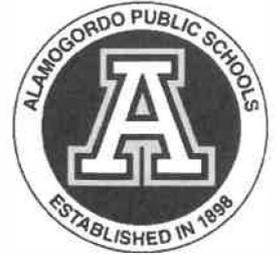


Alamogordo Public Schools
PO Box 650
Alamogordo, NM 88311-0650



Office of Business and Finance
Marie Bouma, Chief Procurement Officer
1211 Hawaii Avenue
Alamogordo, NM 88310

Office: (575) 812-6046
Fax: (575) 812-6049

MEMORANDUM

To: Board of Education

From: CPO, Marie Bouma

Date: April 20, 2022

Re: Executive Summary of Contract

A'viands LLC is a contractor that specializes in professional Food Service Management. A'viands LLC was first awarded a contract for the 19/20 school year. This amendment is for costs associated with unprecedented Covid-induced increases in food, packaging, labor and the costs of getting food to locations. The contract is budgeted out of the Student Nutrition Funds and is based off a firm fixed price of \$2.72 per meal served. A'viands is requesting an increase to \$2.86 per meal served, retro to January 1, 2022. The Department Head over this contract is Colleen Tagle

APS utilizes A'viands LLC for all our Food Service Management needs.

Respectfully,

Marie Bouma
Chief Procurement Officer
Alamogordo Public Schools



01/12/22

Colleen Tagle
Deputy Superintendent
Alamogordo Schools
1211 Hawaii Ave.
Alamogordo, NM 83310

RE: Covid Contract Amendment Request

Dear Colleen,

On behalf of A'viands, LLC. d/b/a K-12 by Elior, I would like to take this opportunity to thank you for our continued partnership in providing nutritious meals to the students of Alamogordo Schools.

The purpose of this letter is to request a temporary Covid Contract Amendment to our current contract. Unfortunately, due to the industry-wide inflationary cost increases our current meal rate is fiscally detrimental and unsustainable. This request is a last resort method as we no longer have been able to strategically mitigate the inflation experienced to provide healthy nutritious safe meals to the students of Alamogordo Schools.

The K-12 industry is seeing unprecedented Covid-induced cost increases in food, packaging, labor, and the costs of getting food to locations. Shortages of K-12 items have led vendors to make more costly substitutions, which aside from the expense, certainly has increased complexity for our shared staff. The CPI allowable increases from the past year do not come close to covering these increased costs, which is why the USDA has allowed Covid Contract Pricing Amendments for School Food Authorities (SFA). Because of the severity of the inflationary increases we have and will continue to experience we are asking for your approval of the amendment by January 31, 2022.

This request is aligned and allowable due to the COVID-19 National Public Health Emergency waivers authorized by the USDA. The USDA is allowing rate increases not in the original contract. The USDA has provided additional funding through the Seamless Summer Options (SSO) that have increased meal rate reimbursements to SFAs.

These waivers have increased reimbursements and are intended to support the SFAs foodservice program during the USDA's these inflationary times. Fortunately, the USDA and state agencies now understand the SFAs with vendors can use these funds to support their vendor who is incurring the higher costs that are mutually agreed upon by both parties.

We encourage and recommend consulting your state board of education and legal counsel. The covid contract amendment request will not exceed June 30, 2022 and is effective January 1, 2022.

The reasoning for this increase is inflationary driven based on food, supplies, labor, fuel, and energy. With the most recent Consumer Price Index report for December consumer prices rose at the fastest pace since 1982. We have provided some of the inflationary data from various sources that is directly related to servicing your contract in the table below. It is important to note these dramatic increases have occurred since our contract renewal roughly 6 to 9 months ago.

300 South Tryon Street, Suite 400 | Charlotte, NC 28202

www.k12byelior.com

The primary driver is food, fuel, and labor inflation which has risen at levels not seen in decades.

Inflation	Overview	Comments	Impact on meal rate
Labor	Labor: Wage rates have increased 10.3%	<p>Labor shortages have caused us to offer higher rates and provide bonuses to attract and retain employees.</p> <p>Growers, manufacturers, and distributors have increased their pay rates to employees and now passing on to us.</p> <p>Administrative hiring costs are up as the competition for quality employees has increased.</p>	<p>\$.03 per lunch \$.01 per breakfast</p>
Cost of Goods	COGS: Food Away from Home CPI is up 6.8%.	<p>The K-12 market basket has increased in all areas with notable increases in cereal, and proteins (examples: beef, chicken) resulting in a total increase in material costs of 9.0%.</p> <p>The CPI Index for proteins has increased 11.9%. Beef rose 20.1% and chicken 7.5%. Our primary supplier of chicken has increased our market basket of poultry items 17%.</p> <p>Fruits and Vegetables have increased dramatically. Items such as Baby Carrots have increased \$.18 per serving. Oranges as much as \$.20 per serving and Apples are up \$.08.</p> <p>Grains are up 12% causing items such as sliced bread and hamburger buns to increase \$.01 per each.</p>	<p>\$.16 per lunch \$.05 per breakfast</p>
Paper and Packaging	Paper and packaging costs, plus mod costs have increased 11%	The cost of the tray is up \$.02 per tray when available. Additionally, the availability of trays is limited due to supply chain and replacement items are more expensive.	<p>\$.02 per lunch \$.01 per breakfast</p>
Fuel	Fuel costs are up 58.1%	Distribution costs to schools have increased because of the higher fuel. This is compounded by the availability of drivers causing a premium charge for freight to our facilities, our manufacturers' facilities, and the final mile to the schools. Delivery and distribution costs have increased as numerous companies have chosen to exit from the K-12 markets due to low margins and higher costs.	<p>\$.10 per lunch \$.03 per breakfast</p>
Misc. Costs		Supply chain interruptions and manufacturer product availability has caused greater direct costs as often substituted items are more expensive or result in additional costs to handle and deliver.	Included in above

We are sensitive to the financial challenges of our clients but also ask your partnership recognizing the USDA has provided financial relief to the SFAs through the SSO waiver by increasing the meal reimbursements. Our amended rate is in consideration of the inflation we are experiencing and considerably lower than SSO waiver increase. For example, the SSO waiver lunch reimbursement is \$.72 per meal higher than NSLP rate from last school year and \$.57 higher than this year's NSLP reimbursement for free students.

At A'viands, LLC. d/b/a K-12 by Elior we believe every child deserves a great meal. Our commitment to Alamogordo Schools is to provide a food service program that is student-focused, cost-effective, utilizes labor efficiently, and meets all the USDA guidelines.

We have enclosed two copies of this Covid Amendment which includes the temporary increase. Following USDA guidance, a future renewal would not include this temporary increase and would be based on your current contractual rate.

Please review and upon approval, sign both copies and return to us by January 31st. Signed amendments can be e-mailed to your district manager or tonisha.oliver@elior-na.com. Retain one for your records, return one to us and if appropriate send one to your state board of education.

Again, we thank you for the opportunity to serve Alamogordo Schools and we look forward to working with you and the children of Alamogordo Schools through the remaining year and for years to come. If you have any questions or concerns, please contact your district manager.

Sincerely,


Barbara Timm-Brock

President

A'viands, LLC. d/b/a K-12 by Elior

**COVID CONTRACT AMENDMENT
TEMPORARY AMENDMENT**

This Emergency Covid Amendment is effective January 1, 2022, by and between A'viands, LLC. d/b/aK-12 by Elior, Elior 300 South Tryon Street, Suite 400 Charlotte, NC. 28202 ("K-12 by Elior") and Alamogordo Schools 1130 E. Walnut Ave., Orange, CA 92867 ("Client").

WHEREAS, the parties entered into an Agreement dated for the 2021-2022 school year (the "Agreement") whereby A'viands, LLC. d/b/a K-12 by Elior would provide and Alamogordo Schools would pay for a food service program at the Client; and

WHEREAS, the current term of the Agreement expires on June 30, 2022; and

WHEREAS, the parties wish to AMEND the Agreement until June 30, 2022.

NOW THEREFORE, the parties agree as follows:

1. The parties acknowledge that this Emergency Covid Amendment is permitted under the rules and regulations of the USDA.
2. The Agreement is hereby amended for the period commencing January 1, 2022 and ending June 30, 2022.
3. The purchase price for the meals for this renewal period shall be as follows:

Breakfast	\$ 2.8600
Lunch	\$ 2.8600
Snack	\$ 2.8600
Dinner	\$ 2.8600

4. This Agreement may be only renewed if the USDA waivers are extended beyond 6/30/2022 or as permitted by the USDA. Such amendment shall be upon the written mutual consent of both parties and the prices per contract will be negotiated for such period.
5. Emergency price amendment is applicable for the remainder of the 21-22 school year and upon renewal the CPI% increase will be formulated using the meal rates set forth in the original 21-22 school year contract amendment.
6. Terms around labor step increase will remain as in the original contract. Due to the current staffing levels we will not enforce the labor step increase until we reach 90% staffing rate.

All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first above written.

Alamogordo Schools

A'viands, LLC. d/b/aK-12 by Elior

By: _____
Signature

By: Barbara Timm Beck
Signature

Printed Full Name & Job Title

Date

Barbara Timm-Brock, President, K-12

Printed Full Name & Job Title

12/20/2021

Date