



COLORADO
Department of Education

Procurement for School Nutrition Industry Partners: Or the answer to “they have to do what?”

Learning Objectives

- Participants will understand
 - Ethical and code of conduct requirements for all programs with federal funding, such as the USDA lunch, breakfast and other programs
 - Competitive procurement requirements and how to determine by each school district and charter school
 - Required language in procurement documents
 - Contract Management requirements
 - What kind of foods and products SFAs may serve
 - How to help schools maximize their limited dollars and be good business partners
 - Bid recordkeeping requirements: ALL records are open records

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Introductions

- Please introduce yourself: Name, company, general area of business
- What one thing do you want to learn today?
- Housekeeping issues

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Training Overview

- Goal: Vendors and SFAs will work together to meet regulations and conduct great procurement!
- Procurement Principles
- Competitive Purchasing
- Solicitation for Goods, Products, and Services
- Contracts
- Cooperative Purchasing Groups and Group Purchasing Organizations
- Questions and answers!

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Definitions

- *USDA Child Nutrition Programs: (CNP)*
 - National School Lunch Program (NSLP)
 - School Breakfast Program (SBP)
 - At-Risk After school snack Program (ASP)
 - Summer Food Service Program (SFSP)
 - Special Milk Program (SMP)
 - Fresh Fruit and Vegetable Program (FFVP)

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Definitions

- *School Food Authority (SFA):*
 - Governing body: district, charter or private school responsible for administration of one or more schools with legal authority from USDA to operate the CNP
 - In a district a single school cannot make purchasing decisions and they may not know it!
- *School Food Service Funding:*
 - SFA receives reimbursement for each program meal, snack or milk that meets all USDA requirements.
 - USDA considers all funds received from any food service source to be federal funds and must meet all requirements.
 - If food/item is not creditable, SFA may have to return reimbursement to CDE for each instance of non-compliance

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Basic Principles of Good Procurement

Procurement: a multi-step process for obtaining goods, products, and/or services at the best possible price

- Free and open competition
- Fairness and integrity
- Responsive and responsible vendors

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Buy American *is Required*

- SFAs must purchase domestic commodities and products that are
 - processed in the US, or
 - processed using agricultural commodities produced in the US.
- SFAs must be notified and permit limited foreign products in writing with justification
- Handouts: Checklist, certification form and regulation

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Free and Open Competition

- Level playing field
- Same opportunity to compete
- Secures the best price for the best quality product or service
- Allows companies to differentiate
 - Prices
 - Services
 - Innovation



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Restrictive Competition

- Procurement procedures may never unjustifiably restrict or eliminate competition
- Examples:
 - Unreasonable requirements for vendors to qualify
 - Organizational conflicts of interest
 - Unnecessary bonding and experience requirements
 - Specifying only a brand name product instead of allowing a preapproved equal product to be offered

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Procurement Standards and Code of Conduct 2 CFR 200.318

1. SFAs must have written procurement standards and codes of conduct that:
 - a. maintain oversight to ensure that contractors comply with the terms of their contracts
 - b. avoid acquisition of unnecessary or duplicative items
 - c. cover conflicts of interest and actions of employees engaged in selection, award and administration of contracts
 - d. provide for disciplinary actions to be applied for violations by officers, employees, or agents of SFA.
2. SFAs are encouraged to enter into state and local inter-governmental/entity agreements where appropriate for procurement

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Conflict of Interest Requirements (2 CFR 200.318)

- No employee, officer, or agent any immediate family member, partner, or organization which employs or may employ any of above, has a financial or other interest or tangible personal benefit from a firm considered for a contract may:
 - participate in selection, award, or administration of a contract if there is a real or apparent conflict of interest.
 - solicit or accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

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Standards of Conducts and Policies

- SFAs written standards of conducts and policies:
 - may set standards for situations in which financial interest is not substantial or gift is an unsolicited item of nominal value
 - must cover organizational conflicts of interest that refer to relationships that makes SFA unable or appear to be unable to be impartial in conducting a procurement action involving a related organization.

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Unacceptable and Illegal Practices

- Show preference to suppliers because of pressure from management
- Allow persons to enter into purchasing decisions
- Give preference to suppliers based on long-term business relationships or political connections
- Allow anyone involved in manufacturing or selling the product to help in writing specifications or bid provisions

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Confidentiality

- Providing confidential information to any person/entity that was not designated to be privy to that information is unethical.
- Pricing of bids may not be made public until after the award process.

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A Special Price!

- A vendor says there is a special on whole grain-rich dinner rolls that meet USDA whole grain-rich criteria. Rolls are only offered at a special price on Thursday. Purchasers must attend a luncheon hosted by vendor and purchase the rolls during this time. Ethical?
- Not ethical: Attending supplier-hosted lunches, dinners, or business organization meetings is acceptable as long as there is no obligation to do business with the host supplier as a result of attendance. Awkward?

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Congratulations!

A vendor learned of a customer's promotion, graduation, etc. and sends a gift. How thoughtful! Ethical?

No. This is not an ethical practice nor is it legal under federal or CO law. Gifts or gratuities may be considered as a way to earn business or a reward for a loyal customer. A gift is anything of monetary value, including food, meals, travel, or entertainment, including tickets to shows or sporting events.

As innocent as a gift may appear, the solicitation or acceptance of gifts for personal gain is considered unethical. All districts in the state have a conflict of interest, code of conduct and gift policy with disciplinary action required by federal regulation. In general, if there is a doubt regarding the ethics of accepting a gift, schools should not accept it.

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It's Only a Loan!

A vendor overhears the conversation when the director's son calls and says he will need a new track uniform and money to purchase a \$200 pair of track shoes. The director tells the son that the shoes are not in the budget. The vendor offers a loan. It is accepted and they plan to pay it back in the near future. Ethical?

No. This is not an ethical practice. Soliciting or accepting money, loans, credits, prejudicial discounts, or services from current or potential suppliers can also be unethical because it might influence or appear to influence purchasing decisions. Neither party should lend money or borrow money.

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Thirty Days Same as Cash!

A vendor indicates a purchased product is eligible for a manufacturer's rebate. After review of the invoice, the rebate isn't there. Oops, the vendor totally forgot to process the rebate, and the offer is no longer available. The vendor offers a free product valued at the dollar amount of the rebate. Ethical?

No. This is not an ethical practice. A rebate helps offset expenses and acts as a purchasing incentive. When a distributor offers legitimate discounts, rebates, or credits, they need to be taken directly off the invoice which can serve as your documentation. Federal regulations require documentation that rebates were received.

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Awkward moments?

- What about vendor receiving a request that isn't ethical and probably not permissible?
 - Send me to ANC?
 - Pay for our district staff party?
 - Gift cards for our staff rewards?
- Does the company have a code of conduct and conflict of interest policy?
- Some have them on the corporate website. If your company has one and it isn't posted, encourage the posting?
- Helps you help the school customer with ethics

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Menu and Procurement

- Driving force that begins procurement process
- Must meet all federal guidelines and be appealing to the customer
- It is SFA's responsibility to know the rules, but if you know the rules, you can help the SFA
- Next cycle of reviews means schools may have to pay back CDE if a "non-creditable" product is served
- Remember: "Starch" and "dairy" are not components and potatoes don't come from the bakery! And "wheat" doesn't mean "whole wheat"!

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Child Nutrition Program Menu Planning

What are the requirements?
(what will they be buying from you and why)



Food-Based Menu Planning



5 food components in school meals

- Fruits
- Vegetables
- Grains
- Meat/Meat Alternate
- Milk

Food component – one of the five food groups which comprise reimbursable meals

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Fruits

Fruit
Component

Creditable Fruits Include:

- Fresh, Frozen, Dried, 100% Fruit Juice
 - 100% fruit juice cannot exceed 1/2 total weekly fruit offering
- Fruit canned in light syrup, water, or 100% fruit juice
- Minimum creditable serving is 1/8 cup
- Credit as volume served, with exception of dried fruit which credits as twice the volume



Vegetables

Vegetable Component and Subgroups

- Fresh, frozen, canned, 100% vegetable juice
 - 100% vegetable juice cannot exceed ½ total weekly vegetable offering
- Organized into subgroups based on their nutrition content
- Minimum creditable serving is 1/8 cup
- Credit as volume served, with exception to leafy greens (1/2 of total volume)

Protein

Meat and Meat Alternates

- Meats, dairy products, eggs, legumes, nuts and seeds
- Minimum creditable serving is 0.25 oz. equivalent

Meat Alternate Examples:

Eggs

Cheese

Nuts and Seeds

Yogurt

Legumes

Milk

Dairy

Milk Component and Variety


- At least 2 choices must be offered
- Fluid milk must be:
 - 1% milk fat, unflavored or flavored (pending SY 2017/2018)
 - Fat-free, unflavored or flavored
 - Lactose-free, 1% unflavored; fat-free unflavored or flavored
- Milk substitutes (non-dairy milk requests) must meet specific nutrition standards
- Disability milk accommodations not subject to these requirements

Grains


Grains Component

Whole grain-rich Grains and Breads


- All grains servings offered must be whole grain-rich
- Must contain at least 50% whole grains and the remaining grains, if any, must be enriched.
 - Waiver available for documented hardship
- Minimum creditable serving is 0.25 oz. equivalent




Pastas



Breads



Rice



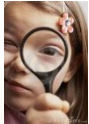
Grains


Grains Component

Identifying Whole Grain-Rich Products

What to look for . . .

- CN Label
 - "oz. equivalent grains"
- Manufacturer product formulation statement
 - Contains at least 8 grams of whole grain per oz. eq.

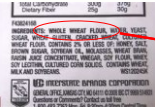





Grains

Grains Component

Ingredient List



Batter ingredients: ~~Water~~, whole wheat flour, ~~whole~~ grain corn, sugar, ~~leavening~~ (sodium acid pyrophosphate, sodium bicarbonate), soy flour, soybean oil, salt, egg yolk with sodium silicoaluminate, ascorbic acid, egg white, dried honey, artificial flavor.



School Breakfast Program

Meal Pattern Requirements



Breakfast Meal Pattern

Meal Pattern	Amount of Food Per Week (Minimum per day)		
5-day Week	Grades K - 5	Grades 6 - 8	Grades 9 - 12
Fruit (cup)	5 (1)	5 (1)	5 (1)
Grains (oz. eq.)	7-10 (1)	8-10 (1)	9-10 (1)
Fluid Milk (cup)	5 (1)	5 (1)	5(1)
4-day Week	Grades K - 5	Grades 6 - 8	Grades 9 - 12
Fruit (cup)	4 (1)	4 (1)	4 (1)
Grains (oz. eq.)	5.5-8 (1)	6.5-8 (1)	7-8 (1)
Fluid Milk (cup)	4 (1)	4 (1)	4 (1)

- All 3 grade groups overlap
 - Can use one menu for K-12 (use 9-12 grade range for grains)

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Dietary Specifications

Grade Group	K - 5	6 - 8	9 - 12
Calories	350 - 500	400 - 550	450 - 600
Sodium	≤540 mg	≤600 mg	≤640 mg

- Zero grams of *trans* fat per portion
- Saturated Fat ≤10%



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National School Lunch Program

Meal Pattern Requirements



Lunch Meal Pattern

Meal Pattern	Amount of Food Per Week (Minimum per day)		
5-day Week	Grades K - 5	Grades 6 - 8	Grades 9 - 12
Fruit (cup)	2 ½ (½)	2 ½ (½)	5 (1)
Vegetables (cup)	3 ¾ (¾)	3 ¾ (¾)	5 (1)
Dark green	½	½	½
Red/Orange	¾	¾	1 ¼
Beans/Peas (Legumes)	½	½	½
Starchy	½	½	½
Other	½	½	¾
Additional to reach total	1	1	1 ½
Grains (oz. eq)	8-9 (1)	8-10 (1)	10-12 (2)
Meat/Meat Alternate (oz. eq)	8-10 (1)	9-10 (1)	10-12 (2)
Fluid Milk (cup)	5 (1)	5 (1)	5(1)

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Dietary Specifications

Grade Group	K - 5	6 - 8	9 - 12
Calories	550 - 650	600 - 700	750 - 850
Sodium	≤ 1,230	≤ 1,360	≤ 1,420

- Zero grams of *trans* fat per portion
- Saturated Fat ≤10%



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Food Buying Guide

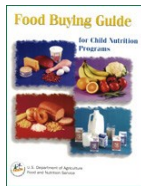
Overview

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The Food Buying Guide

- The Food Buying Guide (FBG) helps you:
 - Buy the right amount of food
 - Determine the contribution each food makes toward the meal pattern requirements
- <http://www.fns.usda.gov/tn/food-buying-guide-school-meal-programs>



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Columns

Column 1	Food Item, As Purchased
Column 2	Purchase Unit (#, can, etc)
Column 3	Number of Servings per Unit, Edible Portion
Column 4	Serving Size
Column 5	Number of Purchase Units for 100 servings
Column 6	Additional Information

Section 2 - Vegetables - Other Subgroup					
1. Food As Purchased, #s	2. Purchase Unit	3. Servings per Unit as Purchased	4. Serving Size per Unit Contribution	5. Number Units for 100 Servings	6. Additional Information
Vegetables, Mixed, frozen (broccoli, cauliflower, cauliflower?)	Pound	11.90	1 1/4 cup frozen vegetable (cubed for sauté)	8.8	1 lb 8oz = 0.98 lb (about 2-2 1/2 cups ready-to-serve frozen, mixed vegetable)
	Pound	10.60	1 1/4 cup cooked, drained vegetable	9.5	1 lb 8oz = 0.98 lb (about 2-2 1/2 cups ready-to-serve)



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Meal Pattern Documentation Requirements



Meal Pattern Documentation Requirements

- SFAs are required to maintain the following documentation (at a minimum) to demonstrate compliance with the meal pattern requirements:
 - Meal pattern contribution documentation
 - Product information (e.g. product formulation statements, Child Nutrition labels, etc.)
 - Recipes
 - Menus
 - Production records
 - Receipts/Invoices

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Requirements for Processed Products


- Meat/meat alternate
 - Child Nutrition (CN) label
 - Signed product formulation statement
 - USDA Foods Fact Sheet
- Grains
 - Child Nutrition (CN) label
 - Signed product formulation statement
 - USDA Foods Fact Sheet
 - A Nutrition Facts Panel with the grams or ounces per serving AND an ingredient list

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Specification Sheet

<p>Product Name: _____</p> <p>Product Code: <u>08039</u></p> <p>Total Weight: <u>0.891 oz.</u></p> <p>Weight of Peeled Egg: <u>0.475 oz.</u></p> <p>Weight of Chicken: <u>0.3702 oz.</u></p> <p>Percent Fat of Chicken: <u>20.1%</u></p> <p>*Weight of Hydrated Vegetable Protein: <u>0.0000 oz.</u></p> <p>Weight of Other Ingredients: <u>0.3911 oz.</u></p> <p>Total Weight of Filling: <u>1.38 oz.</u></p> <p>Total Weight of Whole Meat Pate Tortillo: <u>1.38 oz.</u></p> <p>Meat Allotment from Tortillo: <u>0.27 oz.</u></p>	<p>Egg & Chicken with Cheese Sausage Breakfast Wrap with Whole Wheat Flour Tortillo</p> <hr/> <p>©2013 Lupus Foods, Inc. C (85%) protein content 80%.</p> <p>This item produced only for serving contains 1.00 oz. of meat/alternates and 1.00 oz. equivalent protein (meat or 100% whole chicken) according to cooking directions.</p> <p>Eight variations in piece weight is possible due to normal processing tolerance, however average weight per unit is stated or noted on the actual weight.</p> <p>This product is produced by W.C.C. Foods, Inc.</p> <p>I certify that the above information is true and correct.</p> <div style="margin-top: 20px;">  <div style="display: inline-block; vertical-align: bottom; margin-left: 10px;"> <p>_____ President</p> <p>_____ Date</p> </div> </div> <p style="margin-top: 10px;">Signed for W.C.C. Foods, Inc.</p>
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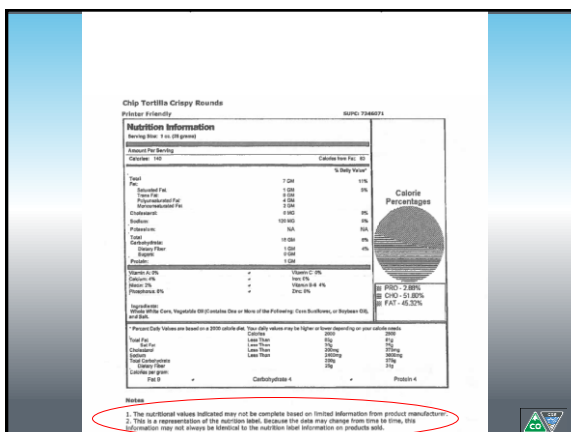
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Asian Sauces & Vegetarian Products Listing									
PRODUCT DESCRIPTION, QTY SERVING AND PACK INFORMATION									
Item Code	Description	Finished Case Weight	Pack Type	Case Pcs Info		Attn: Per Serving	Vegetable Equivalents		
				Original Pcs	Attn: Per Serving		Red (Orange) Vegetables	Legumes Vegetables	Additional Other Vegetables
Tomato Paste Notes 100333 6 Meatless/Non-Cheese Entrees & Sauces									
Chili, Soup, Sauces & Fillings									
3531	Caldero (Cumin) Three Bean Chili	30	6 Refillable Bags	120.0	4.00	1.00	1/16	3/16	--
3110	Caldero Sautéed Vegetarian Meatless Soup	20	6 Refillable Bags	80.0	4.00	1/16	1/16	1/16	1/16
3111	Caldero Sautéed Vegetarian Meatless Soup	20	6 Refillable Bags	80.0	4.00	1/16	1/16	--	1/16
3112	Caldero Sautéed Vegetarian Meatless Soup	20	6 Refillable Bags	80.0	4.00	1/16	1/16	1/16	1/16
3113	Caldero Sautéed Vegetarian Meatless Soup	20	6 Refillable Bags	80.0	4.00	1/16	1/16	--	--
3531	Vegetarian Taco Filling (Casserole of Ground)	20	6 Refillable Bags	120.0	3.34	2.00	--	--	1/16
3532	Vegetarian Chili Filling (Casserole of Ground)	20	6 Refillable Bags	120.0	3.34	2.00	--	--	1/16
3533	Vegetarian Chili Filling (Casserole of Ground)	20	6 Refillable Bags	120.0	3.34	2.00	--	--	1/16
3534	Vegetarian Chili Filling (Casserole of Ground)	20	6 Refillable Bags	120.0	3.34	2.00	--	--	1/16
3535	Vegetarian Chili Filling (Casserole of Ground)	20	6 Refillable Bags	120.0	3.34	2.00	--	--	1/16
3536	Vegetarian Chili Filling (Casserole of Ground)	20	6 Refillable Bags	120.0	3.34	2.00	--	--	1/16
Scoring Dragon Asian Sauces									
7539	Asian Sweet Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7540	Asian Sweet Chili Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7541	Asian Sweet Chili Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7542	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7543	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7544	Asian Sweet Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7545	Asian Sweet Chili Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7546	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7547	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7548	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7549	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7550	Asian Sweet Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7551	Asian Sweet Chili Sauce	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7552	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7553	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7554	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7555	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7556	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7557	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7558	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7559	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7560	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7561	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7562	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7563	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7564	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7565	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7566	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7567	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7568	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7569	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7570	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7571	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7572	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7573	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7574	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7575	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7576	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7577	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7578	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7579	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7580	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7581	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7582	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7583	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7584	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7585	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7586	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7587	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7588	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7589	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7590	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7591	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7592	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7593	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7594	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7595	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7596	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7597	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7598	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7599	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--
7600	General Taro	20	6 Refillable Bags	120.0	4.00	0/16	--	--	--

Smart Snacks in Schools

Smart Snacks in School

- Apply to all foods and beverages **sold** to students:
 - On the **school campus**
 - During the **school day**
 - Outside of the **reimbursable meals program**

Also: CC has competitive food rule

Includes items sold:

- A la carte
- In school stores
- At snack bars
- In vending machines
- At food/beverage fundraisers (i.e., bake sales)

Does not apply to:

- Items brought from home
- Fundraisers that occur outside of school
- Birthday/Classroom celebrations
- Items sold in areas in which students have restricted access

Smart Snacks – General Food Standards

- To be allowable for sale, a food item **first** must meet **one** of the following general standards:
 - Be a **whole grain-rich** grain product; **OR**
 - The main ingredient is either a **fruit**, **vegetable**, **dairy** or **protein food**; **OR**
 - Be a **combination food** that contains at least ¼ cup fruit or vegetable;

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Smart Snacks – Nutrient Standards

Then, ensure the food(s) as packaged and sold meet the nutritional criteria for **all** of these nutrients:

Total Calories

- Snack Items: ≤200 calories
- Entrée Items: ≤350 calories

Fats

- Total fat (≤35% of calories from total fat)
- Saturated fat (<10% of calories from saturated fat)
- Trans fat (0 grams of trans fat)

Sodium

- Snack items: ≤200 mg
- Entrée items: ≤480 mg

Sugar

- ≤35% weight from total sugars in foods

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Child Nutrition Program: Menu Planning Summary

- All districts must follow all federal, state, and local nutritional guidelines
 - This applies to districts of any size!
 - Includes reimbursable meals, a la carte, vending machines,
- A School Food Authority must maintain documentation of all items served all of the time, not just for review
- Please note of any substitutions made- a School Food Authority must still follow guidelines with substitutes
 - Inappropriate substitutions have been seen on reviews

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Procurement Teamwork

- All parties need to work together to obtain the best results
- Following are some SFA goals of good procurement
- What can the vendor do to help the SFA meet those goals, while maintaining a good business and staying within regulatory requirements

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SFA Goal: Reducing Inventory items

- Eliminate menu items that sell minimal servings
- Use the same product for more than one menu item
- Allow only substitutions that have been approved by the person responsible for purchasing

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SFA Goal: Understand product types

- Distributor's Choice Label
- Private Label
- Manufacturer's Brand Label

Or knowing that Packers category doesn't just happen in Wisconsin!

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SFA Goal: Screen Products before bid

- Develop a list of preapproved, equal product brands
- Cannot specify only a brand name product (federal regulation)
- Must allow a preapproved equal product to be offered

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SFA Goal: Understand Specifications

- A set of requirements to be satisfied by a product, material, and/or process
- Probably the hardest and scariest part of the bid for some!
- Vendor may never assist in writing specs for products they intend to bid (federal regulation)
- Discussion: What is needed to be able to provide a valid bid or price quotes?
- Any best practices seen out there?

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SFA Goal: Forecasting First

- Predict and estimate the goods, products, and/or services needed before any solicitation!
- Analyze current and historical data to accurately determine future trends
 - Utilize velocity reports – help SFAs understand the value
 - Consider enrollment and participation trends
 - Menu changes
 - USDA foods, DOD and processing ordered?
- Develop procurement plan that evolves each fiscal year: forecasting, ordering and receiving

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Goal for all! Strengthen Bid Integrity

- Develop good forecasts
- Ensure quantities are accurate!
- School menu cycle: project procurement needs for specific times
- New products? Student sampling BEFORE bids are issued

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Local DoD Fresh Program (DoD Fresh)



- Operated by the Department of Defense (DoD)
- DoD contracts with produce vendors across USA
- Can be part of USDA Foods (commodity) entitlement
- ALL PRODUCE outside of the DoD entitlement **MUST** be procured competitively!
- Schools cannot just “use the DoD vendor” for all the produce because it is convenient, they must obtain competitive quotes or bids, unless under \$3500, and then follow micro purchases requirements

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Competitive Purchasing

- Topics
 - Micro-purchases
 - Small Purchases
 - Invitation for Bids (IFBs)
 - Request for Proposal (RFP)
 - USDA allowance for geographic Preference

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Micro-purchases – New!

- Purchases when the aggregate dollar amount is at or below the micro-purchase threshold of \$3500. The threshold is periodically adjusted for inflation
- Can be a subset of SFA's small purchase procedures
- Used for lowest-dollar small purchases to minimize administrative burden and cost
- To extent practicable, SFA must distribute micro-purchases equitably among qualified suppliers
- May be awarded without soliciting competitive quotations if SFA considers price to be reasonable

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Small Purchases

- Simpler and informal competitive procurement methods – quotes might be enough
- Formal or informal is dependent on district threshold. Federal and CO threshold is \$150,000 and it appears almost all districts in CO are far below that
- Threshold is in district policies under purchasing and part of required procurement standards
- Many district food services are non-compliant-probably unknowingly. Some are as low as \$1,000!
- Some thresholds are tiered for informal vs formal
- Over small purchase threshold requires a formal bid

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Small Purchase Documentation

- Request the same information from all prospective vendors
- Written descriptions recommended so that all vendors have the same information
- Obtain at least three sources that are eligible, able, and willing
- Document results! Award to the lowest cost
- Handout: Small Purchase Request Template
- Handout: Small Purchase Checklist

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Invitation for Bids (IFBs)

- A competitive, formal, sealed bid method to obtain a price quote
- Public announcement and public opening are very important phases
- Negotiation is not used with competitive sealed bidding
- Fixed price contract awarded to lowest priced bid
- Must be responsive and responsible

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When SFAs can use an IFB

- Complete specifications or descriptions of the product or service are available
- Responsive bids do not differ other than price
- More than one qualified source is willing and able to compete for the award
- Can use geographic preference as applicable

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Request for Proposal (RFP)

- Proposal that explains how the prospective vendor will meet the objectives of the solicitation document
- Identify goods, products, and/or services needed
- Includes a cost element that identifies the costs to accomplish the proposal
- Publicize to solicit proposal

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Components of the RFP

- Specify anticipated terms and conditions of contract
- Provide information that respondent must include in their proposal
- Identify factors purchaser will use to evaluate proposals and award contracts
- Describe how technical and cost factors will be considered
- Award will be made to the firm most advantageous to purchasing agency
- Mandatory pre-bid meeting?

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Competitive Proposal Evaluation by SFA

- RFP scoring criteria must be in solicitation document
- Point value, percentage, or scoring system for each factor to be evaluated
- Cost is primary factor but doesn't need to be 50%
- At least two persons should review and rate proposals
- Proposals should be scored separately and independently
- May use two-step process: review technical proposals before cost proposals

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Negotiations

- Conduct negotiations with companies that submitted top-ranked technical proposals to ensure proposals meet SFA's needs
- Ensure negotiations do not give competitive advantage to one respondent over another
- Objective standards for balancing costs and importance of contract terms
- Vendors may wish to modify technical proposals
- Acceptable if RFP was clear that this was permitted

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Amend Proposal

- Before SFA staff open cost proposals, ensure companies can successfully perform and meet all technical needs
- Permit company's to amend proposal
- SFA would need to re-rank the remaining proposals
- Carefully document reasons for withdrawal in proposal

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Awarding the Contract

- After negotiations and modifications, each company will submit a best and final offer
- Technical proposals must meet SFA's needs
- Award contracts on basis of best overall value
- Award decision must always be based on criteria outlined in original RFP
- Decisions cannot be based on additional services or products vendors can provide not included in solicitation

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Geographic Preference (2008 Farm Bill)

- Encourages the purchase of unprocessed agricultural products locally grown and raised
- Allows the SFA to apply a geographic preference procurement option to unprocessed locally grown/raised
- No requirement that institutions must purchase locally even if in local or state policy
- Geographic preference is for raw and unprocessed products **ONLY** as outlined in USDA policy memo

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Solicitation for Goods, Products, and Services

- Topics
 - Solicitation Document
 - Solicitation Lead Time
 - Types of Solicitation
 - Solicitation Announcement
 - Elements of a Solicitation Document

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Solicitation Document Required

- Required for every procurement of a good or service
- Provides procedural guidance
- Detailed descriptions regarding the required elements: accuracy a must!
- Permit potential respondent to submit an adequate response
- Describe how technical and cost factors will be considered
- SFA must document reason for company selection
- SFA must follow own required procedures and policies

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Solicitation should contain

- **Unit of measure should**
 - be clear
 - large enough for price carried to four decimals will register
 - control the cost per serving
- **Lead Time**
 - Adequate for distributor to prepare and deliver product to district
 - 8-12 week lead time?

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Types of Solicitations

1. Line item:

- a) Individual items are solicited
- b) Vendor can bid on each item accordingly

2. Market Basket Solicitation/Product Groupings

The vendor submits a solicitation for the entire group (lot) of items

3. Prime Vendor Solicitation

- a) Bottom Line: All or Nothing Solicitation
- b) Estimated quantities and pricing multiplied to determine price for each item

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Solicitation Announcement

- General nature of goods or services to be procured
- Method of procurement that will be used
- How to obtain solicitation or more information
- Due date for responses to the solicitation
- Advertising the Solicitation
 - State designated newspapers and trade periodicals
 - Designated internet sites
 - Direct mailings to known vendors and public

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Contracts

- Topics
 - Contracts
 - Purpose of a Written Contract Summary
 - Elements of a Contract
 - Types of Contracts
 - Contract Award
 - USDA Foods and Processing

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Contracts

- Formal, legally enforceable agreement between a buyer (client) and a seller (vendor)
- Establishes a legally binding obligation
- Seller to furnish goods and/or services
- Buyer to compensate the seller
- **Legal Authority**
 - Check that district's legal authority approved before implementing or signing a contract
 - CO procurement code for government entities limits all contracts to 1 year plus 4 extensions

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Types of Contracts

- Fixed Price/Fixed Fee Price
- Cost Reimbursable
- Cost Plus Fixed Price
- Maximum Allowable Cost

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Competitive Proposals

- Result in either a fixed price or cost reimbursable contract
- Cost must be adequately documented

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Fixed Price/Fixed Fee Price Contracts

- Agreed upon amount fixed at the start of contract
- Based on index that must be auditable, public
- Fixed price contracts offer protection against escalating costs
- Competitive sealed solicitations (IFB) must result in a fixed price contract, with or without adjustment factors
- Fixed fee must be reconciled at end of year against actual cost
- SFA reimbursed any amount overpaid and cleared of any amount over fixed fee

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Cost Reimbursable Contracts

- Formal, legally enforceable contract
- Reimburses vendor for costs incurred under contract
- Does not provide other payment to the contractor, with or without a fixed fee
- Appropriate when uncertainties involved in a contract's performance will not allow costs to be estimated with enough accuracy to use fixed contract pricing

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Cost Reimbursable Requirements

- Accounting system that accurately determines applicable costs to contract
- SFA or independent auditor must have appropriate oversight and conduct reviews of vendor's cost records that only allowable net costs are charged to school nutrition account and vendor is using efficient business practices and effective cost controls
- Vendor must meet procurement requirements and meet financial management requirements for determining allowable costs

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SFA's Required Contract Management

Federal Regulations require:

- SFA must retain control over the program
- Ensure that the vendor is meeting its contractual obligations for quality, price, and performance
- SFA can only pay allowable costs from its nonprofit school nutrition account
- Vendors must identify costs as well as discounts, rebates, and applicable credits on all invoices
- Documentation of these costs and discounts, rebates, and other applicable credits required

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Cost Plus Fixed Fee Contracts

- Provides reimbursement of allowable costs plus the payment of a fixed fee to vendor
- Are often used for milk and produce
- Identified in both the solicitation and contract
- Provides vendor with minimum incentive to control costs

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Cost Indexes

- Provides for upward and downward revision of the stated contract price
- Based on increases or decreases in labor or material cost standards or indexes in contract
- Price adjustments reflect both increases and decreases in identified index

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Fees

- Clearly defined
- Promotion allowances
- Cash discounts
- Label allowances
- Rebates
- Applicable credits
- Freight rates
- **Vendor's Related Cost**
 - Storage and distribution
 - Delivery of products
 - Vendor's profit for performing services

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Contract Award

- Ultimate communication mechanism for all involved in the supply chain
- Award components included in solicitation document
- The contract should contain fair and equal pricing for goods or services requested
- Vendor begins process to procure products once they receive the contract award
- SFA is responsible for monitoring contract compliance by vendor

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USDA Foods and Processing

- USDA allows conversion of USDA Foods into convenient, ready-to-use end products
- CDHS and SFAs may participate in further processing
- USDA direct delivery – products may include fruit and whole grain pasta
- SFAs provide the state agency with projections of USDA Foods plan each Spring

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Processing Functions

- CDHS or school district contracts with commercial food processors.
- USDA Foods can be converted to more ready-to-use products.
- USDA purchases and delivers bulk USDA Foods to competitively procured processor.

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Processed USDA Foods

- **Fee-For-Service (FFS):**
 - Processors may limit number of deliveries throughout school year and once delivered to CDHS, invoice is payable to the processor
 - If SFA can't accept product, still responsible for payment of product
- **Modified FFS**
 - Distributor acts as processor's billing agent
 - Invoices SFA per pound/case price
 - Excludes value of USDA Foods plus distribution fees
- **Indirect discount, also known as Net-Off-Invoice (NOI)**
 - Processor sells finished product containing USDA Foods to distributor at a gross price
 - Distributor sells product to an eligible RA at commercial price
 - Distributor must apply refund from processor for value of donated food

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Cooperative Purchasing

- Group of SFAs join together to accomplish all or part of the steps in the purchasing process
- Must follow federal, state, and local rules, regulations, and policies governing procurement
- Use collective buying power to obtain highest quality products at the best price
- May produce considerable savings and improve the quality of products purchased
- May cause fewer deliveries or elimination of some specific products

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Co-op Agreements

- Require district's authorized representative to sign agreement
- State the amount of fees determined in the contract
- Outline all fees and requirements on the contract
 - What are minimum purchasing requirements?
 - What are fees and what is basis for specific fees?

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Co-op Solicitation Preparation

- Develop an acceptable contractual agreement
- Identify needs of potential member districts
- Develop mutually agreeable list of products
 - Have clear steps for purchasing new products
 - Present new products to co-op board/interested members, not individual SFAs
- Write clear and concise product description specifications
- Comply with all local, state, and federal laws, regulations, and mandates

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Group Buying Service (GBS) or Group Purchasing Organization (GPO)

- NOT a co-op
- An organization that buys on behalf of other entities in larger quantities
- Services of a GBS/GPO must be competitively procured by all member districts.
- A GBS/GPO can be for-profit or not-for-profit.
- Buying service must comply with all terms and conditions of solicitation.

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GBS/GPO Summary

- Solicitations or quotes from other potential vendors cannot be rejected simply to make the purchase through buying service.
- Requires a formal competitive procurement resulting in a contract.
- Permits CNP participants to piggyback on existing state agency contract with a buying service if federal procurement requirements are met and piggybacking included in initial solicitation.
- Handout: USDA Memo summary table

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Questions?

Information available at

<http://www.cde.state.co.us/nutrition/osnprocurement>

Call 303-866-6661 or

NutritionProcurement@cde.state.co.us