

# Food Service Contracting

*Discover the new procurement options available that allow for increased flexibility when contracting your food services. Come learn how to improve your food contracts and listen to the CSBO's who completed the new RFP process in Spring 2023!*

**Wednesday, May 3, 2023**

**8:00 a.m. – 9:00 a.m.**



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# Introductions

Curt Saindon, Moderator & Speaker  
- *Asst. Supt. For Business Services/CSBO, Woodridge SD 68*



Nick Saccaro, Moderator  
- *President, Quest Food Management Services*



Susan Caddy, Speaker  
- *CSBO, Maercker SD 60*



Seth Chapman, Speaker  
- *Asst. Supt. For Finance & Operations/CSBO, Glenbard 87*



Todd Drafall, Speaker  
- *Asst. Supt. For Business/ CSBO Downers Grove Dist. 58*



Jim Drumm, Speaker  
- *VP of Sales, Seconds Matter Safety*



Cindy Dykas, Speaker  
- *Asst. Supt. For Business Services, Worth SD 127*



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# House Bill 4813 / PA 102-1101

## The Better School Lunches Act

### (New Options for Food Service Contracting)

#### Historical Timeline

- Spring 2018 – Problem identified by CSBO's (presented to IASBO DAA for consideration)
- Summer/Fall 2018 – Solution proposed and amendment developed through legal counsel
- Spring 2018 to Spring 2019 – Developed support network and constituency groups to push for change and also worked with unions and others to get their support...hoped to get a bill introduced in 2019, but it did not go anywhere due to timing and others factors
- Fall 2019 – Secured Representative Gordon-Booth as a chief sponsor of the bill
- Spring 2020 – Bill introduced with high hopes, but due to COVID shutdown was not called
- Spring 2021 – Bill reintroduced, but due to COVID and other factors was not called
- Spring 2022 – Legislation introduced for a third time and this time gained traction, eventually passing on the last day of the Spring Session, with slight modifications
- Summer 2022 – Governor signed bill into law on June 29, 2022, and implementation planning and rule making began shortly thereafter
- Fall 2022 to Spring 2023 – IASBO will work with ISBE to implement for 2023-2024 Bidding/RFP cycle



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# Problem Identified

Over the past decade or more, some school districts have struggled to receive an adequate number of quality, competitive, qualified and responsible bids for food service vendor contracts and/or food service management contracts while following the State of Illinois bidding guidelines as implemented by the ISBE Nutrition Services Department. This issue only applies to school districts who contract with an outside vendor, not those running in-house programs.

While the process was somewhat cumbersome and involved, with a sample bid packet typically exceeding 100 pages, the biggest issue was a lack of flexibility in using various criteria to score and grade the vendor proposals, thereby leading to the low cost bidder almost always being recommended, regardless of the quality of their food or the variety of their menu options.

Illinois was one of only two States (New York is now the lone remaining state) who instituted more strict and rigid guidelines than was required by the US Department of Agriculture for procuring such contracts. We were required to use the strict low bid format, unless you could disqualify a prospective bidder for some other reason and label their proposal as “not responsible” (a pretty high threshold and pretty hard to do without clearly damning facts or evidence).



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# Resulting Conditions

Due to the strict low bid requirements, school districts could ask about (for the purposes of potentially disqualifying a bidder), but not really consider, other factors because the low bid trumped everything. Therefore, bidders were looking to provide the lowest cost possible while short changing quality, variety, menu options, packaging, sanitation, safety, marketing and other components of a successful food service program. As Representative Jehan Gordon-Booth (the sponsor of this legislation) stated, there was a “race to the bottom” to provide the cheapest meals possible, as that was the real determining factor when awarding contracts.

This environment discouraged many vendors from participating as they knew that they would not be the low price vendor, so why bother engaging in the bid process...so school districts often times only received one (or two to three, if they were lucky) proposals despite the fact that there were many qualified companies in their region that could service their school district.

The result for those completing bids and awarding contracts was to have very little choice or say so in selecting the “best” vendor for their school district. As a result the students often times suffered from poor quality food service programs run by low cost providers who cut corners or supplied only the minimally required nutrition and options in their meals.



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# Solution Proposed

A group of school district business managers proposed to try and change the law to require Illinois School Districts to simply meet the USDA Guidelines and allow for consideration of other factors and criteria when awarding contracts (like 48 other States do), as long as price is a primary consideration.

Price/low cost still must be a major component in the scoring matrix (ie, it has to be the biggest factor under consideration), but it does not have to equal 50% or more of the total scoring criteria, so a combination of other factors could add up to trump or override strict low price, if warranted.

Things like safety, training, menu flexibility, food variety, student taste testing, local food-to-table programs and other criteria could be considered and would have an actual impact on the bid/rfp evaluation process.

The business managers worked with school district legal counsel to develop a simple, short, but hopefully effective, amendment to existing law that would solve the problem and allow this to happen.

They then worked to develop a network of various entities (not just other school districts) who would push for and support this change, and they also sought out legislative sponsors (like Rep. Gordon-Booth) to champion the cause and shepherd the bill through the General Assembly...but it was a slow and sometimes frustrating process, but the bill finally passed in the Spring of 2022 and was signed by the Governor last June.



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# Glenbard 87



- Large High School District
  - 8,000 students in DuPage County
- NSLP – Approximately 38% F/R
- Full Service Kitchens at HS, one remote location
- Last time IFB was done was 2016
- Emergency contract extensions last year

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# Committee Process

- 18 people (Staff, students, community)
- Web meeting
- Not involved in bid opening or evaluation before finalists
- Site Visit / Tasting (2 local high schools)
- Google Survey Response to inform evaluation criteria
- Final determination provided by committee of three
  - Asst. Supt., Business Office Specialist and Assistant Principal



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# Glenbard Food Service Committee Site Visit

## Glenbard Food Service Committee

- Staff and Students represented from each high school
- Taste testing
- Committee engagement in question and answer dialogue with FSMC
- Gained teacher and student perspectives with a follow-up survey



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Rec'd	Breakfast w Milk	Lunch w Milk	A La Carte Equivalent	Total	Difference from Low Bid	% increase (from current)
	30,093	293,029	77,439			
3/6/2023	\$ 2.2500	\$4.6051	\$4.6051	\$1,773,751.42	\$287,865.48	42.91%
3/6/2023	\$1.9800	\$3.8500	\$3.8500	\$1,485,885.94	N/A LOW	19.72%
3/6/2023	\$1.7900	\$3.8980	\$3.8980	\$1,497,950.00	\$12,064.06	20.69%
3/7/2023	\$2.6700	\$4.4100	\$4.4100	\$1,714,112.19	\$228,226.25	38.11%
No Bid						
No Bid						

## RESULTS

Lowest proposal was nearly 20% higher than existing contract

While we did not have to take the lowest price, the committee (irrespective of price) felt the site visit affirmed the selection.



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# Maercker District 60

## NOT MUCH DIFFERENCE - IFB AND RFP

- Started work on RFP template in January
- The RFP is long and complex - 90 total pages
- Approx 2 weeks complete the RFP (prior to ISBE review)
- ISBE requires 30 days to review and respond prior to issuing
- RFP returned for revisions - mostly related to timeline
- Minimum timelines do not follow typical bid rules - absolutely no modifications to ISBE timeline
- Exhibits **MUST** be copied and pasted on the provided Exhibit Title Pages
- Be prepared for a long process with very particular requirements from ISBE



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# RESPONSES

- RFP released to every food service management company on ISBE list
- Four vendors attended pre-proposal meeting
- Two vendors participated in mandatory taste-testing
- One vendor submitted proposal

Reasons for lack of participation - primarily lack of capacity for new business



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# Worth School District 127



- Small Elementary School District (1,000 students)
- Over 60% Free and Reduced = NSLP CEP
- No food prep on site; vended meals only
- Last time IFB was done was 2015!
- Emergency contract extensions for last several years
- Why not do another extension???
- Why keep postponing the inevitable?



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# Request For Proposal - Food Service Management Company (Vended Meals)



- Started RFP process in January
  - Downloaded template from Nutrition Procurement site
  - Several weeks for edits/customizing
  - Submitted first draft to Nutrition Procurement on Feb. 2, 2023
  - Received 4 pages of edits on Feb. 21st
- RFP released 3/7/2023
- 118 page document
- A lot of work, so be prepared! Not much different from the old IFB document...



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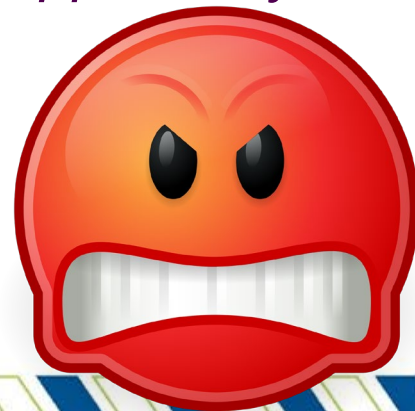


One of the revisions Nutrition Procurement requested was:

*Site Visit/taste testing/food quality*

*Taste testing cannot occur after proposal opening. Should the district want taste testing (or presentations) it must be outlined in the evaluation criteria and in the initial evaluation. These criteria must be followed and documented in evaluating the proposals. Negotiations will then be conducted with those who exceed a pre-determined "cut-off" score. Requesting a taste testing after the scoring places an arbitrary action that those who did not have the opportunity to do so initially potentially protest.*

Cindy =



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# RFP is a new process...

- **ISBE's initial answer on 3/2/23:** *I have escalated this question to my Superior with a high priority. As soon as I hear back, I will provide the appropriate guidance.*
- **ISBE's follow up answer on 3/3/23:** *I spoke with my supervisor, since the site visit/ taste testing will occur in conjunction with the evaluations and be completed before the final evaluations are due your criteria outlined below is allowable. I apologize for the previous misguidance.*

Cindy =



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# What happened with Worth's RFP?

- RFP document was finally released on March 7<sup>th</sup>
- Non-Mandatory pre-proposal conference and site visit - 5 FSMC's attended
- Received a page of questions and responses were sent to all prospective FSMC's and ISBE (then a hand slap from ISBE)
- Proposals due April 24th and Committee met to review proposals



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# Downers Grove Elem. District 58

- PK-8 School District ~5,000 students
- 10-12% Free and reduced lunch
- 13 buildings
- No Lunch program in elementary schools/ hot lunch in middle schools
  - Looking to expand program to all schools with satellite out of middle schools
- Submitted RFP to ISBE in April. (used Sue's approved and made a few adjustments)
- Tasting after point review
- Mandatory walk-thru meeting

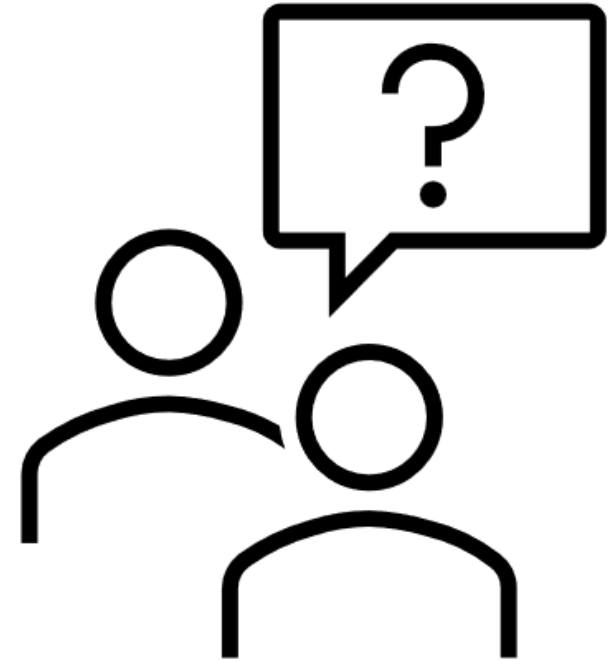


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# What's going on with the school food industry?

- Post covid
  - Acute supply chain challenges
    - Manufacturers eliminated products
    - Distributors throughout the country stopped serving K-12
  - Cost Increases
    - Labor shortages
    - Food inflation
    - Talent churn
  - K-12 Market
    - \$2.1B FSMC contracts are required to bid in the US in SY 22-23 & 23/24
    - FSMC/Vendors' financial, operational and talent challenged
  - Regulatory
    - Reimbursement rates
    - Regulations impacting participation (CEP in certain states)
    - Nutritional



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# Changes to expect and project with food service program procurement



- What is really going to change?
  - New competitors
  - Food quality will be improved IF YOU LET IT
  - HR and staff recruitment and retention will be more important than ever
- Financial Mindset
  - How do you determine the “lowest”
    - Price per meal, Projected return, Guarantee
    - “Conditions” and Business and participation plans
- Criteria and committees?
  - Subjective v. Pass/Fail
  - Committee strategies and criteria building
- What is so different about Illinois?
  - From the SFA and FSMC perspectives

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# Questions and Answers

*We thank you for your time!*



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