

# Contracting with a Food Service Management Company Training for Renewal Contracts

Given by the  
Pennsylvania Department of Education (PDE)  
Division of Food and Nutrition (DFN)



# 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>

# Essential Questions

- How do I correctly complete the Renewal Year Contract?
- Whom can I contact if I have questions?

# Completing the Renewal Contract

- The Renewal Contract is based off of the Initial Year Contract. It can be found on
  - PEARS site (Child Nutrition Program Electronic Application and Reimbursement System)
- OR
- [www.education.state.pa.us](http://www.education.state.pa.us)

# PEARS Website

## PEARS

Applications

Download Forms

Contracting with a Food Service

Management Company (FSMC)

PDE 040g - Renewal Year Contract

PDE 040a - Attachments

PDE 040b - Projected Operating Costs

# 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)
  - PDE 040g - Renewal Year Contract
  - PDE 040a - Attachments
  - PDE 040b - Projected Operating Costs

# Renewal Year Contracts

- Must complete the Renewal Year Contract, PDE040g
- Must complete Labor, Fringe Benefits, Projected Operating Costs and Budget Summary Worksheets
- No new expense categories may be added
- Administrative Fee and Management Fee cannot increase more than the CPI rate

# Type of Contracts

- Cost-Reimbursable
  - The operational costs to run the program plus Administrative and/or Management fees
- Fixed Price
  - Set price for each meal, inclusive of operational costs, Administrative and/or Management fees

# Completion of the Renewal Contract 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

# Agreement Page

- Enter beginning date
- Renewable up to four additional one-year periods by mutual agreement
- Contract for one year at a time
- Do not sign the Renewal Contract at this time

# 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 3a-1 – NSLP Labor
- Attachment 3a-2 – NSLP Fringe Benefits
- Attachment 3b-1 – SFA Labor (If Applicable)
- Attachment 3b-2 – SFA Fringe Benefits (If Applicable)
- Attachment 3c-1 – SFSP Labor (If Applicable)
- Attachment 3c-2 – SFSP Fringe Benefits (If Applicable)
- Attachment 5a – NSLP POC
- Attachment 5b – SFSP POC (If Applicable)
- Attachment 5c – NSLP Budget Summary
- Attachment 5d – SFA Budget Summary
- Attachment 5e – SFSP Budget Summary (If Applicable)
- Attachment 6 – CACFP Pricing Info (If Applicable)

# 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 Worksheet

## 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

# Required Worksheets

Attachment 5a – Projected Operating Costs

Section 3 – State Reimbursement

- State reimbursement meal counts match meal counts for federal reimbursement (Section 2)

# Required Worksheet

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

- A separate POC is required if participating in the SFSP or CACFP programs (Attachment 5b & 6)
- Total expense amounts must tie into the Labor & Fringe worksheets (Attachment 3a-1 & 3a-2) and the Budget Summary (Attachment 5c)
- Enter total anticipated amount FSMC to receive in rebates, discounts, applicable credits
- An updated guarantee, if offered by the Food Service Management Company, is to be supported by documentation outlining all formulas, methodologies and contingencies

<u>Section 4 - FSMC EXPENSES</u> To be completed by FSMC		
	<u>TOTAL COST</u>	<u>COST/MEAL</u> <small>(Only if Fixed Price Contract)</small>
<b>EXPENSES:</b>		
<b>Food Cost-Including Commodities*</b> <small>Enter the amounts of food and milk purchased and received. Include the Commodity Distribution Assessment Fee, Commodity Value and Bonus Commodity Value <b>(Do not include rebates, discounts and credits)</b></small>	\$ -	\$ -
<b>Commodity Delivery Charge*</b>	\$ -	\$ -
<b>Direct Labor*</b> (Enter the gross amount for salaries & wages of FSMC foodservice workers)	\$ -	\$ -
<b>Direct Fringe Benefit*</b> (Enter the amount for benefits of FSMC foodservice workers)	\$ -	\$ -
<b>Direct Costs*</b> <small>Enter the cost for nonfood items, such as paper goods, supplies, equipment repairs, etc. Include other costs, such as catering, pre-packaged meals sold to out side schools and costs included in the RFP by the SFA.</small>	\$ -	\$ -
<b>Administrative Fee*</b> ( ___ Flat Fee ___ Price Per Meal ___ Both) ___ 10 months or ___ 12 months <small>Enter the fee that will be charged to administer the program</small>	\$ -	<sup>1</sup> \$ -
<b>FSMC Management Fee*</b> ( ___ Flat Fee ___ Price Per Meal ___ Both) ___ 10 months or ___ 12 months <small>Enter the fee that will be charged to manage the program</small>	\$ -	<sup>1</sup> \$ -
<b>Sub-total Expenses/Total Cost Per Meal</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Less Rebates, Discounts and Applicable Credits</b>	<b>\$ -</b>	<b>\$ -</b>
	Total Revenue	\$ -
	Total Cost	\$ -
<b>Guarantee to SFA**</b> _____ \$ _____	<sup>2</sup> Total Cost/Meal	\$ -
<b>Subtotal - School Nutrition Program-Profit or (Loss)</b>		<b>\$ -</b>

\*All items must be itemized in full detail on the FSMC NSLP Budget Summary (Attachment 5c). Documentation must be provided outlining all methodologies used to calculate the Administrative and Management Fees.

\*\*Guarantee to SFA - Documentation must be provided outlining all formulas, methodologies and contingencies.

<sup>1</sup> - Documentation must be provided outlining the total number of meals.

<sup>2</sup> - Total Cost/Meal for Fixed Price Contracts would be the total cost per meal less Rebates, Discounts and Applicable Credits multiplied by the number of meals less Commodity Usage.

<u>Section 5 - SFA EXPENSES</u> To be completed by SFA	
	<u>TOTAL COST</u>
<b>EXPENSES:</b>	
<b>Direct Labor***</b> (Enter the gross amount for salaries & wages of SFA foodservice workers)	\$ -
<b>Direct Fringe Benefit***</b> (Enter the amount for benefits of SFA foodservice workers)	\$ -
<b>Direct Costs***</b> <small>Utilities, trash removal, etc.</small>	\$ -
<b>Indirect Costs***</b> <small>Administration, payroll processing, etc.</small>	\$ -
<b>Sub-total Expenses</b>	<b>\$ -</b>
<b>School Nutrition Program-Profit or (Loss)</b>	
	<b>\$ -</b>

\*\*\*All items must be itemized in full detail on the SFA NSLP Budget Summary (Attachment 5d)

# Required Worksheet

## 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 worksheets (Attachment 3b-1 & 3b-2) and the Budget Summary (Attachment 5d)

**Section 5 - SFA EXPENSES**

**To be completed by SFA**

	<b><u>TOTAL COST</u></b>
<b><u>EXPENSES:</u></b>	
<b>Direct Labor***</b> (Enter the gross amount for salaries & wages of SFA foodservice workers)	\$ -
<b>Direct Fringe Benefit***</b> (Enter the amount for benefits of SFA foodservice workers)	\$ -
<b>Direct Costs***</b> Utilities, trash removal, etc.	\$ -
<b>Indirect Costs***</b> Administration, payroll processing, etc.	\$ -
<b>Sub-total Expenses</b>	\$ -
<b>School Nutrition Program-Profit or (Loss)</b>	\$ -

\*\*\*All items must be itemized in full detail on the SFA NSLP Budget Summary (Attachment 5d).

# Required Worksheet If Applicable

## SFSP POC – Attachment 5b

- Total expense amounts must tie into the Labor & Fringe Benefit worksheets (Attachment 3c-1 & 3c-2) and the Budget Summary (Attachment 5e)

# Required Worksheet

## Attachment 5c – FSMC Budget Summary

- Budget Summary itemized in full detail needs to be submitted with POC
- Total costs under Direct Labor & Benefits equals total amounts from Labor & Fringe worksheets
- 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

# Attachment 5c – FSMC Budget Summary

FSMC	
NSLP Budget Summary Itemized in Full Detail	
(Note - These costs must equal what is entered on the POC)	
	<u>Total Cost</u>
<b>Food Cost</b>	\$ -
Actual cost of food including commodities and processing (Do not include rebates, discounts and credits)	
<b>Commodity Delivery Charge</b>	\$ -
<b>Direct Labor and Benefits</b>	
FSMC Labor Cost	\$ -
FSMC Fringe Cost	\$ -
	\$ -
<b>Direct Costs</b>	
Accounting	\$ -
Background Checks, Fingerprinting , and/or Drug Testing	\$ -
Car/Truck Rental or Mileage	\$ -
China, Silverware, Glassware	\$ -
Cleaning and Janitorial Supplies	\$ -
Computer and Technology	\$ -
Courier Services (Air & Ground)	\$ -
Dues/Subscriptions	\$ -
Employee Meals	\$ -
Employee Recruitment and Advertising	\$ -
Equipment Depreciation/Rental/Buy Back Investment	\$ -
Equipment Maintenance	\$ -
Equipment Repairs	\$ -
Equipment Replacement - Expendable	\$ -
Freight and Delivery Charges	\$ -
Insurance:	
Liability	\$ -
Workman's Compensation	\$ -
Vehicle	\$ -
Licenses and/or Permits	\$ -
Office Supplies and Printing	\$ -
Paper Products and Disposable Supplies	\$ -
Payroll Processing	\$ -
Performance Bond	\$ -
POS Systems, Support and Service	\$ -
Postage	\$ -
Promotional Materials (Program Specific)	\$ -
Smallware/Replacement Wares	\$ -
Staff Training and Certification	\$ -
Storage Costs (Food and/or supplies)	\$ -



# Required Worksheet

## Attachment 5d – SFA Budget Summary

- Total costs under Direct Labor & Benefits equals total amounts for Labor & Fringe worksheets (Attachment 3b-1 and 3b-2)
- Detail Direct and Indirect Costs



# Required Worksheet If Applicable

## Attachment 5e – SFSP Budget Summary

- Total cost under Direct Labor & Benefits equals total amounts from Labor & Fringe worksheets (Attachment 3c-1 & 3c-2)
- Detail Direct and Indirect Costs

# CACFP – Attachment 6

<input type="checkbox"/> <b>CHILD AND ADULT CARE FOOD PROGRAM SCHEDULE B PRICING INFORMATION</b>				
Institution: _____			PEARS Agreement Number: _____	
FSMC: _____			Unitized Family Style	
1. Meal Type	2. Estimated Servings Per Day	3. Estimated # of Serving Days	4. Unit Price	5. Total Price
SELECT ONE				\$ -
SELECT ONE				\$ -
SELECT ONE				\$ -
SELECT ONE				\$ -
SELECT ONE				\$ -
			<b>TOTAL</b>	\$ -

**INSTRUCTIONS:**

Bidders are asked to submit prices on the following meal types meeting the contract specifications set forth in Schedule C for meals to be delivered to all of the sites stated in Schedule A.

1. The **participating center** indicates which meal types the contractor will be providing during the contract period.
2. The **participating center** indicates the estimated number of meals that will be served each day by meal type during the contract period.
3. The **participating center** indicates the number of anticipated operating days that meals will be served during the **contract period**.
4. The **contractor** indicates the appropriate unit price for each meal type as indicated by the institution.
5. The **participating center** calculates the total price.

# Renewal Contract Submission and Approval

- Email to DFN at [RA-fiscal@pa.gov](mailto:RA-fiscal@pa.gov)
  - Completed Renewal Contract
  - Worksheets and other required documents
  - Projected Operating Costs
- Allow plenty of time for DFN to review

# Renewal Contract Submission & Approval

- Send in documents to DFN for approval – **ONE SIDED ONLY**
  - Proposed Renewal Contract
  - Completed worksheets that pertain to your contract (Attachments 3a through 6)
  - FSMC's methodology of Guarantee to SFA (including all formulas and contingencies) if the FSMC is including a guarantee to the Renewal Contract POC

# Renewal Contract Submission & Approval

- DFN approves with initials on each page
- DFN returns approved proposed Renewal Contract with cover letter
- SFA makes two copies
- SFA obtains original signatures (in **blue** ink) on all three sets of documents (Appendices G – J)
- SFA returns original set to the Division of Food & Nutrition, one to vendor, and keeps one for SFA files
- DFN checks signatures and provides final approval on Checklist Summary and Fact Sheet

# Fact Sheet Completion

- Access and complete Fact Sheet in PEARS
- Fact Sheet will be available once Application Packet has been loaded
- The Division of Food & Nutrition will review and approve the Fact Sheet

# Fact Sheet

- Select FSMC from dropdown list
- Click on “Add”
- The previous year(s) information will appear
- Enter the Total Contract Cost
- If Fixed Contract, enter the price per meals
- Enter date Renewal Contract is signed
- Save information for DFN to review

# Essential Question

- When must the Renewal Contract be completed?

# Renewal Contract Timeline

- **January**
  - DFN sends out a reminder letter to all eligible sponsors in a renewal year to send in your renewal contract for review
- **March**
  - Deadline for Submission of Renewal Contract to DFN
- **April**
  - A second reminder letter is sent to all sponsors who have not yet submitted their renewal contract to DFN
- **May**
  - A third reminder letter is sent to all remaining sponsors who have not submitted their renewal contract to DFN
- **June**
  - A final reminder letter to those that have not submitted their contracts reminding them that if DFN does not have the approved signed contract and Fact Sheet approved by July 1, the sponsor will have to rebid their contract.
  - Entire process must be completed by July 1

# Essential Question

- 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
  - Sign the proposed contract prior to receiving DFN's approval on each page
  - Forget to include all documents when submitting to DFN for approval
  - Forget to complete Fact Sheet in PEARS

# What if I Have Questions?

NSLP FSMC Contracts

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