



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julie Edmonds-Mares

**SUBJECT:** COMPASS GROUP USA, INC.  
NUTRITION CONTRACT

**DATE:** March 12, 2012

Approved

Date

3-20-12

## RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute an agreement and extensions with Compass Group USA, Inc., Bateman Division, ("Compass Group") in the amount of \$940,452, for the operation of the Senior Nutrition Program at designated City of San José community centers.

## OUTCOME

By delegating to the City Manager the authority to execute the agreement with Compass Group, the Senior Nutrition Program service delivery will be solidified.

## BACKGROUND

In partnership with Santa Clara County, the City has provided healthy meals to senior participants for over 30 years. As part of the FY 2010-2011 Adopted Budget, the Senior Nutrition Program (SNP) was eliminated at all 14 Department of Parks, Recreation and Neighborhood Services (PRNS) operated sites, effective July 1, 2011, representing a \$1,164,000 savings to the General Fund. Subsequently, in order to ensure that seniors within San José had access to congregate meals, the Mayor's June 2010 Budget Message recommended the formation of a Senior Nutrition Task Force (SNTF), co-chaired by City Councilmember Pete Constant and County Supervisor Liz Kniss. The SNTF convened August 2010 through February 2011 and was charged with developing service recommendations and an alternative financing model for meal services at PRNS nutrition sites. The SNTF recommended a regional model in which food would be prepared at up to four community center sites and delivered to other PRNS nutrition sites. In accordance with the Mayor's March 2011 Budget Message, as approved by the City Council and SNTF's recommendations, \$550,000 was allocated as part of the 2011-12 Adopted Budget for the Senior Nutrition Program.

It was anticipated that the transition of the current SNP to a regional, vendor-operated model would take approximately four months to implement, putting the vendor start date at November 1, 2011. To ensure no disruption in service delivery, end-dated City SNP staff (cooks, food service coordinators, kitchen aides and benefited van drivers associated with the program) were extended to October 31, 2011 (MBA #33).

PRNS released a Request for Interest (RFI) solicitation on July 1, 2011, to identify potential food service vendors. The RFI stipulated that the award amount would be made available via reimbursement for actual meals served. It garnered five responses, with a panel of City, County and Task Force representatives selecting Compass Group based on a series of Desirable Qualifications.

During the transition, levels of program participation fell below totals stipulated in the RFI, leading to some changes from the initially proposed four-regional model. The current service delivery model is depicted below.

<b>Group</b>	<b>Regional Cook Site</b>	<b>Serving Sites</b>	<b>Total Meals Authorized per Day</b>
<b>A</b>	Mayfair	Alma	Mayfair 63
		Gardner	Alma 60
		Northside	Gardner 55
		Berryessa	Northside 52
			Berryessa 118
		<b>348</b>	
<b>B</b>	Seven Trees	Almaden	Seven Trees 54
		Roosevelt	Almaden 60
		Evergreen	Roosevelt 96
		Willow Glen	Evergreen 87
			Willow Glen 77
		<b>374</b>	
<b>C</b>	Bateman Kitchen	Camden	Camden 45
		Cypress	Cypress 60
		Southside	Southside 99
		<b>204</b>	

Note: Alviso and Billy De Frank will remain a catered site, serving approximately 20 participants per day for each site.

**ANALYSIS**

PRNS is seeking authority for the City Manager or designee to execute the agreement with Compass Group and extensions to the term of the agreement as authorized in the agreement. The agreement provides for two one-year letter extensions upon notice of either party with Compass Group for the operation of the SNP at designated City community centers.

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For this eight month term, the City and County have executed an agreement in which the City directly reimburses Compass Group per meals served at SNP sites up to the full contract amount, and is in turn reimbursed by Santa Clara County. The City's portion of direct program expenses is not to exceed \$275,467 and the County's portion is not to exceed \$664,985. The \$275,467 represents the City's eight month non-personal contribution to the program, and is derived proportionately from the \$550,000 General Fund allocation.

### **EVALUATION AND FOLLOW-UP**

The contract period ends June 30, 2012. PRNS staff will continue to monitor and evaluate Compass Group service delivery throughout the contract term.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

In addition to the process above, further outreach was provided to participants through a mixture of focus groups, letters, emails and announcements.

### **COORDINATION**

This memorandum has been coordinated with the City Manager's Office and the City Attorney's Office.

### **FISCAL/POLICY ALIGNMENT**

The SNP is funded on an ongoing basis subject to annual appropriations, with City and County funding as well as USDA reimbursements and participant donations. Previously, City funding totaled \$1,164,000 annually. Reducing the budget impact on the General Fund, and in accordance with the SNTF's recommendations, the FY 2011-2012 Adopted Operating Budget included an appropriation of \$550,000 in the General Fund to support the SNP.

**COST SUMMARY/IMPLICATIONS**

The table below outlines the price elements as identified in the Payment for Services of the contract.

City of San José eight month non-personal contribution to SNP	\$275,467
Santa Clara County eight month reimbursement to SNP	<u>\$664,985</u>
Total	\$940,452

**BUDGET REFERENCE**

Council approved \$550,000 ongoing for the SNP. As part of the FY 2011-2012 Mid Year Budget Review, the PRNS non-personal appropriation was increased by \$664,985 to provide funding to reimburse Compass Group per meals served at SNP sites. The County will then reimburse the City up to this amount.

<b>Fund #</b>	<b>Appn #</b>	<b>Appn. Name</b>	<b>Total Appn</b>	<b>Amt. for Contract</b>	<b>Adopted Budget Page</b>	<b>Last Budget Action (Date, Ord. No.)</b>
001	0642	General Fund/Non Personal	\$11,602,635	\$275,467	VIII-254	2/14/2012 Ord. No. 29036

**CEQA**

Not a Project, File No. PP10-066 (e), Services that involve no physical changes to the environment.

/s/  
 JULIE EDMONDS-MARES  
 Acting Director of Parks, Recreation and  
 Neighborhood Services

For questions please contact Suzanne Wolf, Acting Deputy Director, at 408-535-3571.