/or have additional questions about the procurement process. The draft

contract cannot be approved unless the procurement information is also provided. Allow up to two weeks for a response from MDE.

9. Obtain School Board Approval - May

Required local approval, such as school board approval, should be obtained after MDE has reviewed and accepted the procurement information and the draft contract.

If necessary due to timing, school board approval may be obtained pending MDE review and approval.

10. Send Final Signed Contract to MDE

The SFA will send a signed copy of the contract to MDE. The application to participate in the upcoming school year School Nutrition Programs cannot be approved until MDE has received both the procurement information and the final, signed contract.