

MONTGOMERY TOWNSHIP BOARD OF EDUCATION
Skillman, New Jersey 08558

Meeting, Tuesday, June 26, 2018
6:00 p.m. Executive Session
7:30 p.m. Public Session
Upper Middle School Media Center

BUSINESS MEETING ADDENDUM

ACTION AGENDA

3.0 FINANCE

The Superintendent recommends that the Board of Education approve the finance agenda as follows:

- 3.30 Receipt and Award of Rebid –Upper Montgomery Middle School Site Improvements (Rebid CP18-19/PSA-6423UMS) – Bids were received on June 26, 2018 for site improvements at Upper Montgomery Middle School as follows:

No bids were received on Tuesday, June 26, 2018 for the Rebid of CP18-19 (PSA-6423UMS) Site Improvements at Upper Montgomery Middle School.

- 3.31 Food Service Management Agreement – that the Board of Education approve the initial agreement with COMPASS GROUP USA, INC., by and through its CHARTWELLS Division as the district's Food Services management company for the 2018-2019 school year with the following management fee, guaranteed return and investment:

A. DURATION OF AGREEMENT

- 1) This agreement begins on July 1, 2018 and ends on June 30, 2019.

B. MANAGEMENT FEE(S)/GUARANTEES

1) FEES

Chartwells shall not charge the Local Education Agency an Administrative Fee during the academic year. Chartwells' Administrative Fee represents its overhead expenses necessary to operate the food service including, but not limited to: area and zone supervision; general support provided by Chartwells' corporate offices, including without limitation, accounting, purchasing, tax, legal, research, safety, quality assurance, payroll, auditing and other related administrative functions.

Management Fee. Chartwells shall charge the Local Education Agency a Management Fee of Ten Thousand Eight Hundred dollars (\$10,800) per month for the ten (10) months for an annual total of One Hundred Eight Thousand dollars (\$108,000) during the academic year.

Computing Meals. Total meals are calculated by adding reimbursable meal pattern meals (breakfast, lunch and after school snacks) served and meal equivalents. Cash receipts, including vending machine revenue, other than from Sales of National School Lunch Program, School Breakfast Program and After School Snack Program meals served to children, shall be divided by \$1.00 to arrive at an equivalent meal count.

2) GUARANTEE

Conditional Guaranteed Return. Chartwells guarantees that the return to the LEA from the Food Service Program for the school year will be \$75,000. If the annual operating statement shows a return less than \$75,000, Chartwells will reduce its Management Fee by the difference between the actual and the guaranteed amount, but in no event shall the reimbursement obligation exceed the amount of Chartwells' Management Fee, as set forth above. The Guaranteed Return is based on the following conditions and assumptions remaining in effect for the school year.

3) GUARANTEE CONDITIONS

- (a) Reimbursement rates for the child nutrition program meals will not be less than the rates estimated in Chartwells' proposal.
- (b) The value of USDA donated foods will not be less than the value of USDA donated foods estimated in Chartwells' proposal.
- (c) The number of days meals are served during the school year will not be less than 177 days at the elementary level and 173 days at the middle school level and 173 days at the high school level.
- (d) The number of serving periods, locations, serving times and types of service will not change materially.
- (e) The student enrollment for the Term of the Agreement will not be less than 4,500 students.
- (f) The level of wages, salaries and fringe benefits will not exceed those included in Chartwells' proposal.
- (g) The selling prices of Menu Pattern Meals and a la carte selections will not be less than those included in the proposal.
- (h) Service will not be interrupted as a result of fire, work stoppage, strike or school closing.
- (i) The District and its representatives, including but not limited to, school principals, teachers and District employees shall fully cooperate with Chartwells in the implementation of the Food Service Program. The District shall fully cooperate with Chartwells to limit the expansion of competitive food sales in order to maximize the gross receipts and other non-cash sales of the Food Service Program.

- (j) The LEA shall have timely submitted all documentation for reimbursement claims, except where such failure is due to an act or omission of Chartwells.
- (k) The number of students eligible for free and reduced price meals will be no less than that estimated in Chartwells' proposal.
- (l) The cost of providing alternate and standard humanitarian meals at no cost to students shall be excluded from the calculation of financial results for purposes of determining achievement of the financial guarantee. Humanitarian meals shall mean alternate meals provided at no cost to students who are unable to pay the full or reduced price for a reimbursable meal, provided such student informs FSMC staff of this prior to sale. Such alternate meals may consist of items such as cold sandwiches or other comparable substitutes, the cost of which shall be billed to and paid for by the LEA.
Should the student not inform FSMC staff of his or her inability to pay beforehand and presents a reimbursable meal for purchase, the FSMC shall allow the student to retain such meal (per LEA policy), and the standard meal price will be charged to and paid for by the LEA.
- (m) USDA donated foods received by LEA are compatible with the menus outlined in Chartwells' proposal.

In the event the foregoing conditions are not met during the school year, Chartwells' guarantee obligation shall be reduced by an amount equivalent to any increased cost or loss of revenue attributable to the changes in such conditions.

C. INVESTMENT

Chartwells will fund the improvements to Client Premises specified in Schedule I of the Montgomery Township Board of Education Specifications for School Food Service Proposals (the "Investment"). LEA shall hold title to real estate fixtures, equipment and other items funded by the Investment. The Investment shall not exceed, in aggregate, Three Hundred Fifteen Thousand Dollars (\$315,000) and shall be amortized over a period of five (5) years from the Effective Date of this Agreement, calculated at a rate equal to a straight-line depreciation basis. If the Agreement is terminated, regardless whether a permitted termination by either party, prior to the full amortization of the Investment, then LEA is liable for the unamortized portion of the Investment and shall choose one of the following repayment methods: (i) payment in full of the remaining unamortized portion within thirty (30) days of the termination notice date; or (ii) continue to make monthly payments in accordance with the amortization schedule.