



SPECIAL EDITION

**AWARD RECOMMENDATION MADE
ON FOOD SERVICE BID**

In the March 1, 2013 edition of the F.Y.I. Special Edition, the Michigan Department of Corrections (MDOC) indicated that no bids were accepted for the food service request for proposals (RFP). Following this notification to Department employees and bidders, staff from the MDOC and the Michigan Department of Technology, Management, and Budget (DTMB) were called before a Legislative Committee to respond to questions on the bidding process.

After legislative review and questions raised by legislators about the validity of the review process by the Joint Evaluation Committee (JEC), DTMB committed to another review of the bids to determine if the savings threshold was met. The second review was aimed at ensuring an apples-to-apples comparison was done.

Executives from DTMB and MDOC staff participated in a post-review effort which investigated the process used and the recommendation made by JEC that no contract should be awarded. This review found that:

- Current operating costs were not presented in a manner which allowed for apples-to-apples comparison to the proposals received.

- Specifically, the current operating costs were based on FY 2013 “estimated” participation rates whereas the vendor proposals were based on feeding the total population of 44,444 prisoners three times a day.
- The JEC made an incorrect assessment relating to one of the bidder’s proposals to provide security in the food service areas.

Consequently, these findings changed the final outcome and it has been determined that one of the bidders, Aramark, did indeed meet the criteria to make an award recommendation. Aramark met the criteria for both cost savings and providing security in food service areas.

The post-review team looked at prisoner meal participation and calculated actual participation. They took into account the actual number of meals served. These adjustments, when combined with the savings added from security that would be provided by Aramark, produced a total annual savings of approximately \$16 million (about 20%). This far exceeded the required savings threshold.

DTMB and MDOC take full responsibility for the error that was made in the original evaluation by the review committees. DTMB and

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MDOC were committed to resolving this error as quickly as possible.

DTMB has created a process improvement plan to eliminate future review committee errors. Independent project managers within the State Budget Office will be assigned to all competitive bidding opportunities and other initiatives at the discretion of DTMB leadership. Project managers will be tasked with ensuring thorough financial comparisons are conducted.

The error by the review committees involved meal participation rate. Vendor proposals were evaluated based on feeding the total population of 44,444 prisoners three times a day rather than on current participation rates and operating costs. In addition, the review committees inaccurately assessed Aramark's security proposal.

Now that a qualifying bid has been identified and an award recommendation can be made, DTMB will begin the next steps in the process for establishing a contract with Aramark to provide for food services and security in food services areas within Michigan prisons. The contract requires the approval of the State Administrative Board.

DTMB and the MDOC will move quickly to implement the new contract with Aramark, but an exact date for implementation is not known at this time.

Human Resources will meet with the respective labor organizations to discuss ways to minimize the impact on affected employees.

THE DETAILED PROCESS

The Michigan Department of Corrections (MDOC) current budget requires the Department to issue RFPs for a number of services including

prisoner food service. The RFP process is a way to benchmark state services and determine if the services can be provided at the same or an enhanced level with reduced costs – thereby saving taxpayer dollars. The RFP for prisoner food service was issued June 22, 2012.

A 10% savings threshold was established as a minimum to award the contract. After an original review of the information contained in the bids, the Joint Evaluation Committee (JEC) determined the greatest potential savings was 3.31%.

On March 1, 2013, DTMB notified bidders that an award recommendation would not be made because the 10% minimum savings threshold was not met. MDOC notified legislators that a prisoner food service contract would not be awarded and also communicated internally to notify their employees that no contract would be awarded.

