



**Solicitation Information**

**January 30, 2013**

**Addendum #3**

**RFP # 7458405**

**TITLE: STATEWIDE SCHOOL FOOD SERVICES PROGRAM**

**Submission Deadline: February 7, 2013 @ 11:30 AM (Eastern Time)**

**ATTACHED PLEASE FIND FINAL VENDOR QUESTIONS WITH STATE RESPONSES.**

**ALSO ATTACHED AS A DOWNLOADABLE .ZIP FILE ARE THE FOLLOWING DOCUMENTS:**

- 1. ARAMARK EDUCATIONAL SERVICES – CONTRACT PURCHASE AGREEMENT**
- 2. ANALYSIS OF FOOD SERVICE PROGRAM FEES – SY2009 THROUGH SY2012**
- 3. POS DISTRICT PROFILE 2012-13**
- 4. DISTRICT CHANGES IN SMP PARTICIPATION RATES**
- 5. DISTRICT POS DIRECT UPLOAD**

**Gail Walsh  
Chief Buyer  
State of Rhode Island  
Division of Purchases**

1. To meet the requirements stated in the solicitation, please provide the individual districts 2011-2012 Profit and Loss statements with expense detail and supporting documentation.

**RIDE Response:** These have been provided in round #1 of questions.

2. Will all the districts currently under the Master agreement be required to join the new Master agreement if the State agency awards to a new vendor? Will the Districts that have contracts under the present Master agreement with Aramark that are not in the final renewal year be required to solicit a new RFP or take the Master agreement? Some District agreements will be based on a Master agreement that would no longer be in place and originally awarded without local competitive RFP how will these be handled? Has the USDA approved the process? Have any districts committed to stay on or join the master agreement?

**RIDE Response:** Districts make the final decision to continue with or join the Program. Any district has the ability to join the Program or to opt out of the Program. RIDE anticipates that the vendor selected through this procurement process will be fully able to meet the needs of currently participating districts.

There are two distinct contracts associated with this Program.

1. State Level Agreement - This is the Agreement that is associated with the RI Department of Administration's Master Price Agreement and enables Districts to join the statewide Program without having to replicate the bid process. The current Program's state level umbrella contract with the vendor expires June 30, 2013 and cannot be renewed. Attached is the current MPA RIDE FSMC umbrella agreement (*Statewide School Food Services Program Agreement*) between RIDE and the vendor.
  2. District Level Agreement - All participating Districts have a local agreement with the vendor. The prototype District level agreement is part of this RFP. All local District agreements are currently considered to be in the last year of their contract. Based on USDA guidance, even if a District opted to first join the Program in 2012-2013, their contract is unable to be extended because the statewide umbrella contract on the MPA expires June 30, 2013.
3. Can you provide labor schedules to include wages and benefits elected for each district along with the Collective Bargaining Agreements (if any)?

**RIDE Response:** While we do not have the specific collective bargaining agreements requested, the previously provided District level operating statements and net cash resource reports provide sufficient detail to respond to this state-level RFP.

Once a vendor is selected and Districts opt to participate in the statewide Program, the District will provide this level of detail to enable the development of a food service budget.

4. On page 17 #6 of the RFP states “Funds to pay for consulting and management services and upgrade costs must come from present reserves and economies of increased participation” What does that mean for those Districts in a loss position?

**RIDE Response:** Programs should be budgeted and operated to maintain a surplus of less than 3 months average operating costs. The expectation is that any projected negative balance in the nonprofit food service account would result in the development of a multi-pronged, robust plan to make the Program self-sufficient.

If any District operates at a loss (as reflected by the year-end balance in their non-profit school food service account), USDA requires that this account be made whole. For example, if in school calendar year 2011-2012, a District’s non-profit school food service account has a negative balance, the District must either transfer costs off the account or supplement the account with additional local funds to end the year with a minimum of a zero balance.

5. Page 40 #1 mentions a preparation of the foodservice budget, when is that due to the state?

**RIDE Response:** The food service budget template is submitted by the District to RIDE as part of the proposed Agreement with the vendor. This is due to RIDE May 1<sup>st</sup> prior to the upcoming contract year. For example, for an agreement starting July 12, 2013, the proposed Agreement and all attachments must be submitted to RIDE by May 1<sup>st</sup> 2013.

6. Does the 2012 – 2013 option 1 General Support service fee per meal stated on page 25 #8 include all items on page 47 and 48? How is Workmen’s Compensation Insurance, General Liability and on site FSMC Management billed to the District under the existing Master Agreement? If the charges are not included in the General Support Service Fee what are the rates charged under the present Master Agreement?

**RIDE Response:** Yes, the General Support service fee should include (but is not limited to) all the indirect operating costs and overhead costs outlined in Appendix IX.

Refer to Section 7 of the District Level *Prototype Food Service Management Company Agreement* which outlines the financial terms and payments of the Agreement.

7. Can you provide a copy of the state master contract along with each individual district contracts with the current state provider?

**RIDE Response:** *Statewide School Food Services Program Agreement* between RIDE and the vendor (state level agreement) is attached.

RIDE has previously provided a copy of the prototype Food Service Management Company Agreement (District Level Agreement) which will be used by all Districts who opt to join the Program. 2012 operating statements have already been provided as have the District fee structures from 2011-2012.

8. Throughout the RFP it is inquired that as a result of putting together this master contract, districts have benefitted from increased participation and decreased costs, please provide tangible data to support the increase in participation along with decrease of costs?

**RIDE Response:** Attached are the *Impact of Statewide FSMC on Fees*, and the *District Changes in SMP Participation Rates*. Note that as of July 2009, RI instituted the RI Nutrition Requirements which did impact District participation rates across the state.

9. When will the answers to the vendor's questions be provided? Chartwells would request an extension of the proposal submission by three weeks after vendors receive responses to the questions submitted?

**RIDE Response:** RIDE has already given a one-week extension. Based on this request, an additional one-week extension will be given.

10. When will the contract be awarded once the proposals are submitted?

**RIDE Response:** As an additional one week extension is being granted, RIDE projects that a decision will be made by mid-March.

12. Is it a requirement that a plan be provided for all sites currently without a POS? If yes, more specific information on the schools and sites will be needed.

**RIDE Response:** As referenced in the RFP's Section II, Intent of the Solicitation, the vendor will utilize school POS to directly upload to RIDE's CNP Connect for Federal monthly school meals reimbursements (by-passing any third party systems). In Section III, Scope of Work, refer to state level task 10. A *POS District Profile Report* and *District POS Direct Upload Report* are attached.

13. Can you please clarify what is meant by "bypassing any third party systems"? This is seen in Section III, pg 14 "that directly uploads to RIDE's CNP Connect for Federal monthly school meals reimbursements (*bypassing any third party systems*). A similar comment is made in Section VI, pg 23: "g. Plan to annually expand technology (POS) throughout all participating districts/sites and implement a direct upload process from POS to CNP Connect (*by-passing 3<sup>rd</sup> party systems*). July 1, 2013"

**RIDE Response:** "Bypassing any third party systems" means that the meal claims information collected and maintained in the District's POS system is directly uploaded into CNP Connect claims system. The claim data does not first go through the vendor's proprietary MIS during the submission of the claims process by the District.

14. We understand RI CNP connect and the technology goals. Should the proposal contain a plan to implement CNP connect for the schools not already on it?

**RIDE Response:** Yes, refer to response to question #12.

15. For schools that still require POS implementation, is the intent that they be fully upgraded to POS systems? If yes, by what timeframe?

**RIDE Response:** The vendor should develop a state plan to address this issue. The timeline may vary based on the resources available to a District.

16. The following is an additional question we have associated with the fee proposal on page 25:

Please explain the intent of Paragraph 2 and an example as it relates to different costs to individual districts based the varying reimbursements for Free & Reduced lunches.

**RIDE Response:** **RIDE Response:** The remainder of that paragraph states that “This can be accomplished by structuring the cost proposal based on the volume of meal equivalents served.” All meal sales are “translated” into Meal Equivalent units for calculation of fees. The cost proposal structure is based on a fee charged against each Meal Equivalent. The higher the volume of sales/reimbursable meals, the higher the number of Meal Equivalent units.

A district with more Meal Equivalent (ME) units (and more associated costs) would be paid higher fees (# of Meal Equivalent Units x Fee per ME= total fee paid)

17. Appendix IX of the RFP defines the General Support Fee as “overhead costs” including the following “Indirect Operating Costs”:

Human Resource and Labor Relations Services and Visitation;  
Costs incurred in hiring and relocating;  
Information technology and support; and  
Insurance.

This represents a material change to the current SFY 12-13 fee structure, as the General Support Fee does not include these four overhead expenses. Instead, the current state-wide vendor separately invoices each participating district for its proportionate share (based on certain formulae including number of employees, account revenue, etc) of these four costs in addition to the current General Support Fee of \$0.0339.

In contrast to this change in current fee structure, Paragraph 3 on Page 13 of the RFP states the following: “The SFY 13-14 fee for Option 1 level of guarantee cannot exceed the current SFY 12-13 fee structure, adjusted for CPI. The current fee structure applied to each Meal Equivalent is:

General Support fee of \$0.0339

Management Services fee of \$0.0443.”

This language implies that RIDE desires to continue the current fee structure of invoicing the overhead costs separately.

Does RIDE intend the General Support Fee include all overhead costs (including those overhead costs currently invoiced separately) and if so, do bidders have the flexibility to raise the Option 1 ceiling of \$0.0339 (plus CPI) to include such overhead costs? If not, would RIDE permit bidders to charge these four Indirect Operating Costs in addition to the General Support Fee?

**RIDE Response:** RIDE does intend for the General Support Fee to include all overhead costs listed above, which includes some costs which are currently invoiced separately (as a direct charge)to the District.

RIDE agrees that the inclusion of these additional indirect costs in the General Support Fee will impact the current baseline General Support Fee of \$0.0339. Please provide data to support any increase in the General Support Fee (above the CPI) based on the inclusion of these additional costs.

**PLEASE NOTE: ALL ATTACHMENTS ARE PROVIDED AS A DOWNLOADABLE .ZIP FILE. PLEASE CLICK ON THE LETTER 'D' IN THE COLUMN LABELED 'INFO.'**