

# Food Services Contract Format

## Cost Reimbursable or Fixed Cost?



# Edvocate - Who We Are

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- In business since 2005
- We provide school food, custodial, maintenance and grounds solutions to public school districts
  - Assessments
  - Program Modeling
  - RFP/Bid Development and Processes
  - On-Going Contract Monitoring of Outsourced Contracts
- We serve over 50 school districts in New Jersey
- Collectively our team has well over 100 years experience in food, custodial, maintenance and grounds service in K-12

# Cost Reimbursable Format

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- Used by all Districts until 2017-2018
- Procure FSMC services via competitive contracting as detailed in 18A:18A-4.1
- Must use state required RFP/Contract and forms (can be downloaded from SNEARS)
- Must allow for full and open competition
  - RFP must be due back in at least 20 days
  - FSMC cannot participate in preparing RFP other than providing the District with needed information to provide other FSMC's proposing with data to prepare a meaningful proposal
- FSMC charges a management fee (administrative or other fees not allowed). Provides a guarantee surplus, breakeven or deficit. The FSMC charges all "allowable" charges to an operating statement

# Cost Reimbursable Format

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- FSMC submits a monthly operating statement to the District which should include/detail the following:
  - Monthly and year to date totals
  - Details all “allowable” charges (costs) to the statement
  - Details all revenue (meal, ala carte, catering, vending, snacks, etc.)
  - Details meal counts (paid, free, reduced and meal equivalents)
  - Details monthly surplus/deficit

# Cost Reimbursable Format

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- Changes in the program are negotiated with FSMC as long as they are not “material changes to the contract” ...if it is it must be re-bid
- BA is responsible to ensure all items charged to the Operating Statement are necessary, reasonable and allowable under USDA/18A regulations-guidelines. In addition, the BA must ensure that procurement regulations and guidelines are followed.
  - To ensure compliance, the state suggests, each month, the District does a sample test audit of FSMC invoices
- Cost Reimbursable is perceived as more flexible than Fixed Cost...but is it really?

# Fixed Cost Format

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- Implementation began in 2018-2019
- Procure FSMC services via competitive contracting as detailed in 18A:18A-4.1
- Must use state required RFP/Contract and forms (can be downloaded from SNEARS)
- Must allow for full and open competition
  - RFP must be due back in at least 20 days
  - FSMC cannot participate in preparing RFP other than providing the District with needed information to provide other FSMC's proposing with data to prepare a meaningful proposal
- FSMC charges the District a fixed "Meal Rate". The FSMC also credits the cost of commodities back to the District. The meal rate includes all FSMC costs, fee/profit to produce, deliver and serve a meal. The meal rate is the fee/monies the FSMC charges the District to serve one meal and or meal equivalent

# Fixed Cost Format

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- FSMC still provides a guarantee surplus, breakeven or deficit
- FSMC still should submit a monthly operating statement to the District which should include/detail the following:
  - Monthly and year to date totals
  - Details all “allowable” charges (costs) to the statement
  - Details all revenue (meal, ala carte, catering, vending, snacks, etc.)
  - Details meal counts (paid, free, reduced and meal equivalents)
  - Details monthly surplus/deficit

# Fixed Cost Format

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- Changes in the program are negotiated with FSMC as long as they are not “material changes to the contract” ...if it is it must be re-bid
- BA is NOT responsible to ensure all items charged to the Operating Statement are necessary, reasonable and allowable under USDA/18A regulations-guidelines. In addition, the BA DOES NOT have to ensure that procurement regulations and guidelines are followed
  - Not necessary to ensure above as it is inherent to the fixed cost contract
  - No need to do sample test audits of FSMC invoices
- Fixed Cost is perceived as less flexible than Cost Reimbursable...but is it really?



# Food Services Categories to Measure

Revenue
Sales
Reimbursements
Sales & Reimbursements are driven by participation <ul style="list-style-type: none"><li>➢ Paid Meals (Elem., Middle, HS, &amp; Adult)</li><li>➢ Free Meals (Elem., Middle, HS, &amp; Adult)</li><li>➢ Reduced Meals (Elem., Middle, HS, &amp; Adult)</li><li>➢ Ala Carte Sales – Spending per Student</li><li>➢ Other Sales (Vending, Catering, etc.)</li></ul>
Operating Costs
Food Costs
Paper & Plastics
Other Costs
Labor - Management & Hourly
Wages
Payroll Taxes & Benefits
Management Fees - If Contracted
Management, G & A and or Procurement Fees

# Food Services Metrics

Target Participation Rates Based On ADA			
Type Meal	Less Than 13% Free & Reduced	Between 14% to 59% Free & Reduced	More Than 60% Free & Reduced
Elementary Schools			
Paid Meals	35-40%	40-60%	>65%
Reduced Meals	60-70%	60-80%	>81%
Free Meals	70-80%	80-92%	>92%
Middle Schools			
Paid Meals	38-45%	40-50%	>40%
Reduced Meals	60-70%	70-89%	>90%
Free Meals	65-75%	70-89%	>90%
High Schools			
Paid Meals	20-35%	20-35%	>30%
Reduced Meals	30-45%	35-50%	>50%
Free Meals	50-60%	60-70%	>70%

# Food Services Metrics

Type Operation	Target Meals Per Labor Hour
Satellite	28-35
On Site Prep w/Bulk Satellite	20-25
All On Site Prep	18-20
Other Measurements	
Food Cost	No more than 35% of Total Revenue
Labor Cost	Between 38% & 42% of Total Revenue
Other Costs	Ranging 4% to 8% of Total Revenue
Total Management Company Fees (If Contracted)	Ranging 4% to 7% of Total Revenue

Spending Per Student	
Ala Carte Revenue – Elementary	\$.15 to \$.25 per student
Ala Carte Revenue - Middle	\$.50 to \$.75 per student
Ala Carte Revenue – HS Closed Campus	\$.50 to \$1.00 per student

# Questions

Edvocate 

school support solutions

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