



**Gary Community School Corporation**  
*Doing What is Best for Students - Today - Tomorrow - Everyday*

## EMERGENCY MANAGER REPORT

### DISTRESSED UNIT APPEALS BOARD (DUAB)

June 4, 2018

Prepared by



**Gary  
Schools  
Recovery, LLC**



Distressed Unit Appeals Board

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Emergency Manager Report

Prepared by Gary Schools Recovery, LLC

June 4, 2018

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# I.0 RENEWAL OF CONTRACT OF SODEXHO MAGIC AND GCSC

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## ORIGINAL 2015 CONTRACT

Food Service Agreement

Gary Community School Corporation

And

SodexoMAGIC, LLC



June 1, 2015

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## FOOD SERVICE AGREEMENT

**THIS FOOD SERVICE AGREEMENT** ("Agreement") is made as of July 1, 2015 by SodexoMAGIC, LLC (herein referred to as SodexoMAGIC OR Food Service Management Company (FSMC), and the Gary Community School Corporation (the "District or School Food Authority (SFA)") (individually "Party" and collectively, the "Parties"). This food service Agreement incorporates The Request for Proposal (RFP) of the Gary Community School Corporation for a Food Service Management Company and the response to the RFP submitted by SodexoMAGIC, LLC ("Proposal"). In the event that contradictory statements are contained in the RFP, the Proposal, and this Agreement, the following order of precedence shall apply: Agreement, FSMC's Proposal, and the RFP.

### WITNESSETH

WHEREAS, the DISTRICT wishes to retain SodexoMAGIC to provide certain food and food-related services at all of the campuses within the jurisdiction of the DISTRICT (the "Premises"). Districts campuses are detailed on Exhibit D, attached hereto.

NOW THEREFORE, in consideration of the mutual agreements set forth below and other good and valuable consideration, acknowledged by each of the Parties to be satisfactory and adequate, SodexoMAGIC and the DISTRICT agree as follows.

### SECTION 1 DEFINITIONS

- 1.1 **Accounting Period.** A calendar month, twelve (12) of which constitute an accounting year.
- 1.2 **Allowable Direct Costs** (also referred to as Operating Expenses). As defined in Section 11.2
- 1.3 **Deficit.** The excess of the total of Allowable Direct Costs, Administrative Fee and Management Fee over Gross Sales, less applicable taxes.
- 1.4 **Gross Sales.** All sales of food, beverages, goods, merchandise and services in the Food Service operation, including sales taxes.
- 1.5 **Surplus.** The excess of the total of Allowable Direct Costs, Administrative Fee and Management Fee over Gross Sales, less applicable taxes.

### SECTION 2 PURPOSE OF THE AGREEMENT

- 2.1. **Meal Programs.** SodexoMAGIC, shall provide nutritional universal breakfasts, lunches, milk service, after school meals, and a la carte items on a daily basis in accordance with the following terms and conditions contained in this Agreement.

2.2. **Appointment of SodexoMAGIC.** The DISTRICT hereby retains SodexoMAGIC and grants to SodexoMAGIC the exclusive right to provide and manage the DISTRICT'S food service program ("Service," "Services," "Food Service" or "Food Service Program") at the DISTRICT's Premises to all of the students of the DISTRICT including but not limited to Pre-Kindergarten, Kindergarten, Elementary, Middle and High School Students. SodexoMAGIC shall render the Food Services within the facilities of the Premises, including but not limited to, the food preparation, serving, dining and storage areas ("Facilities" designated for the Food Service Program). SodexoMAGIC shall also operate the summer food program for the 2015 summer and 2016 summer. SodexoMAGIC shall be entitled to payment for the operation of the summer food program. With respect to the 2015 summer food service, the parties agree that Sodexo shall provide summer food service beginning July 1, 2015.

2.3. **General Purpose.** SodexoMAGIC shall be responsible for the DISTRICT'S Food Service Program and shall prepare and serve wholesome, nutritious and appetizing meals to the reasonable satisfaction of the DISTRICT. SodexoMAGIC shall comply with the applicable provisions of the National School Lunch Program ("NSLP") School Breakfast Program ("SBP"), the Special Milk Program ("SMP") and the U.S. Department of Agriculture ("USDA") Regulations set forth in 7 CFR Parts 210, 215, 220, 245, 250 and FNS instructions and policies, as applicable, including applicable portions of the State's agreement under the program per 7 CFR Part 210.16(a)(2).

2.4 **Independent Contractor.** SodexoMAGIC shall be an independent contractor and shall retain control over its employees and agents, SodexoMAGIC shall be free to perform Services for any other DISTRICT, company or organization during the term of this Agreement.

### SECTION 3. COMMENCEMENT AND TERMINATION

#### 3.1 Commencement and Term.

Section 3.1.1 Terms of Agreement. The term of the Agreement shall be for one year beginning July 1, 2015 and continuing until June 30, 2016 ("Term") unless terminated by either Party as hereinafter provided. The Parties may, by mutual agreement, renew this Agreement for up to four (4) successive one (1) year renewal periods." 7 CFR 210.16

3.1.2 District and SodexoMAGIC agree to participate in a Common Goals Session within ninety (90) days from the commencement of Services in accordance with Exhibit B. During the second half of each school year, District and SodexoMAGIC agree to participate in an Annual Expectations Meeting throughout the term of this Agreement in accordance with Exhibit C. SodexoMAGIC shall present no less than semi-annually a verbal and written program update to the School Board.

3.2 **Termination.** Either Party may terminate this Agreement without cause by giving

sixty (60) days' notice in writing to the other Party of its intention to do so. 7 CFR 210.16(d).

3.3. **Breach.** If either Party breaches a material provision hereof, including failure to make payment when due, whether by District or IDOE ("Cause"), the non-breaching Party shall give the other written notice of such Cause. If the Cause is remedied within ten (10) days in the case of failure to make payment when due (whether by District or IDOE), or thirty (30) days in the case of any other Cause, the notice shall be null and void. If such Cause is not remedied within the specified period, the Party giving notice shall have the right to terminate the Agreement upon expiration of such remedy period. However, neither party shall be responsible to the other for any losses or failure to perform its respective obligations under the Agreement when such failure is caused by conditions beyond the Party's control such as fire, explosion, water, Acts of God, civil disorder or disturbances, labor disputes, vandalism, war, riot, sabotage, weather and energy-related closings, pandemic, epidemic, governmental rules and regulations or like causes beyond the reasonable control of such Party or the damage or destruction of real or personal property of such causes. In addition, the Parties agree that nothing in this paragraph modifies the Parties' right to terminate this Agreement by giving sixty-(60) days' notice in accordance with Section 3.2 above. 7 CFR Part3016

#### Section4. EMPLOYEES

4.1 **Personnel Obligations.** SodexoMAGIC shall be responsible for hiring all Food Service Employees and Lunch Room Matrons and management on its payroll including, but not limited to, responsibility for recruitment, employment, promotion, payment of wages, pension benefits, layoffs and termination. SodexoMAGIC shall comply with all applicable laws and regulations related thereto. SodexoMAGIC shall prepare and process the payroll for its employees and shall withhold and pay all applicable federal and state employment taxes and payroll insurance relating to its employees including, but not limited to, income, social security and unemployment taxes and worker's compensation costs and charges.

4.2. **Equal Opportunity Employer.** The DISTRICT and SodexoMAGIC shall comply with Executive Order 11246, entitled "Equal Employment Opportunity" as amended by Executive Order 11375 and as supplemented in U.S. Department of Labor Regulations.7 CFR Part 3016

4.3. **Work Hours.** SodexoMAGIC and the DISTRICT shall comply with Section 103 and 107 of the Contract Work hours and Safety- Standards Act as set forth in 40 USC 327-330 and supplemented by U.S. Department of Labor Regulations as set forth in 29 CFR Part S.7 CFR Part301

4.4. **Hourly Labor - Transitioning Employees to SodexoMAGIC Payroll —**  
SodexoMAGIC shall offer employment to District's non-management Food Service

employees, including Lunch Room Aides/Matrons ("District Employees") to work in the Food Services effective July 1, 2015 ("Hire Date"), subject to SodexoMAGIC's standard terms and conditions of employment, including, but not limited to, background investigations. Employment offers shall be at the rates of pay for the District Employees in effect as of the Hire Date, plus two and one-half percent (2.5%) of such rate. SodexoMAGIC shall honor the District Employees' months of service solely for the purpose of waiving any waiting periods for health and welfare benefit plan participation, if applicable (provided that any such waiver is contingent upon the District Employees providing the appropriate documentation, in a timely manner and in advance of the Hire Date, pursuant to the terms of such plans, and as required by applicable law and/or regulatory requirements). Benefits and health insurance will be offered to District Employees who work thirty (30) hours or more per week.

As of the Hire Date or upon expiration or termination of this Agreement, regardless of how this Agreement may be terminated, SodexoMAGIC shall not be responsible for unused paid time off (including, but not limited to, sick time, personal time, holidays and/or vacation) which accrued to the District Employees while employed by the District prior to the Hire Date.

District shall indemnify SodexoMAGIC from any liability relating to (i) earned or accrued benefits, (ii) termination or lay-off resulting from the transition of the District Employees to SodexoMAGIC's payroll (including the WARN Act) and (iii) employee claims for injury or loss, which injury or loss occurred while such District Employees were employed by District.

SodexoMAGIC shall indemnify District from any liability relating to earned or accrued benefits due to its employees after the Hire Date.

**4.5 Union.** In the event of an increase in wages or benefits payable as a result of unionization, or as a result of the renegotiation and ratification of an existing collective bargaining agreement, the **Financial Guarantee** shall, from the date of increase in wages or benefits, be increased by the percentage increase in wage rates and/or benefits.

**4.6 Hours.** SodexoMAGIC shall recommend to the DISTRICT the number of work hours and the number of positions required at the Premises with each annual budget. This annual budget will be approved by the Schools Administration

**4.7 Background Checks.** SodexoMAGIC shall adhere to applicable state and federal regulations in screening prospective employees. SodexoMAGIC shall comply with criminal background checks and fingerprint regulations required by law for all new hires.

**4.8 Regulations.** SodexoMAGIC shall instruct its employees to abide by the policies, rules and regulations with respect to its use of DISTRICT Premises as established by the DISTRICT from time to time and which are furnished in writing to SodexoMAGIC.

**4.9 Removal of Employee.** The DISTRICT may provide SodexoMAGIC with written

notice that it requires the removal of an employee of SodexoMAGIC if such employee violates health requirements or conducts himself/herself in a manner which is detrimental to the physical, mental or moral well-being of students, staff or faculty. In the event of the removal of any such employee, SodexoMAGIC shall immediately restructure its staff without disruption in Service.

**4.10. Emergency Devices.** All Food Service personnel assigned to the DISTRICT shall be instructed on the use of all emergency switches and fire and safety devices in the facility.

**4.11. Student Workers.** The use of student workers or students enrolled in the DISTRICT is prohibited without prior DISTRICT approval.

**4.12. Senior Management.** SodexoMAGIC shall inform the DISTRICT prior to hiring Senior Management positions for the DISTRICT's Food Service Program. All persons to be hired as Food Service Directors, Assistant Directors and Supervisors must be presented for the DISTRICT's evaluation and approval. Noncompliance will be considered a breach of this Agreement.

**4.13. Non-solicitation.** SodexoMAGIC employees performing Services or administrative work at the Premises shall be subject to the rules and regulations established by the DISTRICT as reasonable and necessary for its operation. District shall not, during the Term of this Agreement, solicit to hire any SodexoMAGIC salaried employees.

## **Section 5. MANAGEMENT SERVICES & SPECIAL FUNCTIONS**

**5.1. Management Services.** SodexoMAGIC shall provide all management, administrative and dietetic services required for the efficient supervision all operation of DISTRICT's Food Service Program.

**5.2 Various Programs.** SodexoMAGIC will work with the District and Superintendent to bring programs and contributions to that are identified in SodexoMAGIC's Proposal in response to RFP.

**5.3 Special Diets.** SodexoMAGIC shall supply any special diets for students required for medical reasons when prescribed and approved in writing by a medical doctor or by a note from the parent. SodexoMAGIC shall provide training to all food service workers regarding special diets and food allergies. SodexoMAGIC shall make sure that students who have allergies or special diet needs will be addressed. SodexoMAGIC agrees to hold harmless and indemnify the District relative to SodexoMAGIC'S actions concerning special diets and food allergies.

5.4 **Special Functions.** The DISTRICT shall have the option to utilize SodexoMAGIC Food Service for administration and student-related functions as reasonably requested by the DISTRICT. Such requests must be received at least twenty-four hours prior to the date of the function if less than fifteen (15) people are in attendance and seventy two hours prior to the date of the function if more than fifteen (15) people are in attendance. All food and labor costs for these functions will be billed directly to the school organization involved, unless otherwise specified by the DISTRICT. Any special arrangements regarding other costs which might be incurred at these functions may be negotiated between SodexoMAGIC and the organization requesting Services. Such services shall be provided based on the times and prices mutually agreed upon.

#### **Section 6. EQUIPMENT, FACILITIES & UTILITIES**

6.1. **Facilities and Equipment.** The DISTRICT shall make available without any cost or charge to SodexoMAGIC, the Facilities and equipment including, but not limited to, kitchen equipment, small wares, suitably furnished office space, facilities for the safe keeping of funds and those areas of the premises in which SodexoMAGIC shall provide its Services.

6.2. **Condition of Facilities and Equipment.** The Facilities and equipment provided by each Party for use in the Food Service Program shall be in good condition and maintained to ensure compliance with applicable laws concerning building conditions, sanitation, safety and health. SodexoMAGIC shall take proper care of all furniture and fixtures and equipment provided by the DISTRICT and shall timely notify the DISTRICT of any known deficiencies. SodexoMAGIC shall not be held accountable for pre-existing conditions. At the expiration of this Agreement, SodexoMAGIC shall return to the DISTRICT the Facilities and all furniture, fixtures and equipment furnished by the DISTRICT in the condition in which received, except for ordinary wear and tear and damage by the elements, and except to the extent that such Facilities or equipment may have been lost or damaged by vandalism, fire, flood, other Acts of God or theft by persons other than employees of SodexoMAGIC, unless such damage has been caused through the negligence of SodexoMAGIC or its employees.

6.3. **Utilities.** The DISTRICT shall furnish at its expense, space, light, power, hot and cold water, telephone service, high-speed internet service and other utilities as are necessary for the operation of the Services to be furnished hereunder.

6.4. **School's Use of the Facilities.** The DISTRICT is encouraged to utilize SodexoMAGIC for catering and other Food Service: needs in addition to the School Lunch, Breakfast and/or Special Milk Programs. However, the DISTRICT reserves the right in its sole discretion, to sell or dispense any food or beverage before or after the DISTRICT's regularly scheduled lunch or breakfast periods, provided such use does not interfere with the operation of the School Lunch, Breakfast and/or Special Milk Programs.

6.5. **Extracurricular Activities.** If the DISTRICT utilizes the Facilities for

extracurricular activities before or after the DISTRICT's regularly scheduled Food Service periods, the DISTRICT shall return the Facilities and equipment to SodexoMAGIC in the same condition as received, normal wear and tear excepted.

**6.6. Rental Facilities for Community Use.** The DISTRICT retains the right to rent or donate the Facilities during non-school hours or weekends, provided that such activity does not interfere with the normal Food Service Program. When such functions take place, the DISTRICT may require that a member of the Food Service staff be on duty to maintain the safe use of equipment and/or to provide access to the Facilities. The DISTRICT will indemnify SodexoMAGIC for any loss or damages arising out of a third party's use of the Food Service equipment or Facilities. All Facilities and equipment used by a third party shall be returned to SodexoMAGIC in the original condition in which it was found, reasonable wear and tear excepted, so as not to unreasonably interfere with SodexoMAGIC's performance under this Agreement.

#### **Section 7. MAINTENANCE, REPAIRS & SANITATION**

**7.1. Maintenance.** The DISTRICT shall furnish all building maintenance and all repairs to the Food Service areas without cost to SodexoMAGIC and shall replace, repair and maintain its equipment, except when damage results from the negligence of SodexoMAGIC or its employees. The DISTRICT shall keep such equipment and Facilities maintained in a safe operating condition such that no SodexoMAGIC employee is exposed to or subjected to any unsafe situation which would violate the Occupational Safety and Health Act including, but not limited to, the general duty and the specific duty clauses thereof or any other similar federal, state or local law or regulation. However, if equipment provided by the DISTRICT becomes Inoperative, hazardous or inefficient to operate, SodexoMAGIC shall have the right to undertake repairs or replacements at the expense of the DISTRICT following the procedures as outlined by the DISTRICT, if the DISTRICT fails to do so. SodexoMAGIC must get the approval of the DISTRICT prior to undertaking such repairs or replacements. The DISTRICT shall at its expense, provide maintenance personnel and outside maintenance services, parts and supplies for properly maintaining the Facilities and its equipment.

**7.2. Cleaning.** The DISTRICT shall be responsible for the cleaning and maintenance of floors, windows, walls, light fixtures, ceilings, hoods, ducts, grease traps and the general care of the Facility. SodexoMAGIC shall be responsible for the routine cleaning of the food preparation areas, serving areas, dining areas, dish rooms and storerooms, including the ordinary and routine cleaning of counters and operating equipment used in connection with the Food Service Program.

**7.3. Sanitation.** The DISTRICT shall provide for the daily removal of waste and garbage and regular extermination services at its expense.

#### **SECTION 8. INVENTORY**

8.1. **Inventory.** SodexoMAGIC shall purchase all food and other supplies required under this Agreement on the DISTRICTS behalf. Title thereto shall remain with the DISTRICT at all times. Such food and supplies shall be kept separate and apart from all other DISTRICT property. SodexoMAGIC and DISTRICT shall jointly take inventory of all purchased food and supplies at both the beginning and the end of this Agreement. The DISTRICT shall have access to the records of the food purchased in order to review and audit as deemed necessary in the judgment of the DISTRICT.

8.1.1 **Equipment and Commodity Inventories.** SodexoMAGIC and the DISTRICT shall inventory the equipment and commodities owned by the DISTRICT at the beginning of the Agreement year including, but not limited to, Smallwares trays, kitchen utensils and food (both purchased and government-donated commodities). SodexoMAGIC shall be responsible for reimbursing the DISTRICT for all shortages noted at the year-end inventory of the equipment and commodities and will provide updates of equipment and commodities with its monthly records.

8.2, **Purchasing.** SodexoMAGIC, with oversight of the District shall purchase all food, nonfood commodities and milk/beverages for the DISTRICT at the lowest price possible consistent with maintaining the quality standards prescribed by the DISTRICT, including taking advantage of all local trade discounts. All such transactions must meet procurement standards set by the USDA. Transactions shall be conducted as provided by law and in a manner to provide maximum open and free competition.

8.2.1 District acknowledges that SodexoMAGIC shall utilize its own supplier network for the provision of food, beverages, supplies and services in the performance of its obligations hereunder. District understands that Sodexo has entered into agreements with many vendors and suppliers of products and services which (i) give SodexoMAGIC the right to inspect such vendors' and suppliers' plants and/or storage facilities and (ii) require such vendors and suppliers to adhere to standards to ensure the quality of the products and/or services purchased by SodexoMAGIC for or on behalf of District. District shall not require Sodexo to use products and/or services from non-SodexoMAGIC approved vendors..

8.2.2 SodexoMAGIC shall request, receive and inspect food delivered by vendors and shall make available a list of the vendor invoices for audit and review purposes.

8.2.3 SodexoMAGIC shall maintain adequate storage practices, inventory and control of government-donated foods in conformance with the DISTRICT's agreement with any applicable state agency.

8.2.4 In accordance with the BUY American Provisions of 7 CFR part 250, SodexoMAGIC shall purchase, to the maximum extent practicable, domestic commodities that are produced and processed in the United States and will substantially use agricultural commodities that are produced in the United States. "Substantially" means that over fifty- one percent (51%) of the final processed products consist of

agricultural commodities that were grown domestically.

8.2.5 SodexoMAGIC shall be responsible for the purchase of milk and beverages and shall be responsible for all costs, whether an increase or decrease, in the price of milk occurs.

8.3. **Processing Contracts.** All goods, services or moneys received as the result of a rebate under a processing contract must be utilized in the DISTRICT's nonprofit Food Service Program.

## Section 9. FOOD SERVICE

9.1. **Menus.** SodexoMAGIC shall consult with an advisory board, comprised of such members as the DISTRICT shall designate, regarding the overall operation of the DISTRICT's Food Service Program, including menus. SodexoMAGIC shall submit menus to the DISTRICT for each school for approval. Any menu changes may only be made with the approval of the DISTRICT. Seasonal changes, special school programs or shifts in student preferences shall be taken into consideration in menu preparation. All menus will be nutritionally acceptable to the DISTRICT in accordance with applicable regulations. SodexoMAGIC shall work diligently with the District and advisory board to make sure that the menus are appealing and supported by the individual schools.

9.2. **Control of Food Service.** The DISTRICT shall retain control of the quality, extent and nature of its Food Service. *7CFR210.16(a)(4)*

9.3. **Food Specifications.** The DISTRICT must provide detailed specifications including, but not limited to, grade and weight for each food component or menu item as specified in 7 CFR 210 and include these specifications in all Invitations For Bid ("IFBs") or Requests for Proposal ("RFPs"). Specifications may also cover other items such as purchase units, style, condition, ingredients, formulations and delivery time. *7 CFR 210.16(c)(3)*

9.4. **Noncompliant Foods.** No payment shall be made by the DISTRICT for meals that are spoiled or unwholesome at the time of delivery, do not meet detailed specifications as developed by the DISTRICT for each food component specified in the NSLP or do not otherwise meet the requirements of this Agreement. *7 CF 210.16c(3)*

9.5. **Nutrition Education.** SodexoMAGIC shall promote the nutritional education aspects of the DISTRICT's Food Service Program and cooperate in the efforts of the DISTRICT to coordinate these aspects with classroom instruction.

## Section 10. ACCOUNTING, RECORDS & ADUITS

10.1. **Records.** SodexoMAGIC shall maintain such records as the DISTRICT will need to support its reimbursement claims and shall provide such records promptly to

the DISTRICT at the end of each calendar month, at a minimum. Such records shall be available for a period of three(3) years from the date of final payment under the Agreement for inspection and audit by representatives of the applicable state's education and agriculture regulatory agencies, the USDA and the U.S. General Accounting Office at any reasonable time and place; except that, if audit findings have not been resolved, the records shall be retained beyond the three (3) year period for as long as required for the resolution of the issues raised by the audit. Such records include but are not limited to, Daily Cash Reports, Edit Check Worksheets, Milk Rosters and Summary of Meal/Milk counts. In accordance with regulations, a DISTRICT official will review records maintained by SodexoMAGIC for the purpose of preparing monthly reimbursement vouchers. 7 CFR210.16(c)(1) and 7CFR210.23c

**10.2. Availability of Records.** The DISTRICT, the applicable state's education and agriculture regulatory agencies, the USDA, Comptroller General of the United States or any of their duly authorized representatives, shall have access to any books, documents, papers and records of SodexoMAGIC which are solely and directly pertinent to this Agreement, for the purpose of making audits, examinations, excerpts and transcriptions. 7 CFR Part 3016

**10.3. Reimbursement Records.** SodexoMAGIC shall retain records to support the DISTRICT's reimbursement claim of the daily number of meals served, by type. These meal counts must be reported daily. 7 CFR 210.16(c)(1)

**10.4. Revenue Records.** SodexoMAGIC shall retain revenue records broken down by source, type and category of meal or Food Service (e.g., a la carte sales, reduced-price and full-price lunch meals, breakfast meals, vending machine sales, etc.).

#### **10.5. Invoices.**

10.5.1 SodexoMAGIC will bill the Indiana Department of Education ("IDOE") at the end of each month for: (a) management fee; (b) administrative fee; and (c) Operating Expenses. Payment shall be due within forty five (45) days of receipt of the monthly invoice. IDOE shall pay interest on amounts not paid when due at one percent (1%) per month. Failure to make payment when due shall be deemed a material breach of the Agreement.

**10.6. Invoice Statement.** All invoices submitted by SodexoMAGIC must represent that articles have been furnished or Services rendered before payment can be made to SodexoMAGIC from the DISTRICT's Food Service account. SodexoMAGIC agrees to utilize the forms provided by the District for seeking payment.

**10.7. Detailed Description.** All invoices submitted by SodexoMAGIC must include a detailed description of the goods, supplies, services or other items being submitted for reimbursement.

**10.8. Taxes and Assessments.** SodexoMAGIC shall pay when due all federal, state,

local, sales and other governmental taxes or assessments in connection with the Services.

## Section II. FINANCIAL, PURCHASING & MEAL PAYMENT

**11.1 General Provisions.** All management/administrative fees shall be expressly stated in this Agreement. SodexoMAGIC shall operate, administer and manage the Food Service Program for the DISTRICT in accordance with the financial arrangements as set forth in this Section. This Agreement does not contain a "cost-plus-a-percentage-of-cost" or a "cost-plus-a-percentage-of-income" provision. 7 CFR 210.16(c)

**11.2 Operating Expenses/Management Fees/Administrative Fee.** SodexoMAGIC shall charge the DISTRICT for SodexoMAGIC's Operating Expenses of operating the Food Service Program as allowed by law. 'Operating Expenses shall be defined as all costs, expenses, and Charges related to the Food Service operation including, but not limited to, the following:

11.2.1 The invoiced amounts to FSMC of goods and services, including food, beverages, merchandise, and supplies. Allowable Direct Costs shall be net of any discounts, rebates and other credits obtained from local vendors, suppliers, or distributors for goods procured solely for District's account. All discounts, rebates and other applicable credits accruing to or received by SodexoMAGIC under this Agreement, to the extent those credits are allocable to the allowable portion of the amounts billed to District, including those obtained from vendors, suppliers, manufacturers or distribution companies, and SodexoMAGIC's regional or national purchasing or distribution arrangements, shall be credited to the District;

11.2.2 Labor, including salaries (including bonuses, if any), wages, taxes, benefits, payroll processing, retirement plans and the cost of administering such plans and services;

11.2.3 Other costs, expenses, and Charges including, but not limited to, amortization or depreciation of equipment, any Investment (as further defined) made pursuant to the terms of this Agreement, decor, signage, and other items purchased on behalf of the Food Service, Charges for workers' compensation and general liability insurance based on the average manual rates for such insurance in the geographic area of the Premises and other insurance maintained pursuant to the Agreement, out-of-pocket travel and related expenses for training of employees assigned to the Food Service operation, including the costs of an on-site trainer temporarily assigned to the Premises, sales, use, and other taxes related to the purchases made for Food Service (other than taxes collected and remitted by SodexoMAGIC to a taxing authority); costs of licenses, permits, information systems, software and software maintenance, armored car services, fees charged to SodexoMAGIC for credit or debit card sales, marketing

and promotional or proprietary materials, including CrossRoads Cuisines® signage and related materials, all costs, third party recruitment and placement fees, the cost of any required or necessary background checks, uniforms and linen, flowers, decorations, overnight delivery, if necessary, Smallwares, minor equipment, repair and maintenance of SodexoMAGIC-supplied equipment, incidental daily register shortages not to exceed Three Dollars (\$3.00) per day (excluding theft), and other services related to the Food Service operation. As used herein, Charge shall mean fees established by Sodexo for goods or services provided by SodexoMAGIC that are not included in the Administrative Fee or Management Fee.

**Computing Meals.** Derived from all other revenue excluding federal/state reimbursements, student snack/breakfast/lunch reimbursable sales and childcare program meals. The meal equivalency rate shall be equal to \$3.32, as stated in the RFP.

Total meals are to be calculated pursuant to state and federal law. District must approve the fee charged for meals in the National School Lunch Program and School Breakfast Program. Meals served to children shall be divided by \$3.32 to arrive at an equivalent meal count. The per-meal Management Fee will be multiplied by total meals. SodexoMAGIC to receive \$0.25 per meal for general and administrative fee and \$0.06 per meal for management fee.

**Meal Definition** — Meals shall be defined as follows: 1 Lunch = 1 Meal; 1 Breakfasts = 1 Meal; 3 Snacks = 1 Meal; 1 Dinner = 1 Meal

**11.4 Surplus Revenues.** Any Surplus existing after deducting the approved Operating Expenses, Administrative Fee and Management Fee from verified Food Service receipts and all federal and state reimbursements shall remain with the DISTRICT.

**11.5 Financial Reconciliation.** Gross Sales shall be remitted to DISTRICT or deposited in DISTRICTS account on a daily basis. DISTRICT shall provide bank reconciliation and meal count reconciliation within sixty (60) days of the close of each Accounting Period. Within ninety (90) days of the end of the school year, the parties shall complete a reconciliation of the annual operational financial report, which report shall be signed by the parties at the bottom as being true and correct.

**11.7 Financial Guarantee** — If, at the conclusion of the 2015-2016 school year, Gary Community School Corporation foodservice program does not meet or exceed the agreed upon financial minimum of break-even, SodexoMAGIC will pay the difference up to 100% of the management fee. A detail budget with assumptions is included in Exhibit A of this Agreement.

**11.8 Equipment Investment** — SodexoMAGIC shall provide an investment of Seventy Two Thousand Dollars (\$72,000.00) to provide innovation to secondary school cafeterias, including a C-Store and an additional breakfast cart service ("Investment"). FSMC shall amortize the Investment on a straight-line basis over five (5) years, commencing September 1, 2015. Such amortization shall be charged as an Operating

Expense of the Food Service. SFA shall own the Investment. If the Agreement expires or is terminated prior to the complete amortization of the Investment, SFA shall on the expiration date, or within thirty (30) days after receipt by either party of any notice of termination or non-renewal of this Agreement, either (i) pay the full amount of the unamortized portion of the Investment immediately upon termination; (ii) retain any equipment or other items funded by the Investment and continue to make payment to FSMC in accordance with the agreed upon monthly amortization schedule; or (iii) require the successor food service management company to promptly pay FSMC the unamortized portion of the Investment in full and continuing to pay the remaining monthly amortization payments to such successor company instead of to FSMC. Prior to use of Investment, all purchases will need to be approved by SFA Administration.

**11.9 Annual Price Adjustment** — SodexoMAGIC's administrative fee and management fee may be increased on an annual basis by the yearly percentage change in the Consumer Price Index for all urban customers, as published by the United States Department of Labor, Bureau of Labor Statistics, Food Eaten Away from Home, South-Size Class B/C or by 2%, whichever is the lowest.

## **Section 12. COMMODITIES**

**12.1 Benefit of DISTRICT Only.** SodexoMAGIC agrees that any government donated commodities received by the DISTRICT and made available to SodexoMAGIC shall accrue only to the benefit of and shall be used only in the DISTRICT's nonprofit school Food Service. *7 CFR 210.16(a)(6)*

**12.2. Proper Use and Handling.** The liability for the proper use of these commodities will be the responsibility of SodexoMAGIC. SodexoMAGIC shall maintain accurate and complete records with respect to the receipt, use/disposition, storage and inventory of donated food. Failure by SodexoMAGIC to maintain records required under the Agreement shall be considered factual evidence of improper distribution or loss of donated foods. The DISTRICT is responsible for obtaining restitution from SodexoMAGIC in connection with any claim for improper distribution or use, loss of or damage to donated foods. *7CFR 250.12(b)(4)*

**12.3. Title to Donated Food.** Title to government-donated food shall remain in the DISTRICT.

## **Section 13. INSURANCE & INDEMNITY**

**13.1** To the extent permitted by state law, each Party shall indemnify, defend and hold the other harmless from any and all losses, damages or expenses, including reasonable attorneys' fees, arising out of or resulting from claims or actions for bodily injury, death, sickness, property damage or other injury or damage caused by the negligent act or omission of such Party.

**13.2** Notification of an event giving rise to an indemnification claim ("Notice") must be received by the indemnifying Party within thirty (30) days following receipt of such claim and shall include a brief factual summary of the damage and cause thereof. An indemnification claim is expressly subject to and conditioned upon compliance with the Notice provisions hereunder.

**13.3** SodexoMAGIC shall obtain and maintain insurance for the following risks in such amounts under such policies as appropriate: general liability (including contract, products-completed, operations and business automobile coverage) and worker's compensation (including employer's liability coverage).

**13.4** Certificates of insurance for such coverage shall be furnished upon thirty (30) days notice. The DISTRICT shall be named as an additional insured.

#### **Section 14. DISTRICT RESPONSIBILITIES**

**14.1 Food Service Conformity.** The DISTRICT shall remain responsible for ensuring that the Food Service Program is in conformance with its agreement under the NSLP and shall monitor the Food Service Program through periodic on-site visitations. *7 CFR 210.16(a)(2)(3)*

**14.2 Advisory Board.** The DISTRICT shall establish an advisory board comprised of parents, teachers and students to assist in menu planning. The menu will be planned on a 4 week menu cycle. *7 CFR 210.16(a)(8)*

**14.3 Health Certification.** The DISTRICT shall maintain applicable Health Certification and ensure that all state and local regulations are being met by SodexoMAGIC's employees preparing and/or serving meals at the DISTRICT's Premises. *7 CFR 210.16(a)(7)*

**14.4 Pricing.** The DISTRICT shall establish all program and non-program meal and a la carte prices. The DISTRICT shall establish all prices, including price adjustments for food items served under the nonprofit DISTRICT Food Service account (e.g., reimbursable meals, a la carte service, and adult meals).

**14.5 Signature Authority.** The DISTRICT shall retain signature authority on the application/agreement to participate in the NSLP, SBP and the SMP, including the DISTRICT's free and reduced-price policy statement. *7 CFR 210.16(a)(5)*

**14.6 Internal Controls.** The DISTRICT shall establish internal controls that ensure the accuracy of lunch counts prior to the submission of the monthly reimbursement claim. At a minimum, the DISTRICT shall: (a) review worksheets and make comparisons of daily free, reduced-price and paid lunch counts against data which will assist in the identification of lunch counts in excess of the number of free, reduced price and paid lunches served each day to children eligible for such lunches; (b) develop and implement a system follow-up on those lunch counts that suggest the likelihood of

lunch-counting problems; and (c) conduct an on-site review of the counting and claiming system employed by each Facility within the jurisdiction of the DISTRICT. *7CFR 210.8(a)*

**14.7 Reimbursement Claims.** The DISTRICT shall be responsible for signing reimbursement claims. This responsibility cannot be delegated to SodexoMAGIC. *7 CFR 210.16(a)(5)*

**14.8 Contractual Responsibility.** The DISTRICT shall be responsible for all contractual agreements entered into in connection with the Food Service Program (e.g., vending meals to other school food authorities); *7 CFR 210.19(a)(l)*

**14.9 DISTRICT** shall be responsible for ensuring resolution of Food Service Program review and audit findings, *7 CFR 210.9(b)(17) and 210.18(k)(1)(2)*

**14.10 Parent Letters.** The DISTRICT shall develop, distribute and collect the parent letters and applications for free and reduced-price meals and free milk. *7 CFR 245.6*

**14.11 Verifying Free and Reduced-price Meal Applications.** The DISTRICT shall be responsible for determining and verifying applications for free and reduced-price meals or free milk benefits and the conduct of any hearings related to such determinations. This responsibility shall not be delegated to SodexoMAGIC. *7 CFR 245.6*

**14.12 Food Donated by USDA.** The DISTRICT shall assure that the maximum amount of government-donated foods are received and utilized by SodexoMAGIC. *7 CFR 210.9(b)(15)*

**14.13 Commodity Processing Contracts.** The DISTRICT shall establish commodity processing contracts based on the needs of SodexoMAGIC. This responsibility cannot be delegated to SodexoMAGIC. *7CFR 250.12(j)*

**14.14 A la carte Offering.** In order to offer a la carte Food Service, the DISTRICT must offer all eligible children reduced-price and full price reimbursable meals. *7CFR 210.16(a)*

**14.15 Losses.** The DISTRICT shall be responsible for any losses that may arise due to circumstances beyond the control of the DISTRICT or SodexoMAGIC, such as loss of electrical power.

**14.16 Inventory.** The DISTRICT shall provide a list of supplies and equipment available for use by SodexoMAGIC.

**14.17 Equipment Damage.** The DISTRICT shall be responsible for loss or damage not caused by SodexoMAGIC to equipment owned by the DISTRICT and located on its Premises.

**14.18 Equipment Installation.** The DISTRICT shall furnish and install any equipment or make any structural changes needed to comply with federal, state and local laws.

**14.19 Fixture Repairs.** The DISTRICT shall be financially responsible for repairs to all permanent fixtures such as faucets, lights, sewers, air conditioning, heating vents, hoods and all electrical work.

**14.20 Food Service Areas.** The DISTRICT shall make available without cost to SodexoMAGIC, mutually agreed to areas of the Premises which are reasonably necessary for SodexoMAGIC to render its Services.

**14.21 Signature Authority.** The DISTRICT maintains signature authority on the agreement to participate in the NSLP, the SBP and the SMP, including the SFA's free and reduced price policy statement and the Claim for Reimbursement.

**14.22 Access.** The DISTRICT shall have unlimited access to all areas used by SodexoMAGIC for purposes of inspections and audits.

**14.23 Trash Removal.** The DISTRICT shall have designated areas for the removal of all garbage and trash.

**14.24 Painting.** The DISTRICT shall be responsible for painting within the dining areas.

**Section 15. HEALTH CERTIFICATION**

**15.1 Health Certification.** SodexoMAGIC shall have state or local health certification for any facility outside the DISTRICT in which it proposes to prepare meals and SodexoMAGIC shall maintain this certification for the duration of this Agreement. *7 CFR 210.16c(2)*

**15.2 Safety Regulations.** SodexoMAGIC shall obtain and post all applicable health permits for the Facilities. SodexoMAGIC shall comply with all health and safety regulations required by federal, state or local law.

**Section 16 ENVIRONMENTAL & ENERGY COMPLIANCE**

**16.1 Environmental.** The DISTRICT and SodexoMAGIC shall comply with all applicable standards, orders or requirements issued under 7 CFR Part 3016 as follows: (a) Section 306 of the Clean Air Act; (b) Section 508 of the Clean Water Act; (c) Executive Order 11138; and (d) applicable Environmental Protection Agency regulations. Violations shall be reported to the USDA and to the U.S. Environmental Protection Agency Assistant Administrator for Enforcement as set forth in BN-329.

**16.2 Energy.** The DISTRICT and SodexoMAGIC shall recognize mandatory standards and policies relating to energy efficiency that are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act. 7

*CFR Part 3016*

**Section 17. DEBARMENT/SUSPENSION CERTIFICATION**

**17.1 Debarment/Suspension Certification.** SodexoMAGIC shall sign a debarment/suspension certification. This certification assures the DISTRICT that SodexoMAGIC has not been debarred from entering into contracts with the federal government or any entity receiving federal funds or suspended from entering into contracts during a time when SodexoMAGIC is being investigated for a legal action taken to debar SodexoMAGIC from contracting activities. *7 CFR 3017.510*

**17.2 Location of Certificate.** The certification is attached to the signed Agreement and kept on file at the DISTRICT. A copy of the certification will be forwarded to the state agency with a copy of the signed Agreement. *7 CFR 3017.510*

**Section 18. INDEPENDENT PRICE DETERMINATION**

**18.1 Independent Price Certification.** SodexoMAGIC shall certify that the prices in the offer have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition. *7 CFR 301*

**18.2 Certificate of Independent Price Determination.** SodexoMAGIC and the DISTRICT shall sign and submit a Certificate of Independent Price Determination with the agreement. SodexoMAGIC shall attach the certification to the signed Agreement which is kept on file at the DISTRICT. The DISTRICT shall also forward a copy of the certification to the state agency with a copy of the signed Agreement. *7 CFR 3017*

**Section 19. LOBBYING ACITIVITIES**

**19.1 Lobbying Certification.** SodexoMAGIC shall sign and submit a certification regarding lobbying which conforms in substance with the language contained in *7 CFR 3018*.

**19.2 Location of Certification.** The certification regarding lobbying shall be attached to the signed Agreement and kept on file at the DISTRICT; A copy of the certification shall also be forwarded to the state agency with the signed Agreement. *7 CFR 3018*

**19.3 Disclosure of Lobbying Activities.** SodexoMAGIC shall disclose lobbying activities in connection with any school nutrition programs. *7 CFR 5018*

**19.4 Location of Disclosure Form.** The Lobbying Disclosure Form shall be attached to the signed Agreement and kept on file at the DISTRICT. A copy of the Form shall also be forwarded to the state agency with the signed Agreement. *7 CFR 3018*

**Section 20. GENERAL TERMS & CONDITIONS**

**20.1 Governing Law.** This Agreement, its construction, validity, effect, performance and enforcement shall be governed by and construed under the laws of the State of Indiana.

**20.2 Entire Agreement.** This agreement constitutes the entire agreement between the Parties pertaining to the operation of the Food Service Program and supersedes all prior or contemporaneous negotiations, discussions or understandings. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the Parties relating to the matters covered by this Agreement other than those set forth in this Agreement. No variation or modification of this Agreement or attached Exhibits and no waiver of their provisions shall be valid unless in writing and signed by the duly authorized officers of SodexoMAGIC and the DISTRICT.

**20.3 Severability.** Each article, paragraph, sub-paragraph, term and condition of this Agreement, and any portions thereof, will be considered severable. If for any reason, any portion of this Agreement is determined to be invalid, contrary to or in conflict with any applicable present or future law, rule or regulation in a final ruling issued by any court, agency or tribunal with valid jurisdiction, that ruling will not impair the operation of or have any other effect upon, any other portions of this Agreement; all of which will remain binding on the Parties and continue to be given full force and effect.

**20.4 Status Reports.** A representative of SodexoMAGIC shall, bi-monthly, give a full update and report of the status of the Food Service Program to the Board of School Trustees. This report shall be given in writing to the District and if requested, SodexoMAGIC shall give a bi-monthly report at a committee meeting to be determined by the Board of School Trustees.

**20.5 Assignment.** Neither SodexoMAGIC nor the DISTRICT may assign or transfer this Agreement, or any part thereof without the written consent of the other Party except FSMC may, without prior approval and without being released from any of its responsibilities hereunder, assign or subcontract, this Agreement to any affiliate or wholly-owned subsidiary of FSMC

**20.6 Captions.** All captions in this Agreement are intended solely for the convenience of the Parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement

**20.7 Construction and Effect.** No failure of either Party to exercise any power reserved to it by this Agreement or to insist upon strict compliance by the other Party with any obligation or condition hereunder and no custom or practice of the Parties at variance with the terms hereof shall constitute a waiver of either Party's right to demand exact compliance with any of the terms of this Agreement. Waiver by either Party of any particular default shall not affect or impair either Party's right to exercise any or all of its rights and powers herein, nor shall that constitute a waiver by that Party of any right hereunder or of its right to upon any subsequent breach or default to terminate this

Agreement prior to the expiration of its terms.

**20.8 Proprietary Materials.** DISTRICT acknowledges that the names, logos, service marks, trademarks, trade dress, trade names and patents, whether or not registered, now or hereafter owned by or licensed to SodexoMAGIC or its affiliated and parent companies (collectively "Marks") are proprietary Marks of SodexoMAGIC, and DISTRICT shall not use the Marks for any purpose except as expressly permitted in writing by SodexoMAGIC. Upon termination of this Agreement, DISTRICT shall (a) immediately and permanently discontinue the use and display of any Marks and make or cause to be made such changes to the Facility as SodexoMAGIC shall reasonably direct so as to effectively distinguish the Facility from its former appearance (collectively, "De-image"); and (b) immediately remove and deliver to SodexoMAGIC all goods bearing any Marks. If DISTRICT shall fail to De-image the Facility within thirty (30) days of the termination date, SodexoMAGIC and its agents shall have the right to enter the Facility and De-image the Facility without prejudice to SodexoMAGIC's other rights and remedies.

**20.9 Notices.** If any notice or other correspondence is required to be delivered under this Agreement, it shall be given in writing and shall be delivered personally, by overnight delivery or by United States mail, postage prepaid, certified mail, return receipt requested, in which event it shall be deemed given upon receipt to the Parties at the following addresses (or to such other address as a Party may designate by notice)

To District:  
 Gary Community School Corporation  
 Superintendent  
 1988 Polk Street  
 Gary, Indiana 46407

To SodexoMAGIC: SodexoMAGIC, LLC  
 Attention: Michael Norris  
 9801 Washingtonian Blvd.  
 Gaithersburg, Maryland 20878

and: SodexoMAGIC, LLC  
 Attention: Law Department  
 9801 Washingtonian Blvd.  
 Gaithersburg, Maryland 20878

**20.10 Confidentiality.** In the course of providing the Services hereunder, the Parties may be exposed to trade secrets or other confidential or proprietary information and materials of the other Party including, but not limited to , menus, recipes, signage, Food Service surveys studies, management guidelines, procedures, operating manuals and software, all of which shall be identified as confidential ("Confidential Information"). The Parties agree to hold and not to disclose any Confidential Information during the

Term of this Agreement and for two (2) years afterward, except that the Parties make use of disclose Confidential Information: (a) to its employees and affiliates or others to the extent necessary to render any Service hereunder, provided that the other Party is first notified of the information that will be provided to any party outside of this Agreement and provided further that such information is disclosed only after such outside party is required to maintain it in confidence as required hereunder; (b) to the extent expressly authorized by either party; (c) to the extent that at the time of disclosure, such Confidential Information is in the public domain, or after disclosure enters the public domain other than by breach of the terms of this Agreement; (d) that is in the possession of either Party at the time of disclosure and is not acquired directly or indirectly from the other Party; (e) that is subsequently received on a non-confidential basis from a third party having a right to provide such information; or (f) as required by order during the course of a judicial or regulatory proceeding or as required by a government authority. The Parties agree not to photocopy or otherwise duplicate any Confidential Information without the express written consent of the other Party. Each Party's Confidential Information shall remain the exclusive property of the Party and shall be returned to the other Party upon termination or expiration of the Agreement.

20.11 In the event of any breach of this provision, the Parties shall be entitled to equitable relief in addition to all other remedies otherwise available to it at law. This provision shall survive termination or expiration of this Agreement.

20.12. **Technology.** SodexoMAGIC shall utilize technology in the district.

#### Section 21. **Cost Reimbursable Contract Financial Terms and Conditions**

21.1. Allowable costs will be paid from the nonprofit school food service account to SodexoMAGIC net of all discounts, rebates, and other applicable credits accruing to or received by SodexoMAGIC to the extent those credits are allocable to the allowable portion of the costs billed to the District. 7 CFR 21021(f)(1)(i)

21.2. SodexoMAGIC shall separately identify for each cost, the amount of that cost submitted for payment to the District the amount of that cost that is allowable (can be paid from the nonprofit school service account) and the amount that is unallowable. 7 CFR 210.2(f)(1)(ii)(A)

21.3. This Agreement excludes all unallowable costs from billing documents and certifies that only allowable costs are submitted for payment, and records have been established that maintain the visibility of unallowable costs, including directly associated costs, in a manner suitable for contract cost determination and verification. 7 CFR. 210.21(f)(1)(ii)(b)

21.3.1 SodexoMagic's determination of its allowable costs must be made in compliance with the applicable Departmental and Program regulations and Office of Management and Budget cost circulars;

21.3.2 SodexoMagic must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the SFA for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by the State agency, the SFA may permit SodexoMAGIC to report this information on a less frequent basis than monthly, but no less frequently than annually;

21.3.2 SodexoMagic must identify the method by which it will report discounts, rebates and other applicable credits allocable to the Agreement that are not reported prior to conclusion of the contract; and

21.3.3 SodexoMAGIC must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the SFA, the State agency, or the Department.

21.3.4 No expenditure may be made from the nonprofit school food service account for any cost resulting from a cost reimbursable contract that fails to include the requirements of this section, nor may any expenditure be made from the nonprofit school service account that permits or results in SodexoMAGIC receiving payments in excess of SodexoMAGIC's actual, net allowable costs.

**21.5 Existing Inventory.** On or about August 1, 2015, FSMC and SFA shall jointly inventory all food, commodities and supplies ("Opening Inventory"). Such Opening Inventory value shall be mutually agreed upon in writing by the parties. FSMC shall have the right to use the Opening Inventory in connection for the SFA's food service program. During the term of this contract, title to all equipment, commodities, food and other supplies required under this Agreement and purchased by the FSMC on the SFA's behalf shall remain with the SFA and the FSMC shall maintain the inventory of food, commodities and supplies in reasonable volumes that can be exhausted readily (i.e., in such a manner as to not "stockpile" the food and/or supplies). The charges to replenish such inventories shall be charged as an Operating Expense and shall be reimbursed by the SFA. At the expiration or termination of this contract, the FSMC and SFA shall jointly take a "Closing Inventory" of all such food, commodities and supplies. The value of the inventories shall be determined by invoice prices, less all applicable discounts, rebates and other credits. If the Opening Inventory is greater than the Closing Inventory, the difference shall be credited against amounts due FSMC on FSMC's final billing to SFA"

**21.6 Budget Information.** SFA and FSMC agree to proposed budget attached as Exhibit A and included in the proposal.

SO AGREED TO this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

GARY COMMUNITY SCHOOL CORPORATION

  
Mr. Antuwan Clemons, Board President

  
Ms. Doretha Rouse, Board Secretary

SODEXOMAGIC, LLC

  
Michael Norris  
Market President. COO

  
Brad Lozier  
Senior Vice President



EXHIBIT A

EXHIBIT "B"  
COMMON GOALS SESSION

**Definition:**

Common Goals is a meeting that is always held **withIn** sixty (60) days of the commencement of Services.

**Objectives:**

1. To assess the program's performance.
2. To seek input and provide better understanding of the contract to a broader representation of key school district personnel.
3. To solidify relationships.
4. To gain consensus of objectives/expectations from the business relationship.

**Participants:**

District: District liaison(s), and Superintendent, a representative from the School Board, Assistant Superintendent(s), Purchasing Director, a Principal representing Elementary School, Middle School, High School and Special Needs students, Student Representatives and Parent Group Representatives.

SodexoMAGIC: Sales Executive, District Manager responsible for the contract, the General Manager and the Assistant Manager, if applicable. Vice Presidents and other company executives should attend on "as needed basis".

**EXHIBIT "C "**  
**ANNUAL EXPECTATIONS MEETING**

**Definition:**

Annual Expectations Meeting is a meeting that is always held during the second half of each school year.

**Objectives:**

1. To review progress to date on the goals and priorities set in previous meetings.
2. To establish priorities to close the school year and expectations for the upcoming school year.

**Participants:**

District: District liaison(s), and Superintendent. We suggest that at least one of the following participate: Board President, Assistant Superintendent(s), or Purchasing Director.

SodexoMAGIC: District Manager responsible for the contract, the General Manager and the Assistant Manager, if applicable. Vice Presidents and other company executives should attend on "as needed basis".



Exhibit A Student Nutrition Budget 2015-2016

**Revenues**

Ats Carte Cash Sales	\$	69,814
Lunch Federal Reimbursements	\$	2,834,214
Breakfast Federal Reimbursements	\$	1,463,713
Summer Program	\$	117,374
Dinner Program	\$	348,461

Total \$ 4,833,586

**Expenses**

Food	\$	1,855,397
Hourly Labor	\$	1,584,164
Management Labor	\$	257,138
Controllable/ Non Controllable Cost	\$	906,180
VDA Returns	\$	(292,340)

Total \$ 4,310,539

Guarantee Amount Excess / (Deficit) \$ 523,057  
Break-even

Service Days:	Lunch	Elem.	180	Mid	180	High	180
	Breakfast		180		180		180
Enrollment Based On RFP	6,657		4,239		732		1,688
Number of Schools:			10		1		3

**Budget Notes & Assumptions**

Meal Equivalents - Derived from all other revenue excluding federal/state reimbursements, student snack/breakfast/lunch reimbursable sales and childcare program meals. The meal equivalency rate shall be equal to \$3.32, as stated in the RFP.  
 Meal Definition - Meals are defined for our cost of operations based on the following: 1 Lunch = 1 Meal, 1 Breakfast = 1 Meal; 3 Snacks = 1 Meal  
 1 Dinner = 1 Meal  
 Serving Days - Based on 180 full breakfast service days at elementary school(s), middle school(s) and high school(s) and 180 full lunch service days at elementary school(s), middle school(s) and high school(s).  
 Hourly Labor - 2.5% pay increase for each employee; Benefits and health insurance to employees who work more than 30 hrs or more per week; Any negotiated changes in the proposed health insurance benefits will have impact on client position and guarantees.  
 Proposed Management Fees - Sodexo proposes to receive \$0.25 per meal for general and administrative fee, and \$0.06 per meal for management fee.  
 District Enrollment - Average Daily Attendance (ADA) is projected as 97% of projected enrollment provided.  
 Dinner Program - Implemented throughout all schools providing over 110K annual dinner meals  
 Breakfast in the classroom implemented in all elementary schools  
 Providing Breakfast and lunch during Summer School  
 Continuing with the Community Eligibility Provision (CEP)

The guaranteed amount may be adjusted to reflect additional costs incurred by SodexoMAGIC in connection with the the implementation of legislation or other legal requirements including, but not limited to, the Healthy Hunger-Free Act of 2010 or other rules and regulations which increase the cost paid by SodexoMAGIC. The adjustments will be calculated commencing on the date the requirements are effective.

Approved By: *Bonnie L. Lorenz*  
 Gary Community School Corporation  
 SodexoMAGIC  
 Date: 1/3/15



**CURRENT RENEWAL DOCUMENT**

**AGREED RENEWAL  
GARY COMMUNITY SCHOOL CORPORATION  
AND  
SodexoMAGIC LLC.**

THIS RENEWAL AGREEMENT, dated this \_\_\_\_\_ day of \_\_\_\_\_, 2018 is between GARY COMMUNITY SCHOOL CORPORATION (the "District" or "School Food Authority" (SFA) and SodexoMAGIC LLC ("SodexoMAGIC" or "Food Service Management Company" (FSMC). The parties agree to extend the term of the Food Service Agreement (Agreement) dated July 1, 2015, by mutual agreement, for one year from July 1, 2018 through June 30, 2019. That the original Agreement and all amendments to said Agreement shall remain the same.

**WITNESSETH:**

WHEREAS, District and SodexoMAGIC entered into a certain Food Service Agreement dated July 1, 2015, as amended ("Agreement"), whereby SodexoMAGIC manages and operates District's Food Service operation in Gary, Indiana;

WHEREAS, the District and SodexoMAGIC agree that the FSA will remain in effect for one year.

NOW, THEREFORE, in consideration of the promises herein contained and for other good and valuable consideration, the parties hereto agree as follows:

1. District and SodexoMAGIC seek to extend the Agreement for one year for the period from July 1, 2018 through June 30, 2019.
2. Exhibit A, Budget, is deleted in its entirety and replaced with the attached Exhibit A, Budget.

IN WITNESS WHEREOF, the duly authorized officers of the parties have executed this

Amendment, as of the date indicated in the first paragraph of this Amendment.

GARY COMMUNITY SCHOOL CORPORATION

By: \_\_\_\_\_  
Dr. Peggy Hinckley, Emergency Manager

SODEXOMAGIC LLC

By: \_\_\_\_\_  
Brad L. Lozier  
Senior Vice President

By: \_\_\_\_\_  
Mark Bickford  
Chief Executive Officer  
Corporate Services North America

**PROPOSED BUDGET DOCUMENT**

**Gary Community School Corporation  
2018-2019 Student Nutrition Budget Summary  
Exhibit A**




<u>Revenues</u>	
A la Carte Cash Sales	\$ 89,785
Lunch Federal Reimbursements	\$ 2,524,957
Breakfast Federal Reimbursements	\$ 1,412,894
Dinner Program	\$ 54,612
Catering	\$ 1,000
FFVP Revenue	\$ 100,000
<b>Total</b>	<b>\$ 4,182,248</b>

  

<u>Expenses</u>	
Food	\$ 1,534,096
Hourly Labor	\$ 1,052,135
Management Labor	\$ 301,170
Controllable Cost	\$ 201,911
Non Controllable Cost	\$ 213,552
Administration Fee	\$ 347,772
Management Fee	\$ 91,929
<b>Total</b>	<b>\$ 3,742,665</b>

  

<b>Excess / (Deficit)</b>	<b>\$ 439,683</b>
<b>Guarantee Amount</b>	<b>Break-even</b>

  

		<u>Elem.</u>	<u>Mid</u>	<u>High</u>
<b>Service Days:</b>	Lunch	180	180	180
	Breakfast	180	180	180
<b>Enrollment</b>	5,200			
<b>Number of Schools:</b>		7	1	2

  

**Budget Notes & Assumptions**

**Meal Equivalents** - Derived from all other revenue excluding federal/state reimbursements, student snack/breakfast/lunch reimbursable sales and childcare program meals. The meal equivalency rate shall be equal to \$3.32, as stated in the RFP.

**Meal Definition** - Meals are defined for our cost of operations based on the following: 1 Lunch = 1 Meal, 1 Breakfast = 1 Meal, 3 Snacks = 1 Meal, 1 Dinner = 1 Meal

**Serving Days** - Based on 180 full breakfast service days at elementary school(s), middle school(s) and high school(s) and 180 full lunch service days at elementary school(s), middle school(s) and high school(s).

**Proposed Management Fees** - Sodexo proposes to receive \$0.2653 per meal for general and administrative fee, and \$0.0636 per meal for management fee.

**District Enrollment** - Average Daily Attendance (ADA) is projected as 96% of projected enrollment provided.

**Dinner Program** - Implemented at High School, Middle School, and Elementary Schools with projected meals of 16,400 and projected revenues of \$54,612.

Breakfast in the classroom implemented in all elementary schools to increase breakfast participation

Providing Breakfast and Lunch during Summer School

Continuing with the Community Eligibility Provision (CEP)

The guaranteed amount may be adjusted to reflect additional costs incurred by SodexoMAGIC in connection with the implementation of legislation or other legal requirements including, but not limited to, the Healthy Hunger-Free Act of 2010 or other rules and regulations which increase the cost paid by SodexoMAGIC. The adjustments will be calculated commencing on the date the requirements are effective.

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## 2.0 RECOMMENDATION TO OUTSOURCE CUSTODIAL, TRADES, AND SOME MAINTENANCE POSITIONS

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### CONTRACT BETWEEN GCSC AND ALPHA BUILDING MAINTENANCE SERVICES, INC.

#### SERVICE AGREEMENT

This contract for Services is made effective as of July 1, 2018, by and between Gary Community School Corporation (“School Corporation”) of 9<sup>th</sup> and Gerry Street, Gary, Indiana and Alpha Building Maintenance Services, Inc. (Contractor) of 15429 W. 139<sup>th</sup> Street, Homer, Glen, Illinois 60491. Prior to the commencement date of the contract, Contractor shall incorporate in Indiana and provide the Gary Community School Corporation with said information. Previously, Alpha Building Maintenance Services Inc. was registered in Indiana but said registration has since expired.

#### PARTIES TO THE CONTRACT

The parties to this contract shall be the Gary Community School Corporation by its Emergency Manager, Dr. Peggy Hinckley, and Alpha Building Maintenance Services, Inc. by its president, Lorraine Grab. All notices under this contract shall be mailed to:

Dr. Peggy Hinckley, Emergency Manager  
Gary Community School Corporation  
1988 Polk Street  
Gary, Indiana 46407

After August 1, 2018, all notices under this contract for the District shall be mailed by certified mail to:

Dr. Peggy Hinckley, Emergency Manager  
Gary Community School Corporation  
900 Gerry Street  
Gary, Indiana 46406

All notices to Alpha Building Maintenance Services, Inc. shall be mailed by certified mail to:

Lorraine Grab, President  
Alpha Building Maintenance Services, Inc.  
15429 W. 139<sup>th</sup> Street  
Homer Glen, Illinois 60491

#### CONTRACT DOCUMENTS

The contract documents shall include the following Exhibits which are hereby incorporated by reference and attached to this Contract.

1. RFP 18-2 Request for Proposals for Custodial, Maintenance, Building Repair and Ground Services
2. Alpha Building Maintenance Services, Inc. response to RFP 18-2 dated marked as Exhibit B.

WITNESSETH

WHEREAS, the School Corporation is in need of services for custodial, maintenance, building repair and ground services;

WHEREAS, Alpha Building Maintenance Services, Inc. has provided a proposal in which it can provide the needed services to the School Corporation

WHEREAS, the School Corporation and Contractor have reached an agreement regarding the terms and provisions of a contract whereby the Contractor will provide the services needed by the School Corporation

WHEREAS, the parties hereto desire to reduce their agreement regarding this contract to writing;

NOW THEREFORE, intending that they be legally bound, and in further consideration of the terms and conditions of this Agreement, the parties agree as follows:

**1. DESCRIPTION OF SERVICES**

- a. Beginning July 1, 2018, Contractor will provide to the School Corporation the following services, custodial, maintenance, building repair and ground services (collectively, the "Services"), as addressed in the School Corporation's RFP 18-2.
- b. Contractor will provide the Services every day of the year except when the School Corporation is closed to all School Corporation staff. The School Corporation's academic school year is governed by the school calendar adopted by the Gary Community School Corporation. Contractor shall provide the Services during the School Hours with a minimum of disruption. Contractor shall also provide Services after the end of the academic school day. Contractor is required to perform daily cleaning Services in those schools designated by the School Corporation. The School Corporation may provide Contractor a calendar and schedule of School Hours for both the regular school year and summer. The School Corporation shall set up procedure for Contractor to provide School Corporation with its cleaning, maintenance, ground service and building repair schedule to allow the School Corporation to maintain adequate records of when

and how often the facilities are cleaned, maintained, repaired and serviced by the Contractor. Contractor shall work collaboratively with the School corporation to maintain appropriate system to document and review work done by Contractor.

**2. PRICING TERMS OF CONTRACT**

Contractor agrees to provide Services to the School Corporation. The parties seek to enter into this agreement which will cover the Services for the School Corporation for the following years:

- Year 1 - School Year 2018-2019 – total: \$2,892,708.45
- Option Year 2 - School Year 2019-2020 – total - \$2,943,484.62
- Option Year 3 – School Year 2020-2021 – total - \$3,000,834.31

**3. BILLING**

Monthly services will be billed twice per month. Contractor shall bill according to standards. Contract will comply with any invoice detail and billing procedures provided by the School Corporation.

**4. CONTRACT TERM**

The term of this contract is for three years with two option years pursuant to the RFP. The School Corporation shall notify Contractor in writing before the end of the school year if it decides to exercise its right to utilize an option year. Contractor shall not change the terms of the option years which were submitted in Contractors response unless said change is agreed to by the parties.

**5. COSTS**

Contractor shall have the sole responsibility for payment of the following:

- a. All wages and salaries, including regular and overtime pay, and to the extent applicable, vacation pay, bereavement pay and legal holiday pay for CONTRACTOR personnel providing Services pursuant to this Agreement.
- b. The costs of social security taxes, State and Federal unemployment insurance premiums, general liability, umbrella insurance, workers' compensation, comprehensive auto liability insurance, fidelity/employee dishonesty insurance, and employment practices liability insurance premiums, and to the extent applicable, medical, life and dental insurance premiums (if any), other applicable fringe benefits, related administrative costs and payroll-based Federal, State and local taxes payable on behalf of CONTRACTOR personnel providing Services pursuant to this Agreement. CONTRACTOR shall indemnify and hold harmless the School Corporation from any claim for payment of such items relating to wages and/or salaries mandated healthcare paid by CONTRACTOR under this Agreement.

- c. The cost of all cleaning supplies (glass cleaner, disinfectant, polish, etc.); operational equipment (buffer, brooms, vacuum cleaners, mops, buckets, large cleaning trash cans and liners, etc.); and all labor and supervision. The Contractor will be responsible for all expendable supplies such as soap, toilet tissue, and paper towels and the installation and replacement of all dispensers.
- d. The cost of supervision of employees and for performing service requirements and specifications as determined as needed by the School Corporation.
- e. The cost of a personal computer, copier and printer for CONTRACTOR offices at CONTRACTOR's facility. (The School Corporation will not provide office space, office furnishings and equipment storage space at the School Corporation facility.
- f. The cost of any School Corporation security badges and required uniforms for Contractor personnel.
- g. The cost of manual, forms, training aids, office supplies, e-mail, telephone services, and long-distance telephone calls needed in performing the Services.
- h. The cost of Contractor supporting operations management, human resources, accounting, legal, training and development and general administrative functions.
- i. The cost of purchasing and/or leasing required janitorial equipment. (In the event of termination of the Agreement by either party for any reason, the School Corporation is not responsible for payment of cost for all janitorial equipment and computer equipment owned or leased by Contractor used to provide Services.
- j. The cost of any pre-employment testing, back ground checks and/or back ground screening for Contractor personnel as required by the School Corporation policies and procedures and applicable law. Contractor shall adhere to applicable state and federal regulations in screening prospective employees.
- k. All costs identified in RFP 18-2.

**6. PERSONNELL**

**a. TRANSITIONING GCSC EMPLOYEES TO CONTRACTOR**

CONTRACTOR shall offer employment to the School Corporation's employees who currently provide custodial services to the Gary Community School Corporation if positions are available. Contractor should offer employment opportunities if said current GCSC employees meet the needs of the Contractor to provide services for the School Corporation. Contractor will retain skilled trade employees for at least an additional 6 months to allow the transition of services.

- b. Contractor shall hire and maintain a staff of properly trained and experienced personnel to ensure consistent, efficient and satisfactory performance of the Services under this Agreement, but in no event fewer than the full-time equivalents in the staff plan set out in Contractor's response to RFP. In addition, Contractor is expected to provide sufficient back-up personnel in times of staff

shortages due to extended illness, emergencies, and inclement weather, to ensure consistent, efficient and satisfactory performance of the Services under this Agreement.

- c. Contractor accepts full responsibility for personal supervision of its employees, and shall provide, at all times, adequate and expert supervisory staff (Supervisors) assigned exclusively to the School Corporation to manage Contractor's employees in providing the Services. Neither the School Corporation nor the School Corporation's representatives shall supervise Contractor's employees, personnel, or agents performing the Services.
  - d. All Contractor supervisors shall have a thorough knowledge of cleaning procedures, supplies, and equipment in order to properly train and direct employees to ensure that the School Corporation's cleaning standards are met at all times. The School Corporation shall communicate with Contractor its cleaning needs, procedures and practices and Contractor shall comply and work collaboratively with the School Corporation to make sure that the School Corporation's facilities and properties are maintained in the best condition possible.
  - e. Contractor agrees to comply with federal and state law to ensure that all of its personnel who have direct contact with students of the School Corporation or to children in a School Corporation program or who have access to the grounds of any School Corporation facility when children are present supply a criminal history records check. Contractor will not assign to this School Corporation any employee whose criminal background check and child protection index check has indicated that individual should not be employed to work around children.
7. **CONFIDENTIALITY.** Contractor, and its employees, agents, or representatives will not at any time or in any manner, either directly or indirectly, use for the personal benefit of Contractor, or others, or divulge, disclose, or communicate in any manner, any information that is proprietary to the School Corporation. Contractor and its employees, agents, and representatives will protect such information and treat it as strictly confidential. This provision will continue to be effective after the termination of this Contract. Any oral or written waiver by the School Corporation of these confidentiality obligations which allows Contractor to disclose School Corporation's confidential information to a third party will be limited to a single occurrence tied to the specific information disclosed to the specific third party, and the confidentiality cause will continue to be in effect for all other occurrences.

Upon termination of this Contract, or as requested by the School Corporation, Contractor will return to the School Corporation all records, notes, documentation and other items that were used, created, or controlled by Contractor during the term of this Contract.

**8. INDEMNIFICATION**

Contractor agrees to indemnify and hold School Corporation harmless from all claims, losses, expenses, fees, including attorney fees, costs, and judgments that may be asserted against School Corporation that result from the actor or omissions of Contractor and/or Contractor's employees, agents, or representatives.

**9. WARRANTY**

Contractor shall provide its services and meet its obligations under this Contract in a timely and workmanlike manner, using knowledge and recommendations for performing the services which meet generally acceptable standards in Contractor's community and region, and will provide a standard of care equal to, or superior to, care used by service providers similar to Contractor on similar projects and suitable for industry standards.

**10. DEFAULT**

The occurrence of any of the following shall constitute a material default under this Contract:

- a. The failure to make a required payment when due.
- b. The insolvency or bankruptcy of either party.
- c. The subjection of any of either party's property to any levy, seizure, general assignment for the benefit of creditors, application of sale for or by any creditor or government agency.
- d. The failure to make available or deliver the Services in the time and manner provided for in this Contract.

**11. REMEDIES**

In addition to any and all other rights a party may have available according to law, if a party defaults by failing to substantially perform any provision, term or condition of this Contract (including without limitation the failure to make a monetary payment when due), the other party may terminate the Contract by providing written notice to the defaulting party. This notice shall describe with sufficient detail the nature of the default. The party receiving such notice shall have 30 days from the effective date of such notice to cure the default(s). Unless waived in writing by a party providing notice, the failure to cure the default(s) within such time period shall result in the automatic termination of this Contract.

**12. FORCE MAJEURE**

If performance of this Contract or any obligation under this Contract is prevented, restricted, or interfered with by causes beyond either party's reasonable control ("Force

Majeure”), and if the party unable to carry out its obligations gives the other party prompt written notice of such event, then the obligations of the party invoking this provision shall be suspended to the extent necessary by such event. The term Force Majeure shall include, without limitation, acts of God, fire, explosion, vandalism, storm or other similar occurrence, orders or acts of military or civil authority, or by national emergencies, insurrections, riots, or wars, or strikes, lock-outs, work stoppages. The excused party shall use reasonable efforts under the circumstances to avoid or remove such causes of non-performance and shall proceed to perform with reasonable dispatch whenever such causes are removed or ceased. An act or omission shall be deemed within the reasonable control of a party if committed, omitted, or caused by such party, or its employees, officers, agents, or affiliates.

**13. ENTIRE AGREEMENT**

This Contract and its attached exhibits contain the entire agreement of the parties, and there are no other promises or conditions in any other agreement whether oral or written concerning the subject matter of this Contract. This Contract supersedes any prior written or oral agreements between the parties.

**14. SEVERABILITY**

If any provision of this Contract will be held to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable. If a court finds that any provision of this Contract is invalid or unenforceable, but that by limiting such provision it would

**15. AMENDMENT**

This Contract may be modified or amended in writing by mutual agreement between the parties, if the writing is signed by the party obligated under the amendment.

**16. GOVERNING LAW**

This Contract shall be construed in accordance with the laws of the State of Indiana.

**17. NOTICE**

Any notice or communication required or permitted under this Contract shall be sufficiently given if delivered by certified mail, return receipt requested, to the address set forth in the paragraph regarding parties to this contract.

**18. WAIVER OF CONTRACTUAL RIGHT**

The failure of either party to enforce any provision of this Contract shall not be construed as a waiver or limitation of that party’s right to subsequently enforce and compel strict compliance with every provision of this Contract.

**19. ATTORNEY FEES TO PREVAILING PARTY**

In any action arising hereunder or any separate action pertaining to the validity of this Agreement, the prevailing party shall be awarded reasonable attorney's fees and costs, both in the trial court and on appeal.

**20. CONSTRUCTION AND INTERPRETATION**

The rule requiring construction or interpretation against the drafter is waived. The document shall be deemed as if it were drafted by both parties in a mutual effort.

**21. ASSIGNMENT**

Neither party may assign or transfer this Contract without the prior written consent of the non-assigning party, which approval shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

**22. SAFETY AND SECURITY**

- a. Contractor shall provide an aggressive program of accident prevention and safety education, and shall use its best efforts to protect the safety of Contractor's employees and the School Corporation's employees, students, teachers, administrators and visitors. Contractor shall provide ongoing instruction of the use of equipment (powered and non-powered) in the promotion of a safe and accident free environment.
- b. Contractor will ensure that all Contractor personnel are familiar with and trained in industry-standard and government-required procedures and health/safety requirements and Contractor must furnish records of safety training of its employees to the School Corporation no later than August 1 of each year of this Agreement.
- c. Contractor shall provide the School Corporation a listing of all chemicals, accompanied with Material Safety Data Sheets (MSDS), used by Contractor personnel in all the School Corporation's facilities prior to bringing chemicals on site.

**23. QUALITY ASSURANCE**

Contractor shall develop and maintain a quality assurance program to ensure custodial, maintenance, building repair and ground services are performed in accordance with the specification of this Agreement and RFP 18-2. Contractor shall develop and implement procedures to identify, prevent and ensure non-recurrence of defective Services. Contractor is expected to conduct several forms of quality assurance monitoring, e.g., random sampling inspections, customer

feedback, trend analysis and third-party audits. A formal review of the Quality Assurance program will be conducted at least quarterly. Key metrics will include at a minimum the following: (a) customer satisfaction trend analysis, (b), quality control inspections log trend analysis, and c. custodian training and productivity data.

24. OPERATIONAL MATTERS

- a. Communications. The Contractor must provide a private telephone number to allow the School Corporation, immediate, direct access to Contractor management personnel, and after-hours telephone names and telephone numbers to be used in the case of afterhours emergencies. The Contractor is required to provide one designated emergency phone number that will be manned by the Contractor management personnel or a contracted answering service, and answered at all times 24/7 and shall provide said numbers to the School Corporation. Additionally, the Contractor is required to have access to internet communications and periodically throughout school days check an email address that the Contractor will supply to the School Corporation.
- b. District Operating Policies. Contractor shall conform to and abide by the policies, rules, and regulations of the School Corporation as set out in the present written policies and rules of the School Corporation, as modified by current practice, and such other future regulations as may reasonably be required by the School Corporation.
- c. Monthly Reports. The Contractor shall deliver to the School Corporation written reports of operations on a monthly basis, or more frequently as required by the School Corporation. Said reports shall include matters such as: provision of Services during School Hours and after school hours at each facility and school location, training programs, discipline matters and related documentation, and other items related to the performance of this Agreement.
- d. Right to Inspect: As a condition of this Agreement, the Contractor agrees to allow the School corporation to inspect the Services at any time, with or without prior notice. Furthermore, if it is deemed necessary by the School Corporation, the School Corporation, may, at its sole option and discretion, supply School Corporation personnel to work directly with the Contractor's management personnel to assist in improvement of the Services to an acceptable level. The cost of such personnel will be deducted from payments due the Contractor.

GARY COMMUNITY SCHOOL CORPORATION

BY: \_\_\_\_\_  
Dr. Peggy Hinckley, Emergency Manager

2.0 RECOMMENDATION TO OUTSOURCE CUSTODIAL, TRADES, AND SOME MAINTENANCE POSITIONS

ALPHA BUILDING MAINTENANCE SERVICES, INC.

BY: \_\_\_\_\_  
LORRAINE GRAB

2.0 RECOMMENDATION TO OUTSOURCE CUSTODIAL, TRADES, AND SOME MAINTENANCE POSITIONS

**COST ANALYSIS OF CUSTODIAL, MAINTENANCE AND GROUNDS COSTS**

Gary Community School Corporation  
 Analysis of Custodial, Maintenance and Grounds Annual Costs  
 May 29, 2018

	Building & Grounds	Custodial	Grounds	Total
Annual Salary	955,453	1,337,536	0	2,292,989
Benefit Adder 23%	0.23 219,754	307,633	0	527,387
Labor Costs	1,175,207	1,645,169	0	2,820,376
Materials & Supplies	165,000	140,000	0	305,000
Vehicles, Admin, Other	50,000	15,000	0	65,000
Subtotal Expenses	215,000	155,000	0	370,000
Internal Costs	1,390,207	1,800,169	0	3,190,376
Alpha Contract Costs	0	1,200,000	0	1,200,000
Grounds Contract Costs	0	0	400,000	400,000
Subtotal Costs	1,390,207	3,000,169	400,000	4,790,376
Add: Service at Roosevelt = 10% of Subtotal	0.1 139,021	300,017	40,000	479,038
Add: Maintenance Equipment & Tools	160,000	60,000	0	220,000
Total Costs	1,689,228	3,360,186	440,000	5,489,414
Alpha Proposed Costs	795,658	2,741,661	222,000	3,759,319
Variance (negative = cost savings)	(893,570)	(618,525)	(218,000)	(1,730,095)

Outsourcing just custodial to Alpha will save \$618,525 in year 1

Outsourcing custodial to Alpha and contracting grounds with Alpha will save \$836,525 in year 1

Outsourcing custodial to Alpha, contracting grounds with Alpha and outsourcing Maintenance to Alpha will save \$1,730,095 in year 1

Eliminating four general laborers to Alpha will reduce payroll and benefit costs by \$267,653

Year 1 cost savings will be offset by one-time payouts for accumulated leave time and longevity. Estimated payouts are \$300,000