Section B – Supplies and/or Services and Prices

Dirksen Ground Level & Hart

B.1 Description of Services

The Architect of the Capitol (AOC), on behalf of the U.S. Senate, is seeking to enter into a Commission Plus Incentive Fee contract type for food and related services in the Dirksen Senate Office Buildings (Rooms SDG-21, SDG-20 and SDG20A) and the Hart Senate Office Building. 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.5.1a. Monthly certification of statements must be provided per Section C.5.15.3 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 end of each program operational year (see Section 3 and B.5.1a).

The Government will pay an Incentive Fee to reimburse the contractor for losses incurred beyond the break-even point. This occurs when the contractor's revenue falls below the total allowable and allocable direct costs (to be negotiated), resulting in a negative net income on the monthly profit and loss statement. The AOC's financial responsibility is limited, with losses capped at $125,000.00 annually. The Contractor shall submit an invoice with supporting documentation requesting payment for losses within 30 days after the end of each program operational year.

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) cafe, one (1) convenience store, and one (1) Coffee Cart.

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 the market basket set forth in Attachment DGL&H - J.14 – Market Basket and Price and Portion Guide, the contractor will provide an updated Price and Portion Guide in Attachment DGL&H - J.14 – Market Basket and Price and Portion Guide and annually thereafter, pursuant to Section B.7 - Pricing.

Included in this contract are three (3) food venues. The current name of each unit is referenced in Attachment J.3 - Venues, for each of the following locations:

- Dirksen Office Building Room SDG20 and SDG20A

- Dirksen Office Building Room SDG-21
- Senate Hart Coffee Cart

B.3 Period of Performance

The period of performance for the commencement of food services and full operations is on or about December 31, 2027. After award of the contract and upon meeting with the Contracting Officer at the Kick-off meeting, per Section C.5.16 - Contract Transition Plan: Phase-In and Phase-Out, there is a mobilization/phase-in period through December 31, 2027. The operational base period of performance consists of four (4) program operational years beginning with the first program operational year commencing on December 31, 2027, and ending on December 30, 2031. The Government may elect to exercise two (2) four-year program operational periods for a total of twelve (12) program operational years. The Architect of the Capitol will reserve the right to extend services up to six months from December 31, 2039, to June 30, 2040, pursuant to FAR 52.217-8.

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, vending, catering, fees, rebates, special incentives, discounts, returns, etc. Gross Receipts shall be maintained in accordance with Section C.5.15.2 - Books and Records in the Statement of Work (SOW) and submitted to the AOC as stated in Attachment DGL&H - J.11 - Deliverables.

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 Contractor shall provide all supporting documentation to support all gross receipts and expenses/claims as required in Section C.5.15 - Administrative Requirements of the SOW. 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.
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 – Commission Plus Incentive Fee (Loss Reimbursement) 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 for all three (3) venues combined. Losses will be verified using the mutually agreed upon schedule of allowable and allocable costs eligible for reimbursement which will be negotiated prior to award 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 - Commission Plus Incentive Fee (Loss Reimbursement capped at $125,000 annually) Above Break Even Schedule

Schedule B.5.1a		**Monthly Commission % on all Gross Monthly Receipts**	**Annual Loss Reimbursement**
Base	Year 1		NTE $125,000
	Year 2		NTE $125,000
	Year 3		NTE $125,000
	Year 4		NTE $125,000
Option Period 1	Year 5		NTE $125,000
	Year 6		NTE $125,000
	Year 7		NTE $125,000
	Year 8		NTE $125,000
Option Period 2	Year 9		NTE $125,000
	Year 10		NTE $125,000
	Year 11		NTE $125,000
	Year 12		NTE $125,000
FAR 52.217-8	6 Months		NTE $62,500

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.5.11 - Renovations & Remodeling 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

Schedule B.6.1	Proposed Investment Amount	
Base	Year 1	
	Year 2	
	Year 3	
	Year 4	
Option Period 1	Year 5	
	Year 6	
	Year 7	
	Year 8	
Option Period 2	Year 9	
	Year 10	
	Year 11	
	Year 12	
FAR 52.217-8	6 Months	

B.7 Pricing

As stated in SOW Section C.5.6 - Pricing, the contract will reflect the menu items and the food/beverage program that the Contractor will provide and the prices that the Contractor will charge for those items and that program. All pricing and accompanying information will be incorporated as an attachment to the contract and may not be changed without the COR's written approval.

Further information regarding pricing is described in this Section.

B.7.1 Price Increase/Decrease

The contractor may submit a price adjustment proposal to the AOC (1) on an annual basis after the end of the most recent fiscal year (September 30) and no later than October 31st, or (2) in the event of extraordinary circumstances such as those seen during the COVID-19 pandemic, natural disaster, or other unforeseen event in a major food producing region that impacts product availability and the transportation infrastructure. The AOC will approve or disapprove all adjustments to the selling price of food and other products or services provided by the Contractor in the Attachment DGL&H - J.14 Market Basket and Price and Portion Guide on or shortly after a 30-day review period by the AOC after receipt. The contractor shall submit all related requests based on the percent change (up or down) pursuant to the Bureau of Labor Statistics: Consumer Price Index (CPI) 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 the un-adjusted 12-month reference period of CPI – Food Away from Home data ending the most recent September for annual price adjustment proposals. Price adjustments are capped at the CPI and percentage increases/decreases will be on a per-item basis. The Contractor's failure to provide accurate and supported price adjustments will impact the start date of any price adjustments. Price adjustments shall go into effect within fourteen (14) calendar days after written notice of acceptance by the CO. The Contractor shall not exceed the mutually agreed upon price adjustments on any individual item.

Extraordinary circumstances must be well documented and clearly reflected in market price trends and resulting price increases must be expected to remain beyond a single season. The AOC at its sole discretion, may use any readily available Government or industry data, forecasts, estimates or indexes, including but not limited to the most recent published CPI – Food Away from Home data. Price adjustments shall go into effect within fourteen (14) calendar days after written notice of acceptance by the CO. The AOC may require future downward price adjustments if market conditions change upon cessation of the extraordinary circumstances or alternate material sources are identified.

The Contractor must show a cost build-up to include formulas clearly demonstrating how they derived at individual item markups per DGL&H - J.14 - Market Basket and Price and Portion Guide for all venues. The Contractor will not make any price adjustments or changes without prior written approval from the CO. 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 existing 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's end of each program operational year. Note: the COR does not have approval authority for changes to prices and programs. The CO will provide written approval via a bilateral modification to the contract 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, specials, promotions and or food/beverage programs outside the annual price review period, it shall be submitted to the COR for review by the AOC and a decision from the If the CO provides written approval the Contractor may, implement changes within fourteen (14) calendar days after the CO written 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 pursuant to Section C.5.7 - 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.