Procuring Local Foods
For Child Nutrition Programs
Procurement in the 21st Century
January/February, 2017

Welcome!
Overview

• Procurement 101:
  » Procurement basics and key concepts
  » Procurement methods

• Procuring Local Foods:
  » Defining local and sources for local foods
  » Methods to target local foods

• Resources
Procurement Principles and Regulations
What Is Procurement?

Procurement is the purchasing of goods and services. The procurement process involves:

1. Planning
2. Drafting Specifications
3. Advertising the Procurement
4. Awarding a Contract
5. Managing the Contract
Procurement Methods

≤ Small Purchase Threshold ＞

(Federal Threshold = $150,000)
VA = $100,000
Municipality = ?

Informal

Small Purchase
(Requires price quotes from at least 3 bidders)

Micro Purchase

Noncompetitive Purchase
(value of purchase may not exceed $3,500 or local threshold if lower)

Formal

Sealed Bids (IFBs)
& Competitive Proposals (RFPs)
(Requires public advertising)
What’s Your Small Purchase Threshold?
The Informal Procurement Process

1. Draft specifications in writing
2. Identify and notify at least 3 sources eligible, able, and willing to provide products
3. Evaluate bidders’ responses to your specifications
4. Determine most responsive and responsible bidder at lowest price and award contract
5. Manage the contract
Small Purchase Procedure

Use it when:

The estimated amount of your purchase falls below your small purchase threshold. Small purchases require that schools:

• Acquire bids from at least three responsible and responsive vendors;
• Develop written specifications; and,
• Document all bids.
“Three Bids and a Buy”

Develop a Specification
• Granny Smith, US. No. 1, five 185 count boxes per week for Sept-Dec

Solicit Bids
• Contact vendors (by phone, fax, email, in-person or via mail) and provide them with specifications (or if calling, read same information to each vendor).

Bid Documentation
• Write down each vendor’s bid and constraints; then file it.

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Art’s Apples</th>
<th>Olivia’s Orchard</th>
<th>Apple Crunch Inc.</th>
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<tbody>
<tr>
<td>Price/box</td>
<td>$40</td>
<td>$47</td>
<td>$37</td>
</tr>
</tbody>
</table>
# Informal Bid Templates

## Instructions and Example for Completing Informal (Small) Procurement Log

(Purchases costing less than $500,000 or state threshold if less)

The Informal Procurement Log can be used to document all bids received as a result of the SFA’s solicitation for purchasing products/services costing less than $500,000. A school will need to seek at least two and preferably three bids in order to achieve competition and to satisfy federal procurement requirements. Schools will need to document the bids and all other pertinent information discussed with the bidders. Schools must make certain that all bidders receive the same product specifications. All procurement records must be kept for at least three years from the date the last invoice is paid.

<table>
<thead>
<tr>
<th>Supplier Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items to be Purchased:</td>
</tr>
<tr>
<td>Delivery Frequency:</td>
</tr>
<tr>
<td>Bid will be honored for:</td>
</tr>
<tr>
<td>Number of days/weeks/months/years estimated:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity to be purchased</th>
<th>Unit Price</th>
<th>Extended Price (Quantity x Unit Price)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.</td>
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<td></td>
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<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total:** $  

**Bidder Selected (BS):**

*Bidder selected (BS): (school) can award all items to one bidder (lowest total price) or award purchase on a line item basis (lowest line item price). School will need to tell the bidders which option they will use for awarding the purchase when they are asking for pricing. Schools can state that either option may be used by the school to award the purchase.

**Method of Contact:** Email/Phone/In Person/Other

**Name of person quoting pricing:**

**Date contacted:**

**Additional Notes:**

**Signature of person completing this form:** Date:

**Name of bidder selected:**

**Bidder selected was notified on:** (if notification was in writing attach document to the procurement log/evaluation matrix)

**Method of notification:** (Email/Phone/Fax/Mail/In Person/Other)
Informal Bid Templates

INFORMAL QUOTATIONS
School Year 2014-2015

DATE: ______________________  Term of Agreement: ______________________

PRODUCT: __________________________
Specifications for product: __________________________
Quantity of Product: __________________________
Delivery Requirements: __________________________

<table>
<thead>
<tr>
<th>Vendor/Farmer:</th>
<th>Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Person:</td>
<td>E-mail:</td>
</tr>
<tr>
<td>Date called:</td>
<td>Date written quote received:</td>
</tr>
</tbody>
</table>

Price: __________________________
Comments: __________________________

PURCHASE? Yes No If no, why?

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Price: __________________________
Comments: __________________________

PURCHASE? Yes No If no, why?

TYPICAL and SAMPLE LANGUAGE for LOCAL FOODS in
INFORMAL CONTRACTS FOR VERMONT

This method is allowed for purchases that fall under the State of Vermont small purchase threshold of $15,000 or your SU/SFA/School small purchase threshold, whichever is lower (be sure to check). Prices can be verbal quotes provided by the vendor, posted prices found in promotional materials, catalogs, or stores, or written estimates provided by the vendor.

The more you define what you are looking for, the better the producers and vendors will be able to respond.

SCHOOL NAME __________________________

1. Link the contract with your FTS goals or policies: Define your Farm to School program in broad terms. Items you might want to include:
   - Importance of connecting to local farms and agriculture
   - Providing health and nutrition educational opportunities
   - Support local and regional producers
   - Exposing students to fresh and minimally processed products
   - Definition of local and regional foods preferred (cannot prohibit competition by requiring the bid to meet your definition of local):
     - Tier one: how local?
     - Tier two: Vermont? Surrounding states?

2. Specifications for what you want to use the products for and time periods:
   - Seasonal Sept–Nov, Dec–March, April–June for school meal programs
   - For special local food events
   - For local food fairs
NEW in 2015: Micro-purchase Threshold

≤ $3,500; Micro Purchase Threshold

• FNS issued guidance to the state agencies implementing the new Super Circular. (CFR 200.320)

• “Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.”
Micro Purchase Procedure

May be used when:

The estimated amount of your purchase falls below your micro purchase threshold. Micro purchases require:

• Each transaction with a vendor falls below $3,500 or the local threshold;
• Total cost of purchases with a vendor does not exceed the small purchase threshold;
• Prices must be reasonable;
• Purchases should be spread equitably among qualified sources; and,
• Documentation of transactions.
The Formal Procurement Process

1. Develop solicitation
2. Publicly announce the IFB/RFP
3. Evaluate bidders’ responses to your specifications
4. Award the contract to the most responsive and responsible bidder at the lowest price
5. Manage the contract to ensure compliance
Splitting Procurements

• SFAs cannot arbitrarily divide purchases to fall below the small purchase threshold.

• In some instances, however, characteristics of a product or market justify the need to separate it from the overall food procurement.

...such as Harvest of the Month programs, taste tests, products for a Farm to School Month promotion. (But you still can’t use local as a specification!)
3 Key Concepts

1) Competition

2) Knowledge of Federal, State, and Local Regulations

3) Responsive and Responsible Vendors
Competition is essential to ensure the best PRICE and QUALITY of goods and services.
State and Local Procurement Policies

- SFAs must be aware of and comply with federal, state, and local procurement regulations
- The most restrictive threshold applies
Responsive and Responsible

Not just price! SFA must make award to vendors that are responsive and responsible.

- Responsive means that the vendor submits a bid that conforms to all terms of the solicitation.
- Responsible means that the vendor is capable of performing successfully under the terms of the contract.
Competition Killers

Do not...

• Place unreasonable requirements on firms;
• Require unnecessary experience;
• Give noncompetitive awards to consultants or vendors;
• Have organizational conflicts of interest;
• Specify only brand name products;
• Make arbitrary decisions in the procurement process;
• Write bid specifications that are too narrow and limit competition;
• Allow potential contractors to write or otherwise influence bid specifications; or,
• Provide insufficient time for vendors to submit bids.
• **Use local as a product specification.**
When do procurement rules apply?

• **All** purchases made with federal dollars:

  » purchases made with federal reimbursement dollars (non-profit food service account)

  » USDA Foods have already been competitively procured by the federal government
Defining Local and Where to Find Local Foods
Section 2403 of the 2008 Farm Bill says:

“The Secretary shall allow institutions receiving funds under this Act ... to use a geographic preference for the procurement of unprocessed agricultural products, both locally grown and locally raised.”
What Is “Unprocessed”? 

“Unprocessed” agricultural products retain their inherent character. These are the allowed food handling and preservation techniques:

- Cooling, refrigerating, and freezing
- Peeling, slicing, dicing, cutting, chopping, shucking, and grinding
- Forming ground products into patties
- Drying and dehydrating

- Washing, packaging, vacuum packing, and bagging
- Adding preservatives to prevent oxidation
- Butchering livestock or poultry
- Pasteurizing milk
What Types of Products?

- Vegetables
- Meat, Poultry, and Fish
- Beans, Grain, and Flour
- Dairy
- Fruit
- Eggs
What Does Local Mean?

Who defines local?
• School food authorities

How?
• Within a mile radius
• Within a county or state
• Within a region
• Tiered definitions
A school’s interest in purchasing local products (and the broader context of its farm to school program) can be expressed in the introduction to a solicitation.

» Remember: a school *may not* specify that it wants only local products.

» A school *may* indicate its desire to serve local products and emphasize the importance of its farm to school program.
• **Page County Public Schools**, in Virginia, defines local using three tiers:
  » Within the county
  » Within the region (within 90 miles of Luray, VA)
  » Within the state
• **Oakland Unified School District**, in California, defines local within a 250-mile radius of the city of Oakland.
• **Hinton Public Schools**, in Oklahoma, defines local as within Oklahoma.
Local Production & Seasonality Resources

- Conversations among farmers, producers, distributors, schools
- Outreach to Cooperative Extension agents
- Outreach to state agencies - Dept of Ag
- Outreach to USDA - Farm Service Agency
- Outreach to districts that have sourced locally
- USDA Farm to School Census
- USDA Census of Agriculture
- Seasonality charts, crop calendars
What is Produced in YOUR Area?

• What might be local on the menu after summer break? After winter or spring break?
• What items are grown, harvested, produced or processed in your region?
• What local products have you seen on school menus recently?
Where to Get Local Foods

- Through distributors
- Through food service management companies
- From food processors
- Through DoD Fresh
- From individual producers
- From producer co-ops/food hubs
- From school gardens
Resources for Finding Local Products

• Online Tools
• USDA Resources
• State Resources
• Producer Associations
• Food Hubs
• Farmers Markets
• Non-Profit Organizations
Not sure where to start?
Requests for Information (RFI):

• Survey the market to understand:
  » Quantity available
  » Price point
  » Seasonal availability
  » Willingness to work with schools
  » Whether geographic preference is necessary
  » Who the producers are!

• Collaborate with surrounding districts
• Work with a community partner
Buying Local Food using the Micro-purchase Threshold
Procurement Methods

\[ \leq \text{Small Purchase Threshold} > \]

(Federal Threshold = $150,000)
ME = $10,000
Municipality = ?

- Informal
  - Small Purchase
    (Requires price quotes from at least 3 bidders)
  - Micro Purchase
    (Noncompetitive Purchase
     (value of purchase may not exceed $3,500))

- Formal
  - Sealed Bids (IFBs)
    & Competitive Proposals (RFPs)
    (Requires public advertising)
Micro-purchase Threshold

Use it when:
• Value of a purchase is less than $3,500

What to do:
• Write a product specification and any additional vendor requirements
• Make a purchase from a responsive and responsible vendor at a reasonable price that meets your definition of local

Requirements & Reminders
• Document the purchase (file away product specification/invoice/receipt)
• Do not arbitrarily split procurements
Targeting Local in an Informal Procurement
Procurement Methods

≤ Small Purchase Threshold >

(Federal Threshold = $150,000)
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Informal

Small Purchase
(Requires price quotes from at least 3 bidders)

Micro Purchase

Formal

Sealed Bids (IFBs) & Competitive Proposals (RFPs)
(Requires public advertising)

Noncompetitive Purchase
(value of purchase may not exceed $3,500)
"Three Bids and a Buy"

Develop a Specification
• Green apples, US. Fancy or No. 1, prefer five 185 count boxes per week but willing to consider other pack sizes for Sept-Dec.

Solicit Bids
• Contact **ONLY LOCAL** vendors (by phone, fax, email, in-person or via mail); provide them w specifications (or if calling, read same information to each vendor).

Bid Documentation
• Write down each vendor’s bid and constraints; then file it.

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</table>
Acorn Lane School District issued a solicitation for 1,000 cases of green apples on September 5.

To encourage competition, Acorn Lane School District emailed the solicitation to 14 known vendors, placed an ad in the local paper, and followed up with 8 of the 14 vendors by phone.

Only one bid was received on September 15.

Acorn Lane School District awarded the contract to the lone bidder.
Targeting Local in a Formal Procurement
Procurement Methods

≤ Small Purchase Threshold >

(Federal Threshold = $150,000)
VA = $100,000
Municipality = ?

Informal
Small Purchase
(Requires price quotes from at least 3 bidders)

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Noncompetitive Purchase
(value of purchase may not exceed $3,500)

Formal
Sealed Bids (IFBs)
& Competitive Proposals (RFPs)
(Requires public advertising)
Ways to Target Local Products through Written Solicitations

1. Define farm to school program in your introduction
2. Use product specifications
3. Use additional requirements to determine vendor responsiveness
4. Apply geographic preference in the evaluation of bids
The Food Service Department (The Department) at the Cypress Creek District in Colorado works to provide the highest quality meals to its students. The Department views school meals as an essential component to student health, well-being and future success. Cypress Creek serves about 15,400 school lunches every day and the free and reduced price rate is 73%. The Department works to connect K-12 schools and local food producers to improve student nutrition, provide agriculture and nutrition education opportunities and support local and regional farmers.
2. Example: Use Product Specifications

Product Specification

- *<McIntosh apples>*
- US. Fancy *or No. 1*,
- *Prefer* five 185 count boxes per week *but willing to consider other pack sizes* for September – December
3. SFAs can ask for:

» Freshness (e.g. Delivered within 48 hours)

» Specific size of farm

» Harvest techniques

» Crop diversity

» **Source of origin labeling**

» Ability to provide farm visits or class visits
4. Incorporate a Geographic Preference

1) Define local.

2) Determine what type of procurement method to use.

3) Decide how much “preference” unprocessed agricultural products that meet your definition of local will receive.

4) Be sure your solicitation makes perfectly clear how the preference will be applied.
### Example 1: 1 Point = 1 Penny

<table>
<thead>
<tr>
<th></th>
<th>Owen’s Orchard</th>
<th>Apple Lane Farms</th>
<th>Bob’s Best</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price</strong></td>
<td>$1.97</td>
<td>$2.05</td>
<td>$2.03</td>
</tr>
<tr>
<td><strong>Meets geographic preference? (10 points)</strong></td>
<td>No</td>
<td>Yes (10 points)</td>
<td>No</td>
</tr>
<tr>
<td><strong>Price with preference points</strong></td>
<td>$1.97</td>
<td>$1.95</td>
<td>$2.03</td>
</tr>
</tbody>
</table>

10 points will be awarded to bids for apples grown within 100 miles of the school board office.
Section Summary

• SFA defines local
• Local product can be targeted in the micropurchase, informal, and formal methods
• Local must be cited as a preference, not a requirement
Farm to School Resources
Local Procurement Guide

Available at:
http://go.usa.gov/KAFH
or on the Procuring Local Foods page of the USDA Farm to School website:
http://www.fns.usda.gov/farmschool/procuring-local-foods
Selling to Schools: Four Points

School food service operations operate on tight budgets, but school districts are responsible for the revenue and profit for all channels. School food service providers buy products through distributors and purchase locally produced foods. Some school districts have tried picking up or selling to farmers, and others have been turned into ready-to-cook meals while others seek raw products for scratch cooking. Here are four actions to partner with districts:

1. Selling directly to schools: Districts receive cash reimbursements from the federal government for every meal served. They can administer and purchase food through USDA and other federal child nutrition programs.

2. Using direct purchase: The Department of Defense uses the DoD Direct Purchase Program to buy products from local sources and encourage local procurement. As of 2008, the DoD piloted a program in eight states. The United States Department of Agriculture (USDA) also uses the DoD Direct Purchase Program to purchase local food for federal agencies.

3. Geography: What it is and its impact:

   What is it?
   - Flexibility: States can change their food procurement goals on a monthly basis, allowing for more flexibility. USDA Food is purchased based on the amount of cash reimbursed to DoD programs.
   - Consistency: DoD Fresh vegetables are delivered weekly, and any excess is pickled and sold to the market.
   - High quality: DoD maintains Produce Quality Audits, ensuring high-quality food is delivered. Avoiding the use of additives or fillers is a key feature of DoD Fresh.
   - Unprocessed: DoD Fresh only purchases unprocessed or minimally processed fruits and vegetables, which means they are grown and sold with minimal processing.

4. USDA Food for Buying: USDA Foods has a dual mission of supporting agriculture and purchasing unprocessed agricultural products at a reduced cost. USDA Foods offers a variety of unprocessed fruits and vegetables to schools at a reduced cost, which can be used to reach local procurement goals.

5. 10 Facts About Local Food in School Cafeterias:

   1. USDA supports and encourages the procurement of local foods.

   In USDA’s vision, school cafeterias championing U.S. agriculture and proudly promoting locally sourced foods are the norm, not the exception.

   2. The definition of “local” is different from school to school.

   Definitions for local vary widely depending on the unique geography and climate where a school is located and the abundance of local food producers and manufacturers. Many schools define local as within a certain number of miles from the school, within the county, or within the state. Alternatively, definitions might include more than one state (i.e., Georgia, Alabama, and Florida) or discrete parts of several states (i.e., specific counties in southwest Oregon and Idaho). In addition, many schools use different definitions of local depending on the product or season.

   3. Many local products are easy to find and source.

   Some products are more likely to be local than others. For example, fluid milk is produced in almost every state. Since milk is perishable and expensive to transport, most milk on school menus is relatively local. Similarly, schools in California serving avocado are likely using local avocados, while schools in Florida probably serve local citrus. Local products that are unique and/or abundant in a region are generally easier to find and source.

   4. Food distributors and foodservice management companies can be great partners for local sourcing.

   Increasingly, schools are including expectations regarding local sourcing in their contracts with foodservice management companies and/or distributors. Even without contractual obligations regarding local, many distributors already offer local foods so all a school needs to do is find out what items on the contracted list are local and order those products. This approach is a very easy way to bring local products into the school without creating separate distribution channels.

   5. Locally sourced fruits and vegetables are available through the DoD Fresh Program.

   Schools can elect to spend a portion of their USDA Foods entitlement money on fresh fruits and vegetables through the DoD Fresh Fruit and Vegetable Program, operated by the Department of Defense. To supply fresh fruits and vegetables to schools, DoD contracts with local produce suppliers across the country. DoD Fresh vendors often have local products and they identify them as such in the FFAWRS catalogue.
Quiz: Procurement Basics
Is documentation required for informal procurements?
Can a school award a contract if only one bid was received?
Can a school require a vendor to provide references?
Can a school require a specific brand name product?
Can a school award a contract to a local vendor without conducting a procurement?
Thank you!
Questions?