## Section B – Supplies and/or Services and Prices

### B.1 Description of Services

The Architect of the Capitol (AOC), on behalf of the U.S. Senate, is seeking to enter into a Loss Reimbursement (capped at $125,000 annually) plus Commission Above Break Even type contract for daily food service operations, whereby the AOC will have limited financial responsibility and liability. The AOC will reimburse allowable and allocable (to be negotiated) losses up to $125,000.

The Contractor shall pay the AOC a commission based on a percentage of total gross receipts of all operations per month per the schedules in Sections B.5.1. Monthly certification of statements must be provided per Section C.5.18.3 Income Statements above break even**.** Annual statements must be certified by an external, independent third-party accounting firm to the COR within thirty (30) calendar days after the period of performance's end date.

### B.2 Scope of Services

Provision of food services and operation of food service venues are exclusive to one contractor per the primary operations contained herein. Primary food service operations encompass food services in one (1) small dining facility in the Senate Russell Building SRB-65.

The Contractor will maintain continuity of services, without interruption, throughout the entire term of the contract. These services and contracts <u>are not exclusive.</u> The AOC, at its own discretion or as directed by the Senate, may add or award contracts for services, facilities and operations through the Senate Office Buildings, including but not limited to services, facilities and operations that directly compete with the food service units covered by the contracts below.

In addition to market basket set forth in Section J.14abc, the contractor will provide an updated Price and Portion Guide in Attachment J.15 – Price and Portion Guide.

### B.3 Period of Performance

The period of performance for this contract will be one (1) four (4) -year base period plus two (2) four (4)-year option periods for a total period of performance of twelve (12) years.

### B.4 Gross Receipts

Gross Receipts are defined as all receipts received for all food service venues, awarded under this Contract, including, without limitation to, all receipts from the sale of services and other income, i.e., retail fees, rebates, special incentives, discounts, returns, etc.

## B.5 Concessions Structures

The goal is for the Senate to receive the best possible service and value. This will be achieved through the proposal incorporated into the Contract, along with financial, operational, and service considerations outlined in Food Service Options contained herein and the balance of this procurement requirement.

The AOC will audit all financial submissions to ensure commissions paid to the AOC, or any losses requested for reimbursement, are true and accurate and comply with the contract terms. The Contractor shall provide all supporting documentation to support all gross receipts and expenses/claims The AOC will determine reasonableness and accuracy of supporting documentation. Any submission deemed excessive, unreasonable (what a prudent person would pay), unallowable, or wasteful will be rejected by the AOC. As a benchmark, The basis for determining allowable and allocable expenses is the restaurant industry's: (Food Expenses)/30%; Operating Expenses) /30%; (Labor) /30%; (Profit)/10%; standard rule on profitability, less the government's operating expense support(Gov't Operating expenses (space use, utilities, trash, security, maintenance) are estimated at 15%).

### B.5.1 Food Service Structure – Loss (capped) Reimbursement Plus Commission Schedule

Under the structure in Schedule 5.1.a, the contractor shall pay the AOC a commission above break even, and the AOC shall reimburse the Contractor for losses up to $125,000 annually. Losses will be verified using the schedule in Schedule B.5.1.b. per the accounting requirements outlined in Section C.5.15.3 Income Statements. All further losses will be borne by the Contractor once the NTE $125,000 per calendar year is reached by the Contractor.

**Schedule B.5.1a Loss Reimbursement (capped at $125,000 annually) plus Commission Above Break Even Schedule**

| | **Monthly Commission % on all Gross Monthly Receipts after Break Even** | **Annual Loss Reimbursement** |
|---|---|---|
| **Base Period** | | **NTE $125,000 per calendar year** |
| **Option Period 1** | | **NTE $125,000 per calendar year** |
| **Option Period 2** | | **NTE $125,000 per calendar year** |

## B.6 Capital Investments

The AOC is providing the space in "as-is" condition. Any proposed improvement shall be subject to the provisions of Section C.5.14.2 of the Statement of Work. If improvements are

proposed, the total dollars shall be made by the contractor at the stated amount(s) in the schedule below.

**Schedule B.6.1 Contractor Capital Investments for Improvements and Renovations**

| | Base Period | Option 1 | Option 2 |
|---|---|---|---|
| **Proposed Investment Amount** | **$_____** | **$_____** | **$_____** |

**B.7 Pricing**

**B.7.1 Price Increase/Decrease**

The AOC will approve all adjustments to the selling price of food and other products or services provided by the Contractor in the Section J.15 Price and Portion Guide and Section J.14abc Market Basket of Fixed Menu Items on or shortly after a 30-day review period by the AOC after receiving the Contractor's price adjustment request based on the percent change (up or down) pursuant to the Bureau of Labor Statistics: Consumer Price Index Summary–Table A located in URL: https://www.bls.gov/news.release/cpi.nr0.htm . Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average, Food Away from Home. The AOC will use a 12-month reference period. The Contractor's failure to provide accurate and supported price adjustments will impact the start date of any price increase. Price adjustments shall go into effect within fourteen (14) calendar days after written notice of acceptance by the CO. The Contractor may not exceed the percentage price increase on any individual item and percentage increases/decreases will be on a per-item basis.

A local market analysis of the market basket of all menu items will be performed before a price increase request is approved by the CO, and all menu prices must be at or below menu prices at similarly suited Washington D.C. area cultural institutions, employee cafeterias, and government buildings. The Contractor will not make any price adjustments or changes without prior written approval from the COR. Whenever unique conditions result in unusual cost increases to the contractor, the COR will consider price adjustments at other times during the year.

**B.7.2 Changes to Existing Menu Prices and Food/Beverage Programs**

Any recommendations that the Contractor submits to the COR for changes to menu items, the food/beverage program, or the price for any menu item or any part of the food/beverage program must include a full rationale for each proposed change. All requests for any price increase/decrease must be submitted to the COR at least 60 days prior to the contract annual period. Note: a COR has no approval authority. A modification to the contract will be executed by the CO to provide final approval of any change to the menu and food/beverage program pricing or offerings.

### B.7.3 Pricing for New Items, Specials, Promotions

If the Contractor submits any new proposed menu items and or food/beverage programs outside the annual price review period, it shall be submitted to the COR for review, followed by CO approval, with implementation occurring fourteen (14) calendar days after the approval date.

### B.7.4 Price Display

The Contractor must display all prices at each food service facility and online menus, if applicable. If table service is provided, pricing shall be displayed on handheld and/or digital menus. Menu prices and portions will be an attachment to the Contract, and such prices will be set and established each pursuant to Section C.4.8 Marketing and Displays**.**

### B.7.5 Refunds

Each location must have up-to-date contact information for customers to report problems and obtain refunds for lost money. The Contractor will clearly position up to date contact information at each register and vending machine. The Contractor will respond to refund inquiries within one (1) business day during normal hours of operation. Contractor must provide a refund policy and procedure for review and approval by the COR no later than forty-five (45) calendar days after contract award.