

# Sudbury Public Schools

## Assessment of the Food Services Program

By



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### **1. Introduction**

The purpose of this assessment process is to provide the Sudbury Public Schools with an evaluation of its food services operation. It will include all of the major categories of food services that affect the financial stability and quality of the operations at Sudbury. We do this in the context of the overall program as it currently stands and recognize that the program will adjust going forward with pricing changes, enrollment changes and labor adjustments. We have utilized the analysis of comparable metrics from a large data base of other districts for reference points. The result is a snapshot in time, nonetheless, it will provide for a base line of current operations with attention to the major components of business planning; food, labor, production and control; procurement and income streams. It will also address the positioning of the department as it prepares to move forward.

The methodology involved our personnel on and off site observing, interviewing, collecting data, modeling, and analysis. Our assessment included reviewing, analyzing and making recommendations related to the following: food, operating procedures, labor, financial status, organization and current methods of service delivery, outsourcing options and their budget impact. The assessment is a compilation of those observations, data gathering, and interviews with district administration, Food Service Department staff, as well as other district staff. Their assistance helped us to understand your department's functions and operations. All district employees were particularly open and forthcoming in sharing their concerns, hopes, and aspirations for the work they do. The cordiality and professionalism of all was appreciated. As we examined the district we focused on the following areas:

- **Food**

- ▶ Are full production systems for controlling costs and monitoring in place?
- ▶ Is there a quality control system in place?
- ▶ Nutrition; are the nutritional contents of the menu professionally reviewed?
- ▶ Does the food taste good and is there a variety of offerings?
- ▶ Is food safety in place and a priority?

- **Labor**

- ▶ Supervision, are the right people in the right places?
- ▶ Staffing patterns, are they adequate or excessive?
- ▶ Skill sets, are they adequate for the delivery of services?
- ▶ Training, a priority or inadequate?
- ▶ Labor agreements, how beneficial are the terms in the collective bargaining agreement?

- **Financial**

- ▶ Can the program continue to be self sustaining?
- ▶ Reporting, is there enough, is it timely, and accurate?
- ▶ Metrics are the benchmarks meaningful and are they being utilized?
- ▶ Tracking, are adjustments ongoing?

- **Organization and Current Methods of Service Delivery**

- ▶ Is the organization structured to achieve a goal of providing the needed services to the students, staff, and community?
- ▶ Is the present method of delivering services effective and cost efficient?
- ▶ What is the department's mission and is it effective?

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The assessment shows a department that is highlighted by two overriding characteristics. It provides service to just over 40% of the student population and does so while maintaining a fragile financial balance that does not burden the entire district. There are unique structural components of Sudbury that contribute to both characteristics.

- ▶ Sudbury operates with limited (under 10%) free and reduced participation.
- ▶ The district sites operate on an early release schedule that limits serving days to approximately 162 per year.

The first limits the amount of federal and state reimbursement dollars to the program.

The second reduces overall income opportunity to the program by 10%.

Neither of these lend themselves to solutions internally or through out sourcing. They will impact either model.

Operationally the news is more encouraging. The quality of food prepared in the sites exceeds the norm of school lunch. It is well prepared, cooked largely from scratch and tasty. The staff produces a product they can be justly proud of. The basics of food handling and safety are in evidence in all sites. HACCP and Serve Safe programs are well above average. There are areas that can improve in service; marketing, merchandising, and menu selection but they can be done from a position of strength not crises. The department has made decent progress in food cost control; and the conversion to hard trays and ware washing has saved 4% on expenses. Labor cost is above target but it is more the result of the contract cost than of productivity. Minor scheduling changes can impact productivity minimally but cannot materially impact total labor costs. If the benefit cost is down streamed from the town budget the program will not be sustainable.

The largest deficiency to be addressed internally is the operation of the business model. The program does not generate the necessary data on a timely basis to make good business decisions and course corrections. The lag in reporting and accuracy of the data makes it difficult if not impossible to know what the program status is in time to take corrective action. Internal reporting should provide the district with all the data points needed for interpretation of trends and course corrections to achieve goals, but even the goals are not clearly defined. There must be a comprehensive review of the process from the district setting a realistic strategic goal to the department developing the strategy to achieve it and the managers being aware of their role in attaining it. At a minimum monthly reporting against a budget with proactive course corrections can be in place for next year. It is important to identify both what is going well and what is slipping. Accepting just a year end position opens the district to fiscal uncertainty with no time to correct or modify the program.

The Board and Administration must clearly define the mission of its Food Service Program including program and financial expectations. The department must then share the goals with all school leads and involve them in achieving the “mutual” definition of success.

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**2. Highlights of the Assessment** - The following is a summary of the highlights of the assessment, the details are located in the pages following the highlights. To truly obtain the gist of this assessment, the reader should study the body of the report. The assessment includes a review and estimated costs of two scenarios/options for the district to consider.

**The following metrics of the food service program based on the 2008-09 statement and 2010 YTD March are key indicators of the program strength and opportunities for improvement:**

1. Food Cost as a percent of revenue is 39.9% - this is 2 points above ideal; \$12K.
2. Labor Cost as a percent of revenue is 48.5% - this is at least 3.5 points high but the use of hard trays recovers most of the cost.
3. Meals per Labor Hour (MPLH) – All on Site Prep is at 17 – 18 this year except Nixon. This is right in line with norms of between 18-20.
4. Paid elementary meals participation rate is at the minimum acceptable level of 42%.
5. Paid middle school meals participation rate is below average at 36%.
6. Total lunch participation through March is above 40%.

Factors for the Sudbury Public School's metrics are as follows:

1. Program has a structure of limited days for service,
  2. Elementary meal selection is not as expanded as is possible.
  3. High wage cost for the food service staff.
  4. Generous holiday and paid time off practices for the district in the labor agreements.
- **Option 1** - All staff remains on district payroll with a management targeted with achieving the following efficiencies.
    - ▶ An increase in participation from 39% to 44 % overall
    - ▶ An increase in sales through pricing of \$75K per year
    - ▶ A food cost of 36%
  - **Option 2** - Outsource the entire program.
    - ▶ Outsource completely; including management and staff with a target of a break even program.

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**3. Summary of Recommendations:** The following recommendations are interdependent. To achieve a solid operational and financial program you must resist the urge to focus only on one section. The following are our recommendations for the department:

<b>3.1 - Food Recommendations</b>	
1.	Reevaluate the menu offer to broaden the selection and utilize the talent available in the kitchens. Chicken nuggets and pizza account for 45% of the monthly selection in the elementary sites.
2.	Elevate the quality of the offer in elementary either through increased standards from the current vendors and price accordingly.
3.	Reinforce the use of the full food production closed loop (from procurement to usage) system to control costs. The basics are in place but slipping.
4.	Reevaluate the menu in a la carte sales program. The majority are bottled and bagged items. If they are to be sold price them at full retail based on 30% costs.
5.	Insist on batch cooking and service on all production lines.
6.	Set a targeted Cost per Meal (CPM) and manage to it.
7.	Set a target to introduce culinary training for all staff in production sites. Professional development will enhance performance.
8.	Test and standardize recipes to ensure the quality of the food offered. Allow for some variation to reflect individual school tastes.
9.	Rewrite menus to reflect the student tastes and pre-cost to match cost per meal (CPM) goal.
10.	Address the nutritional needs of the student community. Make nutritional menu information readily available on the website.
11.	Begin a comprehensive marketing program for all schools; you are “selling” food and the current setting is too sterile. Signage, taste bars, and promotions do work.
12.	Continue Hazard Analysis and Critical Control Points (HACCP)! Do not underestimate the value it provides.
<b>3.2 - Financial Recommendations</b>	
1.	<p>In order to maintain a solid food cost base, implement a tightened production system. By doing so the district will keep a stable cost of goods while moving to address the participation issues. We recommend that the district tighten the current food production control closed loop system. It aligns the following steps:</p> <ul style="list-style-type: none"><li>• Pre-cost the menu to a set target</li><li>• Order only the products necessary for the menu</li><li>• Complete production records on site based on volume</li><li>• Secure inventory upon receipt and at all times</li><li>• Prepare items only to correspond to the production order</li><li>• Complete record after service noting over and short</li><li>• Post-cost against budget</li><li>• Adjust and repeat cycle</li></ul> <p>Some parts of this system are in place but the loop needs to be closed.</p>
2.	Data is not timely and accurate. By the time it is available it is too late to be proactive. The POS system is capable of more than it is being used for. The goal is to have costs reflective of the current period; an accurate snapshot in time. The Sept 09 P&L shows a profit of \$68.3K, Oct 09 a loss of \$20.2K. Decide on a consolidated set of reporting criteria and have all decision makers

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working from the same data set. Share the current data with ALL stake holders so decisions can be universally implemented.
3. Pricing is below the norm for the area and below the level necessary to sustain a quality program. A price of \$2.50 is recommended. Pricing for Ala carte items should be at full retail; 30% food cost for bottled and packaged items.
4. Consider moving certification for free and reduced from food service to a central office position. If outsourced it still must remain a District responsibility.
5. Revisit the a la carte offer in middle school. There is room on the menu for additional items that would contribute to the overhead and not compete with the full lunch.
6. You do not generate a good monthly profit and loss statement for food service. Structure a replacement that is complete by projecting the coming month and making correction prior to not after the period. Manage to that monthly P&L not an annual budget.
7. Build 2010-2011 budget from projected meals served perspective and cost for those meals not based on prior year.
8. Explore commodity utilization in menu development to capture the full allocated amount. A value in excess of \$40K can be anticipated.
<b>3.3 - Organization and Current Methods of Service Delivery Recommendations</b>
1. The size of the district limits alternative management structures. The director must involve the lead person in each school as an empowered supervisor. The director must learn to delegate and hold them responsible for implementation.
2. The split time between transportation and food creates a time problem for one person. To be effective Rita needs to manage from the data not be absorbed by clerical functions generating it. The assignment of 8 to 10 clerical hours a week will be a good use of time and dollars. This is possible within current budgets and will make a more proactive management team.
3. Involve the school managers in the goal setting process and then hold them accountable to the metrics of production cycle (including inventory), meals per labor hour, total participation, and measure their job performance against it. The common response from all was that they do not know how they are measured or what the targets are.
4. Build on what is working, increase the meal quality and menu variety to offer a value commensurate with a higher price structure in all sites.
5. Reconfigure the service line at Curtis to conform to regulations; cashiers at the end not the beginning. It is necessary to validate meals for reimbursement.
6. Maintain the certification function at the district central office level.
7. Monitor from the outside to assure compliance.
8. The Committee and Administration must decide and provide direction to redefine the mission of the Department as the district moves forward. The current operation is positioned for what was standard but is capable of participating in a change of focus if it is involved.
<b>3.4 - Labor Recommendations</b>
1. Staff to meals per labor hour (MPLH) worked of a minimum of 18- 20 in all sites. It is an ideal but is quantifiable and can be addressed both by participation increase and by tuning the labor schedules. On a positive note the district is almost there now.
2. Maintain Staff at current levels in Elementary sites focus on participation to reach MPLH of 18 in Curtis and Nixon.
3. Continue mandatory training in Serve Safe and HACCP for all employees and maintain field

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documentation of practices, temp and time charts. This is not a burden for employees it's a necessity.
4. There is not excessive absenteeism at present. But the paid time off provisions are liberal. If 10 hours are replaced each day at \$15.00 per hour it will cost the district an additional \$24K per year. A call in pool of temps at would mitigate the financial impact by 60%.
5. Set performance standards based upon site goals (MPLH 20, CPM, \$1.25 participation rates, inventory, etc.) then do performance reviews for all staff based on those standards; hold them accountable.
6. Evaluate the discipline procedures in the program to ensure follow up. Managers supervising members of the same union is historically difficult. Support at the district level is essential for the Director to maintain standards.
7. Consider dedicating budget funds to training. Cooking skills at production sites are at standards, full training is recommended to enhance and spread those skills as well as cross train all employees.
8. The uniform allowance is adequate at \$150 per year.
9. The collective bargaining agreement is not problematic in its basic structure and does provide management with sufficient latitude to manage the business. The primary impact is the seniority of the labor force in the wage scale and the amount of paid days off and sick time and the benefit package cost. While this situation has grown over time, the cumulative effect should be addressed as part of a long-term solution. We recommend the following changes: <ol style="list-style-type: none"><li>Remove the restrictions on scheduling and minimum days paid.</li><li>Change the sick accrual from a start of 15 days to an earned system of ½ day per month</li><li>Change the full time cut off to 30 hours for benefits Move to a more reasonable sick accrual; cap at 20 days or less carry over; ideally move to a use or lose position.</li><li>Red -line the current wage rates.</li><li>Maintain the current right to use part time labor and call in pools for coverage and thus lower the benefit cost to the program.</li></ol>

## 4. Schools Visited

### Building /Department

Curtis Middle

Haynes Elementary

Loring Elementary

Nixon Elementary

Noyes Elementary



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**5. Financial Summary** - The following summary is taken from the district year-end Statements for yearend 2009 and budget and actual for 2009-2010.

Category	Dollars	% of Sales
<b>Year End 2009 from Statement</b>		
Sales	\$579,262	
Reimbursements	\$99,373	
Total Revenue	\$678,635	
Food Cost	\$270,860	39.3%
Labor	\$329,245	48.5%
Other Costs	\$52,723	7.8%
Total Costs	\$652,828	
P/L	\$25,807	3.8%
<b>Budget 2010 from FSD</b>		
Sales	\$569,603	
Reimbursements	\$99,643	
Total Revenue	\$663,246	
Food Cost	N/A	
Labor	N/A	
Other Costs	N/A	
Total Costs	N/A	
P/L	N/A	
<b>YTD Actual Through March 2010</b>		
Sales	\$460,986	
Reimbursements	\$88,339	
Total Revenue	\$549,325	
Food Cost	\$192,952	35.1%
Labor	\$240,462	43.8%
Other Costs	\$45,909	8.1%
Total Costs	\$478,316	
P/L	\$71,009	12.9%
<b>Outsource Proforma based on 2010 Revenue</b>		
Sales	\$569,603	
Reimbursements	\$99,643	
Total Revenue	\$663,246	
Food Cost	\$252,033	38%
Labor with full benefits	\$291,828	44%
Other Costs	\$5,969	9%
Mgmt. Fee	\$75,000	11.3%
Total Costs	\$624,830	
P/L	\$38,4160	

**6. Food Service Program Observations** - The following categories are from our Food Service Performance Measurement (see the details of the ratings in the Appendix Section). These Performance Measurements along with the Metrics are the guides that we used to assess your food service operation. The department is assessed using these ratings that comprise the most important categories of food service management and operations.

Food Service Performance Index Sudbury Public Schools Score, Rank and Rating Summary						
Category		Total Possible Score	Total Realized Score	Percentage of Score Achieved	Category Ranking	Rating
A.	Organization and Culture	50	24	48.0%	11	Needs Improvement
B.1	Food Service Leadership – Director	40	19	47.5%	12	Needs Improvement
B.2	Food Service Leadership – Supervisor’s	50	25	50.0%	10	Acceptable
C.	Business Planning	140	62	44.3%	13	Needs Improvement
D.	Staffing	30	17	56.7%	9	Acceptable
E.	Food Production and Control	95	62	65.3%	3	Acceptable
F.	Procurement	90	64	71.1%	1	Above Average
G.	Marketing -	115	66	57.4%	8	Acceptable
H.	Nutrition - Taste/Education/Wellness	55	35	63.6%	5	Acceptable
I.	Training	100	58	58.0%	6	Acceptable
J.	Safety	110	78	70.9%	2	Above Average
K.	MIS/IT	85	49	57.6%	7	Acceptable
L.	Equipment	40	26	65.0%	4	Acceptable
<b>Overall Score and Rating</b>		<b>1000</b>	<b>585</b>	<b>58.5%</b>	<b>-</b>	<b>Acceptable</b>

**6.1. Organization and Culture:** The department is basically not as integrated into the main fabric of the district administration as it could be. It has been in a responsive but reactive position to changes in the district needs and initiative including the wellness concerns of the community. This takes place in a framework where it is providing services to approximately 40% of the available population. The department has managed to remain in a financially positive position for the past several years yet it does so without a detailed shared budget that reflects the goals of the administration and committee. This lack of a long range planning process leaves the department free to wander at times. So far the results are good but the risk is real. With the fiscal challenges facing Sudbury the department needs to move more closely in step with the planning process to be in front of issues not reacting to them.

**6.2. Food Service Leadership – Director:** The director’s position in a district of Sudbury’s size by its nature multi-dimensional. She must excel in the technical aspects of the position: planning, purchasing, preparation, labor management, cost control; but she must also excel in leadership. Sudbury’s director has chosen to focus on labor and food costs to manage above all others. This has a consequence. The focus on the short term limits the ability to set the vision and bring the department to it. The leadership is rated at acceptable but Sudbury should be elevating the expectations. The district needs its director to move toward strategic vision and delegation. She cannot move the district forward by herself she must involve the school managers. She has done an admirable job containing costs but must focus on the total program including driving the top line.

**6.3. Food Service Leadership –School Managers:** The first consideration should be the application of support driven down to the site level to insure that the sites are synchronized with the goals of the district. This is meant in a supportive way not as a reaction to problems only. They have talent and are highly compensated for their positions. With their

involvement in planning and attaining those plans there is some unrealized upside potential for the individual schools. The current school managers have adapted their management style to achieve the goals that they deem important. This varies from location to location but is in some instances not in sync with the goals articulated by management. They have stopped measuring their performance by any standard metrics. One common theme was their response to the question “How do you know how you are doing?” All answered they did not know. Because they do not share operating reports or any quantifiable metrics. Can they succeed going forward? Absolutely, if they move from a reactionary mode. They can then be measured by a set of metrics and held to account for the success or failure of any initiative including food costs, increased participation, budget attainment or productivity.

- 6.4. Business Planning:** The program does not produce an annual budget. The only budget documents involve a build out of sales and meals from the prior year. That basis for budgeting is flawed from the outset and one of the key elements of the fragility in the current system.

Past costs are accepted as norms based on past experience and not challenged or compared with any regional or national norms. As an example, the budget is not measured against normal metrics in any of the major categories, labor, food cost, or direct expense. There are no goals or benchmarks for the staff to manage toward. The system requires a complete reassessment based on a cost per meals served basis. All other costs will drive down from that.

The district has access to excellent data points through the POS system, but uses them more for explanation than guidelines for decision. With a planning cycle in place and monthly review and corrective action taken, any deviations in food and labor or income can be impacted immediately. While this seems to be a basic approach, it is a change from the present approach and will require buy in from all parties. The director is key but must solicit input from all parties to be sure goals are realistic. But, without a structured approach to budgeting, a monthly P&L, and planning, the financial situation cannot improve.

- 6.5. Staffing:** We rated the staffing situation as “Acceptable”. From the top down you are running at or close to efficiency. A consistent productivity of 17-18 MSPH with the staff washing hard trays is actually above average in this area. This does not mean the total cost of labor is in line. Your senior positions earn a wage above standard because of their longevity and the total labor cost does not reflect the costs of benefits. Any plan to drive costs out of labor cannot rest on a reduced staffing schedule. There simply is not room for any savings in hours worked in the district. A closer look at practices with the contract shows some disturbing results. The base wages per hour are inflated by basing on the contracted pay out of full holiday entitlement with only 163 days of service. This means that the true fully loaded labor cost per hour is 10% above the actual base rate plus longevity. Since some base wage rates are above \$20 per hour and the majority above \$16, that translates to a labor cost per meal of over \$1.28 in the schools. That high cost will force the program to attempt to make up the difference by seeking savings where limited options exist.

- 6.6. Production and Control Including Procurement:**

The current meal cost is within the acceptable range and it has been trending in the right direction. The program has driven the cost down by controlling purchasing and menu

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selection and stable a la carte pricing. But the current success with costs does not mean there is not room to refine the process in place.

The manager's positions are well compensated, over \$20.00 per hour; they must be capable of maintaining both cost and quality in their schools. They are currently not fully trained in or fully using the production system. Each site serves a similar menu but the costs vary. At the Middle School some portions observed were larger than the menu size on multiple occasions. Production records are filled in after the fact and while better than none they fall short of a complete control system.

We recommend that the district immediately implement a food production and control closed loop system. It aligns the following steps:

- Pre-cost the menu to a set target. ( not yet in use)
- Order only the products necessary for the menu.
- Complete production records on site based on volume.(not fully in use)
- Secure inventory upon receipt and at all times.(Vary by school)
- Prepare items only to correspond to the production order.
- Complete record after service noting over and short. ( not complete)
- Post-cost against budget. ( not yet in use)
- Adjust and repeat cycle.

Continue to utilize the available commodities and alter the menu to reflect them. Involve the School managers and Head cooks. Hold them accountable for the production cycle and measure their job performance against it.

**6.7. Marketing & Merchandising:** An opportunity for the district is the outreach to the community through the web site. Information is readily available through the POS system and could be used to “sell” the program to the parents. Menus are available well ahead of time and available to any parent with computer access. The one area of opportunity that should be strengthened is the offer at the Middle school. The menu selections are minimal and the posted menu does little to attract the Middle School students who have some discretionary money. They are currently spending at a rate of .11 per day when \$.45 would be a more appropriate target. The second leg of marketing involves the ambiance of the dining area and the presentation of the food when served. Sudbury has much room for improvement in both areas. At all sites the food was presented without any consideration for appearance or visual stimulation. At the Middle School food was presented without any garnish or presentation. In fact the lines were running in reverse to solve abuse issues. The students may be a captive audience but they should be treated as customers.

There wasn't any signage in cafeterias of a consistent and professional level to guide customers to the correct line, inform of menu choices, or clarify price.

**6.8. Nutrition – Taste/Education/Wellness:** There is no registered dietician or nutritionist involved in the review of menus for a district of 3,200 students. This flies counter to the primary mission of the program; to provide “nutritionally “sound meals to a population that is involved in a drive to a wellness program. There is a review through automated systems and the menus are apparently compliant, but an outside review is recommended.

The quality of the food offered is well above average when prepared. But the selections are overly repetitive and rely on out sourced pizza days as a key draw to increase participation...

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We have sampled both the prepared meals and those produced off site (pizza). The prepared meals were up to standard on the days consumed and definitely a value issue when you are charging only \$2.00. The food offered in the middle school was on all samplings above expectations.

There is sufficient culinary talent available on staff to ensure the next critical component of the program, food quality. This includes but is not limited to:

- Product selection.
- Blind cutting for selection.
- Menu development.
- Cooking and Standards.
- The quality of food served in Sudbury secondary schools was above standards in taste but suffered in presentation.

**6.9. Training:** If there was a single consensus item in all interviews with management and staff it is this: training and professional development are limited to any meaningful extent. All training after the opening meeting is basically self-taught.

A critical indicator for this being a systemic issue is the review of the annual budget. Line items for training and professional development for the staff are not shown for a staff of over 15 people. A minimum of \$5K would be considered adequate. The needs for HACCP, POS, Culinary and Hospitality training will yield more results than the money invested.

**6.10.Safety:** Food safety is a demonstrated priority at this point. HACCP and ServSafe have been implemented and exist in both practice and theory. This is worthy of commendation. The reality is that a comprehensive food safety plan is mandated for each site. This includes temp logs and production records; both are up to date. The use of thermometers is common in all schools for line and food checks.

The Federal and state regulations mandated a working food safety plan for each site be in place in 2004. If it was written for Sudbury, it is not in evidence at this time. It should be a priority for this summer.

**6.11.MIS-IT System:** The POS system is functional at a basic level but not extended to its full capacity. It is not fully used to supplement a production record system or to validate product sales or usage. The use of more than one system and data base for information raises compatibility issues and limits some of the data necessary to produce meaningful monthly statements, particularly labor and purchasing costs. A good start and could be taken to the next level by having the school managers enter on line rather than a paper carry system. Freeing the director's position from some of the paper flow could give her the time to filter the information to a decision level.

**6.12. Equipment:** The level and amount of equipment available in the district is adequate for storage production and distribution. Service equipment is kept in reasonable condition and maintained in sanitary condition by the staff. There is no limit to menu items that can be prepared in house based on kitchen limitations. We recommend exploring some portable service lines that could be rotated throughout the district to facilitate special offers (salad bars, cut fruit offerings). The running of two of the service lines in reverse should be corrected for a variety of reasons previously stated. If there are flow problems dividers and stanchions could be explored.

**7. Program Scenarios/Options:** Our assessment includes a review and estimated costs of two scenarios/options for the district to consider.

**Option 1 - Self-Operated Program:** Based on all of the staff remaining on district payroll. Support the director with a part time clerical position to allow the director to spend time directing the program. School food service is by nature an administratively top heavy program because of required reporting; using a director on those tasks is a misallocation of resources.

- Set a goal of 15% growth in the top line through menu and marketing and combined with a price increase to \$2.50 per meal. All A la carte to be priced at 30% cost basis.
- Implement the described production system to maintain a low food cost as the quality side is enhanced. The target of \$1.10 per meal is attainable
- Review the labor contract to prepare for negotiations in 2012. There is little room for productivity increases and there is also no room to increase labor costs beyond the current level. Any attempt to assign benefits to the program is not fiscally sustainable.

**Option 2 - Outsource the entire program:**

- **Complete Outsourcing:** Including labor at competitive industry wage rates and staffing levels and combined with an industry standard benefit package, would allow the program to continue at no subsidy to the district. This is a substantial cultural impact. It merits consideration as a long-term approach.

The average wage rate used in developing the cost of outsourcing in Option 2 was derived from Massachusetts Department of Labor and Workforce Development Occupational Employment Statistics (OES) Wage Survey All Industries Combined. A copy of the department's web page can be found in Section 2 – Appendices which detail the wage rates. The rates are as follows:

- ▶ Food preparation workers - \$10.74 per hour.
- ▶ Combined food preparation and serving workers, including fast food - \$9.54 per hour.
- ▶ Counter attendants, cafeteria, food concession, and coffee shop - \$9.84 per hour.
- ▶ Food preparation and serving related workers, all other - \$9.84 per hour.

On the following pages we have detailed with each scenario/option organizational structure.

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**7.1. An Overview of Option 2....Outsourcing to a Management Company:** Outsourcing is the total and immediate outsourcing of parts or all of the food service functions to a firm with experience in school district food service operations.

In Option 2 some or all of the food services staff will be provided by a management company. The district would have the right to approve all such personnel and require appropriate safety and criminal background checks. There are five to eight national firms that specialize in providing outsourcing services to school districts the size and complexity of Sudbury Public Schools. Approximately 35% of school districts nationwide utilize such a service for food services.

Outsourcing can be very politically difficult and the district should weigh this into their decision-making. There are any number of pros and cons to outsourcing. Chief among the negatives are change resistance and political consequences of doing so. The unions take a very strong anti-outsourcing point of view. It is likely that there will be resistance to such a change. Outsourcing is often viewed as conflicting with a district's culture. Because of that conflict, it should be carefully thought through as to what the consequences may be. In districts that selected the option for immediate outsourcing of all staff, the successful conversions included some sort of transition package for the district employees impacted. Typically this is funded out of any savings. In Sudbury's case as an elementary district, the value of the interaction between young students and staff cannot be overestimated. You have a smooth running operation today because of the quality of your staff; transition will create some short term disruption.

Before considering outsourcing and in order to prepare an RFP (Request for Proposal), the district must methodically, carefully, and thoroughly prepare a specification as to what the requirements are. There is a great deal of preparation and work that will need to be done to author a RFP that will enable the district and the selected management company to have a successful program. There are many stories of failures of outsourcing, as districts did not take the time to write a RFP that defines what it is the district wants and expects in outsourced services.

The State of Massachusetts requires that these services may be procured through a competitive contracting process which means the contract award goes to the contractor who best meets the categories of the evaluation criteria. If the district chooses the outsourcing option, you should plan on beginning the process at least six months before services begin.

The pros of outsourcing involve the savings of funds (over the self-operated Option 1), more resources, improved procurement, and more standard methods and procedures. Supervision and management would be improved, if properly managed by the district such an effort could pay dividends in the long run.

The district should think long and hard before pursuing such a change. Change planning and strategies must be thought through carefully.

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**8. Analysis of the Metrics:** The following chart shows the Sudbury Public Schools' position related to benchmarks and best practices in the food service operations criteria, based upon the results of the district 2008-09 statement, meal data from the State reporting.

Category		Best Practice	Sudbury	
Food Cost as a percent of revenue		Between 36% 38%	<b>39.9%</b>	
Labor Cost as a percent of revenue		Between 42% & 45%	<b>48.5%</b>	
Other Costs		Less than 10%	7.8%	
Meals per Labor Hour (MPLH)– Satellite		28-35 MPLH	NA	
Meals per Labor Hour (MPLH) – On Site Prep w/Bulk Satellite		20-25 MPLH	NA	
Meals per Labor Hour (MPLH) – All On Site Prep		16-22 MPLH	<b>15-19</b>	
Ala Carte Spending per Student – Elementary		\$.15 to \$.25	Not Applicable	
Ala Carte Spending per Student – Middle		\$.45 to \$.75	<b>\$.11</b>	
Ala Carte Spending per Student – HS open Campus		\$.50 to \$1.00	NA	
Total Spending per Student per year using ADA		\$250 to \$300	Not Applicable	
Best Practice Participation Rates Based on Average Daily Attendance				
Type Meal	Best Practice			Sudbury March 2010 YTD
	Less Than 13% Free & Reduced	Between 14% to 59% Free & Reduced	More Than 60% Free & Reduced	
Elementary Schools				
Paid Meals	35-40%	40-60%	>65%	<b>42%</b>
Reduced Meals	60-70%	60-80%	>81%	<b>85%</b>
Free Meals	70-80%	80-92%	>92%	<b>89%</b>
Middle Schools				
Paid Meals	38-45%	40-50%	>40%	<b>36%</b>
Reduced Meals	60-70%	70-89%	>90%	<b>77%</b>
Free Meals	65-75%	70-89%	>90%	<b>81%</b>
High Schools				
Paid Meals	20-35%	20-35%	>30%	<b>0</b>
Reduced Meals	30-45%	35-50%	>50%	<b>0</b>
Free Meals	50-60%	60-70%	>70%	<b>0</b>

**The following Sudbury metrics are within best practice ranges:**

1. Other costs of the program are within the best practice category at 7.8%. This is due to the use of hard trays reducing paper cost and slightly increasing labor.
2. The participation rate for free, reduced and paid elementary meals meets or exceeds best practices in all categories but is at the low end of the range for paid.
3. The participation rate for reduced meals is in the best practice range at the Middle schools.
4. MPLH are within the acceptable range as a total.

**The following Sudbury metrics are not within best practice ranges:**

1. Labor Cost as a percent of revenue is 39.9% - in the 2010 actual it is tracking on target for 43.8%. As noted these numbers are without fully loaded benefit costs.
2. Sales in the middle school are below norms at .11 and offer an area for improvement.

**3. The factors for the Sudbury Public School's below best practice metrics are as follows:**



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1. CBA that provides high costs.
2. Limited product offerings in the a la carte program at Curtis.
3. Very high wage cost for the food service staff.

**Section 2- Appendices**

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