

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
DEPARTMENT OF COMMUNITY INITIATIVES**

TO: Mayor and City Council

FROM: Dennis J. Campa, Director, Department of Community Initiatives

THROUGH: Terry M. Brechtel, City Manager

COPIES: Frances A. Gonzalez, Assistant to the City Manager; Finance Department; City Attorney's Office; Office of Management and Budget; Performance Analysis Team; Department of Asset Management; Purchasing and General Services Department; File

SUBJECT: ORDINANCE AUTHORIZING EXECUTION OF A CONTRACT FOR MEAL PREPARATION SERVICES FOR THE COMPREHENSIVE NUTRITION PROJECT

DATE: August 7, 2003

SUMMARY AND RECOMMENDATION

This ordinance authorizes the Director of the Department of Purchasing and General Services to accept the qualified bid of Selrico Services, Inc. in an amount not to exceed \$2,156,382.00 for the provision of meal preparation services in support of the Department of Community Initiatives Comprehensive Nutrition Project (CNP) for the period of October 1, 2003 through September 30, 2004. Additionally, this ordinance authorizes the Director of the Department of Purchasing, upon recommendation by the Director of the Department of Community Initiatives to extend said contract for up to three additional one-year periods.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

The Comprehensive Nutrition Project's goal is to nourish the whole person by providing essential transportation services, health screening, community agency information and referrals and other supportive services, and engaging seniors in diverse socialization and recreation activities of their choosing in congregate settings. The Comprehensive Nutrition Project provides the elderly in San Antonio with nutritionally balanced noontime meals in either a congregate setting or a homebound delivery service. The CNP provides seniors, 60 years and older who reside in San Antonio and Bexar County, with much more than just a meal. The program provides a congregate setting to prevent social isolation among seniors, encourage community involvement, improve health through better nutrition and medical screenings, and maintain independence and self-sufficiency. Currently, 55 centers across the community provide meals, along with an opportunity for seniors to

socialize and participate in extracurricular activities including field trips, dances, exercise classes and volunteer opportunities.

As a result of a comprehensive review of the CNP provided by UTSA in 2001, the Department recommended and City Council approved, the outsourcing of meal preparation services for the CNP. The City Council passed and approved the execution of a contract with True Flavors Culinary Planners for provision of meal preparation services under Ordinance No. 95807, dated May 23, 2002. The contract with True Flavors called for a \$2 million performance bond to protect the City in the event of contractor default. Two significant challenges arose which made this contract requirement unfeasible for True Flavors.

First, the surety market took major losses and a number of surety companies filed for bankruptcy after September 11, 2001. As a result, the surety market was, and still is, extremely reluctant to issue large performance bonds for small businesses.

In addition, food quality issues surfaced related to both contract performance measures and preferences expressed by senior participants. Overall, True Flavors demonstrated a willingness and desire to improve quality performance measures, while providing approximately 3,700 daily meals. However, inconsistencies in food temperatures and fluctuating food quality led the Department to conclude that expanding the senior nutrition program would cause additional burdens on True Flavors and avert resources that True Flavors could have used to improve quality by focusing on increasing the number of meals served.

POLICY ANALYSIS

On February 6, 2003, City Council passed and approved the execution of a contract amendment with True Flavors Culinary Planners under Ordinance No. 97172 which waived the performance bond requirement to allow True Flavors Culinary Planners to concentrate on its food quality improvement efforts through September 30, 2003. City Council also agreed with staff's recommendation for the City to procure a contractor who had the capacity to provide 4,000 daily meals at a consistent, high level of quality and to support the Department's expansion plans for the senior nutrition program.

As such, on March 14, 2003, the City issued a **Best Value Bid** seeking bids for provision of meal preparation services. A Best Value Bid is an evaluated bid that allows for the inclusion of criteria such as past performance, quality, and experience rather than just selecting the lowest price.

In this process, bidders had the option of bidding on the entire CNP or geographic portions of the project in order to improve quality, contain costs and expand, while increasing the opportunity for small business to participate. The Best Value Bid was issued by the Purchasing and General Services Department and advertised in the Commercial Recorder, La Prensa, The Observer, the City of San Antonio website and on DemandStar online bid notification system that notified approximately 140 vendors nationwide, and 30 vendors locally.

On April 14, 2003, three companies responded to the Best Value Bid. Bids were submitted by Selrico Services, Inc., Valley Services, Inc., and True Flavors Culinary Planners. Each bidder submitted a proposal for the entire CNP contract. Upon the initial review of bids, the Purchasing

and General Services Department deemed the bid submitted by True Flavors Culinary Planners as non-responsive since it did not provide the required 5% bid bond.

The evaluation criteria included a maximum of five points for experience, five points for financial stability, 25 points for quality of product and capacity to provide services, 15 points for the taste test, 30 points for pricing and 20 points for Small Business Economic Development Advocacy (SBEDA) compliance. The SBEDA portion of the bids was evaluated by the Economic Development Department.

Out of a total of 100 possible points, 40 points focused specifically on food quality, including the taste test. In addition, as a part of the evaluation, a large group of CNP senior participants, the Best Value Bid Evaluation Team, and members of the Joint City/County Commission on Elderly Affairs participated in a taste test to rate the quality of the top two bidders. Both bidders were asked to submit sample meals for the taste test, which was held on May 7, 2003. Over 300 CNP senior participants took part in the taste test, and were surveyed after each meal sample. Surveys asked participants to rate how well the sample meals were cooked, temperature, seasoning, taste, and overall quality.

Selrico Services, Inc. scored a total of 76.2 points and Valley Services, Inc. scored 57.1 points. Final bid tabulation and a description of evaluation team members are noted in Attachment A. Therefore, the evaluation team recommends accepting the bid of Selrico Services, Inc. because it represents the best value to the city.

This contract will allow the CNP to continue providing nutrition services to the elderly at 55 nutrition sites throughout San Antonio, and create opportunities for future expansion of the project into under-served areas. This contract will also include additional requirements to bolster food quality such as requiring milk and bread items daily, setting minimum standards for raw food, standardized menus, and consistent recipes and seasoning.

This item is scheduled to be reviewed by the Economic and Human Development Committee on August 4, 2003.

FISCAL IMPACT

The estimated cost of this contract is up to \$2,156,382.00. Funding for this contract is contingent on the award of the FY 2003-2004 AACOG grant for the Comprehensive Nutrition Project (CNP) and City General Fund allocation. The CNP receives an annual grant from the Texas Department on Aging (TDoA) through the Alamo Area Council of Governments/Bexar Area Agency on Aging. Federal funds to TDoA are provided under Title III of the Older Americans Act of 1965. For FY 2002-2003, the COSA General Fund matched the grant at a ratio of more than two to one and currently provides 62% of the project's total budget.

In FY 2003-2004, the cost per meal will be \$2.16 for 3,700 to 4,000 meals. The program is projected to provide approximately 3,825 daily meals including meals to the homeless and homebound, for an annual total of 998,325 meals.

The funding history, shown below, includes \$2,294,819 in FY03 for City administration and overhead.

Funding History - Actual

| | FY 99-00 | FY 00-01 | FY 01-02 | FY 02-03 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| TX Dept. on Aging through AACOG | \$1,501,760 | \$1,344,466 | \$1,117,689 | \$1,178,670 |
| City General Fund | 1,694,743 | 1,887,519 | \$2,642,580 | \$2,642,580 |
| USDA Cash* | 331,591 | 508,547 | \$ 526,942 | \$ 366,506 |
| Program Income** | 250,732 | 211,312 | \$ 211,803 | \$ 263,445 |
| | <u>\$3,778,826</u> | <u>\$3,951,844</u> | <u>\$4,499,014</u> | <u>\$4,451,201</u> |

*An additional \$161,000 in USDA Cash is pending AACOG Board approval.

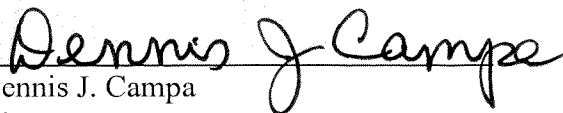
** FY 02-03 Program Income from participant's donations is projected.

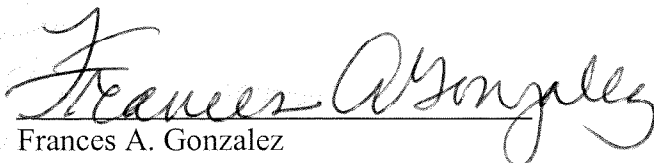
COORDINATION

The Department of Community Initiatives has coordinated activities with the City Attorney's Office, Office of Management and Budget, Performance Analysis Team, Department of Asset Management, Purchasing and General Services Department, Finance Department, Economic Development Department, Economic and Human Development Committee, the Joint City/County Commission on Elderly Affairs, and the Alamo Area Council of Governments (AACOG)/Bexar Area Agency on Aging.


SUPPLEMENTARY COMMENTS

The required Ethics Disclosure Form is included as Attachment B.


Dennis J. Campa
Director


Frances A. Gonzalez
Assistant to the City Manager

Approved:


Terry M. Brechtel
City Manager

**COMPREHENSIVE NUTRITION PROJECT (CNP)
BEST VALUE BID**

BID TABULATION

| Evaluation Criteria | Max Score | Sel-Rico Services, Inc. | Valley Services, Inc. |
|---|----------------------|------------------------------------|----------------------------------|
| Experience & Financial Stability | 10 | 6 | 6 |
| Quality of Product and Services | 25 | 12.5 | 22 |
| Price | 30 | 30 | 18.5 |
| Local Business Enterprise Participation | 10 | 10 | 0 |
| Disadvantaged Business Enterprise | 5 | 5 | 0 |
| Small Business Economic Development Advocacy | 5 | 4 | 1 |
| Taste Test | 15 | 8.7 | 9.6 |
| Totals | 100 | 76.2 | 57.1 |

EVALUATION TEAM

Department of Purchasing and General Services*
 Asset Management Department
 City of San Antonio Performance Analysis Team
 Department of Community Initiatives, Office of the Director
 Department of Community Initiatives, Elderly and Disabled Services Division
 Department of Community Initiatives, Operational Support Division
 San Antonio Food Bank
 Catholic Charities
 Bexar Area Agency on Aging
 Joint City/County Commission on Elderly Affairs
 St. Philip's College, Department of Tourism, Hospitality and Culinary Arts**

* Facilitator

** Served as an expert advisor

Item 10

City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract:

NONE

(2) the identity of any business entity that would be a party to the discretionary contract:

NONE

and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract:

none

and the name of:

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract:

none

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

Comprehensive Nutrition Project (CNP)

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

none

Political Contributions

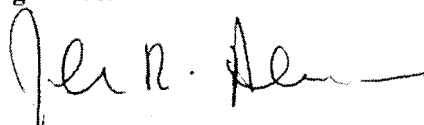
Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

| To Whom Made: | Amount: | Date of Contribution: |
|---------------|---------|-----------------------|
| none | | |

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

none

| | | |
|---|---|-----------------|
| Signature:  | Title: President Company: Salko Services, Inc. | Date: 4/11/2003 |
|---|---|-----------------|

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.