Procurement of USDA Foods

Brought to you by the American Commodity Distribution Association (ACDA)
Your Panelists

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Affiliation or Financial Disclosure

• Stephanie Bruce
  - Nothing to disclose
• Cliff Meyers
  - Nothing to disclose
• Chris Facha
  - Nothing to disclose
School District Perspective
USDA Entitlement Options

• USDA Donated Foods (Formerly “Brown Box”)
  - Raw Product
  - Further Processed

• USDA Processed Commodity Foods
  - Divert to manufacturer

• DoD Fresh
Changing Environment

• Lead times are increasing
  - Changes at every level!
• Commodity utilization is being more scrutinized.
• E-Logs
• Commercial Driver Shortage
• Increasing Costs
Where do you begin??

- Menu – Drives EVERYTHING!!!
- Staffing Needs
- Equipment
- Production schedules
- Delivery Logistics
- Training needs
- Procurement
Cycle Menus

• Certain length of time
  – 2 week, 3 week, 4 week, etc.
• Items repeat
• Easier to manage
• Can be done in advance

• Better manage food cost
  – Managing inventory
  – Reducing waste
  – Better price

• Better manage labor cost
  – Time savings
  – Allocate hours efficiently
Timeline

- **July**
  - Attend ANC for new ideas
- **September/October**
  - Meet with vendors
  - Determine availability of product
- **October/November**
  - Student taste tests
  - Attend state show

- **December/January**
  - Determine menu items for the following year.
  - Attend commodity Show
  - Complete Surveys

- **February**
  - Complete menu
  - Determine diversions
Survey the Students

• Conduct Student Taste Tests
  - Serving Line Taste Test
  - Focus Groups
  - Surveys
  - Pop Up Location
  - Vendor Show
Vendor Show

• Test items that utilize diverted product!
• Go to the students!!!
• Let them DECIDE!!
Determine items for the menu

The menu planning War Room
Industry Perspective
Further Processing Procurement

• Further Processing Must Be Competitively Solicited
  – Processors with approved “Processing Contracts” do not relieve SFA from conducting procurement of End Products

• Further Processing Can Be Integrated Into Commercial Solicitations
  – SFA’s may benefit by combining the procurement activity
Considerations Toward Procurement Approach

• How Do You Want To Purchase End Products?
  – Direct from the processor. (need to meet minimum delivery)
  – Through commercial distributors who may serve you today

• Choice Of Pass Through Method
  – State approves methods. Processors may not offer all methods.

• Independent Or Part Of A Group
  – Will you procure on your own or part of a group?
Considerations Toward The Type of Procurement

• Spend level. How much will you spend on processing?
  - Federally above $150K, must use Formal Procurement.
  - Includes choice of: Invitation for Bid or Request for Proposal.
  - Less than $150K, can use Informal Procurement.
  - State may set lower formal threshold. Follow lowest threshold.
  - District policies on procurement may influence choice.
Solicitation and Contract Inclusions, Considerations

• The type of pass through value you will use
• Destination of product and how freight is addressed
• Treatment of commercial equivalents
• Treatment of situation where USDA cannot provide raw materials to processor
• Conditions for renewal, piggybacking, price adjustment
• Clause for termination
Support

• Listing of State Food Distribution Contacts:

• Processors and Brokers:
  - Each has the knowledge of the local program options to support SFA’s.

• ACDA Member Benefits:
  - ACDA members enjoy a website full of resource tools.
State Perspective
Types of USDA Foods processing procurements

- State Level Procurement and Processing
- State Level Procurement Only
- Individual RA Procurement
- Co-operative Procurement
Additional State considerations

• States can limit participation of processors by not approving a state participation agreement with a processor
  – Marketability or acceptability of end products
  – Prices and yield
  – Processor record of ethics and integrity
  – Capacity to meet regulatory requirements

• States can include state-specific processing requirements in state participation agreement
  – Methods of end products sales permitted (value-pass-through)
  – Labels showing meal pattern crediting
Procurement Review

• Common Review Findings
  – Lack of a code of conduct/disciplinary actions for violations
  – Lack of written procurement policies and procedures
  – Failure to document affirmative steps taken for small, minority and women’s business, business enterprises
  – Failure to competitively procure goods and/or services with most restrictive regulation
Procurement Review Cont.

- Inadequate contract management
- Failure to do a competitive procurement for further processing of USDA Foods
- Failure to provide recall procedures in bid/response for further processing of USDA Foods
- Failure to provide primary and secondary points of contact for handing food recalls with further processing of USDA Foods.
Buy American Provision missing from solicitation and contract documents

Failure to spread micro-purchases equitable among all qualified sources

Failure to seek/invite two or more qualified sources willing and able to compete
Procurement best practices/State perspective

• Inventory tracking is essential
  – Financial Value
  – Reduce Theft
  – Par Stock helps eliminate over-ordering
  – Monitor contract performance- Required by 2 CFR 200.318 (b)

• Forecasting
  – Keeps inventory in check
  – Could lead to better pricing
  – Helps align USDA Foods needs with commercial purchasing needs
Procurement best practices/State perspective

• Use procurement templates when possible
  − Don’t recreate the wheel
  − Make sure templates comply with most restrictive requirements

• Consult the state agency
  − Will they review solicitation and contract docs to ensure compliance?
  − Do they have trainings available?
This session provides one (1) CEU

- **Key Area:** Operations - 2000
- **Key Topic:** Purchasing/Procurement (2400)