



30 May 2016

David Grosso
Chairperson, Committee on Education
District of Columbia City Council
1350 Pennsylvania Avenue NW
Washington DC 20004

Dear Chairperson Grosso:

As you know, the District of Columbia Public School system has announced its intention to offer a contract to SodexoMAGIC (partnering with Revolution Foods) to provide food services for 100 schools in the District in the upcoming year. We, the members of the D.C. School Food Project, along with the additional community organizations listed below, write to request a formal hearing into the procurement process that resulted in this decision. Our request stems from (1) our conviction that every aspect of the process of providing food to children in schools needs to be transparent, in addition to (2) our lack of confidence that SodexoMAGIC is an appropriate vendor in light of the company's long history of poor food service and legal problems.

NEED FOR TRANSPARENCY

Because we have been prohibited from having access to information while the procurement process was underway, we in the community do not have full information on (1) the list of bidders for the DCPS food service contracts, (2) the detailed criteria for selection, (3) the ratings for each bidder on each selection criterion, (4) the qualifications and suitability of the decision-making panel, (5) the quality of the meals each bidder proposed, (6) the ways in which documented community input was or was not incorporated into the selection process, (7) the reasons why other qualified bidders were not selected, and (8) the specific, long-term labor agreement this contract will include. In any procurement process, but especially one that involves the feeding of children and the employment of hundreds of community members, these items must be made public and scrutinized. We request that all materials submitted by each bidder to be made available, and that a formal, public hearing of the Committee on Education be held to determine whether that the process of awarding this multi-million-dollar contract was conducted properly.

RECENT SODEXO VIOLATIONS AND CHARGES

Sodexo is widely known as a problematic vendor, with prominent legal settlements and gross dissatisfaction from both customers and employees.

Rebates and Indirect Income

In New Jersey, a recent study discovered that two companies—Sodexo and Chartwells—have long overcharged school districts in the form of what the food service industry calls “indirect income,” or “profits in addition to its fee that the client doesn’t know exists.”¹ Specifically, the companies overcharged the districts for liability and workers’ compensation insurance, and failed to pass along savings from high-volume purchasing rebates. *These were not accidental accounting errors.* Rather, they are well-known business practices designed to extract more profit out of school meal contracts like the District’s.

This is a common story. In our own city, a Freedom of Information Act request revealed that in just the first 18 months of Chartwells-Thompson's contract with DCPS it collected over \$1 million in rebates and failed to provide evidence that any of those rebates had been returned to the District.² This practice, and the stalling tactic around its accounting, has continued for years. While Chartwells-Thompson escaped prosecution for these contract violations, **Sodexo recently paid \$18 million to settle a lawsuit on this very issue in New York State.**³ As the New Jersey study found, this rebate fraud was not an accidental occurrence. Rather, it is a regular part of Sodexo's business model. Further, these kickbacks—rather than sound criterion such as local availability, taste, or wholesomeness—guide school food selections for this company.⁴ In a practice that is now well-documented, the company simply buys processed food products from the companies that provide it with the biggest rebates.

Dissatisfaction and Discrimination

Complaints against Sodexo abound. Parents, students, and food service directors in schools and universities in California,⁵ Colorado,⁶ Oregon,⁷ and other districts have expressed strong dissatisfaction with Sodexo's processed food offerings and, in some cases, replaced them with in-house cooking. Employees in New York⁸ and at least eleven universities⁹ have protested the company's labor abuses. No indicator of labor abuse, though, comes close to the **\$80 million Sodexo paid to settle a racial discrimination lawsuit** filed by African American employees who alleged the company failed to promote them and segregated them within the company.¹⁰ We wonder how the city could in good conscience contract with a company that was not exonerated of charges of this nature, as this is not the track record of a company that our organizations can support.

Given these enormous problems, coupled with the lack of transparency in the current procurement process, we cannot be confident that a decision to contract with SodexoMAGIC/Revolution Foods has been made on the basis of sound principles. DCPS Chancellor, Kaya Henderson, was recently discovered to have solicited money from Sodexo.¹¹ This news comes on the heels of whistleblower and wrongful termination suits involving the school system's current major food vendor, Chartwells-Thompson.¹² These events do not inspire confidence.

The City of Washington, DC is only now ending its relationship with the very troubled vendor, Chartwells-Thompson. This vendor cost the city dearly in the form of yearly, multi-million-dollar overruns; a major lawsuit settlement; and the respect of community members and taxpayers who have watched the City extend the company's contract year after year since 2008. The D.C. School Food Project and organizations named here would like to believe that the City and DCPS would be done dealing with multi-national corporations like Sodexo and Chartwells that have the abhorrent records described above. Our #1 wish is for in-school food preparation with unionized labor; delicious, local, whole foods; and student participation. Short of that, we simply request that **any company with a record of racial discrimination, fraud, bribery, bid-rigging, widespread patterns of poor service, labor law violations, or any other major legal infractions, not be welcome to do business with our public school system.** To determine how DCPS could have made the decision to contract with a company that has a record like Sodexo's, and to ensure that the children of the District of Columbia and the school system's food service employees will be in good hands over the upcoming contract period, we respectfully request a formal hearing into this procurement process within 48 hours of Council's receipt of the contract proposal from DCPS.

Sincerely,

The D.C. School Food Project
NAACP-DC
In the Public Interest
Family Voices of the District of Columbia
DC for Democracy
Sierra Club DC Environmental Justice Committee
Zenful Bites Catering

Capitol Hill Public School Parents Organization
(CHPSPO)
West Education Campus Parent, Staff & Community
Organization (West PSCO)
Payne Elementary School Parent Teacher Association
Ward 4 Education Alliance
Capitol Hill Montessori at Logan Parent-Teacher-Student
Organization (CHML PTSO)

cc: Phil Mendelson, Brandon Todd, Charles Allen, Yvette Alexander, Anita Bonds, Mary Cheh, Elissa Silverman, Brianne Nadeau, Kenyan McDuffie, Vincent Orange, Jack Evans, LaRuby May, Ben Nuckols, Jeffrey Anderson, Aaron Davis

¹ MacDermott, Tom. 2010. "Hard to Swallow." <http://www.inthepublicinterest.org/wp-content/uploads/Hard-to-Swallow.pdf>

² Bruske, Ed. October 18, 2011. "Finally Revealed: Processed Food Rebates Dominate School Cafeterias."

<http://www.commondreams.org/views/2011/10/18/finally-revealed-processed-food-rebates-dominate-school-cafeterias>

³ Bruske, Ed. July 22, 2010. "Sodexo to Pay New York \$20 Million for School-Meal Rebate Fraud." <http://grist.org/article/food-sodexo-to-pay-new-york-20-million-for-fraud/>

⁴ Wilce, Rebekah and Mary Bottari, September 26, 2013. "Outsourcing America: Sodexo Food Service Contractor Siphons Cash From Kids and Soldiers." <http://www.truth-out.org/news/item/19090-outsourcing-america-sodexo-food-service-contractor-siphons-cash-from-kids-and-soldiers-while-dishing-up-subprime-food>

⁵ http://napavalleyregister.com/news/local/parents-seek-overhaul-of-nvusd-lunch-program/article_1a009436-f60f-5e61-ba45-469b4f8b8ad3.html

⁶ <http://www.foodservicedirector.com/people-in-foodservice/fsd-of-month/articles/rick-hughes-good-food-guru>

⁷ <http://www.dailytidings.com/apps/pbcs.dll/article?AID=/20100922/NEWS02/9220301>

⁸ <http://www.wbng.com/news/local/Binghamton-Universitys-food-service-c-371477211.html>

⁹ <http://usas.org/2011/12/14/uw-kicks-out-sodexo/>

¹⁰ <http://www.corpwatch.org/article.php?id=12160>

¹¹ Nuckols, Ben. April 19, 2016. "AP News Break: DC Schools Chief Asked Contractor for \$100K."

<http://bigstory.ap.org/article/5f31d4194ccb4b5190e21f65590efbf1/apnewsbreak-dc-schools-chief-asked-contractor-100k>

¹² Phillips & Cohen, LLP. June 5, 2015. "Food Services Contractor Chartwells Agrees to Pay \$19.4M to Settle Whistleblower Allegations Involving DC School Meals Program." <http://www.phillipsandcohen.com/2015/Food-services-contractor-Chartwells-agrees-to-pay-19-4M-to-settle-whistleblower-allegations-involving-DC-school-meal-programs.shtml>