

# 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:



# 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?

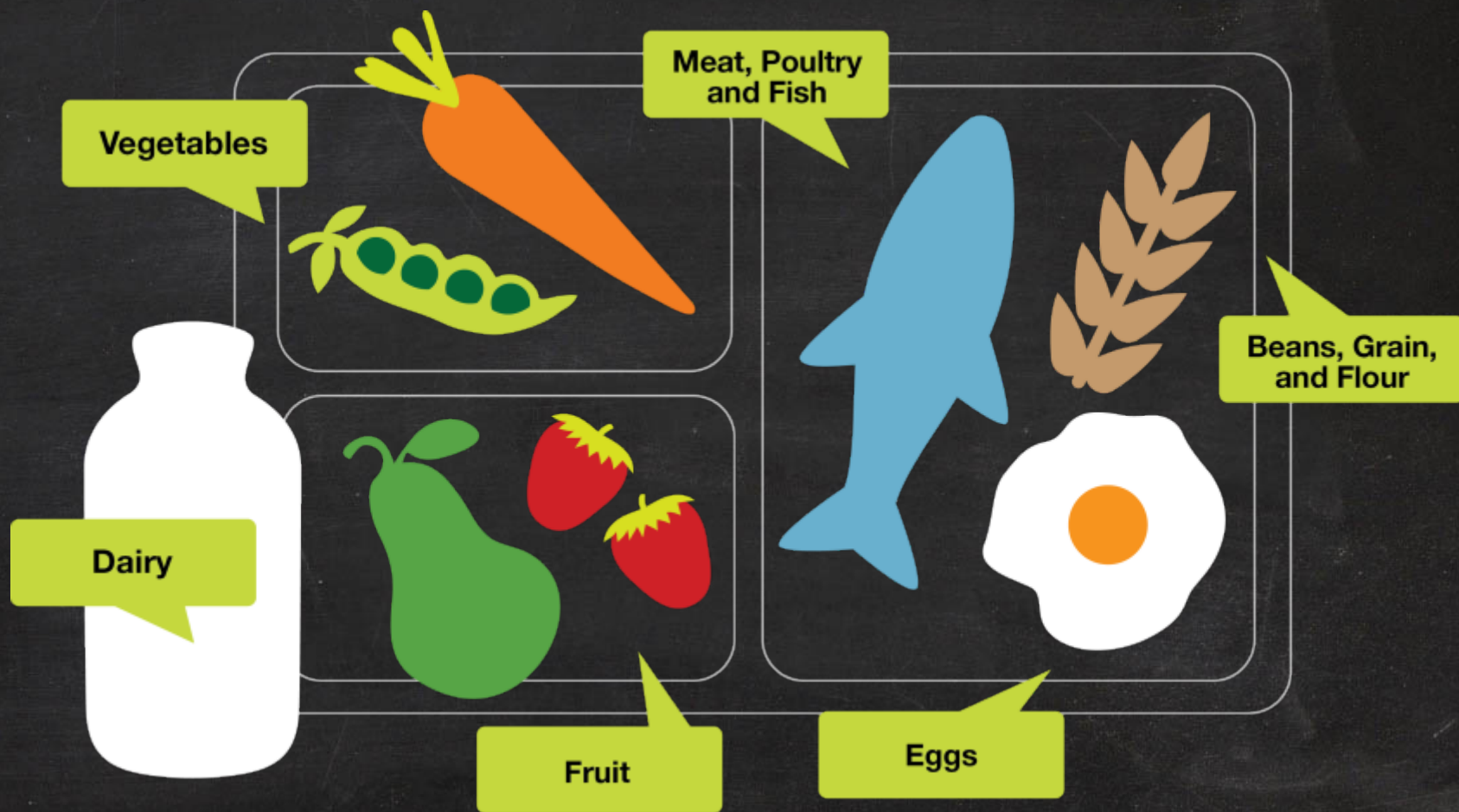
- Within a radius
- Within a county
- Within a state
- Within a region

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

- Season
- Product
- Special events



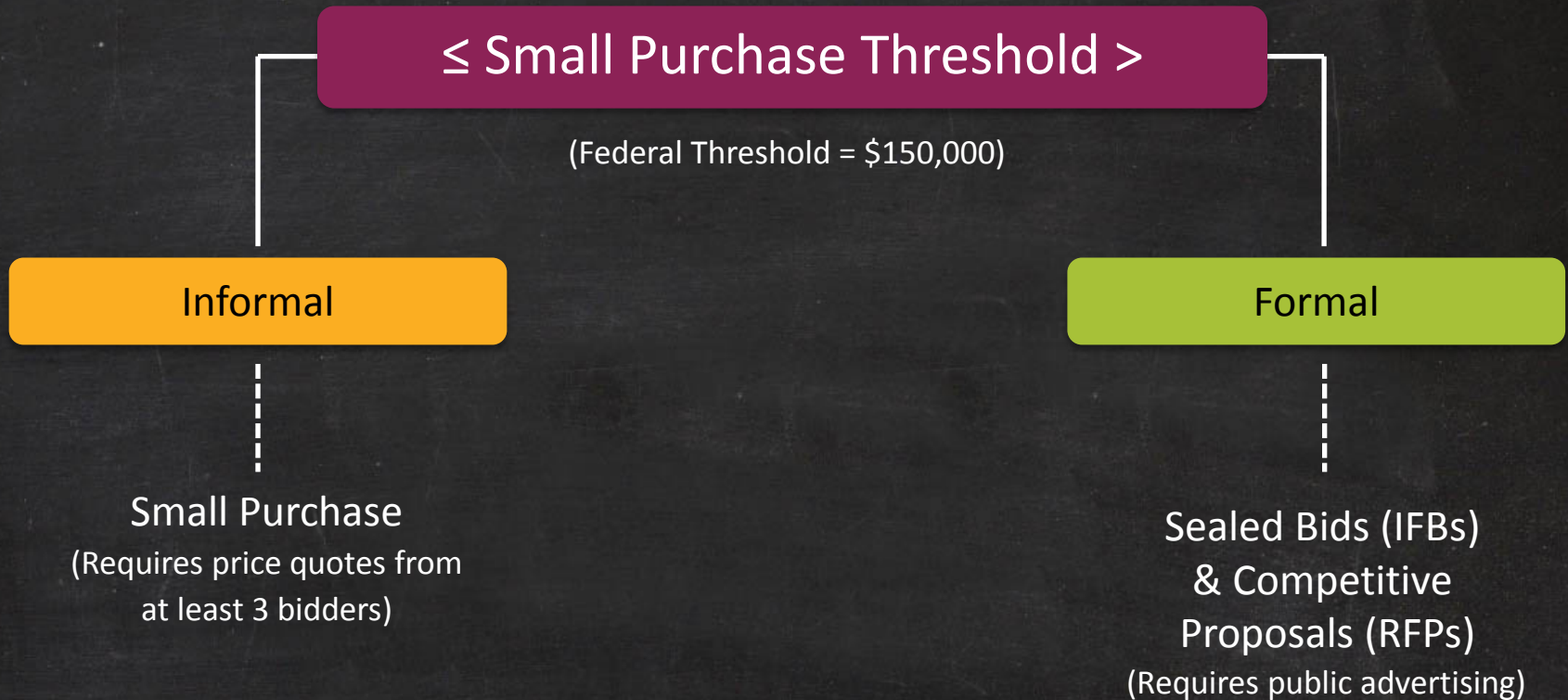
# What Types of Products?



## 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



# Informal Solicitations



THE  
FARM *to* SCHOOL  
PROGRAM

# What is Illinois's Small-Purchase Threshold?



# The Informal Procurement Process





# 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



THE  
**FARM** *to* **SCHOOL**  
PROGRAM

*In Illinois you can only use a*  
**Invitation for Bid**  
*for formal procurement methods*



# The Formal Procurement Process





# 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?



THE  
**FARM** *to* **SCHOOL**  
PROGRAM

# Using Geographic Preference?



THE  
**FARM** *to* **SCHOOL**  
PROGRAM



# 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

	Owen's Orchard	Apple Lane Farms	Bob's Best
Price	\$1.97	\$2.05	\$2.03
Meets geographic preference?	No	Yes (10 points)	No
Price with preference points	\$1.97	\$1.95	\$2.03



## Example 2: Percentage Local

	Produce Express	Ray's Produce	F&V Distribution
Contract Price	\$31,000	\$35,000	\$34,000
% F&V Able to Provide From Within the State	20	80	50
Geographic Preference Points to Respondent able to meet >60% Local Items	No	Yes (10% pref.)	No
Price for comparison	\$31,000	\$31,500	\$34,000

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

Sliding scale – percentage of local products	Preference points
70% and more	10
50-69%	7
25-49%	5

---

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



THE  
**FARM** *to* **SCHOOL**  
PROGRAM



# 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



THE  
FARM *to* SCHOOL  
PROGRAM



## 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

THE  
FARM *to* SCHOOL  
CENSUS



# Thank you!



THE  
**FARM** *to* **SCHOOL**  
PROGRAM