



**OYSTER BAY – EAST NORWICH
CENTRAL SCHOOL DISTRICT**

Food Service Update

November 20, 2018

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National School Lunch Program



"The National School Lunch Program is a federally assisted meal program operating in over 100,000 public and non-profit private schools and residential child care institutions. It provided nutritionally balanced, low-cost or free lunches to more than 31 million children each school day in 2012."

Participation in this program at OBEN:

- Enables free & reduced priced meals for students
- Generates aid back to the District
- *A la carte* meals convert to Type-A lunches and also generates aid
- Makes our program more efficient (aid is 38% of annual revenues)
- Allows meal prices to remain unchanged for six years

Summary of Operations



SUMMARY OF OPERATIONS								
<u>YEAR</u>	<u>TYPE A MEALS & A LA CARTE</u>	<u>STATE & FEDERAL AID</u>	<u>TOTAL REVENUES</u>	<u>ARAMARK CONTRACT</u>	<u>OTHER EXPENSES*</u>	<u>TOTAL EXPENSES</u>	<u>NET CHANGE IN FUND BALANCE</u>	
2014-15	337,572	187,069	524,641	415,043	53,702	468,745	55,896	
2015-16	322,170	208,000	530,170	495,831	88,490	584,321	(54,151)	
2016-17	343,632	226,473	570,105	474,211	105,262	579,473	(9,368)	
2017-18	319,561	205,407	524,968	453,956	57,758	511,714	13,254	
	62%	38%	100%					
							\$ 5,631	
<i>All figures obtained from audited financial statements</i>								
<i>*Equipment, maintenance, etc.</i>								

- Approximately 38% of revenue received from participation in National School Lunch Program (NSLP) through monthly federal & NYS reimbursements
- All revenue earned stays in cafeteria fund – not shared with other programs

School Lunch Rates & Prices



ARAMARK PER-MEAL CONTRACT PRICE		
YEAR	CONTRACT	% INC-CPI
2014-15	\$ 2.5076	
2015-16	\$ 2.5076	0.0%
2016-17	\$ 2.5302	0.9%
2017-18	\$ 2.5757	1.8%
2018-19	\$ 2.6323	2.2%

CURRENT TYPE-A LUNCH PRICES		
	TR	\$ 1.90
	JV	\$ 2.00
	OBHS	\$ 2.25

- Aramark per-meal contract rates renewed annually using May Consumer Price Index
- School lunch prices for students remain unchanged since 2011-12
- Cafeteria promotions throughout year; “Dollar-Days”

Survey of Other Districts



RESULTS OF FOOD SERVICE SURVEY - 49 districts responded						
					<u>YES</u>	<u>NO</u>
	Are you part of National Food Service Program?				47	2
					<u>IN-HOUSE</u>	<u>CONTRACT</u>
	Do you have an in-house program, or contract out?				23	26
	Name of food service management company:				ARAMARK	11
					WITSONS	11
					OTHER	4
						26

RESULTS OF PARTICIPATION SURVEY- 28 districts responded		
	Enrollment	Avg. Lunch Participation
AVERAGES:	5,950	42.99%
Oyster Bay-East Norwich	1,579	43.44%

Contract Information



- 2018-19 is the final year of 5-year contract with Aramark
- All menus are developed by Aramark, reviewed and approved annually by NYSED Child Nutrition to comply with current federal standards adopted in 2011
- Last bid opening: June 2014 – Aramark was only bidder
- Labor costs expected to rise in subsequent contract period as Aramark meets minimum wage requirements of \$12.00/hour
- Positive response from students on Boar's Head sandwich offering started last year at Vernon
- Fresh fruits and vegetables delivered weekly through participation in new co-op and served throughout the week at all buildings

Alternative In-House Program



Items to consider during discussion

- Additional kitchen equipment, prep space
- Procuring all required foods, commodities
 - Lose Aramark buying power
- Additional bargaining unit negotiations
- Personnel & civil service regulations
- Labor costs to match current Aramark staff:
 - Survey of 16 districts: food service director average salary & benefits **\$110,000**
 - Approximately 12 food service workers annual salary & benefits estimate **\$295,200** (12 @ \$20,000 + 23% benefits)
 - Possible staffing challenges could add to cost

In-House Financial Analysis



ESTIMATED IN-HOUSE ANALYSIS			
Anticipated Revenues			
Type A & a la carte sales		331,000	
State & federal aid		207,000	
			538,000
Anticipated Expenses			
Food Costs		183,900	
Labor		405,200	
Equip/Misc		75,000	
			664,100
NET ESTIMATED ANNUAL LOSS			(126,100)
Possible Additional Expenses			
2 cooks & part-time clerical			123,400

Assumptions:

- Revenues are historical 4-year annual average during this contract, left unchanged
- Expenditures:
 - Food costs 20% premium on current contract estimate (33% of total annual fee currently paid to Aramark)
 - Equipment cost historical 4-year annual average during this contract
 - Labor estimate to match existing Aramark staff only, no additions

Discussion & Future



- Stay with management company as provider?
- Enhance menu offerings when re-bid in Spring?
 - Costs?
 - Increase student prices?
- Any input/feedback received from community?