

Government Food Service Contracts Can be Profitable - for Those Who Qualify

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Opportunities in today's food service business are not limited to the private sector. Government at all levels can also be an important customer for food service operators. To decide whether a government concession is right for an operator, here are some basics they need to know.

Available Opportunities

The types of government food service contracts range from small concessions to large operations. For example, government agencies award concession contracts for public parks, golf courses, courthouses and government buildings, and airports. These contracts may require the concessionaire to pay a fixed rent, or share gross revenues in exchange for the right to do business on the public property. The agreements are often for multiple years, and may provide stable income for the food service provider.

Most public agencies have a standard method of advertising these opportunities, and understanding the award process is critical. The simplest way to find out is to review an agency's website or call its purchasing department and ask about upcoming concession bids.

Generally, government concessions are awarded on a competitive basis, and the bidder which offers the best pricing will be awarded the contract. In calculating pricing, operators should also consider the government agency's requirements. For example, the public agency may require specific permits, insurance coverage and staffing which could affect pricing and profitability.

Bidding Process

Several procurement methods are used by government agencies. An agency may simply invite bids. An invitation to bid is a method where price is the primary consideration. The concessionaire found to be the lowest, responsive and responsible bidder will generally win the award. A bid is responsive if it

confirms in all material respects to the specifications, and responsible if it appears that the concessionaire has the ability to perform the contract.

If the government agency looks at criteria beyond price, a request for proposals or “RFP” may be utilized. With an RFP, price is a consideration, but may not be the only factor.

For example, the menu, hours of operation, and similar experience may also be factors. If an RFP is used, the concessionaire that offers terms that are found to be most advantageous will generally win the award.

As is the case with any government bid process, the terms and specification must be carefully reviewed. Once the bids are received, the agency usually conducts a “bid opening.” The agency’s staff will then evaluate the bids and make a decision.

Avoiding Common Mistakes

Even minor mistakes could result in the rejection of a bid. Some common mistakes which can easily be avoided are:

- Deliver bids by the deadline;
- Include the required licenses;
- Include clear and complete pricing;
- Confirm insurance and bond requirements;
- Sign all required signature pages;
- Include all required documents;
- Do not bid different goods or services unless permitted;
- Ask for clarification in writing if the bid terms are not clear;
- The person or company that is the bidder must have the required qualifications; and
- List subcontractors if required.

Bid Protest

Operators who are dissatisfied with the decision of the agency may have the right to challenge or “protest” the award. Protesting an award to another company is a highly specialized area of the law.

Each agency has a unique set of rules for protests, and the time to protest may be as little as a few days.

Conclusion

Government contracts provide a tremendous business opportunity for the food service industry. For operators who are interested in a public concession, it is important to identify contracts for which they may be qualified, and to find out how to submit a bid.
