Procuring Local Foods
For Child Nutrition Programs in Illinois
Buying Local Food  | February 2015

Welcome!
Objectives

Participants should understand that:

- Solicitations and contracts are powerful tools to buy local food
- There are multiple types of solicitations and contracts
- Each solicitation and contract can be designed and/or used to achieve specific farm to school goals
Vocabulary

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

• **Formal**: A sealed, competitive and public bidding process. Vendors submit a written bid in a sealed envelope that will be opened at a specific date and time, complying with a prescribed format and submission rules.

• **Informal**: Unsealed competitive bid submitted in response to a solicitation.

• **Solicitation**: A tool used to purchase goods or services that outlines products, services or goods being advertised for purchased.

  » **Invitation for Bid (IFB)**: IFB is a formal method of procurement that uses sealed bidding and results in a fixed price contract with or without adjustment factors.
• **Contract**: A contract is a formal, legally enforceable agreement between a buyer (client) and a seller (vendor) that establishes a legally binding obligation for the seller to furnish goods and/or services and for the buyer to compensate the seller.

• **Specification**: A concise statement of a set of requirements to be satisfied by a product, a material, and/or process upon which a vendor bids.

• **Bid**: The proposal submitted by a vendor in response to a solicitation.
Question

How many of you are part of the procurement process at your school district?

OR

How many sell (or want to sell) food to school districts?
Basics of Competitive Procurement
What is Procurement?

Procurement is the purchasing of goods and services.

The procurement process involves:

- Planning
- Drafting Solicitation
- Procurement Principles
- Awarding a Contract
- Managing the Contract
Why are Procurement Rules Important?

- Full and open competition is essential to ensure low cost and high quality of goods and services.
- To ensure that the program receives maximum benefits and taxpayer dollars are well spent!
Solicitations for Local Products
What do you Want to Accomplish?

• Identify one vendor for all your local food needs!
• Find the most affordable local products!
• Provide seasonal pricing for school menus!
• Provide educational opportunities for students such as farm visits and more!
• Identify local products that support new meal pattern fruit and veg regs!
• Buying school garden grown foods for the NSLP!
• And more!
When Writing a Farm to School Solicitation

• You will need to:
  1. Choose a solicitation tool
  2. Design a solicitation tool

• To do that you need to know:
  » How much you will be spending?
  » What you are trying to accomplish?
What Does Local Mean?

- Within a radius
- Within a county
- Within a state
- Within a region

A district’s definition of local may change depending on the:

- Season
- Product
- Special events
What Types of Products?

- Vegetables
- Meat, Poultry and Fish
- Beans, Grain, and Flour
- Dairy
- Fruit
- Eggs
Local as a Specification

- “This RFP is restricted to producers within the state.”
- “This RFP is for only Montana grown products for Montana grown week”
- “We are soliciting bids from producers within a 150 mile radius.”
- “We are soliciting bids for Michigan grown products.”
- “Only products grown within a 300 mile radius will be accepted.”
Procurement Methods

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

(Federal Threshold = $150,000)

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

Formal
- Sealed Bids (IFBs)
  & Competitive Proposals (RFPs)
  (Requires public advertising)
Informal Solicitations
What is Illinois’s Small-Purchase Threshold?
The Informal Procurement Process

1. Draft solicitation 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
Informal Solicitations

• Three vendor minimum

• SFA selects the three vendors
  » Target vendors that supply the local products you need

• Keep track of:
  » What you asked each vendor
  » Method used to notify vendors
  » Vendors notified
  » Vendors responses
  » The award
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.
Formal Solicitations
In Illinois you can only use an Invitation for Bid for formal procurement methods.
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
Invitation for Bid

IFB is used when the decision for award will be based on price alone. Solicitor is inviting vendors to propose their best price for a very specific item.

• **Advantages:**
  » Straight forward
  » Price is the only determining factor
    • Easy to select a winning bid

• **Disadvantages:**
  » Price is the only determining factor
Any questions at this point?
Using Geographic Preference?
Geographic Preference Background

- Authorized by Section 4302 of Public Law 110-246, the Food, Conservation, and Energy Act of 2008 (AKA the 2008 Farm Bill)

- Final Rule published in April, 2011
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
Which is Unprocessed According to GP?
How to Incorporate a Geographic Preference

1) Define local.
2) Determine what type of procurement method to use.
3) Decide how much “preference” local products will receive.
4) Be sure your solicitation makes perfectly clear how the preference will be applied during evaluation.
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>Price</td>
<td>$1.97</td>
<td>$2.05</td>
<td>$2.03</td>
</tr>
<tr>
<td>Meets geographic</td>
<td>No</td>
<td>Yes (10 points)</td>
<td>No</td>
</tr>
<tr>
<td>preference?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price with preference</td>
<td>$1.97</td>
<td>$1.95</td>
<td>$2.03</td>
</tr>
<tr>
<td>points</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Example 2: Percentage Local**

<table>
<thead>
<tr>
<th></th>
<th>Produce Express</th>
<th>Ray’s Produce</th>
<th>F&amp;V Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Price</strong></td>
<td>$31,000</td>
<td>$35,000</td>
<td>$34,000</td>
</tr>
<tr>
<td><strong>% F&amp;V Able to Provide From Within the State</strong></td>
<td>20</td>
<td>80</td>
<td>50</td>
</tr>
<tr>
<td><strong>Geographic Preference Points to Respondent able to meet &gt;60% Local Items</strong></td>
<td>No</td>
<td>Yes (10% pref.)</td>
<td>No</td>
</tr>
<tr>
<td><strong>Price for comparison</strong></td>
<td>$31,000</td>
<td>$31,500</td>
<td>$34,000</td>
</tr>
</tbody>
</table>

10% price preference will be awarded to any bidder that can source at least 60% of the products from within the state.
# Geo. Preference Sliding Scale

<table>
<thead>
<tr>
<th>Sliding scale – percentage of local products</th>
<th>Preference points</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% and more</td>
<td>10</td>
</tr>
<tr>
<td>50-69%</td>
<td>7</td>
</tr>
<tr>
<td>25-49%</td>
<td>5</td>
</tr>
</tbody>
</table>

10 preference points will be awarded to vendors able to provide over 70% local, 7 points for 50-69% and 5 points for 25-49%.
Another Option: Forward Contracts
Forward Contracts

• Purchasing product before harvest:
  » Provides producer with a guarantee
  » Ensures the farmer will plant and pack the supply needed

• Follows competitive procurement requirements:
  » 3 quotes
  » Pricing structure proposed
    • If used, a pricing index is determined and used by all bidders
GAP: Good Agricultural Practices

A USDA perspective
GAP

- USDA Farm to School Program – Does not require GAP
- USDA AMS and DoD Programs – Does require GAP
- State Educational Agency – Can require schools to buy from GAP vendors; *in Illinois it is not a state requirement*
- State Department of Public Health – State food code managed by counties may also have such requirements; *Illinois Food Code does not require GAP*
- Distributors- May or may not require their vendors to have GAP
- SFAs- May or may not require GAP in solicitations
Procuring and Using School Garden Produce
Other USDA Farm to School Resources

• USDA Farm to School Website (at [www.fns.usda.gov/farmtoschool](http://www.fns.usda.gov/farmtoschool)):
  » USDA Procurement guide (under resources)
  » Fact Sheets
  » Resource Lists
  » Grant Program Information
  » Webinar Recordings

• Farm to School Census

• USDA Farm to School E-Letter
  » Latest News
  » Grant Updates
  » Webinar Announcements
Thank you!