Contracting with a Food Service Management Company Training – Part 2
Presentation can be found at:

Pennsylvania Department of Education (PDE)
Division of Food and Nutrition (DFN)
http://www.education.state.pa.us/portal/server.pt/community/FNS/7483/FSMC/561495
Contracting with a Food Service Management Company Training

Section 3
Section 3 Essential Questions

• What are the steps involved in obtaining a contract with a FSMC?

• How do I complete a Request for Proposal?
Steps in FSMC Contract

1. Identify Evaluation Committee
2. Complete RFP
3. Send to PDE for Review
4. Advertise
5. Evaluation
6. Bid Opening
7. Proposals Received
8. Walk-through
9. Negotiation
10. Award
11. Submit to PDE for Final Approval
12. Complete Fact Sheet
Identify Evaluation Committee

• SFA must provide a thorough and impartial review
• Minimum of three members (odd numbers recommended)
• Evaluation plan published in RFP
  – Scoring system-objective
  – Scoring sheets with criteria, standards, and place for comments
Complete the RFP

• The Standard RFP becomes the basis of the Initial Year Contract. It can be found on
  – PEARS site (Child Nutrition Program Electronic Application and Reimbursement System)
  – www.education.state.pa.us
PEARS Site

• Download Forms, Contracting with a Food Service Management Company (FSMC)
  - PDE040 - Standard RFP/Initial Year Contract
  - PDE040a - FSMC Worksheets (Attachments 1-4)
  - PDE040b - Projected Operating Costs (Attachments 5-6)
PDE Website

- [www.education.state.pa.us](http://www.education.state.pa.us)
  - Programs
  - Food & Nutrition Services
  - Contracting with a Food Service Management Company (FSMC)
  - Standard RFP/Initial Year Contract
  - Worksheets (Attachments 1-4)
  - Projected Operating Costs (Attachment 5)
Completion of Initial Year Contract

• Complete gray boxes of the RFP

• Use tab to maneuver through document

• Do not retype or change document
RFP Checklist

• Lists all documents needed for submission to the Division of Food & Nutrition (DFN)
• Not part of the agreement itself
• Checklist items must be submitted BEFORE DFN can approve contract
Cover Page

Food Service Management Company (FSMC)
Request for Proposals (RFP) and Contract

Enter the name of the SFA here
Enter your PEARs agreement number here

July 1, Enter year here to June 30, Enter year here
Agreement Page

- Enter beginning date
- Renewable up to four additional one-year periods by mutual agreement
- Contract for one year at a time
General Information

Section A – Enter name of SFA

Section B – Procurement Method

• Select either Fixed-Price or Cost-Reimbursable

• Choose one or the other, not both
General Information – Section C

Section C – Pre-Bid Meeting

• Indicate date, time and location for walk-through/pre-bid meeting
• Mandatory for all potential bidders
• Sign-in sheet required to indicate attendees
• If a bidder does not attend, proposal considered non-responsive
General Information – Section D1

Section D 1 – Bid Submission and Award

• Address for bid submission
• Date and time for bid submission
• Public bid opening
• No bids accepted after date
• Bids received after date disqualified
General Information – Section D 8

Section D 8 – Contact Information

• Insert contact name, telephone and email address for questions

• Disclose any submitted questions and answers at walk-through

• Forward additional questions and answers to all potential bidders
General Information – Section E

Section E – Award Criteria

• Enter number of possible points for each criterion
• Not all criteria required
• Must equal 100%
Cost as Primary Factor (One Step)

• Technical and cost components evaluated and ranked
• SFA negotiates both components
• Most advantageous proposal with price primary factor awarded contract
• Price not specifically set at 50% of weighting
### Example

<table>
<thead>
<tr>
<th>Factor</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>30%</td>
</tr>
<tr>
<td>Service Capability</td>
<td>15%</td>
</tr>
<tr>
<td>Financial conditions/Stability, Business Practices</td>
<td>15%</td>
</tr>
<tr>
<td>Accounting and Reporting Systems</td>
<td>10%</td>
</tr>
<tr>
<td>Personnel Management</td>
<td>10%</td>
</tr>
<tr>
<td>Experience and References</td>
<td>10%</td>
</tr>
<tr>
<td>Promotion of the School Food Service Program</td>
<td>5%</td>
</tr>
<tr>
<td>Involvement of Students, Staff and Patrons</td>
<td>5%</td>
</tr>
</tbody>
</table>
Two-step Bid Process

• Technical proposal solicited, evaluated, ranked prior to cost consideration

• SFA negotiates with proposal offerors
  – Negotiate equivalent, not necessarily equal, technical proposals
  – Request offerors submit best and final prices

• Offeror submitting lowest price awarded contract
Primary Factor Summation

• Cost as Primary Factor
  – Highest ranking criteria
  – Evaluate/rank technical and cost components of each proposal separately
  – Choose bidder with lowest cost

• Two-Step Bid Process
  – Evaluate/rank technical components first
  – Negotiate equivalent proposals from top-ranked offerors
  – Request best and final price for lowest bid
General Information – Section E (Cont’d.)

• Evaluation committee (3 minimum) to evaluate each bid independently
• Objective measure and documentation of proposal ranking
• Documentation used to settle bid protest
• Documentation remains confidential
General Information – Section F

Section F – Bid Protests

- Bid protest procedure
- Required to submit to DFN
Bonding Requirement – Section G

• Bid bond of 5% required with bid proposal
  – Bid Bond
  – Postal Money Order
  – Certified Check
  – Cashier’s Check
  – Irrevocable letter of credit

• Bid guarantee returned to FSMCs
General Information – Section I

Section I – Contract Terms

• Effective date always July 1
• One-year contract with optional renewal for up to four years
General Information – Section Q

Section Q – Additional Information

- Open text box for additional information not in standard contract
- No length restrictions
- SFA can stipulate exactly what it wants FSMC to provide
- Proposals cannot provide more items/services than requested in the RFP
- SFA can inform bidders of projected changes
General Information – Section Q (cont’d.)

• Add any alternative proposals in this section
• Scored as two different groups
• Equipment costs
Section Q Examples

- Potential Programs to be added
- Capital investment
- POS system
- Enrollment changes
- Building changes
- Staff changes
- Alternate proposals
- Guaranteed return
- Questions from all potential bidders
Section Q Examples

• The SFA currently serves meals to another school at a cost of $2.50 per meal with possible increases next year.
• Pictures of SFA students, food service staff, food and the facilities are not permitted during the walk-through.
• Food Bars will be available every day at the High School.
• The current district staff, as listed on the Labor & Fringe spreadsheet, will be replaced with FSMC staff as attrition occurs.
Standard Terms and Conditions

• Covers many topics
• Responsibilities of both the SFA and FSMC
• Read over carefully
• Understand all regulations
Standard Terms and Conditions

Section 1 B – Scope and Purpose

• Check all programs currently offered or that will be implemented in the near future

• Change in programs or responsibilities could create “material change” resulting in the need to rebid the contract
Standard Terms and Conditions

Item 1 K – Scope and Purpose

• Enter maximum percentage of profit FSMC may charge for additional food service such as catering

• SFA to enter any percentage up to and including 10%
Standard Terms and Conditions

Section 3 G – Free and Reduced-Price Meals Policy

• SFA responsibility, not FSMC position
• Position title of the person responsible, not an individual name
• Position will remain; people in position may change
Standard Terms and Conditions

Section 4 I - USDA Donated Foods

• Check activities SFA expects the FSMC to perform

• May check all activities
Standard Terms and Conditions

Section 6 A – Inventory, Storage and Record Retention of USDA Donated Foods

- Retention of unused donated foods
- FSMC must use all ground beef, ground pork and end products donated to school
- FSMC responsible for inventory of donated foods
- SFA responsible for checking credit for donated food on FSMC invoices

Section 6 G

- Position title of person responsible for monitoring the FSMC’s food service operation
Standard Terms and Conditions

Section 7 A 9 – Renewal Assumptions

• Number of full feeding days
• Highest number of days indicated on SFA Site Listing Worksheet
Standard Terms and Conditions

Section 11 B - Employees

• Select employee retention option

Section 12 A - Monitoring

• Indicate position title not name of person responsible

• SFA position responsible for monitoring FSCM contract compliance
Standard Terms and Conditions

Section 12 B - Monitoring

• SFA develops 21-day menu independently of FSMC

• FSMC must follow 21-day menu to receive payment from SFA food service account

• Summer Food Service Program requires an 11-day menu
Standard Terms and Conditions

Section 15 A - Purchases

• Choose procurement options for goods or services
• Cost-reimbursable Contracts
  - SFA does all purchasing
  - FSMC bills SFA for foods when purchased
  - FSMC bills SFA for foods when used
• Fixed- Price Contracts
  - Choose fourth option
Standard Terms and Conditions

Section 15 C 3 - Purchases

• Include example of FSMC invoice/bill with proposal for cost-reimbursable contracts
  – Discounts, rebates, and applicable credits must be separately identified
  – Ensure FSMC credits SFA for value of donated foods
  – Clear documentation of value of donated foods
Standard Terms and Conditions

Section 23 A – Nonperformance by the FSMC

- Insert the dollar or percentage amount of the Performance Bond which is required by each Food Service Management Company when submitting their proposal. The dollar/percentage should not be unreasonable in that it would prevent free and open competition.
Standard Terms and Conditions

Section 25 B - Insurance

- Insert amount of insurance coverage
  - General Liability
  - Workman’s Compensation
  - Vehicle
Standard Terms and Conditions

Section 26 B – SFSP and/or SSO

• Dates of Summer Food Service Program or Seamless Summer, if participating

• If not participating, enter NA for both beginning and ending dates
Standard Terms and Conditions

• Appendix G – Independent Price Determination Certificate
• Appendix H – Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion-Lower Tier Covered Transactions
• Appendix I – Clean Air and Water Certificate
• Appendix J – Certification Regarding Lobbying
• Sign in blue ink after DFN approves proposed contract
Required Worksheets

Attachment 1a - Average Daily Participation

- Meals by days per site for lunch, breakfast, snacks (supplements)
- Corresponds with federal requirement on projected operating costs
- Indicate selling prices for “actual in-school revenue”
- Right click for more pages
- Create copy to retain formulas
- Complete separate form for SFSP
Required Worksheets

Attachment 2 - Cost Responsibility Detail Sheet

- Includes all costs for food service operation
- Indicate personnel responsible from FSMC, SFA, both, or neither
- Check appropriate choice for each line on form
Required Worksheets

Attachment 3a & 3b - Labor & Fringe Benefits
• For FSMC employees, FSMC completes Labor & Fringe worksheet (Attachment 3a)
• For SFA employees, SFA completes Labor & Fringe worksheet (Attachment 3b)
• Total from worksheets should match Direct Labor & Benefits on Projected Operating Costs
• Use titles not names of employees
• Complete Attachment 3c & 3d if participating in Summer Food Service Program
Required Worksheets

Attachment 4 - SFA Site Listing
• Indicates meal service times and services for each site
• “Satellite” refers to meals cooked or prepared off-site
• Indicate FSMC responsibilities with an “X” in appropriate boxes
Required Worksheets

Attachment 5a – Projected Operating Costs
Section 1 – Actual In-School Revenue

• SFA completes this section
• Developed by taking estimated meals multiplied by rates for paid, reduced-priced, adult, and a la carte meals
• Paid and reduced-price meal rates match those entered on the sponsor application in PEARs “meal pricing information”
Required Worksheets

Attachment 5a – Projected Operating Costs

Section 2 – Federal Reimbursements

• Expected revenue for meals projected to be claimed
• Comparable to ADP and meal counts in prior year
• Some variation due to changes in sites, programs, and participation

November 2014
Required Worksheets

Attachment 5a – Projected Operating Costs

Section 3 – State Reimbursement

• State reimbursement meal counts match meal counts for federal reimbursement (Section 2)
Required Worksheets

Attachment 5a – Projected Operating Costs
Section 4 – FSMC Expenses

- Completed by FSMC in bid proposal
- Separate POC if participating in SFSP or CACFP (Attachment 5b & 6)
- Total expense amounts must tie into the Labor & Fringe worksheet (Attachment 3a) and the Budget Summary (Attachment 5c)
- Enter total anticipated amount FSMC to receive in rebates, discounts, applicable credits
- A guarantee, if offered by the Food Service Management Company, is to be supported by documentation outlining all formulas, methodologies and contingencies
Required Worksheets

Attachment 5a – Projected Operating Costs

Section 5 – SFA Expenses

• To be completed by the SFA

• Total expense amounts must tie into the Labor & Fringe Benefits worksheet (Attachment 3b) and the Budget Summary (Attachment 5d)
Required Worksheet

Attachment 5c – FSMC Budget Summary

• Budget Summary itemized in full detail needs to be submitted with POC
• Total cost under Direct Labor & Benefits equals total amount for Labor & Fringe worksheet
• Detail Direct Costs
• Administrative fee – charged to SFA to manage program by cost per meal or flat fee or combination
• FSMC Management Fee – profit for the FSMC
Required Worksheet

Attachment 5d – SFA Budget Summary

• Total cost under Direct Labor & Benefits equals total amount for Labor & Fringe worksheet (Attachment 3b)

• Detail Direct and Indirect Costs
RFP Submission and Approval

• Email to DFN at RA-fiscal@pa.gov
  – Completed proposed RFP
  – Worksheets and other required documents
  – Projected Operating Costs (Sections 1-3 & 5 completed)
  – 21-day menus for all programs

• Allow plenty of time for DFN to review
Advertise

• Place bid advertisement in **two** different newspapers for **three weeks**, one day per week
• Advertisement must include availability of RFP, mandatory requirement to attend walk-through, and submission deadline.
• Send letters of solicitation by mail or e-mail to at least 5 approved vendors, found on PEARS Form Download or DFN Website
• Retain copies of letters or read receipts for emails
Walk-through

• Conduct walk-through at least two weeks prior to bid due date
• Mandatory for all potential bidders
• Sign-in sheet required
• Notify all potential bidders of any change in date
• Distribute questions and answers at walk-through or shortly thereafter to potential bidders
Proposals Received by SFA

• Time stamp and date bids upon receipt

• Unsealed bids or bids received after designated bid opening considered unacceptable
Bid Opening

- Conduct public bid opening on designated date and time
- Submit responsive bids to evaluation committee for review and scoring
Evaluation Committee

- Scores each proposal independently
- Insures alternative proposal address basic guidelines
- Eliminates proposal offering more or less than RFP requirements (over/under responsive)
- Adheres to scoring criteria
- Maintains confidentiality
- Documentation used to settle bid protests
- Documentation is confidential until contract if final
Negotiation

- Proposals receiving evaluation of 85% or better forwarded to designated negotiator(s)
- Bidders receiving less than 85% notified in writing
- Negotiator not involved in evaluation
- Bidders informed of terms and conditions
- If no successful bidder after negotiations, SFA determines most advantageous offer
- Awarded to lowest bidder unless compelling, documented reasons to reject
Bid Award

• Provide written notification to successful bidder
• Promptly notify unsuccessful bidders
• Present successful proposal to School Board
Proposed Contract Submission & Approval

- Send in documents to DFN for approval – **ONE SIDED ONLY**
  - Proposed contract
  - Completed worksheets (Attachments 1a through 6)
  - FSMC’s completed details and methodology of the Administrative and Management Fees
  - FSMC’s completed details and methodology of Guarantee to SFA (including all formulas and contingencies)
  - Copy of FSMC’s invoice displaying the method of documenting donated food, rebates and applicable credits to the SFA
Proposed Contract Submission & Approval

• Send in documents to DFN for approval – **ONE SIDED ONLY**
  o Copy of at least 2 bid advertisements in 2 different newspapers
  o Proof of minimum advertising period achieved (1 day a week for 3 weeks)
  o Copy of sign in sheet for bidders at walk-through
  o Copy of solicitations – at least 5 vendors
  o Copy of FSMC’s Proof on Insurance
  o Copy of SFA’s Bid Protest Procedures
Proposed Contract Submission & Approval

• DFN approves with signature on each page
• DFN returns approved proposed contract with cover letter
• SFA makes two copies
• SFA obtains original signatures (in blue ink) on all three sets of documents (Agreement page, Appendices G – J)
• SFA returns original set to DFN, one to vendor, and keeps one for SFA files
• DFN checks signatures and provides final approval on Checklist Summary and Fact Sheet
Checklist Summary

• PEARs
  • Application
    • Checklist Summary
      • Check box on left
        • Save
Fact Sheet Completion

• Access and complete Fact Sheet in PEARs
• Fact Sheet will be available once Application Packet has been loaded
• DFN will review and approve the Fact Sheet
Fact Sheet

• Select FSMC from dropdown list
• Enter Initial Year (i.e. 2014-2015)
• Enter number of renewals – always 4
• Enter Beginning and Ending Dates (i.e. 07/01/2014 - 06/30/2019)
• Enter Sponsor Contact Information
• Enter Procurement Method (always RFP)
• Enter number of solicitations
Fact Sheet

• List companies submitting bids
• Total Cost of Operations much equal total expenses of FSMC on Projected Operating Cost worksheet(s) – for all programs
• Describe the reason(s) for which the successful bid was selected
• Indicate contract type as either Fixed Price or Cost Reimbursable
Fact Sheet

• Indicate the date contract was signed (most recent signature date)
• Provide Total Contract Cost – same as above, must equal total cost of all programs on Projected Operating Cost worksheet(s)
• For Fixed Price Contract indicate costs per meal
• Add Comments if need be, but not required
Contracting with a Food Service Management Company - Training

Section 4
Section 4 Essential Questions

• When must the bidding process be completed?

• What are some guidelines for what should and should not be done when completing the application?

• Whom can you contact if you have questions?
Section 4 – Essential Question 1

• When must the bidding process be completed?
  – Time line for initial year contract between SFA and FSMC
  – Complete contract process by July 1 to receive reimbursement through food service account
Bidding Process Timeline

• August – October
  – Complete documents for RFP

• November – December
  – Submit documents to DFN for approval prior to advertising RFP

• December – January
  – Publicize in newspapers
  – Solicit vendors
Bidding Process Timeline

• January – March
  – Conduct walk-through
  – Open and evaluate proposals

• March – April
  – Tentatively award contract
  – Submit proposed contract to DFN for review/approval (prior to May 1)
Bidding Process Timeline

• May-June
  – DFN returns proposed contract
  – SFA makes two copies
  – SFA obtains signatures on all three copies
  – SFA returns original signed contract to DFN
  – DFN approves Fact Sheet in PEARs

• July
  – Complete process by July 1
Late Submission

• In the event of late submission, Sponsor Application will not be approved in PEARS
  – SFA cannot submit claim without approved sponsor application
  – SFA will lose reimbursement if not approved by last day of following month (i.e., last day of August to claim for July)
  – SFA cannot use school food service account funds to pay services of FSMC prior to DFN approval date on Fact Sheet

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Section 4 – Essential Question 2

– What are some Dos and Don’ts for completing the contract?
DOs and DON’Ts

• **DO**
  
  – Send required documents and proposed contract to DFN for approval prior to signing agreement page
  
  – Plan ahead and adhere to the timeline
  
  – Send in only ONE copy for approval to DFN
  
  – Make copies for SFA and FSMC from approved document
  
  – Ask questions – DFN staff is here to help you
DOs and DON’Ts

• DO NOT
  – Staple documents
  – Double side documents
  – Send the documents to DFN in binders or portfolios
  – Change order of documents as listed in Contract Checklist
  – Change any language in Standard Terms and Conditions
DOs and DON’Ts

• DO NOT
  – Sign the proposed contract prior to receiving DFN’s approval on each page
  – Forget to complete Fact Sheet in PEARs
  – Forget that the FSMC proposal is negotiable
  – Forget to include all documents when submitting to DFN for approval
Section 4 – Essential Question 3

– Whom do I contact for help?
What if I Have Questions?

NSLP FSMC Contracts
Division of Food and Nutrition
Pennsylvania Department of Education
333 Market Street, 4th floor
Harrisburg, PA 17128
Phone: 800.331.0129
Fax: 717.783.6566
Email: RA-fiscal@pa.gov