

Agenda Item Number 16. A.

2003-2004 Food Service Contract for Senior Meals

Presenter: Sandy Karsten

Action Recommended: None. Information only.

Issue Summary:

- < Changes in State Medicaid rules a year ago caused an unanticipated and significant decline in the volume of Meals on Wheels served in the past twelve months. Subsequent elimination of eligibility for Medicaid clients in service levels 12 through 17 has further reduced the number of meals served. These two changes were not calculated in the FY 03 Food Service Contract volume. As a result, the Food Service Consortium has not purchased meals at the volumes specified in the contract.
- < The State funding environment remains unstable for FY 04 and estimates of the service levels for the Continuation Contract are uncertain.
- < The FY 04 Food Service Continuation Contract price proposal is structured with two price levels. Tier 1 is based on the Consortium's minimum estimated meals. Bateman (the food service vendor) will charge all of its fixed costs in the Tier 1 Rate. If the Consortium exceeds the Tier 1 contracted volume, subsequent meals will be priced at the much lower Tier 2 price, which covers the additional food and preparation costs.
- < The Tier 1 contract is for 75,250 fewer hot meals (13.6%) than the present year's budget and for 11,200 fewer frozen meals (-10.5%). The deli meal contract is for 16,900 more meals, a 130% increase over the current contract. Because food service is a volume driven business, these changes have dramatic effects on the unit rates.
- < The FY 04 contract calls for preparation of meals according to the

following schedule (note: current year comparisons are provided):

Type of Meal	FY 03 #	FY 03 Rate	FY 04 #	FY 04 Tier 1 Rate	FY 04 Excess Meals	FY 04 Tier 2 Rate
Consortium Fresh Meals	553,800	\$2.71	478,550	\$2.91	478,551 +	\$1.51
Consortium Frozen Meals	106,900	\$2.59	95,700	\$2.85	95,701 +	\$1.88
Consortium Deli Meals	12,950	\$3.22	29,850	\$3.05	29,851+	\$1.64

- < The Consortium was notified that if we had kept our volume at the original contract levels, the rate increase would have been less than 2%.
- < The Ad Hoc Food Service Monitoring Committee recommends that LCOG continue to contract for food service with MWVSSA and that MWVSSA continue the contract with Bateman for the provision of food service at the new rates. These recommendations are in the process of being considered by LCOG’s Advisory Councils.

Background:

LCOG is a partner in an interagency consortium with Mid-Willamette Valley Senior Services Agency and Oregon Cascades West Council of Governments to procure food service for the meal sites and home delivered meals programs in a seven county area. MWVSSA is the lead agency in the food service procurement consortium.

Bateman Senior Meals was selected as the provider following a Request For Proposal (RFP) for Food Production and Delivery Services for the consortium for FY 03.

Bateman, operates kitchens in Salem, Newport and Eugene. (Note: LCOG “owns” the Eugene kitchen and leases it to the Food Service Provider.) The Eugene kitchen produces meals for all Lane County sites, including Red Cross, as well as for Halsey, in Linn County. Bateman 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 our kitchen equipment and trucks.

In compliance with the Memorandum of Understanding between the three agencies, the process developed for the monitoring and continuation contract for the Joint Food Service Contractor specifies that each Agency is to review the recommendation of the Ad Hoc Food Service Monitoring Committee and then, recommend to MWVSSA that it continue the contract with the Service Provider.

The three agencies have conducted exhaustive monitoring of this contract during the first 8 months of the fiscal year, including monthly meetings with Bateman production managers, inspections of each Central Kitchen, meal site visits to evaluate the food quality, and participant satisfaction surveys. The results of the monitoring are extremely positive. The Ad Hoc Monitoring Committee reviewed all the data in April and recommended no substantive improvements.

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