

# Wayland Public Schools

## Assessment of the Food Services Program

By



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## Section 1- Assessment

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### **1. Introduction**

Before an overview of the technical aspects of Wayland's program it is important to note the amount of feedback from all interested parties during the process. Rarely do we see involvement of this magnitude and intensity in a district. All positions were expressed passionately and in some cases eloquently. The concerns fall into two polar camps.

1. Those who see the program as an integral part of the educational experience and wish to elevate the offer.
2. Those concerned primarily with the potential financial impact on the budget and hence on tax rates.

In fact, there is a common thread. A financially fragile program cannot offer either superior nutritional service or avoid burdening the community.

The purpose of this assessment process is to provide the Wayland Public Schools with an evaluation of their 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 all Wayland locations. 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 control, procurement and income streams. It will also address the positioning of the department as it prepares to move forward to reflect the new realities of HHFKA limitations and financial challenges incurred by the size of Wayland as a district.

The methodology involved our personnel on and off site observing, interviewing, collecting data, modeling, and analysis. Our assessment includes reviewing, analyzing and making recommendations related to the following: food, operating procedures, labor, financial status, organization and current methods of service delivery. We will also include some of the impact of outsourcing the program. The viability of that option is limited by the enrollment and service structure of the district. The assessment is a compilation of those observations, data gathering, and interviews with district administration, concerned parents and citizens, Food Service Department staff, as well as 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**

- ▶ Is the quality at the level Wayland expects?
- ▶ 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?
- ▶ Are the recent HHFKA rules being followed?
- ▶ Does the food taste good and are there a variety of offerings?
  - Is there room to include additional offers?
- ▶ Is food safety in place and a priority?

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- **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?
    - Do staff add value to the products?
  - ▶ Training, a priority or inadequate?
  - ▶ Labor agreements, how beneficial are the terms in the collective bargaining agreement?
  - ▶ Is the labor cost sustainable?
  
- **Financial**
  - ▶ Can the program continue to be self sustaining?
  - ▶ Reporting, is it timely, accurate, thorough?
  - ▶ Metrics are the benchmarks meaningful and are they being utilized?
  - ▶ Tracking, are adjustments on going?
  - ▶ Is there a strategic plan?
  
- **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 multiple communities?
  - ▶ Is the present method of delivering services effective and cost efficient?
  - ▶ What is the department's mission and is it effective?

The assessment shows a department that is highlighted by two overriding characteristics. It provides service to just over half of the student population including equivalent meals and does so while maintaining a fragile but eroding financial balance that can become a burden to the district if not aggressively managed. There are unique structural components of Wayland that contribute to its current state.

- ▶ Wayland operates as a small district...just over 2,550 ADA
  - There is no economy of scale.
- ▶ The free and reduced population <6% limits federal income.
- ▶ The 20 hour cut off for full benefits is a critical financial impact \$225,000 this year.
  - The pay scale is weighted toward a senior work force.

The first has no internal adjustment available; regionalization is not usually viable in MA

The second is a reflection of the community.

The third requires immediate attention to unwind a condition that has been entered into over a 10 year period.

Operationally' the review is consistent in all locations. The quality of food prepared in Clay Pit, Loker, Happy Hollow, Middle and High School is well above the accepted norms of school lunch. Quality products are being purchased; cooked largely from scratch and tasty. The staff is adding value to the products purchased and presenting 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 and documented.

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With the exception of the High School all locations are performing at this level with physical plant limitations that effect both productivity and service options. (See detail in equipment section). There are areas that can improve in service; marketing, merchandising, and menu selection but they can be done from a position of strength. The quality of the staff at all levels provides a culinary platform that positions you to elevate the program based on strength. It is the single most difficult part to build or reproduce; particularly in the current labor market.

The impact of the HHFKA is worth noting. While the intent is laudable, overzealous adherence to the letter of the law can result in offerings that are less desirable in a community used to more purchasing discretion. Parental feedback often mentioned the inadequate portion sizes and lack of favored choices. A more flexible menu approach could aid in maintaining and enhancing the participation and efficiency levels.

The department's greatest strength, its people, is also the area placing the most strain on the financial picture at this time. The bargaining agreement compensates at above area market rates at the senior scale level. That higher base cost combined with a municipal cut off of 20 hours for benefit costs tips the labor cost of the program to an unsustainable level.

The largest deficiency to be addressed internally is the operation of the business model. It is a Million dollar operation! 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 districts setting a realistic strategic goal to the department developing the tactics 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 Committee 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.

It should be noted that progress is being made and the future outlook is more promising than the past.

**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 following metrics of the food service program are based on the 2013-14 statements and 2015 YTD April. They are key indicators of the program strength and opportunities for improvement:**

1. Food Cost as a percent of revenue is 36% for 2014 and 30% for 2015. The norm nationally is 37%.
2. Labor Cost as a percent of revenue viewed as a district total is 60% ... that is 12 points above the norm projected of 48%.
  - i. A total \$268,965 in fringe benefits and OPEB annual and parity payments are a big contributor to the labor costs
3. Meals per Labor Hour (MPLH) – All on Site Prep: Claypit 17.8, Happy Hollow 16.0, Loker 14.5, WHS 14.5, WMS 18.1, total combined is 16.1 best practice for onsite prep is 14-18.
4. Paid meals participation rate is at the higher end of the range for similar demographics. Consistently 45-47%. Norm is 40-41%.
5. Income per student is above expectations \$2.22 because of the combination of price structure and participation...10% over norm.

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

1. The quality of the program drives participation.
  2. Food % reflects the higher pricing structure CPM would be a better indicator.
  3. Labor is the tipping issue ...20 hour benefits and high base wage.
  4. Productivity numbers at all sites are skewed upward by the a la carte program. Equivalent meals are 50-55% of paid meals.
- **Option 1** - All staff remains on district payroll with management targeted with achieving the following efficiencies.
    - ▶ Two track approach ...Labor unwound down \$ 50K Revenue increased \$150K.
    - ▶ Break even program with no subsidy
    - ▶ A food cost contained at 32%
  - **Option 2** - Outsource the entire program.
    - ▶ Outsource completely; including management and staff with a target of a break even program.
    - ▶ Size of district will limit FSMC guaranteeing break even.
    - ▶ Mgt fee of \$65-\$90K per year.

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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 better reflect student preferences in both portion size and HHFKA compliance. Broaden the selection and utilize the talent available in the kitchens.
2.	Elevate the quality of the offer in elementary through increased standards from the current vendors and <b>price accordingly</b> . More fresh fruit and salad bar offerings (even a la carte) moving toward fresh premium selections will be acceptable based on demographics. <b>Equipment required</b>
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 were not universally applied at WMS and Happy Hollow.
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. (Dollar menu a good start)
5.	Continue to Insist on batch cooking and service on all production lines.
6.	Set a targeted Cost per Meal (CPM) and manage to it. A separate CPM for each location is feasible.
7.	Culinary and service training!! Professional development will enhance performance. Plan it and budget for it. It will play to the strength of the program.
8.	Test and standardize recipes to ensure the quality of the food offered. Allow for some variation to reflect individual school tastes. Note the perception differences between Claypit and Happy Hollow...
9.	Focus the menu on most acceptable items not commodity availability...DOD fresh the exception
10.	Address the nutritional needs of the student community but do not bend too far toward HHFKA new standards. Make nutritional menu information and links easily available on the program website. Information not readily available now.
11.	Begin a comprehensive marketing program for all schools; you are “selling” food and the current setting is dated and sterile. Signage, taste bars, communications and promotions do work. If you are not promoting your positives rumors will fill the void.
12.	Continue Hazard Analysis and Critical Control Points (HACCP) and Serve Safe! Do not underestimate the value it provides when it is communicated to the community.
<b>3.2 - Financial Recommendations</b>	
1.	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: <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>
Some parts of this system are in place but the loop needs to be closed.	

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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 providing most of the data needed for revenue reporting. Waiting for Munis to confirm income is of limited value. The goal is to have costs reflective of the current period; an accurate snapshot in time. Decide on a consolidated set of reporting criteria and have all decision makers working from the same data set. Share the current data with ALL stake holders so decisions can be universally implemented.
3. Pricing is above the norm for the area but it is below the level necessary to provide the quality being requested in the elementary schools. \$3.50 with the high cost of labor is a minimum for your elementary sites and possibly \$4.00 for WHS and WMS. The price increases must be accompanied by menu enhancements to continue a value proposition. Pricing for A la carte items should be at full retail.
4. Free and reduced certification process is not an issue based on last DESE reports.
5. The program is surviving financially on ala carte revenue. It begs the question of the districts position on that source.HHFKA will force a decision to embrace or modify.
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 2015-2016 budget from projected meals served perspective and costs for those meals not based on prior year.
8. Explore commodity utilization in menu development. There may be diminishing returns with the current emphasis on quality.
<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 current table of organization is functional.
2. The time required by state and federal reporting is best left to the current 4 hour admin. The Director has to avoid being drawn into data collection. She can be most effective implementing based on the output. It 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. As with the department as a whole, they are not sure of how to measure their success.
4. Build on what is working; your culinary, increase the product quality and menu structure to offer a value commensurate with a higher price structure in all sites.
5. With the exception of WHS, service lines and kitchens are not planned for the service being required by today's food service. There needs to be a comprehensive equipment survey and replacement plan. (It is understood one is planned for this summer).There will be a financial impact but it is a cost deferred over many years.
6. Maintain the certification function at the district central office level.
7. Area treatment, Signage and communication are dated to nonexistent in all sites. Consider combining the web site links with nutritional information with flat screen displays for a flexible and relevant presentation.
8. The Committee and Administration must decide and provide a direction to redefine the mission of the Department as the district moves forward. The current operation is positioned for what was standard but is drifting in a defensive and reactive mode. It is capable of participating in a change



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of vision and should be used as a resource in defining that path.

### 3.4 - Labor Recommendations

1. The productivity numbers are strong based on meal equivalents. All should be working on a targeted MSPHW. Consider lay out in the high school for added efficiencies. If there is a place to gain some meals it is there.
2. Involve site managers in the staffing conversations. Make it a part of their review and KRI.
3. Continue mandatory training in Serve Safe and HACCP for all employees and maintain field documentation of practices, temp and time charts. This is not a burden for employees it's a necessity. The costs for the training should be a budget line entry.
4. There is no evidence of excessive absenteeism at present. But the paid time off provisions can become costly Building a more substantial pool of temps at would mitigate the financial impact.
5. Set performance standards based upon site goals (MPLH, CPM, participation rates, inventory, etc.) then do performance reviews for all staff based on those standards; hold them accountable and let them participate in solutions and success.
6. With a small labor force the discipline procedures in the program tend toward the informal. As the process of addressing a difficult change in the structure of labor all issues must be handled formally to avoid feelings of unfairness. Support at the district level will be essential for the Director to maintain standards.
7. Consider dedicating budget funds to culinary training. Cooking skills at production sites are above standards, full training is recommended to enhance and spread those skills as well as cross train all employees.
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8. 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 now must be addressed as part of a long-term solution.

## 4. Schools Visited

### Building /Department

Wayland High School

Wayland Middle School

Claypit Elementary

Loker Elementary

Happy Hollow Elementary

**5. 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.

**5.1. Organization and Culture:** The department is not as integrated into the main fabric of the district administration as it could be. Over the past several years it has been left to seek its own direction with limited strategic input. The accounting issues with the district and revolving funds have pushed the financial side into the forefront the last two years. These years has been spent in a reactive position to changes in the district needs. This takes place in a framework where the new HHFKA mandates have changed what was perceived as a positive offer to a less acceptable one. The department is now in a fragile financial situation based on a labor agreement built up over a generation. The accounting error last year has led to the perception of \$200k losses and a split in the community. The department has managed to remain in a delicate financial position for the past two years yet it does so without a detailed shared budget that reflects the goals of the administration and committees. This lack of a long range planning process leaves the department free to wander at times. So far the results are not terrible but the risk is real. With the fiscal challenges facing Wayland the department needs to move more closely in step with the planning process to be in front of issues not reacting to them. The culture within the schools is the opposite; food services are seen as an inclusive contribution to the educational process in all locations. Faced with a choice, financial fixes are much easier than program repair.

**5.2. Food Service Leadership – Director:** The director’s position in a regional district of Wayland’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. Wayland’s director has focused on the technical and regulatory side of the business. Nutrition is sound, labor is staffed appropriately, but it is a short term focus. The strategic side of the position is not strongly in evidence. She has chosen to focus on the day to day and cost management. 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 has a director in place capable of driving the program to meet the districts needs but she must be in sync with the administration .Wayland 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 and addressing the labor issue (note the shift in hiring 8 positions less than 20 hours) but must be involved in the total planning moving forward.

**5.3. Food Service Leadership –School Managers:** All five locations have competent and caring managers or leads. They handle the day to day operations in an independent and professional manor. That being said they do not seem to be involved in any planning process and limit their focus to the immediate concerns of the week. They do not measure their performance by any standard metrics. Because they do not share operating reports or any quantifiable statistics. But they do perceive themselves as doing a good job and are somewhat defensive of criticism from “people who do not understand what they do.” If they are involved in the business planning going forward and have input in the setting of goals they could be an asset moving away from a reactive management posture.

**5.4. Business Planning:** The single largest threat to the fragile financial health of the program; including the labor contract; is the lack of a true annual budgeting procedure. As stated before it is a million dollar business enterprise and must run like one. There is no P&L budgeting and limited revolving fund budgeting. While the District has always assumed a break even or balanced position there is no way to define the path to achieving it. Without benchmarks and constant measurement against them all deviations will occur without the time to manage to them and adjust. It is a system that will generate negative year end surprises.

Past costs are accepted as norms based on 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 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 will slip out of control.

**5.5. Staffing:** We rated the staffing situation as “ Above Average”. In the roll up of all sites the productivity is 16.1 MPH. This is above acceptable levels for similar sized schools. WHS stands out as an opportunity to improve but is still above average for HS with a scramble style servery.

**Now a word of caution;** the productivity figures include “equivalent meals “from a la carte sales. Without this income and related meal counts the finances collapse in all locations! HHFKA has driven that source down over the last 2 years and will reduce it further if the letter of the law is followed in MA this year. Your current rate of participation in all sites is above the expected norm for towns with comparable demographics. While there is some upside to strive for it is unrealistic to offset higher labor costs through lunch participation alone.

Labor costs are now fully allocated to the operation. Health care and other payroll expenses are absorbed at the operational level. The result is a total labor cost per hour that is 50% higher than many comparable districts.

The up side is that the quality of the current employees is not readily available in the competitive market. You are positioned to enhance the operations in any direction desired with the current staff.

### **5.6. Production and Control Including Procurement:**

The current meal cost is within the acceptable range and shows no sign of large swings. Your director has driven costs down through effective procurement and menu selection to account for commodity usage. Counter to some voiced concerns on quality; all products observed in service and in storage were above the average for comparable districts. But the current success with costs does not mean there is not room to refine the process in place.

The participation in a purchasing group is a positive overall. As a caution some of the product specs aim at a middle point below Waylands expectation. The location managers are capable of maintaining both cost and quality in their schools. The three elementary schools could benefit from some variation in menu to reflect the equipment and tastes of the local sites. Production records are filled in and while better than many schools, they must be reinforced in 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.(Varies 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 but do not alter preferred menu choices just to incorporate them.

Involve the School managers and Head cooks. Hold them accountable for the production cycle and measure their job performance against it.

**5.7. Marketing & Merchandising:** There is a need and an opportunity for the programs to increase its profile and outreach to the community through the use of an enhanced web site. Information is readily available through links and tie in to supporting nutrition sites and general USDA information that should be readily available to all. Particular school based information including menus, schedules and new product introduction should be an easy web site find for a parent. The second leg of marketing involves the ambiance of the dining area and the presentation of the food when served. Wayland has much room for improvement in both areas. At all sites the food was presented with limited consideration for appearance or visual stimulation. Yes, you are selling the food not just offering it to captive audience students should be treated as customers. Based on the feedback from parents it is obvious they do not all know what you do. Special dietary meals, fresh fruit offerings, gluten free meals, all are available and provided...but hidden to some parents.

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. There is a chance to

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address two issues here. Flat screens tied to the web site and specific school information would be more useful and less expensive than a redo of a static signage program.

- 5.8. Nutrition – Taste/Education/Wellness:** Your current director is focused on nutritional content and compliance with all USDA and HHFKA regulations. These ties 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. A review annually by a certified dietician would preempt some of the parental concern about nutrition and quality.

The quality of the food offered is well above average when prepared. But the selections are at times not from the most popular choices. Some product selection is cost driven and is a false choice. If the demographics will support more expensive choices of a higher quality we recommend you move toward them and adjust pricing accordingly. The current elementary price of \$3.25 does not support the menu your community is seeking. We have sampled meals in all locations and were impressed with the product and culinary ability of staff. We recommend you build on that strength, and consider a value based offer well promoted and communicated rather than a cost based one.

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 Wayland secondary schools was above standards in taste but suffered in presentation.

- 5.9. Training:** If there was a single consensus item in all interviews with management and staff it is this: training and professional development are important to all staff. The exposure to peer group training, professional outsourced training through Stalker and product reps training is all valued.

A critical factor to continue this is to budget the necessary resources to ensure it will not fall victim to cost cutting. A minimum of \$5K to \$7K would be considered adequate. The needs for HACCP, POS, Culinary and Hospitality training will yield more results long term than the money invested.

- 5.10.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. It should be updated this summer to reflect changes since last implemented.

- 5.11.MIS-IT System:** The POS system is functional at the current level but some hardware is dated and will eventually have to be upgraded. The operating data available should be shared with each school manager on a regular basis. If they are managing to KRIs they need

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immediate feedback to supplement a production record system or to validate product sales or usage... A good start and could be taken to the next level by having the school managers access on line and know their stats immediately. Freeing the director's position from some of the administrative data gathering will give her the time to filter the information to a decision level.

- 5.12. Equipment:** The level and amount of equipment available in the three districts is not completely adequate for storage production and distribution. There is no current capital equipment evaluation and replacement plan in place. (planned for Summer of 2015) This is a necessary tool to keep ahead of an aging physical plant. All replacement plans should reflect the new reality of the HHFKA act and not just one for one replacements of current equipment. A menu emphasizing fresh products and scratch cooking requires more refrigeration space than currently available in the elementary and middle schools. Speed of service for the menu calls for flexible service lines and separate 2 sided salad /fruit bars in all locations.

Only Loker is so restricted on space that some production may not be possible. WMS should enhance speed of service with an appropriate 2 sided cashier station and permanent portable service stations to flex with an enhanced middle school offer. Refrigeration and commodity storage need attention. They cannot handle the current volume. Service equipment is kept in reasonable condition and maintained in sanitary condition by the staff but WHS excepted it is all over 10 years old much over 20. It will go off line. The rebuild should be a 3 year plan

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

**Option 1 - Self-Operated Program:** Based on all of the staff remaining on district's payroll. Begin a two track approach to both elevate the quality of the offer while unwinding the labor contract restrictions that will burden the financials.

- Set a goal of 15% growth in the top line through menu and marketing and combined with a price increase at the Elementary level to \$3.50 and \$4.00 at the secondary level. All A la carte to be priced at full retail basis.
- Institute annual budgeting process immediately and utilize this year to provide monthly P&L positions.
- Increase the menu offer to reflect the new prices. Additional fresh items combined with portion size sensitivity. A target of \$1.25 per meal is attainable even with enhanced menu options.
- The labor agreement is not restrictive in the management rights for the program. Benefits are comparable to other self operated districts. The fully assigned fringe costs and OPEB costs based on 20 hours are not sustainable. Moving to a solution through part time employment and a two tiered wage schedule could allow a correction over a 3 to 4 year period.

**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 is an option with both upside potential and downside risk. It merits consideration as a long term option if you lose key people and cannot replace them. Some considerations include;

- The size of the district influences the major company's interest in proposing. Wayland is below the minimum size for consideration.
- The labor cost per hour worked would average \$19-22 per hour...well below the \$31 current cost.
- Management fee structure would be between \$65 and \$90 thousand per year.
- A break even at this size will not be fully guaranteed!

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**6.1. 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 location of Wayland Public Schools will limit those interested. Approximately 35% of school districts nationwide and 20% in Mass 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 Wayland's case, 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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**7. Analysis of the Metrics:** The following chart shows the Wayland Public Schools' position related to benchmarks and best practices in the food service operations criteria, based upon the results of the district 2013-14 statement, meal data from the State reporting.

Category		Best Practice	Wayland	
Food Cost as a percent of revenue		Between 36% 38%	<b>30-36%</b>	
Labor Cost as a percent of revenue		Between 42% & 48%	<b>60%</b>	
Other Costs		Less than 15%	6.5%	
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		16-18 MPLH	<b>16.1</b>	
Total Spending per Student per year using ADA		\$250 to \$350	\$438	
Best Practice Participation Rates Based on Average Daily Attendance				
Type Meal	Best Practice			Wayland March 2015 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>40.4-53.0%</b>
Reduced Meals	60-70%	60-80%	>81%	<b>NA</b>
Free Meals	70-80%	80-92%	>92%	<b>NA</b>
Middle Schools				
Paid Meals	38-45%	40-50%	>40%	<b>44.2-46.0%</b>
Reduced Meals	60-70%	70-89%	>90%	
Free Meals	65-75%	70-89%	>90%	
High Schools				
Paid Meals	20-35%	20-35%	>30%	<b>41.0-45.2%</b>
Reduced Meals	30-45%	35-50%	>50%	<b>0</b>
Free Meals	50-60%	60-70%	>70%	<b>0</b>

The following Wayland metrics are within best practice ranges:

1. Food cost is within and below comparable levels based on high selling prices.
2. Other costs of the program are within the best practice category at 6.5%. This is due to the unallocated and missing other expenses.
3. The participation rate for all categories meets or exceeds best practices; particularly based on demographics.
4. MPLH are within the acceptable range as a total.

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

1. Labor Cost as a percent of revenue is 60% - in the 2015 actual it is tracking on target for 60%. As noted these numbers are with fully loaded benefit costs. More than half of self operated districts still do not allocate insurance costs to the program in MASS.

# **Section 2 Appendices**