



CSIS California School Information Services

October 6, 2011

Todd Cutler, Ed.D., Superintendent
Lassen Union High School District
55 South Weatherlow Street
Susanville, California 96130

Dear Superintendent Cutler:

The purpose of this management letter is to provide an updated status regarding the findings and recommendations developed by the Fiscal Crisis and Management Assistance Team (FCMAT) for the Lassen Union High School District food services report issued November 29, 2010.

The original scope and objectives of the study were to:

Conduct a review of the Lassen Union High School current child nutrition program including food preparation, ordering, inventory, cash management, staffing, policies and procedures, federal and state compliance, menu planning, warehousing and food storage, purchasing and facilities.

Review efficiency of current operations including menu planning, food preparation and setup; staffing; cash handling, ordering and inventory; the feasibility of serving meals to charter high school students; benefits of an NSLP approved vending machine; evaluation of costs and ideas for cost containment to prevent deficit spending; and staffing recommendations.

The team will provide recommendations for enhancing revenues or implementing changes to reduce the potential level of unrestricted general fund contribution needed to support the program and provide a more efficient operation.

The study team conducted an on-site review on September 8-9, 2011 to assess the progress made since the original study was conducted. FCMAT's study team consisted of the following members:

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FCMAT Chief Management Analyst

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Background

FCMAT originally visited the Lassen Union High School District on October 6-7, 2010 to conduct a food services review. Recommendations were made regarding menu planning, food preparation and setup; staffing; cash handling, ordering and inventory; the feasibility of serving meals to charter high school students; cost containment to prevent deficit spending; staffing recommendations and readiness for a state compliance review, also called a coordinated review effort (CRE).

A follow-up visit was conducted on September 8-9, 2011 to determine how well the district has implemented the previous recommendations and what improvements still need to be made.

The state Coordinated Review Effort (CRE) was conducted shortly after FCMAT's initial fieldwork. The review includes an evaluation of eligibility for free and reduced applications, claims, meal pattern compliance and many other critical areas of the food service program. The district was cited for noncompliance in many aspects of its food service program. The district's progress on correcting these deficiencies also will be addressed in this letter.

An important event to keep in mind regarding implementation of the FCMAT and CRE recommendations is that in June 2011 all of the food service staff voluntarily terminated their employment with the district. This occurred two weeks before the end of the school year, and administrative staff stepped in to run the program. New staff was hired over the summer, but they are new to school food service. The staffing turnover has stalled progress in many program areas, but the new staff members have positive attitudes and a willingness to learn the details of the food services operation. Some of the desired changes will happen more gradually due to this setback.

Menus and Meal Program

A formalized student survey of the food service program was recommended but has not been conducted. Informal conversations with students last year indicated a desire for more variety, faster service and options similar to foods they can get off campus. A well-designed student survey could help the district identify specific food items that may help increase participation.

The study team offered many suggestions for menu revisions; some have been implemented, and many still need to be considered. The practice of planning the previous day's leftovers as a second daily entrée has ceased. The high-fat breaded meat products have been severely limited. Fresh fruit has been added to breakfast and lunch, but apples and oranges are currently the only choices. The district should ask produce vendors for seasonal availability and incorporate more variety in fruits and vegetables. Tossed salad has been added several days a week, as have canned hot vegetables.

The department has been trying to make more items from scratch cooking techniques including spaghetti, chicken pot pie, pulled pork sandwiches, chicken stir fry, fresh baked desserts and cinnamon rolls. These items are more inviting to students.

Many school districts serve mocha drinks (hot or cold depending on the weather). This would be a strong draw to the cafeteria at breakfast or break and should increase participation. These products must contain at least 8 ounces of low-fat milk to meet nutritional requirements but can be offered as a flavored milk choice (along with white milk and chocolate milk) as part of the meal. Although commercial mocha products do not meet the requirements to be counted as a component of a meal, some of these products may be used as a la carte items. Another option is for the district to create its own product using either a combination of strong brewed coffee and milk or instant coffee powder and chocolate flavored syrup. A mocha and a bagel or breakfast sandwich would be considered a complete breakfast.

More variety in bread and grain items was suggested and some have been added, such as rice and garlic bread. Chips have remained as the main grain choice. During the follow-up visit the study team assisted the district with menu revisions and it was decided that chips will be used only occasionally. Chips should be the baked (no-fat) variety and either wheat or corn based, not potato chips. Soft bread sticks and dinner rolls will be added to menus beginning later in September and October.

More variety and more upscale sandwiches were suggested but have not yet been implemented. Only peanut butter and turkey sandwiches are offered. The peanut butter sandwich recipe has been revised to meet the nutrition requirements noted in the CRE report. As the department staff becomes more comfortable with the program, additional choices in sandwiches should be offered – wraps, sub sandwiches and other types of meat sandwiches as well as more interesting breads. The department should immediately switch to the fold and close type of sandwich bags rather than using plastic wrap. This would greatly speed up packaging.

Currently only one hot entrée is offered rather than the two to three suggested, but that can be gradually changed. Pepperoni pizza is still the only choice offered; it's a high-quality bake and serve product. Plain cheese pizza could be purchased as a second choice (for vegetarians) and could have additional items put on it before baking such as ham and pineapple, olives or other vegetables. Students should be polled for preferred options.

Chef salads and taco salads have been added to the menu rotation. Chicken Caesar and Asian chicken salads could be rotated into the menu if salads prove to be a popular choice. These could be alternated with stir-fry entrees during colder weather.

A salad bar was suggested for more efficient production. However, with the all-new staff it may be best to wait until next year to try the salad bar option. This would be less time consuming to set up than individually dishing fruits and vegetables and would give students more variety.

Marketing the program to students, staff and parents was recommended. The menu has been listed in the daily bulletin. More cafeteria signs are needed. Menus should be posted in the cafeteria, preferably on the outer doors and at the beginning of the meal line so students know what is being served before they come to the counter. New items added to the menu should be featured with signage or special mention in the bulletin.

Observations of the lunch lines created a concern with meal accountability. Many students are not taking the proper amount of food to count as a reimbursable meal. The district follows the Enhanced Food Based Meal Plan and Offer vs. Serve, which requires specific quantities of food to be offered in five component categories including meats, breads and grains, two fruits and/or vegetables and milk. Students may take all five components if they wish but they must take at least three meal components or the department is not allowed to claim the meal. Efforts must be made to educate students, and the staff needs to pay close attention to student trays to ensure that complete meals are served.

A La Carte Foods

At the time of the original FCMAT review the department operated a snack bar and sold a large variety of snacks and beverages. Many of these items were not compliant with federal and state requirements, and these sales interfered with participation in the meal program. The snack bar has since closed and the department no longer sells snacks. The only beverages offered for sale in the lunch lines are water, juice and milk.

The department has continued to allow students to buy entrees and other parts of the meal as a la carte purchases. Many of the items sold separately do not meet the nutrition guidelines for a la carte sales. Also, many students are buying two to three servings of entrees a la carte (such as pizza), which can cause a shortage of entrees for students seeking a meal. This happened on the day of the follow-up visit.

Recommendations are to stop selling a la carte entrees and offer only complete meals. It would be acceptable to sell milk, juice and fruit separately if students wish to purchase them. This will encourage more students to take complete meals, will help with production planning and create less confusion in line.

The guidelines for a la carte sales are as follows: Snack items need to be less than 250 calories, 35% fat, 10% saturated fat and less than 35% (by weight) from sugar. Entrees must be less than 400 calories and no more than 36% fat (4 grams/100 calories). No items should contain more than .5 grams of artificial trans-fats. A detailed guideline to these regulations was provided in the appendix of the FCMAT report.

Food Preparation and Setup

The snack bar has been eliminated and food is served from just one main line. The nutrition break and lunch lines are very long although students are served fairly rapidly. The long lines may discourage students.

The study team previously suggested adding a second meal line, possibly with a grab and go concept on one line. It is a bit more of a challenge with just two staff members unless foods are completely packaged for self-service. Currently many hot items are served to students by one employee while the other employee runs the computer. The district should consider containers for both hot and cold food items so the line is completely self-serve and two computers could be used for faster service. Disposable food boats (trays) for students to place meal items in still are not readily available on the serving line. These make it easier for students to carry food and complete transactions with the cashier.

Sack lunches could be another option for a grab-and-go menu choice. This could include a sandwich, low-fat chips, carrot sticks, and fruit, or an entrée salad, fruit and bread (roll, muffin, crackers, etc.). Students could choose these as a quick, complete meal. They must be offered milk with this meal but do not need to choose it. These options would greatly increase the speed of service and could be sold in a separate express line or be made available by the cashier. The types of salads and sandwiches should be varied to prevent boredom.

The program will have to create some student appeal fairly rapidly to be cost effective. The elimination of the snack bar was a conscious decision to encourage student participation in the meal program, but so far that hasn't been significant enough to make up the revenue loss. Serving quality food that appeals to the students and marketing the menu will be essential to gain customers.

Definite improvements were seen in the menu production records. Problems with these were noted both in the FCMAT study and the CRE. During the follow-up review a revised form was created and detailed instruction for their use was given to staff. Food temperatures for hot foods and milk need to be recorded on production sheets. The state child nutrition consultant was consulted for approval and she was pleased with the form. These must be completed daily for breakfast and lunch.

Forms for recording food sent to satellite sites (community and charter schools) need to be more thoroughly filled out and should include food temperatures leaving the kitchen and upon arrival at sites.

Rosters for student meals at satellite locations should include the student names, ID numbers and an encoded number for eligibility status that's confidential to the food service staff. They also should be clearly checked off for those students receiving meals. Currently this process is somewhat informal, often

with student names handwritten. Accurate records of these meals are essential because they are being claimed for reimbursement and must correlate to eligibility status.

Staffing

According to meal records for August 2011, lunches served have decreased slightly but breakfasts have increased by 35% compared to last fiscal year. The increase in breakfast is likely due to the elimination of a la carte sales at nutrition break. Students are buying breakfast instead of snacks.

The open campus policy remains a huge barrier to lunch program participation. With many food options within walking distance and the students' desire to leave campus, the food service program has major competition. The district needs to offer very creative menu items and market them to draw students.

Previous staff hours per day were 13, utilizing three employees. Current hours are 11.5 per day split between two employees, plus an 8-hour supervisor and 3.5 hour assistant food service employee. Additionally, to supplement the inexperienced staff, the nutrition specialist and administrative account clerk assist with food service daily.

The meals per labor hour (MPLH) have dropped. The previous MPLH was 27, current is 22, and ideal is 30 or more. The previous MPLH ratios were slightly less than ideal, but the goal was to improve the program and increase efficiency. Eliminating the a la carte snacks has cut income and reduced meal equivalents, thus lowering the MPLH ratio. The current MPLH are very rough estimates, because they only reflect the first few weeks of school. These weeks aren't usually good indications of participation. It is also difficult to determine the labor hours given the extra help that has been utilized. Because the staff is new to the district and to school food service, it will take a while to achieve maximum efficiency.

FCMAT previously recommended the addition of the Diamond Charter School students to the meal program, which the district has completed. Approximately 15 charter students are fed at breakfast and lunch. The district should consider processing the free and reduced-price meal applications for charter students. Currently, the charter school processes them. Since the district is providing and claiming meals, it should also manage the applications.

Purchasing

Because of the unexpected changes in food service staff, prior recommendations for purchasing have not been implemented. Bids were not solicited for large bulk items. Most of the food is purchased through Sysco, which is a reputable supplier. However, some local distributors supply food to other schools and should be allowed to compete. Produce also is bought from Sysco even though there is a local produce vendor. Prices and products available should be compared. The remoteness of Susanville may make it difficult to obtain better prices, but requesting bids would ensure that efforts are being made to contain costs.

The district was advised to make sure maximum commodity entitlement is utilized in the meal program to cut costs. It is unclear if that is being done. The department had a lot of commodity product on hand and has been incorporating it into the menus. Staff should continue to explore products available through this avenue and plan menus accordingly.

Cash Handling

Previously the department followed best practices protocol in cash handling by having two employees count the day's cash in the cafeteria. Because of staffing and schedule changes, a second person is not available for counting. The supervisor completes the count and then takes the cash to the district office. This needs to be addressed by the district. The meal count policy includes a section on cash handling, and current procedures don't match the policy.

A recommendation was previously made to make sure that cash was handled securely in the cafeteria during the day by taking it from the computer drawer on the line and locking it in the manager's office between meals. This was not implemented. Cash is still kept in the drawer in the cafeteria until after lunch and is then locked in the office until the next morning. Due to the openness of the cafeteria and number of people with access, cash needs to be locked in the manager's office between meals. Best practices would also include taking the cash to the district office in the afternoon after it is counted instead of leaving it in the manager's office overnight.

Inventory

Previously a physical inventory was only conducted once a year. The study team recommended an informal inventory once a week for ordering purposes and a more thorough inventory once a month. The current supervisor indicated that she completed a formal inventory in the summer when she started, and the plan was to follow a system that was shared with her by another local food service supervisor. However, because of the many changes this year, the system has not yet been implemented. The district has ordered a new computerized inventory program that will help tremendously once implemented. In the meantime, the department should make sure food is accounted for systematically and regularly.

Budget Concerns

The 2010-11 budget indicates that the district's unrestricted general fund had to contribute \$10,000 to the cafeteria fund. Labor expenses decreased, ending at 36% of revenue, but food prices continued to be high, at 50% of revenue. The labor numbers are likely inflated due to the sudden resignation of all cafeteria staff before the end of the year. Food costs need to be closely monitored and every effort made to obtain best pricing. Because the a la carte program was eliminated, revenue will show a decline unless participation in the meal program experiences a significant increase.

The district's 2011-12 budget projects a program deficit of \$18,555. Food costs are projected at 57% of revenue and salary/benefits costs at 55%.

Free and reduced eligibility for August shows a slight increase from last year (27% vs. 21%) but cannot be considered an accurate figure until after the new enrollment period ends in September. It is very likely that the district is not capturing many eligible students as it is common for high school students to avoid the stigma of participating in the program. The district needs to make a concerted effort to capture this market by creating a positive atmosphere in the cafeteria and encouraging families to complete free and reduced-price meal applications. Increasing participation, and thus revenue, is the best option to try to achieve a break-even budget because the small size of the district makes it difficult to cut back significantly on expenses.

Facilities and Equipment

The previous supervisor mentioned that the stovetop does not function properly and may need maintenance or replacement. The new supervisor indicated this is still a problem. It does not heat efficiently and takes an excessive amount of time to prepare foods. The stovetop is not the right type for efficient quantity cooking and should be an open flame gas stove. The supervisor also mentioned the oven does not come up to temperature in a timely manner, making production more difficult. There may be a problem with the food warmer also. These should be evaluated by a maintenance employee. Staff also mentioned that more small equipment is needed to properly perform kitchen duties (pots and pans, a variety of scoops in different sizes, etc.). The supervisor needs to be sure to communicate concerns with administration so problems can be corrected.

CRE Compliance

The district received its state CRE in November 2010, which included many compliance issues that needed correcting. Some changes have been made and some still need to be addressed.

Menus analyzed were found to be slightly low in calories and high in fat and saturated fat. Menus have been modified to try to correct this. The district has ordered a nutritional analysis program for monitoring these requirements. However, it will probably take a year to thoroughly implement. The Nutri-Kids program that was ordered is excellent, but as with any data management program there are many layers of implementation.

Monthly menus still are not posted in the cafeteria, and this was again recommended.

Standardized recipes were not being used or updated with changes in menus. However, the department has a few standardized recipes. The staff uses USDA recipes where appropriate and is creating new ones with menu changes. Recipes that follow USDA formats need to be created for all menu items.

The department needs to have nutritional data on all the products used. Vendors need to be contacted for nutritional analysis of products and for child nutrition labels noting food components. It is required to have these on hand and will be necessary to implement the nutritional analysis program and to prove that the menus meet standards.

Meal counting and collection procedures previously needed updating. This has been completed and approved by the state. Policies and procedures now reflect current practice except for cash counting. These policies need to be reviewed periodically and adjusted as procedures change.

The CRE report contained several mentions of the need for wellness policy integration with the food service program and for the district to implement new nutrition regulations. The district created and filled a part-time nutrition specialist position. She has been closely involved in the food services operation since the staff changes occurred. However, the documentation sent back to the state by the district did not include information regarding whether the wellness implementations recommended in the CRE have been fulfilled.

A major concern noted in the CRE was the requirement for the department to create and implement a Hazard Analysis Critical Control Point (HACCP) plan. This comprehensive food safety plan has a very detailed and specific format and complex methods for ensuring food safety. Templates are available for personalizing the district plan on the USDA website, http://www.fns.usda.gov/fns/food_safety.htm. The policies need to be customized to actual department practice. This plan was supposed to be in place by the 2005-06 school year. It is therefore a high priority for the district this year.

One other observation on the CRE action plan was the “informal organization” of the food service department, particularly in designating responsibilities and oversight. Due to the rapid and unexpected change in the department staffing, this was still apparent during the FCMAT follow-up review. There are many hands helping in the cafeteria but confusion as to who is responsible for each task and who is in charge. Identification of specific responsibilities should be made clear to all personnel.

Summary

The district has had many challenges with food services, the latest being the loss of staff. The National School Lunch Program regulations are extremely challenging even for the most experienced person. The new supervisor appears very capable but is completely inexperienced in school food service. The main concerns stated by the state nutrition consultant regarding basic compliance were: menus that meet guidelines, production records, standardized recipes, products that meet nutritional requirements and staff training to ensure an understanding of the program.

The progress thus far this year is that basic menus are being served that appear to meet guidelines. The new production sheets (approved by the state consultant) are being followed and the supervisor seems to understand them.

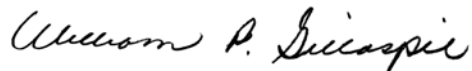
Major areas needing immediate attention this school year are:

- Development of standardized recipes for all menu items
- Obtaining nutritional information on all products and organizing it in an easily accessible format (files or notebook)
- Staff and student training on what constitutes a complete reimbursable meal
- Staff training on program management
- Completion and implementation of the HACCP plan

The biggest challenge the department faces is trying to increase participation to a level that makes the department financially solvent. This may not be possible in a climate where allowing students to leave campus during lunch is a culture. The only way for the food service program to compete is to find out what the students want and try to duplicate similar menu options.

FCMAT would like to thank the district for requesting the follow-up study and hopes the results assist the district’s continued efforts to improve the efficiency and effectiveness of its food service system. The district is making good progress, and with the positive attitude and excellent work ethic of the staff, FCMAT is confident that the district can meet the challenges successfully.

Sincerely,



William P. Gillaspie, Ed.D.
Chief Management Analyst

C: Debbie Fry, Director of Business and Personnel