



Request for Proposal (RFP) Bid Process Guide

Food Service Management Company (FSMC)
Cost Reimbursable and Fixed Price Contracts
School Year 2022-2023

Acronyms

- ADP – Average Daily Participation
- CACFP – Child and Adult Care Food Program
- CPI – Consumer Price Index
- FFVP – Fresh Fruit and Vegetable Program
- FSMC – Food School Management Company
- MDE – Michigan Department of Education
- NSLP – National School Lunch Program
- RFP – Request for Proposal
- SDI – School District Information
- SFA – School Food Authority
- SFSP – Summer Food Service Program
- USDA – United States Department of Agriculture

Contract Administration and Monitoring

Before entering into any contract, it is important to note that the school food authority's (SFA) responsibilities do not end when the contract is signed.

- Monitoring the contract is essential to ensure the service procured is the service received, that the SFA receives the full value of purchase discounts and rebates, and to ensure there is compliance with Federal law.
- The SFA's diligence in monitoring the contract helps demonstrate program integrity, fiscal responsibility, and is key in protecting the SFA's interests.
- **The SFA and FSMC owe it to one another to regularly and clearly communicate about service. Both parties should notify each other of service issues, work on resolutions, and discuss what is working well and what isn't. This will help everyone achieve success.**

Know it, Monitor it, Communicate!

➤ **Know the contract**

- Read and understand what is included in the contract.

➤ **Monitor the service**

- Check that meals served match menus, are reimbursable, and meet food quality standards.
- Check invoices to ensure accuracy and that costs are allowable.

➤ **Communicate with the FSMC**

- Question discrepancies.
- Ensure terms are met.
- Resolve issues and complaints.
- Enforce the contract.

Monitor the Service

- Monitoring the contract is essential to ensure:
 - The service procured is the service received.
 - Compliance with Federal law.
 - SFA receives the full value of USDA food credits.
 - SFA receives the full value of purchase discounts and rebates (cost-reimbursable contracts only).
- The district's diligence in monitoring the contract helps:
 - Demonstrate program integrity.
 - Demonstrate fiscal responsibility.
 - Protect the district's interests.

Pay Invoices on Time

- Timely payment to the FSMC for reimbursable meals and compliant service is critical to the success of the program just as much as it is to the FSMC's successful operation.
- Consistent failure to pay the FSMC on time may negatively impact its ability to provide successful service to the district or even elsewhere.

Contract Duration

- All contracts run from July 1st of the current year to June 30th of the following year.
- Per Federal regulations, contracts run for one year with the option of four one-year term renewals.
- It is recommended that bid proposal documents be sent to MDE several months prior to July 1st to give enough time for review and approval.

Cost Reimbursable vs. Fixed Price Contracts

Determine which Food Service Management Company (FSMC) contract is most appropriate for the district:

- Cost Reimbursable contracts provide for the payment of allowable costs incurred by the FSMC while performing the contract. Companies are reimbursed at the value of the allowed expenses plus may also be paid a fixed management and administrative fee to perform these services.
- Fixed Price contracts provide a stated fixed price per meal without any upward or downward adjustment during the duration of the contract. This type of contract may allow FSMCs to adjust the fixed price per meal according to the Consumer Price Index as identified in the original solicitation.

In other words, the difference between your choice of contracts depends upon how you want to be charged for the services. For the cost reimbursable contracts, companies are reimbursed for all costs incurred during the contract. If food costs go up, the district's cost goes up. For fixed price contracts, companies are reimbursed for a fixed price per meal without any upward or downward adjustment. Whether food costs go up or down, the district continues to pay the same meal price amount for the duration of the contract.

Bid Proposal Packet

Four documents make up the initial packet to MDE:

- ✓ Legal Notice
- ✓ Letter to Food Service Management Companies
- ✓ Request for Proposal
- ✓ Information Section (with applicable policies and menus)

Bid proposal packets must be submitted to MDE for review at least three to four weeks in advance of the document release date. MDE does understand that situations may arise where a shorter timeline is needed. Contact MDE to discuss timelines.

Bid Evaluation Committee

Before going out to bid, a bid evaluation committee must be assigned to participate throughout the entire bid process.

- There is no minimum or set number of committee members required, but the same committee members must attend and participate in the entire bid process, such as during the pre-bid meeting, bidder presentations, and when evaluating the bids.
- It is at the SFA's discretion who will be involved on the committee or which roles committee members play during the process.
- Committee members should not have a personal financial interest in the bid award or have any other legal or financial conflict of interest.

Unallowable Provisions and Overly Responsive Items

The FSMC bid proposal must not be overly responsive and include unallowable cost items such as scholarships, incentives, gifts, travel packages, football signs, vacations, kitchen equipment, special events, or other overly responsive items.

- These types of items are outside of the scope of the solicitation and create a conflict of interest.
- They must **not** be included in the evaluation and scoring to determine contract award.
- If included, these types of overly responsive items may disqualify and render the entire FSMC response ineligible for contract award.

Bid Protest Policy

Per Federal procurement procedures, the SFA is responsible for the settlement of all contractual and administrative issues arising out of its procurement. Issues may include, but are not limited to, source evaluation, disputes, protests, and claims. The scope of a protest includes the bid process, **not** the evaluations or scoring used in determining the bid award.

- Due to local control in Michigan, SFAs may utilize their own policies.
 - Bid protest policies are sometimes included in an SFA's Procurement Policy, address review practices/processes to be followed, and have an established timeline.
- Bid protests go directly to the SFA for resolution and are overseen by the SFA.
 - Determinations are to be provided in writing and results shared with all bidders.
 - If the bid protest is found to be valid, bidders are notified and action is taken to address the finding.

Pre-Bid Meeting

During this time of social distancing, pre-bid meetings are not required.

If a pre-bid meeting is held, the SFA must provide a sign-in sheet for attendees of the pre-bid meeting and include in the final packet to MDE.

- The following may occur at the pre-bid meeting:
 - Review specifications
 - Answer questions as a group
 - Conduct a walk-through of facilities
- The pre-bid meeting is NOT the time for individual conversations with the companies.

Legal Notice and Letter to FSMCs

After MDE approval:

- Publish the approved Legal Notice in a widely read newspaper seven to ten days in advance of the bid release date.
- Email the approved Letter to FSMCs as a group email with the Letter attached.
 - Send the Letter to AT LEAST ALL of the companies on MDE's courtesy list.
 - The SFA may also send the Letter to any other entities not included on MDE's courtesy list.
 - Do not "blind copy" recipients; instead, include all email addresses in the "To" line of the email.
 - "CC" your contract analyst on all correspondence between the SFA and the companies.

As a reminder:

- Do not advertise or distribute bid packet materials without MDE's prior review and written approval.
- Any revisions to approved bid documents must be approved by MDE again prior to distribution.

Request for Proposal (RFP)

- It is required that SFAs use the RFP prototype Word document provided by MDE.
- Additions or changes to the prototype documents are allowable but must be in **bolded red font** so they are clear for MDE review.
- **Fully review and read all sections of the entire RFP.**
- Consulting with legal counsel to ensure the SFA's interests are covered is recommended.

RFP Contract Terms (Section E)

This section discusses the renegotiation of fees in subsequent years of the contract.

- Renegotiated fees must not exceed the current CPI rate or a flat percentage rate as determined by the SFA and noted in this section.
- At the renewal stage, the lesser of the two rates will be the percentage the fees may increase that year.
 - Note: Inserting 0% for the flat percentage rate is allowed, but this is not necessarily best practice. FSMCs rely on this minimal increase to account for increases in operational and administrative costs, such as gas and food. The SFA should consider how much it can afford as an increase each year of the contract.

RFP Manager/Employees (Section J & K)

- Select all options that apply and delete those that do not apply in these two sections for managers and employees.
- If the SFA will be sharing a manager with another SFA, both must go out to bid together on the same cycle. (If sharing a manager, identify that in this section and note how many hours and the percentage of time the manager will work at each district.)
- Multiple plans (such as Plan A, Plan B, etc.) are acceptable (it is sometimes better for a school board to have multiple plans to choose from than to have to go back and start the process all over again).
 - Each bid plan must have a separate bid sheet in the Information Section.

RFP Guaranteed Return (Section O)

- If the SFA requests a guaranteed return, insert a dollar amount in this section - it is okay to enter “break even,” “no loss,” or “zero” instead of a dollar amount.
- **Pay special attention to any addendum included in the proposals.**
 - MDE does not approve addenda on the SFA’s behalf.
 - The SFA **MUST** review, understand, revise, reject, or accept any addendum.
 - SFAs should consult with legal counsel regarding any addendum.

RFP Professional Standards (Section Q)

Questions regarding the implementation of the Professional Standards Final Rule should be directed to the School Nutrition Programs office (517-241-5374) or click: [Professional Standards Overview](#).

RFP Monitoring (Part XI)

- MDE conducts random audits to verify that invoice reconciliations are completed and accurate.
- Prior to yearly renewal approval by MDE, the SFA must sign an Acknowledgement for Contract Renewals document acknowledging that invoice reconciliations are being conducted internally.

Please note:

All changes to the RFP are subject to MDE approval. SFAs must obtain MDE approval prior to releasing any revised documents.

Information Section

The Information Section is an Excel document with pre-filled formulas in many areas and the totals transfer to other areas throughout the document.

SFA Policies

The SFA must attach the following in PDF format:

- Procurement Policy to include:
 - Written code of conduct
 - SFA's small purchase threshold
 - Bid protest procedures
- Meal Charging Policy, which may address humanitarian/alternate meals
- Bad Debt Policy

Menus

- Include sample menus for each meal type served (breakfast, lunch, snack, supper) for each site where meals are served.
- Menu samples must show **21 days** of meals and **include specific milk choices**.
 - It is okay to use rotating weekly schedules (but indicate that on the menu).
- **Remove all food service logos and names of staff/directors.**
- Include the a la carte menu and pricing sheet for each site where a la carte is available.

Sample complete menus with associated meal component tools can be found at:
<http://education.ohio.gov/Topics/Other-Resources/Food-and-Nutrition/Resources-and-Tools-for-Food-and-Nutrition/Menus-that-Move>

Food Specifications and Meal Patterns

Enter specific requirements for the SFA regarding meals, food items, times, etc.

Bid Point Calculator

- The Bid Point Calculator is the tool used by the SFA to evaluate the bids submitted by FSMCs.
- The company with the highest points, after price and non-price criteria are evaluated, is the winner of the bid award.
- Tab 4 gives suggested non-price criteria and sub-criteria for SFAs to enter on the Bid Point Calculator.
 - SFAs are not required to use these suggestions. They are only provided as examples.
- Tab 5 is a sample Bid Point Calculator as it should look upon submission as part of the bid packet.
 - This sample is provided as guidance for formatting the Bid Point Calculator.

Please note:

- If the district intends to use **taste tests** or menu sampling as a part of its decision, this **must** be included as a part of the non-price criteria on the Bid Point Calculator.
 - Ask MDE for further taste testing guidelines.
- If the SFA plans to hold presentations and/or interviews with bidders as part of the evaluation process, this must also be included as a part of the non-price criteria on the Bid Point Calculator.

SFA Staffing Patterns

- All current SFA food service employees should be entered on this page.
- Insert each employee for each building, job titles, hours they worked, and what their annual total wages were for the last school year.
- If the SFA is currently self-op, the Food Service Manager should also be included on this page.

FSMC Staffing Patterns

- All FSMC employees are noted on this page.
- For each school building, enter each employee, job title, and the number of hours worked over the last school year.
- Mark an “X” indicating if the employee’s compensation includes items in columns E-K.
- If the SFA shares a food service manager with another SFA, note how many hours the manager works in your specific district and the name of the SFA sharing the manager.

Note: If the SFA uses its own SFA employees but has a FSMC food service manager, the only position listed on this page will be the FSMC food service manager. All other SFA employees will be listed on the SFA Staffing Patterns page.

Proposed Staffing Patterns by FSMC

FSMC completes this page as part of the bid proposal to indicate proposed staffing patterns.

Equipment Inventory List

This form **must** be completed.

List food service equipment in column A and mark whether the item is considered expendable or non-expendable, and whether it is provided by the SFA or the FSMC.

- Expendable refers to items that can only be used one time.
- Non-expendable refers to items that can be reused.

USDA Foods

- Attach the SY 2020-2021 year-end PAL report obtained from your consortia's website:
 - GLC: www.hpsusdafoods.org
 - SPARC: www.michigansparc.com
 - MOR: <http://veorders.vaneerden.com/>
- Identify the SY 2022-2023 consortia election made on the SY 2021-2022 application in MEGS+.
- List the SY 2020-2021 annual delivery fee amount.
 - Obtain the annual delivery fee amount from the invoices (tallying up each month to equal the yearly fee) or ask the consortia for that information.
- Outside of COVID-19, indicate any major changes that took place between SY 2020-2021 and SY 2021-2022 that might impact USDA Food Entitlement Usage.
 - For example, did the special dietary needs change or did the enrollment decrease significantly?

Building Demographics

- Enter each school building, grades, and meal times in appropriate columns.
- Enter the number of days expected for the upcoming (2022-2023) school year for each meal type at each school building. The number of days for the year for each meal should match the number of days that was noted for each meal and program on the top of the Projected Revenue Information page.
- Bottom of page: List the schools and sites that have vended agreements with this SFA.
 - One example of a vended agreement would be if the SFA sells lunches to an outside organization such as a head start, senior citizen center, or charter school.

Services by Location

Enter each school building serving meals and place an X in the appropriate column indicating meal types served.

- An X cannot be placed in both the Full Serve and Offer vs. Serve columns for each meal type. Place an X in one column or the other.
- Grades 9-12 must have an X in the Offer vs. Serve column.

School District Information Tabs

These tabs have been removed from the prototype. MDE will provide this information using claim reporting data for a traditional school year and a non-traditional school year.

Projected Cost Information

This tab should reflect **all costs** that come out of the SFA's food service account, whether they are paid directly by the SFA or by the FSMC.

- At the top of the page, fill in how many days of service there were in the previous school year.
- Describe the expenses for “Contracted Services” and any amount noted on the line for “Other.” Notes can be added to the bottom of the page if needed.
- The total cost for the Manager’s Salary and Benefits line can be noted as “Bid Item” rather than listing a dollar amount; however, all other applicable lines must include a dollar amount.
- If a cost does come out of the food service account but is paid for directly by the SFA, include it on this page and add “not a bid item/for info only” as a note.

Projected Revenue Information

SFA will complete only the yellow highlighted sections.

MDE will complete all other areas on this tab using claim reporting data for a traditional school year (October 2019 for NSLP and CACFP, and June/July/August 2019 for SFSP) and a non-traditional school year (October 2021 for NSLP and CACFP, and June/July/August 2021 for SFSP).

Cost Responsibility Detail Sheet

- Place an X in the appropriate column indicating the area of responsibility for either the FSMC or the SFA.
- Note that it is possible for some items to have an X in both the FSMC and SFA columns.
 - It is acceptable to define those items in a note at the bottom of the page.
- Items marked as the responsibility of the FSMC should match the bid items listed on the Projected Cost Information tab and the Bid Sheet.

Bid Sheets

Bid Sheets are used to outline the specific items FSMCs will be bidding on.

There are two different types of Bid Sheets (both types may be completed if desired):

1. Without Advance Payment
2. With Advance Payment

Include extra Bid Sheets for additional plans and note the plan name at the top of each sheet (such as Plan A, Plan B, etc.).

Bid Sheets cont.

Cost-Reimbursable Contract

- Enter the SFA's name at the top.
- The cells for meals/units will auto-fill; do not enter numbers.
- Place an X next to each line item the district wishes the FSMC to include in their bid. The line items that are marked with an X must match items noted on the Projected Cost Information page and the Cost Responsibility Detail Sheet.

Fixed Price Contract

- Enter the SFA's name at the top.
- The cells for the meals/units will auto-fill; do not enter numbers.

After the Bid Due Date

After bid proposals are received, the bid evaluation committee will:

- Document that the proposals were received on time.
- Note that each proposal includes a bid bond, if applicable.
- Evaluate the responsiveness of each bid proposal.
- Evaluate the responsibility of the bidders.

Note: If the SFA rejects a bid for any reason (for example, if a bid is late or not responsive), the SFA must have documentation to support the rejection.

After the Bid Due Date – Interviews and Presentations

The SFA may hold bidder interviews and/or allow presentations after bids are received and evaluated for responsiveness.

- An invitation must be extended to ALL responsive bidders.
- All elements must be kept equal, including the same bid evaluation committee members present, length of time of presentations, and questions asked of companies.
- This must be included on the Bid Point Calculator as a non-price criteria item.

After the Bid Due Date – Bid Point Calculator and Award

The bid evaluation committee will use the Bid Point Calculator to evaluate price and non-price criteria for all bidders.

- The bidder with the maximum number of points should be awarded the contract.
- Depending upon the outcome of the point totals, it is possible that the award may not be made to the lowest priced bidder.

Final Bid Packet – Checklist Letter to MDE

Before awarding the contract to the successful bidder, complete the checklist letter for submission to MDE.

- Make sure the name of the newspaper and publish date is included on the copy of the legal ad.
- Upload the electronic PDF version of the entire bid proposal submitted by the bidder and forward via email to MDE.
- Send all versions of the addendum and be sure to also submit written confirmation that the SFA has reviewed and approved the final version of the addendum.
- **Final approval must be given by MDE prior to awarding the contract to the successful bidder.**

Ethical Practices & Reminders

- Ethical standards must be addressed in a school food authority's Code of Conduct and Conflict of Interest policies.
- No real or apparent outside influence or conflict of interest can be present during the procurement of goods and services.
 - This expectation starts **before** any potential bidders are contacted and **continues throughout** the procurement process.
 - Examples include assisting with creating procurement documents, visiting schools for tours or individual appointments, presenting to school boards or other committees, etc.

Ethical Practices & Reminders (cont.)

- All procurements must be fair and openly competitive.
- SFAs must decline “overresponsive” offers that may include unallowable cost items such as scholarships, incentives, gifts, travel packages, football signs, vacations, kitchen equipment, special events, etc.
- Note: Benefits such as discounts, rebates, or credit back to the nonprofit school food service account is allowed but must be properly documented.