

2017 APPLICATION SUMMARY

PROGRAM TITLE: Food Service for Senior Meals

PROVIDER: Bateman Senior Meals, under contract to NorthWest Senior & Disability Services, as the lead agency of the Food Services Procurement Consortium

DESCRIPTION:

OCWCOG is a partner in an interagency consortium with NorthWest Senior & Disability Services (NWSDS) and Lane Council of Governments (LCOG) to procure food service for the meal sites and home delivered meals programs in a seven county area. NWSDS is the lead agency in the food service procurement consortium.

Bateman Senior Meals has been providing food service for the partnership since 1992. Bateman has continued to control costs and provide high quality food service to our clients in FY 16.

Bateman was the successful bidder in the RFP conducted for FY 14. This is the 4th year of a 5 year agreement.

In compliance with the Memorandum of Understanding between the three agencies, the agencies requested a price proposal to continue services in FY 17 based on reduced hot meal and increased frozen meal volumes from the FY 16 levels. Each Agency is to review the price proposal and then, recommend to NWSDS that it continue the contract with the Service Provider.

METHOD OF SERVICE PROVISION:

The Food Service Provider (Bateman) operates kitchens in Salem, Newport and Eugene. The Salem and Newport kitchens produce meals for all 11 Benton, Lincoln, and Linn County sites operated by OCWCOG Senior Meals Program. The Food Service Provider plans the menu; hires, trains and supervises all kitchen staff; purchases raw food; prepares it according to standardized recipes; delivers it in our trucks to the meal sites, where it is served or packaged for home delivery by our staff; and maintains kitchen equipment and trucks.

The FY 17 contract calls for preparation of meals according to the following schedule (note: current year comparisons are provided):

Type of Meal	FY 16 # Meals	FY 16 Rate	FY 17 # Meals	FY 17 Rate	Total Contract Value
Consortium Fresh Meals	486,000	\$4.20	450,000	\$4.54	\$2,043,000
Consortium Frozen Meals	121,500	\$4.36	130,000	\$4.36	\$566,800
OCWCOG Fresh Meals	168,000	\$4.20	166,000	\$4.54	\$753,640
OCWCOG Frozen Meals	37,000	\$4.36	36,000	\$4.36	\$156,960

STAFF COMMENTS:

1. The proposed unit cost for hot meals is \$4.54, 8.3% higher than the FY 16 agreement. The volume of hot meals to be purchased by the Consortium is 36,000 or 7.5% fewer. This increase in price is primarily due to the reduced purchasing volume, continuing food inflation and the implementation of the first year of Oregon's Minimum Wage Law, which increases the minimum wage by \$.50 per hour. Bateman plans to increase all employees and additional \$.50 an hour and a COLA.
2. The proposed unit price for the frozen meals is \$4.36 which is the same as the FY16 price. The contracted volume of frozen meals is 8,500 or 7% higher. In spite of the increased volume, the price is impacted by implementation of the first year of Oregon's Minimum Wage Law.
3. Bateman estimates 2.5% food inflation over the next year. They manage food cost increases by engaging in national food contracts with producers and suppliers which are continually reviewed and updated. They are able to pool the volume of their various contracts which allows them to negotiate large volume contracts to give all their customers a lower price. Because of this purchasing power, they can reach different regional markets for competitive prices. Bateman consistently tracks the food inflation across the various menu items we use and incorporates that data in the menu planning.
4. The menu specifications written by the Consortium for this contract require that Bateman "scratch" cook the majority of the items served on the menu.

Scratch cooking: 100% salads, 75% of breads, 70% of entrees; frozen vegetables seasoned in the kitchen. Most recipes have been modified to control sodium and fat and to meet the strict federal and state nutrition standards for these meals. For example, Bateman bakes breads and desserts; the pudding is a scratch recipe with no sodium. While canned fruit is used on the menu, fresh fruit in season is used during the summer months. Fresh salads are prepared in the kitchens. Fruit and vegetables purchased out of season are higher priced and lower quality. Processed items, such as beef or chicken patties are used to assure food safety and control labor costs. These pre-made products help control costs. They could do all scratch food if the Consortium was willing to pay more.

5. This is a food service production and delivery contract which includes delivering the food from the Central Kitchens to the service locations. This budget is based on gas prices no higher than \$3.25 per gallon in Salem and Eugene and \$3.50 per gallon in Newport. Variations in the actual cost of gas will be handled as a credit or charge on the monthly billing. Bateman will credit the agencies if the cost of gas is lower. The Consortium partners will pay the difference between the budgeted price and the actual price if the monthly average cost of gas is higher than these figures.
6. Bateman does not charge a profit in this contract, in fact, they write off \$0.03 on the cost of each hot meal and write off \$.04 of profit on the frozen meals. In addition they discounted \$.10 on the hot meal rate and \$.09 of the frozen meal rate because we pre-pay 80% of the average monthly bill.

SSAC RECOMMENDATION:

- 1) The SSAC recommends that OCWCOG contract with NorthWest Senior & Disability Services, as the lead agency in the Food Service Consortium, and;
- 2) That NorthWest Senior & Disability Services amend the contract with Bateman for the provision of food service for FY 17 at the rates no higher than the rates noted below.

Hot Meals	Frozen Meals
\$4.54	\$4.36