Procurement
The Big Differences About the Biggest Districts

Major City Directors/Supervisors Section Meeting
Today’s Moderator

Beth Wallace, MBA, SNS
Executive Director
Food & Nutrition Services Department
Jefferson County SD, CO
Today’s Panelists

Manish Singh, MBA
Director of Food Services
Los Angeles USD
Los Angeles, CA

Mary Kate Harrison, PhD, SNS
General Manager
Hillsborough County SD
Tampa, FL

Michael Rosenberger, MBA
Executive Director
Dallas ISD
Dallas, TX
Affiliation or Financial Disclosure

• Beth Wallace
  • Nothing to Disclose

• Manish Singh
  • Nothing to Disclose

• Mary Kate Harrison
  • Nothing to Disclose

• Michael Rosenberger
  • Chairman of the Board: Urban School Food Alliance
Objectives

• Window into procurement process in REALLY large districts
• Ideas you can apply
Los Angeles Unified District

Manish Singh, MBA
Director of Food Services
Los Angeles Unified School District

A DISTRICT ON THE MOVE
DISTRICT FACTS

- Los Angeles Unified School District
- Enrollment: 546,000
- Free & Reduced: 79.2%
- School Breakfast Program….96% of schools serve Breakfast in the Classroom……………………serve ~ 331,000 breakfasts daily
- National School Lunch Program……serve ~ 290,000 daily meals
- CACFP After School Supper meals…serve ~ 77,000 daily meals
- CACFP Breakfast……………………serve ~7,200 daily meals
- CACFP Lunch……………………serve ~8,300 daily meals
- CACFP Snack……………………serve ~ 7,200 daily meals
Procurement Overview

- Annual purchases more than $170 million.
- Food Services Division (FSD) provides the product specifications and requirements, procurement is managed by the Procurement Services Division (PSD).
- FSD incorporates, USDA, California Department of Education (CDE), LAUSD Board resolutions and initiatives into product specifications.
- FSD & PSD decide whether to go for an IFB or RFP in consultation with PSD.
- Process starts with a RFPA which is approved by the Chief Financial Officer and Superintendent.

Things included in our RFPs:

- Vendors must meet requirements of good food purchasing program.
- All products should be sulfite, nitrate and nitrite free and have no artificial sweeteners or colors.
Typical Bid Timeline

• Typical length of bid cycle is 4-6 months which includes additional time needed to include recommended awards on our board report (1 month in advance)

• Normally, 1-3 persons from procurement, plus 2-5 from Food Services work on a bid.

• Prefer RFPs, find IFBs too restrictive.

• Conduct pre-proposal/bid to brief possible vendors on intent and answer questions.

• Review and release solicitation.

• PSD briefs source selection committee on procedures.

• FSD briefs PSD on sample requirements and testing/evaluation.

• After product testing by students, and evaluation on bid documents, source selection committee tabulates scores and gives them to PSD.

• Procurement issues Notice of Intent to Award and submits the board item for inclusion on the next possible board agenda.
What’s Unique about Our Procurement

• LAUSD has its’ own unique procurement process
• We have Categorical Partners: Beef, Turkey, Chicken, Cheese, Dairy, Produce, Miscellaneous Products & Paper/ Plastic Products
• Two vendor partners for each category so that there is competition between the partners. Goal is to get the best product at the best price possible.
• The volume of product purchased, along with the need to provide variety which is student approved on a tight food budget makes the procurement process challenging.
Our Challenges

With more than 681 schools, 92 early education centers, more than 300 continuation & adult education centers, procurement has its own challenges:

• Logistics & Distribution…….. few vendors can service our needs
  • Direct deliveries of produce, milk and juice to schools multiple times a week.

• Limited competition…..very few vendors have the capacity to service our schools.

• Catering to a diverse student population and grow participation
PRODUCE PROCUREMENT
Procurement of Produce

- FSD has a produce partner to procure and supply produce. We did a RFP for produce.
- The biggest challenge is the volume of produce that has to be purchased to meet USDA Meal Pattern requirements. We only had one company bid on the category.
- Planning, forecasting and managing the supply chain to drive production and price
- Forecast requirements and work with vendor partner to work with growers to provide needs. Vagaries of Mother Nature can impact the size of fruits, price and volume of product.
- Best practices include planning for the year. Vetting farms for food safety and sourcing locally within a 200 mile radius. Tying in commodity entitlements with projections for fruits and vegetables that will be purchased per menu requirements.
SOFTWARE PROCUREMENT
Procurement of Software

• FSD creates the business need and case.
• All Technology projects are reviewed and approved by the Information Technology Department.
• Depending on the scope of the project, go for an informal or formal bid.
• Major technology procurements are always RFPs
• The biggest challenges are the cost of the project, planning, implementation and the time to complete the project.
• Best practice is to have a project team to monitor progress and costs.
Best Practices You Can Use

• Take the time to plan and project menus that tie in with USDA, State and District initiatives and goals inclusive of student approval.

• Build in flexibility and have continuous communication and interaction with vendor partners as regulations and menus change.

• Determine the price range for each meal segment.

• Track menu choices to make informed decisions.

• Monitor inventory levels at the central and school levels to have a balance between compliance and fiscal accountability.
Hillsborough County School District

Mary Kate Harrison, PhD, SNS
General Manager, Student Nutrition Services
Hillsborough County School District

- Tampa, Florida
- Enrollment – 219,500
  - 33% - White; 21% - Black; 36% - Hispanic; 1% - Indian; 4% - Asian; 6% - MR
- % EN – Total – 64%; Free – 56.8%; Reduced – 7.2%
- 36,420,000 Million Meals annually/224,000 meals daily
- $145,000,000 budget, to include a 30 M Fund Balance
- Participation rates:
  - Elementary – Breakfast – 52%; Lunch – 71%
  - Middle – Breakfast – 38%; Lunch – 66%
  - High – Breakfast – 28%; Lunch – 46%
SNS Programs

• NSLP Breakfast available at 232 schools – all students eat free of charge in every school
• NSLP Lunch available at 232 schools - all reduced students have .40 charge waived in every school
• CACFP Dinner – available in 146 sites
• NSLP Snacks – available in 12 sites
• Summer Food Service Program – serving 219 sites, including 5 mobile food trucks, parks/rec sites, schools
• ALC Sales – 4 Million plus annually
Procurement Overview

- Manage 28 annual contracts worth over $45 million dollars
- Spend ~ 4.5 million on products produced locally within Tampa Bay
- Types of Formal Procurement:
  - Cost plus Fixed Fee (5-year) for food, supplies, produce (usage reports; audited; 2X/year reviews)
  - RFP’s for services (multi-year), software (continuing), milk (index pricing)
  - Bottom line by Category, 1-year bid for large equipment/small equipment
Procurement Overview

• We are not a distributor; We warehouse only:
  Stock equipment – tables, carts, warmers, shelving
  Stock parts – for maintenance techs
  Computers, tablets, key pads – for IT techs

• Do not participate in a purchasing co-op

• Use a full-time product manager to act as a liaison between staff and procurement office

• Include a full-time customer service rep, as part of the prime vendor award, to work in the SNS district office
Good Procurement is Competitive Procurement

• Establishing Approved Brands are Key to Competitive Bidding
  • Evaluate new products 2X a year
  • Product testing and evaluation is critical
  • Distributor is required to “shop” brands on our behalf
  • Provides open competition
  • Clear and accurate product descriptions are used instead of detailed specifications

• Maintaining a once-a-week delivery schedule
  • Products are “dropped-shipped” to every school site
  • Average food dollar drop per site is $3,242
  • Average food cases delivered are 121
Procurement Challenges

• Breakfast items – need reasonably priced because of universal free
• Fresh vs Processed – balance costs vs benefit
• Clean ingredient labels – work with vendors to find alternatives
• ALC products – need to be relevant, exciting, and meet smart snacks
• Small Case Sizes – increase delivery fees
• Vendors – who are not knowledgeable about NSLP Rules & Regs
• Locating approved brands – hard to find for special and unique items
Evaluating Procurement Processes

Follow-up and document successes and issues for next time, all geared toward improving the process, fairness, transparency, & competitive spirit:

• Did you meet your food cost goals?
• Are more approved brands needed? Are more vendors needed?
• What was the price differential between this bid and previous bids?
• Do the bid terms need to change to make processes more efficient?
• Did you adjust the budget to pay for increased costs?
• Did the bidder meet the terms of the bid?
• Is it a true partnership between vendor and customer?
Dallas Independent School District

Michael Rosenberger, MBA
Executive Director, Food & Child Nutrition Services
About Our District

- Dallas, Texas
- 155,000 students
- 2\textsuperscript{nd} largest in Texas, top 20 in USA
- CEP – 98%+ Free status
- Breakfast, Lunch, Supper (CACFP), Summer (SSO), FFVP
- Meals during school vacations/breaks (CACFP), homeless shelter (CACFP), drop-in centers (SBP), early college meals program (NSLP)
Procurement Overview

• $121 million budget > $40 million in food
• 5-6+ procurement staff in FCNS + buyer in district procurement office
• Federal, State and Local layers of requirements
• Examples:
  • Prohibited ingredients (USFA)
  • Use of local or small companies – MWBE 30% of purchases
  • Limited use of co-ops
  • Limited micro purchases ($3500.00)
  • Direct ship Fee For Service – warehouse for distribution
Typical Bid Timeline

• 6 months or more – from building item specifications to board approval

• RFP’s for 1 year with two 1-year possible renewals for food; include escalator clause/index, catalog bid

• Bids for 1 year with two 1-year possible renewals for non-food procurements, including:
  • Equipment/vehicles
  • Maintenance parts
  • Armored car, dumpster, and pallet services
  • Vent hood cleaning, repair, installation
  • Design/décor
What’s Unique about Our Procurement

• Length of time to develop, issue, approve
• Purchase quantities – typically truckloads
• We are our own distributor (except bread, produce, dairy)
• Not able to change as quickly as smaller districts due to complicated process and bureaucracy for purchasing
• Able to influence CN market due to size
• Joint procurements with Urban School Food Alliance
Our Challenges

• Length of time for process

• Similar to other districts in process, requirements

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Administrative Content
Approved as to form. Kirk Ordoyne, Assistant General Counsel.

Workflow
Tree
Step

Tree Members:
Annie Holmes-Partee
Candace Yabrough
Michael Rosenberger
Gloria Maddox-Powell
Richard E Wooten
Legal Review
Scott Layne (current approver)

Workflow
2019 :: Submitted by Cedric James. Routed to Annie Holmes-Partee for approval.
2019 :: Approved by Annie Holmes-Partee. Routed to Candace Yabrough for approval.
2019 :: Approved by Candace Yabrough. Routed to Michael Rosenberger for approval.
2019 :: Approved by Michael Rosenberger. Routed to Gloria Maddox-Powell for approval.
2019 :: Approved by Gloria Maddox-Powell. Routed to Richard E Wooten for approval.
2019 :: Approved by Richard E Wooten. Routed to Legal Review for approval.
2019 :: Approved by Legal Review. Routed to Scott Layne for approval.
Procurement of Produce

• RFP fixed annual prices for high-volume items always on our menu (i.e. baby carrots, apples, etc.)
• RFP includes section for monthly quotes for lower volume and more seasonal items (i.e. fresh spinach, jicama sticks, etc.)
• RFP for 1 year with two 1-year possible renewals
• Challenge to find vendors large enough to provide service for 155,000 students
Procurement of Software

- RFP for 5 years
- Staff (from front-line to administrative) task force involved in defining specifications, identifying desired features/functions/attributes, noting training needs and support, etc.
- Software purchase assessment tool developed by same task force
- Independent team reviews all RFP responses and makes recommendation for purchase
- We research and borrow from other districts!
Best Practices You Can Use

• Create a bid template and use it as frequently as possible
• Purchase fluid milk using a monthly price index – you will save a fortune!
• Long-term relationships are good; build your bids with an annual price adjustment tied to an index (i.e. CPI – consumer price index)
• Record and address all vendor issues – your vendors are your partners!
• Take photographs to document problems with delivered products
• Forecast your purchase amounts
• Your bids reflect your values
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