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OAKLAND
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AGENDA REPORT

TO: FRED BLACKWELL
CITY ADMINISTRATOR

FROM: Sara Bedford

SUBJECT: 2014 Summer Food Service Program

DATE: March 25, 2014

City Administrator
Approval

Date

3-26-14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council adopt a resolution authorizing the city administrator: 1) to apply for and accept the Summer Food Service Program (SFSP) grant from the California Department of Education, Nutrition Services Division in an estimated amount of \$387,900 included in the FY 2013-2014 adopted budget; and 2) to negotiate and execute a professional service agreement between the City and the San Lorenzo Unified School District in an amount not to exceed \$285,750 to provide food services for the 2014 Summer Food Service Program for children.

EXECUTIVE SUMMARY

The City of Oakland receives a U.S. Department of Agriculture SFSP grant administered through the California Department of Education (CDE) Nutrition Services Division to provide nutritious and free lunches and snacks to children under the age of 18 during the summer. The City contracts with a vendor to prepare the meals for the summer lunch program, and then delivers meals to community sites in Oakland. As a SFSP sponsor, the City is required to monitor each site and document compliance with all regulations for transporting, delivering and serving meals to meet the requirements of the reimbursement grant. The program is periodically audited by the California Department of Education.

The City is to be reimbursed at the rate of \$3.48 per lunch and \$0.82 per afternoon snack delivered in compliance with CDE Summer Food Service Program guidelines. It is estimated that approximately 80,000 to 90,000 lunches and 80,000 to 90,000 snacks will be served during the period between June 16 and August 15, 2014.

The Department of Human Services (DHS) conducted a formal bidding process to adhere to the CDE guidelines for competitive bidding for food vendor selection and the City's own purchasing policies. The San Lorenzo Unified School District submitted a bid to provide vendor services for the SFSP.

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No other vendors, including local Oakland based vendors with SFSP experience, submitted bids for the 2014 Oakland SFSP.

The CDE has established the 2014 summer reimbursement rates for prepared lunches and administrative costs at \$3.48 per lunch and \$0.82 for afternoon snack. For the summer 2014 program, the selected vendor will be paid on a per meal basis for food preparation and delivery to a City facility. The actual amount of the reimbursement will be based on the number of meals delivered during the summer.

OUTCOME

Approval of the resolution will allow acceptance of the grant and execution of the professional service contract with San Lorenzo Unified School District, and as a result will allow DHS, as a SFSP sponsor, to ensure that approximately 80,000 to 90,000 free lunches are delivered to City and community sites during the summer break period and served to thousands of children in Oakland.

BACKGROUND/LEGISLATIVE HISTORY

The Summer Food Service Program (also known as the Oakland Summer Lunch Program) is regulated under Department of Agriculture (USDA) Title 7 CFR Part 225. The City of Oakland has been a sponsor of the Summer Food Service Program for the past 29 years. The purpose of the program is to provide children in low-income areas with free, nutritionally balanced lunches when not in school.

ANALYSIS

The number of lunches served has increased over the past decade from 45,000 to 82,000 in 2013, as some Oakland families experienced high rates of unemployment and poverty. About 71% of the Oakland Unified School District's students qualify for free or reduced lunches and about one-third of Oakland children live in families with income below the poverty level.

Summer food program sites increased from 60 locations in 2010 to nearly 80 in 2013. Summer food sites include 22 recreation centers, 10 libraries, and another 40 to 50 community-based and faith-based organizations providing youth programs. Partnerships with the libraries and cross promotion of literacy programs, as well as summer recreation programs at City sites, have strong community attendance. An afternoon snack program is now provided as snacks are reimbursable at no additional cost for delivery and a benefit for the children in the programs.

Vendor Selection

In an effort to encourage local food vendors to bid on the City's contract for meal preparation and delivery, staff conducted outreach to announce the formal bidding process for vendor selection. A Request for Proposals (RFP) was advertised in the Oakland Tribune. Staff contacted local Oakland food vendors to further awareness of the competitive bid process. Companies received an announcement of the RFP, including the Oakland based vendors.

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Oakland’s SFSP establishes standards to increase the nutritional value of the lunches served. Level “A” meets the USDA guidelines as required by the national Summer Food Service Program and serves as the base for level “B”. The Oakland SFSP requires level “B” which adds the nutritional standards of a minimum of 50% California grown food, no trans-fats, no high fructose corn syrup, and 100% of meat and dairy are antibiotic-free and hormone-free.

Vendors had the option to bid on 100% of the contract or to bid on partial award. The San Lorenzo Unified School District, a long time vendor for the Oakland SFSP was the only bidder for the contract.

Bid price based on 100% of the contract – bid price per lunch and snack

Company	Delivery A Drop off at Oakland SFSP	Delivery B Use of San Lorenzo’s trucks	Snack
San Lorenzo Unified School District	\$2.30	\$2.55	\$0.75

Staff estimates that the Summer Food Service Program will serve an estimated 80,000 to 90,000 lunches and snacks during the 2014 summer. The program will rent at least 3 refrigerated trucks to deliver meals received from San Lorenzo Unified School District (SLUSD) to Oakland sites and borrow 3 refrigerated vehicles from SLUSD at a higher per lunch rate. Based on the San Lorenzo Unified School District’s bid price of \$2.30 per lunch and \$2.55 per lunch when SLUSD refrigerated trucks are used, the program cost for food service will approximate \$285,750 for 90,000 lunches and 90,000 snacks this summer.

Site Compliance with SFSP Requirements

The State of California Department of Education Nutrition Services Division’s recent audit of the program indicated that SFSP must use refrigerated vehicles to deliver the meals in order to comply with food safety and sanitation requirements that meals are delivered at a temperature of no more than 45 degrees. The use of non-refrigerated vehicles to 60 or more sites on a daily basis cannot ensure that lunches and milks delivered remain at the required safe temperature.

Site staff are trained to receive the meal delivery and distribute the meals to children under the age of 18. The SFSP’s part-time monitors document compliance with SFSP rules and assist program sites to ensure compliance with requirements necessary for continued participation in the program.

Strict monitoring of sites for adherence to the rules for site delivery and the increased cost of refrigerated vehicles could result in fewer meals being delivered and reduce the revenue of the program in summer 2014.

PUBLIC OUTREACH/INTEREST

Public outreach is provided through the use of visible banners at all community site locations to publicize the free lunch program in low-income communities. The Alameda County Community Food Bank collaborates with Oakland's SFSP by providing volunteers and an 800 number for residents to use to find the location of a SFSP site.

COORDINATION

The City Attorney's Office, Budget Office, Office of Parks and Recreation and Oakland Public Library were consulted in the preparation of this report and resolution.

COST SUMMARY/IMPLICATIONS

An objective of the program is to ensure that reimbursement revenues cover the cost of the program's operation. The total operating cost includes food costs, based on the bid price per vendor, as well as expenditures for nine drivers, nine monitors, vehicles, distribution facility and administrative costs. Projected grant reimbursement revenue of \$387,900, based on the state reimbursement rate of \$3.48 per lunch and \$0.82 per snack for approximately 90,000 lunches and snacks may not cover program operating costs. The summer food program is operated with part-time drivers and monitors.

The cost estimate below assumes 90,000 meals are delivered using (3) SLUSD refrigerated vehicles and 3 rented refrigerated trucks:

\$ 285,750	Food service (includes \$.25 per meal for delivery using SLUSD vehicles)
\$ 75,296	Labor
\$ 23,950	Other Program (includes facility and vehicle rental costs for monitors)
\$ 18,000	<u>Additional cost of rental of refrigerated vehicles</u>
\$ 402,996	

If 90,000 meals are delivered a program deficit of \$15,096 is expected as estimated costs of \$402,996 would exceed projected revenues of \$387,900. Excess grant revenue from the 2012 summer in the amount of \$26,443 in Fund 2102, Organization 78241, Account 46229, and Project G420910/YS13 is available to cover the deficit should there be one. If fewer meals in total are delivered and claimed for reimbursement, the decrease in revenues could result in a larger deficit.

The SFSP is seeking grants and donations to cover the rental of refrigerated vehicles.

FISCAL/POLICY ALIGNMENT

The estimated grant funding has been appropriated to Department of Agriculture Fund (2102), Year Round Lunch Program Organization (78241), Summer Food Program Service FY 2013-14 Project (G421020), and Strengthening Children, Youth and Their Families Program (YS13) for reimbursement for services provided under the grant agreement with the California Department of

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Education (CDE) Nutrition Services Division. The Adopted Budget for FY 2013-2014 includes the appropriation of \$387,900 for the grant and the total amount of \$285,750 available for services under the professional service agreement with the San Lorenzo Unified School District. The appropriation for the grant is set higher than the actual grant revenues to be received based on the reimbursement for meals delivered in the program.

Approval of the resolution will have no impact on the City's General Fund. The grantor does not reimburse overhead charges. A contribution from the general purpose fund to offset central service overhead costs in an estimated amount of \$73,708 has been approved in the Adopted Budget.

SUSTAINABLE OPPORTUNITIES

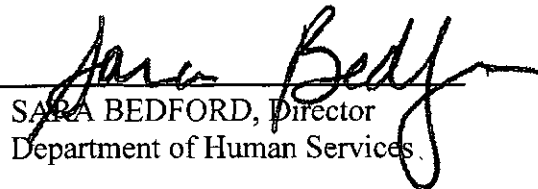
Economic: The Summer Food Service Program provides temporary part-time employment opportunities for nine drivers and nine monitors.

Environmental: Recycled materials are used to package all meals provided to the lunch program.

Social Equity: The SFSP addresses hunger by providing access to free and nutritious meals for low-income children. Improvements in nutritional intake are linked to performance in school and overall child health and wellness.

For questions regarding this report, please contact Sandra Taylor, at (510) 238-7163.

Respectfully submitted,


SARA BEDFORD, Director
Department of Human Services

CHILDREN & YOUTH SERVICES DIVISION
Prepared by Sandra Taylor, Manager

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OAKLAND CITY COUNCIL

Resolution No _____ C M S

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR: 1) TO APPLY FOR AND ACCEPT THE SUMMER FOOD SERVICE PROGRAM (SFSP) GRANT FROM THE CALIFORNIA DEPARTMENT OF EDUCATION, NUTRITION SERVICES DIVISION IN AN ESTIMATED AMOUNT OF \$387,900 INCLUDED IN THE FY 2013-2014 ADOPTED BUDGET; AND 2) TO NEGOTIATE AND EXECUTE A PROFESSIONAL SERVICE AGREEMENT BETWEEN THE CITY AND THE SAN LORENZO UNIFIED SCHOOL DISTRICT IN AN AMOUNT NOT TO EXCEED \$285,750 TO PROVIDE FOOD SERVICES FOR THE 2014 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

WHEREAS, the City of Oakland desires to apply for and accept a Summer Food Service Program Grant in an estimated amount of \$387,900 from the California Department of Education Nutrition Services Division; and

WHEREAS, if the City is awarded the Summer Food Service Program Grant, it wishes to negotiate and execute a Professional Services Agreement with the San Lorenzo Unified School District for program year 2014 (June 16, 2014 through August 15, 2014); and

WHEREAS, the San Lorenzo Unified School District is certified by the California Department of Education Child Nutrition Division to provide food services to the Summer Food Service Program for Children and successfully competed in a City RFP process, and

WHEREAS, the City Council finds that the above named Professional Service Agreement shall not result in the loss of salary or employment by anyone having permanent status in competitive service; and

WHEREAS, the City wishes to offset all central services overhead charges in an estimated amount of \$73,708 associated with this grant, as has been done in all of the past years; and

WHEREAS, the FY 2013-2014 Adopted Budget for the Summer Food Service Program for Children includes funding for this agreement, now, therefore, be it

RESOLVED: That the City Administrator or his designee is hereby authorized and directed to submit on behalf of the City of Oakland an application to the Department of Education Nutrition Services Division for funds to operate a Summer Food Service Program for Children in the City of Oakland from June 16, 2014 through August 15, 2014 and to execute and submit all documents, including but not limited to agreements, amendments, and payment requests which may be necessary to obtain funds to operate such a program, and to accept said funds in an estimated amount of \$387,900; and be it

FURTHER RESOLVED: That all central services overhead charges associated with this grant in an estimated amount of \$73,708 will be offset through a contribution of the General Purpose Fund as approved in the Adopted Budget, and be it

FURTHER RESOLVED: That the sum of \$387,900 and offsetting revenue has been appropriated to Department of Agriculture Fund (2102), Year Round Lunch Program Organization (78241), Summer Food Program Service FY 2013-2014 Project (G421020), and Strengthening Children, Youth and their Families Program (YS13) for the purpose of operating the Summer Food Service Program for Children, and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or his designee to negotiate and execute a Professional Services Agreement with San Lorenzo Unified School District in an amount not to exceed \$285,750 to provide food services to the Summer Food Service Program for Children for the 2014 program year, and is authorized to conduct all negotiations, execute and submit all documents, including but not limited to applications, agreements, amendments, modifications, payment requests, and related actions which may be necessary in accordance with the basic purpose of this resolution without returning to City Council; and, be it; and be it

FURTHER RESOLVED: That said agreement shall be approved as to form and legality by the Office of the City Attorney and placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, SCHAAF, REID and PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST _____
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California