



NUTS & BOLTS

OF SCHOOL NUTRITION PROGRAMS

CONTINUATION SERIES

Three Bids and a Buy: What You Need To Do To Prepare for Next Year

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Food and Nutrition Programs



1

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2

Training Objectives

- Review the steps of the Procurement Cycle
- What should you be doing now to prepare for next school year?
- What is the timeline for completing the steps of the Procurement Cycle for the next school year?
- What's involved in each step?

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3

What is Procurement?



**The act of obtaining of goods or services
in exchange for money or value**

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4

Why Is Competition Important?

- The full and open standard of competition was established because of the strong belief that the procurement process should be open to all capable contractors who want to do business with the Federal Government
- Free and open competition means that everyone is on a “level playing field” and has the same opportunity to compete

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5

Embracing Competition

- If the “playing field” is level, vendor participation is encouraged
- The cost of products and services will be lower in price
- Better quality products and services result

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6

Procurement: A Multi-Step Process

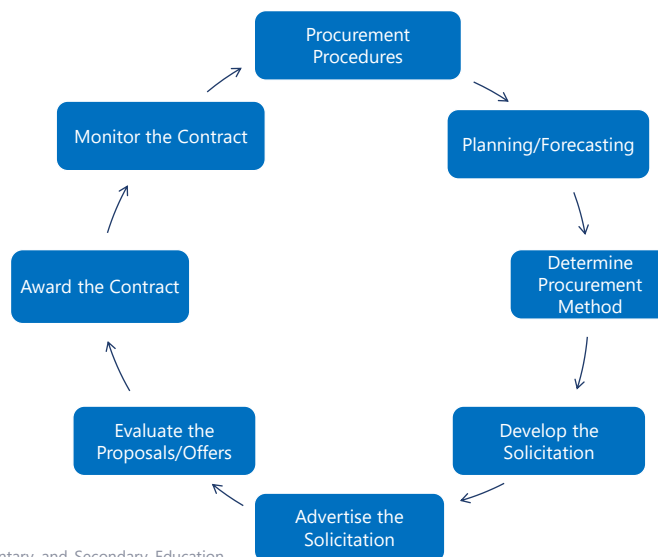
- ❑ Procurement procedures
- ❑ Forecasting
- ❑ Selecting the proper procurement method
- ❑ Developing a solicitation
- ❑ Advertising the solicitation
- ❑ Evaluating proposals/offers
- ❑ Awarding the contract
- ❑ Managing the contract

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7

The Procurement Cycle – A Multi-step, Continuous Process



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8

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place?
- When do you want to award the bid to the vendor?
- How long do you need to evaluate bid responses?
- When does the solicitation need to be out/available?
- When do you need to advertise so the bid will be out at that date?
- How long do you need to draft and review the solicitation?
- How long do you need to plan and forecast?

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9

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place?
 - Start July 1st

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10

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place? **July 1st**
- When do you want to award the bid to the vendor?
 - **June 1st – one month from start to create and sign a contract and give the vendor some prep time (need trucks?, need equipment?, need to do their own procurement?)**

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11

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place? **July 1st**
- When do you want to award the bid to the vendor? **June 1st**
- How long do you need to evaluate bid responses?
 - **2 weeks to evaluate – so the bids need to be due May 17th**

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12

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place? July 1st
- When do you want to award the bid to the vendor? June 1st
- How long do you need to evaluate bid responses? May 17th
- When does the solicitation need to be out/available?
 - Recommend allowing 4-6 weeks for vendors to respond – April 6th

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13

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place? July 1st
- When do you want to award the bid to the vendor? June 1st
- How long do you need to evaluate bid responses? May 17th
- When does the solicitation need to be out/available? April 6th
- When do you need to advertise so the bid will be out at that date?
 - Two weeks prior to bid release – March 23rd

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14

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

- When do you want the vendor to be on board/in place? July 1st
- When do you want to award the bid to the vendor? June 1st
- How long do you need to evaluate bid responses? May 17th
- When does the solicitation need to be out/available? April 6th
- When do you need to advertise so the bid will be out at that date? March 23rd
- How long do you need to draft and review the solicitation?
 - 2 weeks plus – March 9th

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15

Let's Take an Example-Procuring a Groceries Distributor *What's the Timeline?*

Let's back into it:

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- When do you want to award the bid to the vendor? June 1st
- How long do you need to evaluate bid responses? May 17th
- When does the solicitation need to be out/available? April 6th
- When do you need to advertise so the bid will be out at that date? March 23rd
- How long do you need to draft and review the solicitation? March 9th
- How long do you need to plan and forecast?
 - 2 weeks plus – February 24th...but, Oh wait...that's the day after school vacation week so you may want to start the prep for planning and forecasting the week prior to vacation...but today is February 11th...I'm already behind!

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16

Procurement Procedures

- Why are they important?
 - Required by regulations
 - Helps to determine procurement methods to be used
 - Identifies parties that will address issues raised
 - Prohibits conflicts of interest
 - Written code of standards of conduct

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17

Planning/Forecasting

It makes sense that before purchasing for programs...

An SFA must plan and evaluate:

- Food service operations
- Food service needs



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18

Planning/Forecasting

- Solicitations and specifications start with the planning based on the size and scope of the Program operations through:
 - Accounting
 - Budgeting
 - Forecasting



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19

Forecasting: Evaluate Operations

- Evaluate the current food service operation to determine needs
 - Self-Op/Central Kitchen/FSMC
 - Storage capacity
 - Processing abilities
 - Resources- financial, staff, other
 - Food safety practices
 - Prior year menus
 - Inventory



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20

Forecasting/Planning Input

- School district business officials can provide details such as school openings and closings, changes in enrollment, etc.
- Site level managers can provide information concerning participation trends, changes in student eating habits, equipment and labor needs, and other factors that will influence the budget process.

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21

Prior Year Accounts

Actual "In-School" Revenue							
To Be Completed by SFA							
BREAKFASTS:				LUNCHES:			
	MEALS	RATES		MEALS	RATES		
Elementary Paid	#	x \$	\$	Elementary Paid	#	x \$	\$
Elementary Tiered Paid	#	x \$	\$	Elementary Tiered Paid	#	x \$	\$
Middle Paid	#	x \$	\$	Middle Paid	#	x \$	\$
Middle Tiered Paid	#	x \$	\$	Middle Tiered Paid	#	x \$	\$
Secondary Paid	#	x \$	\$	Secondary Paid	#	x \$	\$
Secondary Tiered Paid	#	x \$	\$	Secondary Tiered Paid	#	x \$	\$
Reduced-Price	#	x \$	\$	Reduced-Price	#	x \$	\$
Adult Paid	#	x \$	\$	Adult	#	x \$	\$
A la Carte Sales	#	x \$	\$	A la Carte Sales	#	x \$	\$
Subtotal Breakfasts #	-		\$	Subtotal Lunches #	-		\$

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22

Forecasting is Planning!

- Solicitations communicate what is being purchased (*based on estimated need*)
- Need may be based on prior year numbers adjusted for changes projected for the upcoming year.
 - Average Daily Participation, Revenues, Expenditures, etc., to estimate needs
 - Adjustments may include changes such as Community Eligibility Provision, re-zoning of schools, if applicable
- Research the marketplace determine the availability and projected cost of goods and/or services

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23

Know the SIZE of Operations

- What is the **Average Daily Participation**
 - BY SITE, or
 - All locations total, or
 - By Elementary, Middle, and High School
 - (if different menus are served by age/grade level)

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24

Knowing the ADP allows you to Project Budgets

- Revenues based on the prior year
 - Projected earnings for all Programs operated**
- Expenses based on the prior year
 - If solicitation includes all food purchases for a period, the amount of purchases for this period helps vendors understand the scope of the contract (size, potential value, etc.)
- The contract period may adjust the estimated expenditures
 - (i.e., annual expenditures do not apply if a contract is for half of the year only)

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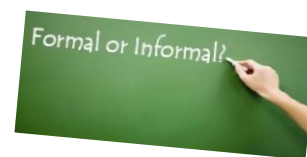


25

Selecting the Proper Procurement Method

Forecasting helps determine the procurement method...

- Micro-Purchasing
- Informal Method (Small Purchase)
- Competitive Sealed Bidding
- Competitive Negotiation
- Noncompetitive Negotiation

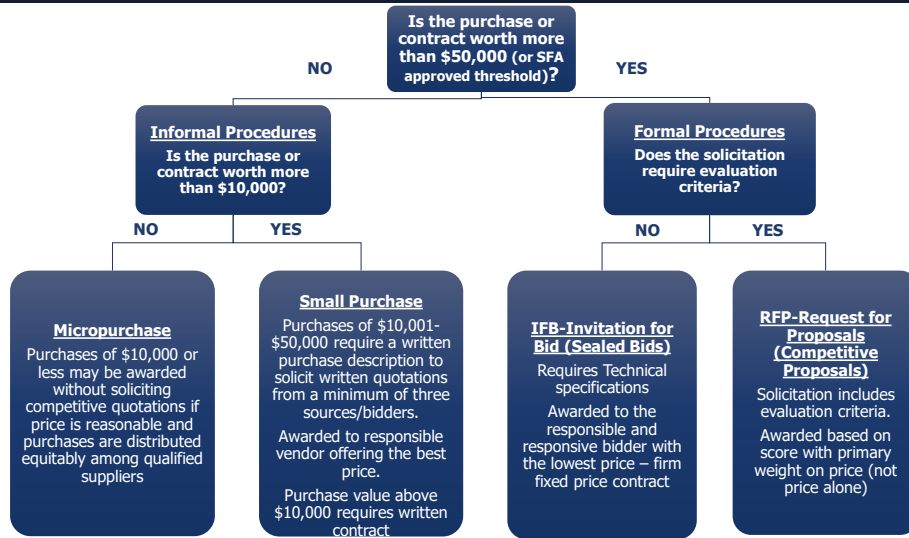


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26

Procurement Decision Tree - Which Procurement Method should I use?



* This diagram incorporates most restrictive regulations from Federal and MA 30B

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27

Informal Procurement Methods (Small Purchase/Micro)

- Procurement contract currently set at \$50,000 (MA) or less in value
 - States or localities may set a lower small purchase threshold (*which imposes more formal procedures*)
 - Or procurements below the micro-purchase threshold currently set at \$10,000 in value

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28

Formal Procurement Methods

- Value of purchase exceeds Federal, State, or local threshold for small purchases (\$50,000)
- More rigorous and prescriptive:
 - Competitive Sealed Bidding (i.e., IFB)
 - Competitive Negotiation (i.e., RFP)
- Allows for the identification of evaluation factors and their relative importance

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29

Solicitations

- Once the decision is made regarding what goods and services are needed and the appropriate method to acquire them, a solicitation must be developed which contains specifications & all necessary contract elements

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30

Let's Talk Scope

- What Programs are operated?
 - Self-operating, on-site food preparation, central kitchen
- How many schools
- What is the total enrollment?
- What is the average daily participation?
- What is the estimated value of the purchases in the solicitation?
- Does the scope include products and services such as purchased foods and distribution services or delivery to one warehouse location?
- Contract duration dates

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31

Solicitation Overview

- The description and scope needs to be in line with what is being procured (i.e., procuring processor, FSMC, purchased goods through a distributor, etc.)
- Must be clearly stated so that bidders will understand and can be responsive to the need
- Identify all of the requirements that offerors must fulfill, so that changes do not need to be made to the contract after award has been made

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32

Writing Clear and Thorough Specifications

- Product Name
- Variety
- Grade
- Size
- Quantity
- Quality
- Cleanliness
- Packaging
- Delivery
- Food Safety
- Farm Practices and Characteristics
- Other requirements based on product or service

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33

Sections of a Solicitation

- Contract Type
- Introduction/Scope
- General Descriptions of Goods and Services
- Timelines and Procedures
- Technical Requirements
- Evaluation Criteria (for RFP only)

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34

Let's Talk Specifications



- Item descriptions
- Product details

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35



Food Items

- Factors to consider:
 - Grading
 - Weight
 - Quantity
 - Form of food -- fresh, frozen, canned
 - Nutritional qualities, etc.



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36



Communicating SPECIFICATIONS in the Solicitation

ITEM DESCRIPTION	CASE/PACK SIZE	SPECIFICATION	SERVING DATE DELIVERY: AS ORDERED 1 WEEK BEFORE SERVING	ESTIMATED QUANTITY	BID UNIT	UNIT \$ CS/#/EA	EXTENDED PRICE	PURCHASE UNIT
MEAT/MEAT ALTERNATE PRODUCTS								\$/CODE #
BEEF, GROUND	4/5#	Grade A, Raw, 90% lean, course ground, 100% beef no extenders, unseasoned, delivered hard frozen (other specification as required)	LIST DATES BY THE MONTH: AUG, SEPT, OCT, NOV, DEC, JAN 14,500 servings/date	20,000	#	\$ -	\$ -	
BEEF PATTIE	192/2.5 oz, CN label	Grade A, raw, 80% lean, 5% TVP, unseasoned, IQF, delivered hard frozen, CN label 2.5 oz = 2oz Meat/Meat Alternate	LIST DATES BY THE MONTH: AUG, SEPT, OCT, NOV, DEC, JAN 14,500 servings/date	72,500	SRV	\$ -	\$ -	
CHEESE, DELI-SLICED, REDUCED FAT, MEDIUM CHEDDAR	192/.75 oz servings in 3/3# packages/cs	100% real natural cheese from cow's milk, approx. 20-25% less fat; sliced from blocks with paper separations; nutrition information: not to exceed 60 calories/slice, 4 grams fat; and 125 mg sodium.	APPROX. 1 CS/WEEK FOR DAILY USE IN CHEF SALADS AND DELI SANDWICHES, PRIMARILY USED WITH CHICKEN NUGGET SERVING DATES	5,000	LBS.	\$ -	\$ -	

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37

Estimating Quantities

- Count the number of times an item is served
 - Per month - gives vendors an idea of monthly use
 - Total quantity over a period of time
- Multiply the number of times served by the ADP
 - Per month provides vendors usage information
 - Total estimated quantities provides information for bid evaluation purposes

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38

Estimating Quantities

- Item Description: Serving Dates
- Hamburger patties 8/27, 9/24, 10/22, 11/19, 12/17, 1/07
- Chicken nuggets 8/24, 9/21, 10/19, 11/16, 12/14, 1/04
- Pizza, Cheese 8/26, 9/23, 10/21, 11/18, 12/16, 1/06

If the ADP is 18,210, how many servings are needed based on the serving dates provided above?

18,210 x 6 serving dates = 109,260 servings for each item



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Communicating QUANTITIES in the Solicitation:

ITEM DESCRIPTION	CASE/PACK SIZE	SPECIFICATION	SERVING DATE DELIVERY: AS ORDERED 1 WEEK BEFORE SERVING	ESTIMATE D QUANTITY	BID UNIT	UNIT \$ CS/#/EA	EXTENDED PRICE	PURCHASE UNIT
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Specifications Summary

- Clear and accurate description of technical requirements
- Can include statement of qualitative nature of good/service which also outlines minimum essential characteristics and standards
- Cannot simply specify brand name, must be “brand name or equal”
- **Remember: If the specifications are not clear, the proposals the SFA receives may not meet the SFA's needs!**

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41

Advertising the Procurement

The content of the solicitation announcement should be sufficient enough in scope to allow bidders/offerors to identify:

- The general nature of the goods or services to be procured;
- The method of procurement that will be used (formal or informal);
- How they can obtain the solicitation or more information; and
- The due date for responses to the solicitation.

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42

Advertising the Procurement: Due Dates

When determining due dates, keep in mind:

- Complexity of the solicitation requirements;
- Time needed for pre-bid/award meetings, site visits, etc; and
- Federal Due dates:
 - FSMC for all program except SFSP—at least 21 days in advance of due date*
 - FSMC for SFSP—at least 14 days in advance of bid opening*
 - In absence of applicable State or local laws, other solicitations should be publicly announced at least 21 days before the response is due, unless an emergency or good cause exists for expediting the acquisition.

**NOTE: USDA recommends using a time period of 4-6 weeks.*

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43

How to Advertise

To allow for Free and Open Competition, use the following ways to advertise your solicitation:

- State, regional, or nation-wide newspapers
- Trade periodicals
- Designated internet sites
- Direct mailings (informal only)
- Other print media that serves the business community and general public

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44

Publishing Solicitation to Receive Responses

- Once all solicitation components are included in the documentation, the solicitation is published to receive responses.
- The method of receiving responses to solicitations is based on the procurement method
 - Small purchases “informal” Quotes
 - Written request for quotes with written responses
 - “Formal”
 - Sealed bids
 - Competitive Proposals

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45

Evaluating the Proposals: Ensuring Responsive and Responsible Contractors

- Responsive
 - Vendor’s products or services meets the SFA’s specifications.
- Responsible
 - Vendor can and will successfully fulfill the terms and conditions of the proposed procurement.

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46

Types of Evaluation for Contract Award

- An IFB must result in fixed price contracts
- One award vs multiple awards - depends on the evaluation process in the solicitation
 - Must be clearly defined in the solicitation
 - One award - Lowest lump sum award - "all or nothing" is awarded
 - Multiple awards - Lowest lump sum by category – all within the category or nothing within the category may be awarded, or
 - Multiple awards - Lowest based on line item award – every item is evaluated and awarded based on the lowest price

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47

Types of Evaluation for Contract Award

- An RFP can result in a fixed price contract or a cost reimbursable with fixed-fee contract
- **The solicitation must clearly state what type of evaluation will be used and the type of contract that will be awarded**



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48

Fixed Price Contracts

- The federal regulations define fixed price as, “an agreed upon amount that is fixed at the inception of the contract.” (7 CFR 210.2)
 - When fixed price contracts include provisions for price adjustments tied to an index, the solicitation must include the details for this provision
 - i.e., how long is the price fixed – 30 days, 60 days, 90 days?
 - What is the index and frequency to be used? Consumer-price index, other?
 - Who will validate/reconcile the price changes?

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49

Cost Reimbursable Contract

- The Federal regulations define cost reimbursable contract as, “a contract that provides for payment of incurred costs to the extent prescribed in the contract, with or without a fixed fee.” (7 CFR 210.2)

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50

Contract

- Legally ensures commitment
- Provides record of the deal

Note: You must have a contract for anything over \$10,000 (MA 30B). For Small Purchases (\$10,001-\$50,000), it can be a purchase order that has all of the specifications on it and is signed by both parties.

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51

Basic Contract Elements

- Contract Duration
- Identification of the Contract's parties
- Scope of Work
- Product Specifications
- Type of Contract
- Renewal Options
- Modification and Change Procedures
- Default and Breach provisions, remedies, penalties
- Termination rights

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52

Contract Elements continued

- Required Compliance certifications and sanctions
- Recordkeeping requirements
- Laws and Regulations that govern the contract
- In cost reimbursable contracts, ensure that all costs are net of all discounts, rebates and credits
- Clear Methodology for tracking costs
- Any Sanitation and Licensing requirements
- Professional Certification requirements or minimum levels of experience or education

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53

Monitoring

- This ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts, and allows for adequate and timely follow-up of all purchases.

"the right product, for the right price, at the right place, at the right time, all the time..."

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54



Questions?

THANK YOU

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