

URBANA SCHOOL DISTRICT # 116
BUSINESS OFFICE MEMO

TO: Dr. Donald Owen
FROM: Carol Baker
Chief Financial Officer *CBB*
DATE: June 8, 2017
RE: Renewal of ARAMARK Food Service Contract for 2017-18

Attached you will find a request by ARAMARK for an increase in the rates for our food service management contract for the 2017-18 school year. They are requesting an overall estimated increase of 2.3 % in our contract, which is the CPI (Food Away from Home) increase allowed by our contract. This is the third renewal of our contract with ARAMARK, which was bid out in 2014.

I recommend board approval to continue the ARAMARK food service management contract for 2017-18.

Date of Original Contract July 1, 2014			
Year of Renewal (Circle)			
1	2	3	4

**Contract Renewal Agreement for
Food Management Services
Nonprofit Food Service Program**

This document contains the rates and fees for the furnishing of food service management for nonprofit food service programs for the period beginning July 1, 2017, and ending June 30, 2018. The terms and conditions of the original contract are applicable to the contract renewal. Upon acceptance, this document shall constitute the contract renewal between the Food Service Management Company (FSMC) and the School Food Authority.

The FSMC shall not plead misunderstanding or deception because of the character, location, or other conditions pertaining to the contract.

PER MEAL PRICES MUST BE QUOTED AS IF NO USDA
COMMODITIES WILL BE RECEIVED

	2016-2017 Rate	2017-2018 Rate**	Percentage Increase***
1. Reimbursable Breakfasts	1. <u>1.7034</u>	1. <u>1.7425</u>	1. <u>2.3</u>
2. Reimbursable Breakfasts—Meal Rate Fee	2. _____	2. _____	2. <u>XXXXXXXX</u>
3. Reimbursable Lunches*	3. <u>2.8032</u>	3. <u>2.8676</u>	3. <u>2.3</u>
4. Reimbursable Lunches* - Meal Rate Fee	4. _____	4. _____	4. <u>XXXXXXXX</u>
5. Suppers (Breakfasts and Lunches)	5. <u>2.9365</u>	5. <u>3.0040</u>	5. <u>2.3</u>
6. A la Carte Equivalent Fee*	6. <u>2.8032</u>	6. <u>2.8676</u>	6. <u>2.3</u>
7. Summer School Breakfasts	7. <u>1.7034</u>	7. <u>1.7425</u>	7. <u>2.3</u>
8. After-School Snacks	8. <u>.8220</u>	8. <u>.8409</u>	8. <u>2.3</u>
9. Reimbursable AM&PM Snacks	9. <u>.8220</u>	9. <u>.8409</u>	9. <u>2.3</u>
10. Summer School Lunches	10. <u>2.8032</u>	10. <u>2.8676</u>	10. <u>2.3</u>

*Rates must be the same.

**Rates must not be rounded up. Do not exceed four decimal places.


***Percentage increase must not exceed the allowable increase established in the original contract.

Aramark Educational Services, LLC
Food Service Management Company

1101 Market Street
Street Address

<u>Philadelphia,</u>	<u>PA</u>	<u>19107</u>
City	State	Zip Code

By submission of this proposed renewal agreement, the FSMC certifies that, in the event they receive a renewal award under this solicitation, the FSMC shall operate in accordance with all applicable current program regulations. This agreement shall not exceed one year.

<u></u>	<u>Vice President/ adams-mark@aramark.com</u>	<u>5/30/17</u>
Authorized Signature	Title / e-mail address	Date

Acceptance of Contract Renewal Agreement

<u>Urbana School District #116</u>	<u>09010116022</u>
School Food Authority	Agreement Number
_____	_____
Authorized Signature	Title / e-mail address
_____	Date

Contract Renewal Agreement Certification Form 2017–2018

The *Contract Renewal Agreement Certification Form* must be completed and signed by the school food authority's (SFA's) authorized representative. A copy of this form must be submitted by the SFA along with copies of all applicable, required contract renewal documents listed in Section C below.

A. School Food Authority Information

Agreement Number (RCDT Code) _____

School Food Authority Urbana School District #116

Contractor Name Aramark Educational Services, LLC

B. General Contract Information

Contract Type: FSMC Vended FSMC—Vended Other

Programs: Lunch Breakfast Special Milk Afterschool Snack
 Summer Meals Suppers

C. Required Documentation

Submit copies of the following documents.

- *Contract Renewal Agreement*, signed by both parties;
- *Contract Renewal Agreement Certification Form 2017–2018*, signed by the SFA's authorized representative;
- *Food-Based Meal Pattern Contract Amendment*, if applicable, signed by both parties;
- Certification forms, as applicable, signed annually by the contractor
 - If the annual contract is \$25,000 or more—Signed copy of the *Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions*,
 - If the annual contract is over \$100,000—Signed copy of the *Certificate Regarding Lobbying—Contracts, Grants, Loans, and Cooperative Agreements*,
 - If the annual contract is over \$100,000 and any funds other than Federal appropriated funds have been used for lobbying—Signed copy of the *Disclosure of Lobbying Activities*; and
- Any other amendments for non-material allowable contract changes accompanied by written justification for the amendment.

D. Contract Renewal Terms

Per the contract renewal terms stated in the contract, the maximum allowable percentage increase that may be applied to the fixed meal rates and fixed management fees is as follows (refer to the contract for renewal terms; check the appropriate box):

- | | |
|---|------|
| <input checked="" type="checkbox"/> CPI—Food Away From Home (Dec) | 2.3% |
| <input type="checkbox"/> CPI—All (Dec) | 2.1% |
| <input type="checkbox"/> CPI—Food (Dec) | 0.0% |
| <input type="checkbox"/> Other (specify) _____ | |

E. Certification Statement

School District Agreement Number (RCDT Code):

Under the provisions of the United States Department of Agriculture, ~~Food and Nutrition Service~~, I certify as a sponsor in the Child Nutrition Programs all information contained in the executed *Contract Renewal Agreement* and accompanying contract renewal documents is true and accurate.

I understand the nonprofit school food service program account cannot be used to pay for unallowable contract costs. As authorized representative for the school food authority noted above, I will ensure operation of the nonprofit school food service program, including use of nonprofit school food service program account funds, is in compliance with the rules and regulations of the Illinois State Board of Education and the United States Department of Agriculture regarding Child Nutrition Programs.

I understand revisions cannot be made to the executed *Invitation for Bid and Contract* without first submitting proposed revisions to the Illinois State Board of Education for review and receiving written notification the proposed revisions are allowable within the regulatory guidelines. Furthermore, I understand additional documents and/or agreements, including those developed by the contractor, cannot become part of the executed contract.

I understand all contract information provided to the Illinois State Board of Education is being given in connection with the receipt of federal funds and deliberate misrepresentation may subject me to prosecution under applicable state and federal criminal statutes. Further, I understand such misrepresentation could result in the loss of federal and state funding received by the school food authority for School-Based Child Nutrition Programs.

I certify that all contract provisions, including those relating to USDA Foods, including the utilization by the FSMC/Vendor of USDA Foods to the maximum extent possible have been met.

School Year 2017 USDA Foods Entitlement Amount (A) \$ 157,676.45

Amount of USDA Foods credited to the SFA by the FSMC/Vendor (B) \$ 141,908.80

USDA Foods Entitlement Utilization Percentage (B / A) % 90%

Authorized Representative Signature	Title	e-mail	Date
-------------------------------------	-------	--------	------

Mail, fax, or email to:

**Nutrition and Wellness Programs
 Illinois State Board of Education
 100 North First Street W270
 Springfield, IL 62777-0001
 Fax: 217-524-6124
 Email: kshelton@isbe.net**

Please submit documents only once. For example, do not fax and mail. Only one copy of each set of documents is necessary. All original documents should be retained in the SFA's files.

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street
Springfield, IL 62777-0001

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION LOWER TIER COVERED TRANSACTIONS

This certification is required by the regulations implementing Executive Orders 12549 and 12689, Debarment and Suspension, 2 CFR part 3485, including Subpart C Responsibilities of Participants Regarding Transactions (also see federal guidance at 2 CFR part 180). Copies of the regulations may be obtained by contacting the Illinois State Board of Education.

BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS BELOW.

CERTIFICATION

The prospective lower tier participant certifies, by submission of this Certification, that:

- (1) Neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency;
- (2) It will provide immediate written notice to whom this Certification is submitted if at any time the prospective lower tier participant learns its certification was erroneous when submitted or has become erroneous by reason of changed circumstances;
- (3) It shall not knowingly enter any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated;
- (4) It will include the clause titled *Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion—Lower Tier Covered Transactions*, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions;
- (5) The certifications herein are a material representation of fact upon which reliance was placed when this transaction was entered into; and
- (6) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this Certification.

Aramark Educational Services, LLC
Organization Name

Urbana School District #116

PR/Award Number or Project Name

Mark R. Adams

Name of Authorized Representative

Vice President, Finance

Title


Original Signature of Authorized Representative

5/30/17
Date

Instructions for Certification

1. By signing and submitting this Certification, the prospective lower tier participant is providing the certifications set out herein.
2. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal government, the department or agency with which this transaction originated may pursue all available remedies, including suspension and/or debarment.
3. Except for transactions authorized under paragraph 3 above, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, the department or agency with which this transaction originated may pursue all available remedies, including suspension and/or debarment.
4. The terms *covered transaction*, *debarred*, *suspended*, *ineligible*, *lower tier covered transaction*, *participant*, *person*, *primary covered transaction*, *principal*, *proposal*, and *voluntarily excluded*, as used herein, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549 and Executive Order 12689. You may contact the person to which this Certification is submitted for assistance in obtaining a copy of those regulations.
5. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the "GSA Government-Wide System for Award Management Exclusions" (SAM Exclusions) at <http://www.sam.gov>.
6. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required herein. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street
Springfield, IL 62777-0001

CERTIFICATE REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit ISBE 85-37, "Disclosure of Lobbying Activities," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Aramark Educational Services, LLC
Organization Name

Urbana School District #116

PR/Award Number or Project Name

Mark R. Adams

Name of Authorized Representative

Vice President, Finance

Title


Original Signature of Authorized Representative

5/30/17
Date

ILLINOIS STATE BOARD OF EDUCATION
100 North First Street
Springfield, IL 62777-0001

DISCLOSURE OF LOBBYING ACTIVITIES

** NOT APPLICABLE **

Directions: Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352. (See reverse for public burden disclosure.)

1. TYPE OF FEDERAL ACTION

a. Contract b. Grant c. Cooperative agreement d. Loan e. Loan guarantee f. Loan insurance

2. STATUS OF FEDERAL ACTION

a. Bid/offer/application b. Initial award c. Post-award

3. REPORT TYPE

a. Initial filing b. Material change For material change only: _____ Year _____ Quarter _____ Date of last report

4. NAME AND ADDRESS OF REPORTING ENTITY

Prime Subawardee, Tier _____, if known _____ Congressional District, if known

5. IF REPORTING ENTITY IN NO. 4 IS SUBAWARDEE, ENTER NAME AND ADDRESS OF PRIME

_____ Congressional District, if known

6. FEDERAL DEPARTMENT/AGENCY

7. FEDERAL PROGRAM NAME/DESCRIPTION

_____ CFDA Number, if applicable

8. FEDERAL ACTION NUMBER, if known

9. AWARD AMOUNT, if known

\$ _____

10a. NAME AND ADDRESS OF LOBBYING ENTITY
(If individual, last name, first name, MI)

b. INDIVIDUALS PERFORMING SERVICES
(Including address if different from No. 10a) (last name, first name, MI)

(Attach Continuation Sheet(s) ISBE 85-37A, if necessary)

11. AMOUNT OF PAYMENT (check all that apply)

\$ _____ Actual Planned

12. FORM OF PAYMENT (check all that apply)

a. Cash b. In-kind; specify: nature _____ value _____

13. TYPE OF PAYMENT (check all that apply)

a. Retainer b. One-time fee c. Commission
 d. Contingent fee e. Deferred f. Other, specify _____

14. Brief description of services performed or to be performed and date(s) of service, including officer(s), employee(s), or member(s) contacted, for payment indicated in item 11.

15. YES NO CONTINUATION SHEET(S), ISBE 85-37A ATTACHED

16.

Information requested through this form is authorized by title 31 U.S.C. Section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

ORIGINAL SIGNATURE



PRINT NAME OR TYPE

Mark R. Adams

TITLE

Vice President, Finance

TELEPHONE NUMBER

215-238-3406

DATE

5/30/17



Carol Baker
205 N. Race Street
Urbana, Illinois 61803
ATTN: Carol Baker

Dear Carol:

The attached Contract Renewal Agreement for Food Management Services sets forth the per meal prices for the 2016-2017 School Year and the 2017-2018 School Year, along with the percentage increase in the per meal prices over such period. The increase in per meal rates is directly correlated to the increase in the Consumer Price Index ("CPI") as determined by the U.S. Department of Labor and as specifically identified in the Food Service Management Agreement between Urbana School District #116 and Aramark. Such rate increase is needed to address the increases in Aramark's food and supply costs over the past year assuming NO PROGRAM CHANGES.¹ In addition, based on USDA projections, schools will be challenged to keep up with increased costs for fruits and vegetables that a required component of reimbursable meals. It is critical that Aramark receive the full amount of the contractually permitted CPI increase in light of inflationary increases in Aramark's costs.

The points set forth below provide additional information on Aramark's actual and anticipated increased costs.

Based on current government and industry forecasts we expect to see an overall inflation rate in for the remainder of the current school year and into the 2017-2018 school year of 2.5% to 3.5%, which is higher than the average has been in the past 3 years. A combination of factors, such as, major weather events and global market upheavals will continue to have a negative impact on supplies and therefore, the cost of several commodity categories, especially fruits, vegetables and grains will continue to be affected. Reports of new outbreaks of avian flu are expected to drive volatility in poultry and related markets through the coming year with potential for limited supplies and higher costs. Since poultry and poultry products are a lower cost protein for these food service programs this would have a negative impact on overall meal costs. Consumer trends toward 'cleaner' labels and regulatory actions around food labeling are pushing manufacturers to reformulate products resulting in higher costs on finished products.

School meals reimbursement rates for current school year increased an average of 3%; but, the commodity values rates have actually decreased 4% for 2016-2017 school year compared to previous year and supplies of key commodity products, such as, turkey are in limited supply.

While these projected increases in commodity foods allocations and reimbursement rates may appear to equalize potential market cost increases, there are other factors that we believe will negatively affect food costs beyond normal inflationary rates next year:

- o A significant portion of the reimbursement rates pays for labor which has increased. In addition increased program costs are expected as the newly mandated annual training requirements in the USDA Professional

¹ NOTE: Any program changes such as participation in local procurement and tracking programs such as FarmLogix or product conversion to antibiotic-free chicken will result in additional substantial food cost increases that are NOT included in this analysis.

Standards rule, as described below, are implemented such as extra labor hours, administrative costs and transportation costs.

Directors = 12 hours

Managers = 10 hours

Full-time staff = 6 hours

Part-time staff = 4 hours

- Commodity receipt by school districts may still not be optimized to 100% of entitlement as availability may be limited by current and trending market conditions on commodity purchasing programs, in addition to continued reformulations to ensure products fit within newest HHFKA and Smart Snack requirements.
- Student research indicates that including meats and meat alternates on breakfast menus is important for maximizing student participation and satisfaction. USDA research shows while breakfast costs typically exceed reimbursement rates, average combined breakfast and lunch menu costs decline as breakfast participation rates increase. Therefore, it is essential to include these higher cost items on breakfast menus to achieve this balance.
- Menu planners continue to struggle to meet minimum calories for reimbursable meals due to the reduced fat content of many products used in the K-12 market. While it is desirable to allow students unlimited quantities of fruits and vegetables to fill this calorie gap, the cost for these foods are expected to remain high into next school year. In addition because of the low caloric density of fruits and vegetables we often still need to incorporate larger portion sizes or extra menu items to ensure that sufficient calories are provided which can increase overall food cost per meal.

Please feel free to contact me at: 224 – 383 -5402 if you have any questions.

Sincerely,

Stephanie Romic