



# Procuring Local Foods

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Working Group #1

Farm to School: Linking the Land and the Lunchroom  
School and Community Nutrition, KDE  
Friday, March 23, 2012



# Today's Goals

- Identify mechanisms and procedures for schools to use when purchasing local, farm fresh products



# General Procurement

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# Competition!

- Most important principle of a sound procurement is that it is competitive
- ***Free and open competition*** means that all suppliers are on a level playing field and have the same opportunity to compete
- Procurement procedures may never unduly restrict or eliminate competition

# Full and Open Competition

- 3016.36(c)(1)
  - All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of §3016.36. Some of the situations considered to be restrictive of competition include but are not limited to:
    - (i) Placing unreasonable requirements on firms in order for them to qualify to do business,
    - (ii) Requiring unnecessary experience and excessive bonding,



# Full and Open Competition

- (iii) Noncompetitive pricing practices between firms or between affiliated companies, (collusion)
- (iv) Noncompetitive awards to consultants that are on retainer contracts,
- (v) Organizational conflicts of interest,
- (vi) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance of other relevant requirements of the procurement, and
- (vii) Any arbitrary action in the procurement process.

# Full and Open Competition

(2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. (*FNS does allow Geographic Preference for unprocessed locally grown or locally raised agricultural products.*)



# Local rule

- 7 CFR 210.21(c): A school food authority may use its own procurement procedures *which reflect applicable State and local laws and regulations, provided that procurements made with nonprofit school food service account funds adhere to the standards set forth in this part and §§3016.36(b) through 3016.36(i), 3016.60 and 3019.40 through 3019.48 of this title, as applicable*, and in the applicable Office of Management and Budget Circulars. School food authority procedures must include a written code of standards of conduct meeting the minimum standards of §3016.36(b)(3) or §3019.42 of this title, as applicable.





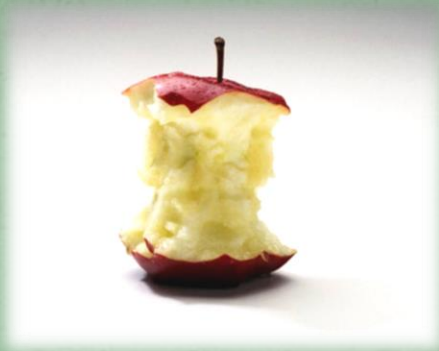
# Why is competition important?

- Cost of products and services!



# Why is competition important?

- Quality of products and services





# What regulations must SFAs follow?

- Program Regulations for Procurement:
  - NSLP: 7 CFR 210.21
  - SBP: 7 CFR 220.16
- Uniform Administrative Requirements for Procurement:
  - State/local governments: 7 CFR 3016.36
  - Non-profits: 7 CFR 3019.44

# Procurement Framework

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# Procurement Methods

- Informal procurement
  - Small Purchase Threshold –  
Kentucky - \$20,000
- Formal procurement
  - Competitive Sealed Bidding
  - Competitive Negotiation



# Small Purchase Threshold

- Federal regulations set forth that a procurement contract under \$100,000 in value may be awarded using informal methods
- States or localities may set a lower small purchase threshold, thereby imposing more formal procedures



# What does this mean?

- Informal procurements must maximize full and open competition
- SFAs should put specs in writing before contacting any potential vendors
- A minimum of three sources must be contacted who are eligible, able, and willing to provide product or service

# Formal Procurement Methods

- Used when the value of purchase exceeds applicable Federal, State, or local threshold for small purchases
- More rigorous and prescriptive:
  - Competitive Sealed Bidding
  - Competitive Negotiation



# What does this mean?

- Detailed specs must be developed
  - Technical and cost factors
- Bids/Solicitations must be publicly solicited
- Measure and document why one company's response to a particular criterion is better than another

# Keep in mind...

- SFAs may not intentionally split purchases to fall below the small purchase threshold and avoid formal procurement methods





# **How SFAs Can Purchase from Local Producers**

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# Developing Product Specifications

- The key to effective purchasing of local food items requires the school food authorities (SFA) to take some important steps before they actually begin the procurement process. Before purchasing for the Child Nutrition Programs, the SFA must evaluate their current food service operations and needs; this is also known as forecasting.





# Evaluating Current FS Needs

- SFAs should also evaluate their current food service needs, such as:
  - Necessary food volume;
  - Student preferences;
  - Menu requirements; and
  - Required transportation and delivery needs.



# Developing Specifications

SFAs should think carefully about developing specifications that reflect the specific characteristics of the products they seek. The following examples are indicators that may be used within a product's specification:

- Degree of ripeness or maturity;
- Condition upon receipt of product;
- Age of product;
- Weight range;
- Preservation or processing method;
- US Standard for Grade; and
- Temperature during delivery and upon receipt.



# Developing Specifications

Although not all-encompassing, the examples below provide some specification elements that are important factors to discuss with local producers to ensure that expectations and requirements are clear:

## Specification Elements Examples:

- Size: Indicate the size an apple must be to qualify as part of a reimbursable meal, so that expectations are set up front.
- Quantity: Farmers and SFAs sometimes speak different languages—schools may not be used to ordering apples in “bushels” from their national distributor; be aware of language barriers.
- Quality: Indicate that lettuce must be a healthy green color with no brown leaves.

# Developing Specifications

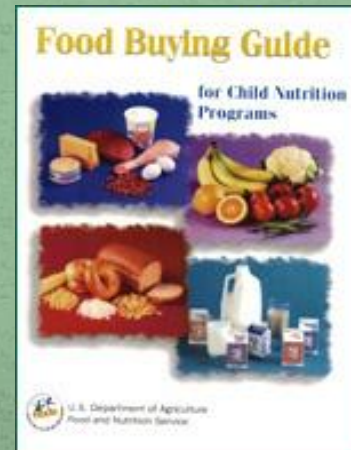
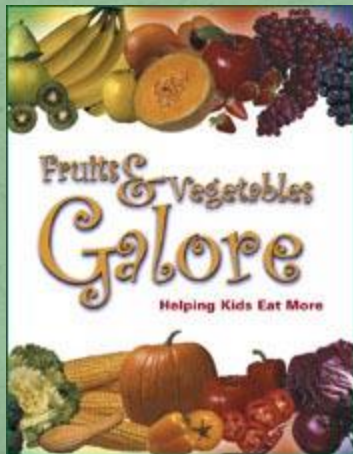
## Specification Elements Examples (con't):

- Cleanliness: Indicate that lettuce should be clean with no visible signs of dirt or insects.
- Packaging: A local farmer may sell product in 25 pound boxes, but the SFA may need lighter/smaller packaging in order for staff to carry.
- Food Safety: Include a checklist of questions for the farmer to complete regarding their agricultural practices (consult our Food Safety webpage for more information: [http://www.fns.usda.gov/fns/safety/pdf/best\\_practices.pdf](http://www.fns.usda.gov/fns/safety/pdf/best_practices.pdf))
- Delivery: Establish a delivery day and time for products.



# Developing Specifications

There are important elements to consider when drafting specification for local food items. Elements such as: size, quantity, quality, cleanliness, packaging, food safety and delivery. Consult USDA resources such as the [Food Buying Guide for Child Nutrition Programs](#) and [Fruits and Vegetables Galore](#) to aid in the development of product specifications.



# Direct from Farmer



- Potential benefits of purchasing from local farmers:
  - Shortening the supply chain
    - Cutting out the middle man
  - Reducing fuel costs
  - Forming relationships for growing specifications



# Farmer Cooperatives (Co-ops)

- Farmer cooperatives may develop a group distribution strategy
- Purchasing from a farmer co-op may help food service directors reduce time spent on administrative tasks



# Farmers' Markets

- Informal Procurement Process
  - Farmers are contacted and one is determined to have lowest price
  - Farmer brings the schools' order to the farmers' market in addition to their product
  - Food service staff have opportunity to inspect product quality and see other available products for future menu planning



# Regional Wholesaler

- Support sales and marketing of local farm products
- Provide standard pack sizes and specifications
- Transportation
  - Cutting out the distributor
- Price



# Form Buying Cooperatives

- Neighboring school districts develop a group purchasing strategy
- Buying co-ops often increase purchasing power and volume requests
- Co-ops must still follow procurement regulations when purchasing for the group



# Geographic Preference

- 7 CFR 210.21(g) and 7 CFR 220.16(f)

- *Geographic preference.* (1) A school food authority participating in the Program, as well as State agencies making purchases on behalf of such school food authorities, may apply a geographic preference when procuring unprocessed locally grown or locally raised agricultural products.

When utilizing the geographic preference to procure such products, the school food authority making the purchase or the State agency making purchases on behalf of such school food authorities have the discretion to determine the local area to which the geographic preference option will be applied;



# Geographic Preference

- (ii) Proposals will be solicited from an adequate number of qualified sources;
- (iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;





# Geographic Preference

- (2) For the purpose of applying the optional geographic procurement preference in paragraph (g)(1) of this section, “unprocessed locally grown or locally raised agricultural products” means only those agricultural products that **retain their inherent character.**



# Geographic Preference

The effects of the following food handling and preservation techniques shall not be considered as changing an agricultural product into a product of a different kind or character: Cooling; refrigerating; freezing; size adjustment made by peeling, slicing, dicing, cutting, chopping, shucking, and grinding; forming ground products into patties without any additives or fillers; drying/ dehydration; vacuum packing and bagging (such as placing vegetables in bags or combining two or more types of vegetables or fruits in a single package); the addition of ascorbic acid or other preservatives to prevent oxidation of produce; butchering livestock and poultry; cleaning fish; and the pasteurization of milk.





# Geographic Preference

- Unallowable food handling and preservation techniques
  - Heating/canning -- the inherent character of the product is not retained because the heating process involved in canning changes the agricultural product into a product of a different kind or character



# Geographic Preference

## What is Local?

- Discretion to define the local area for any geographic preference is left to the institution responsible for procurement
- “Local” must not be defined in a way that unnecessarily limits competition
- Bottom line: Reduce the carbon foot print of the cost of procuring locally grown or locally raised agricultural products.

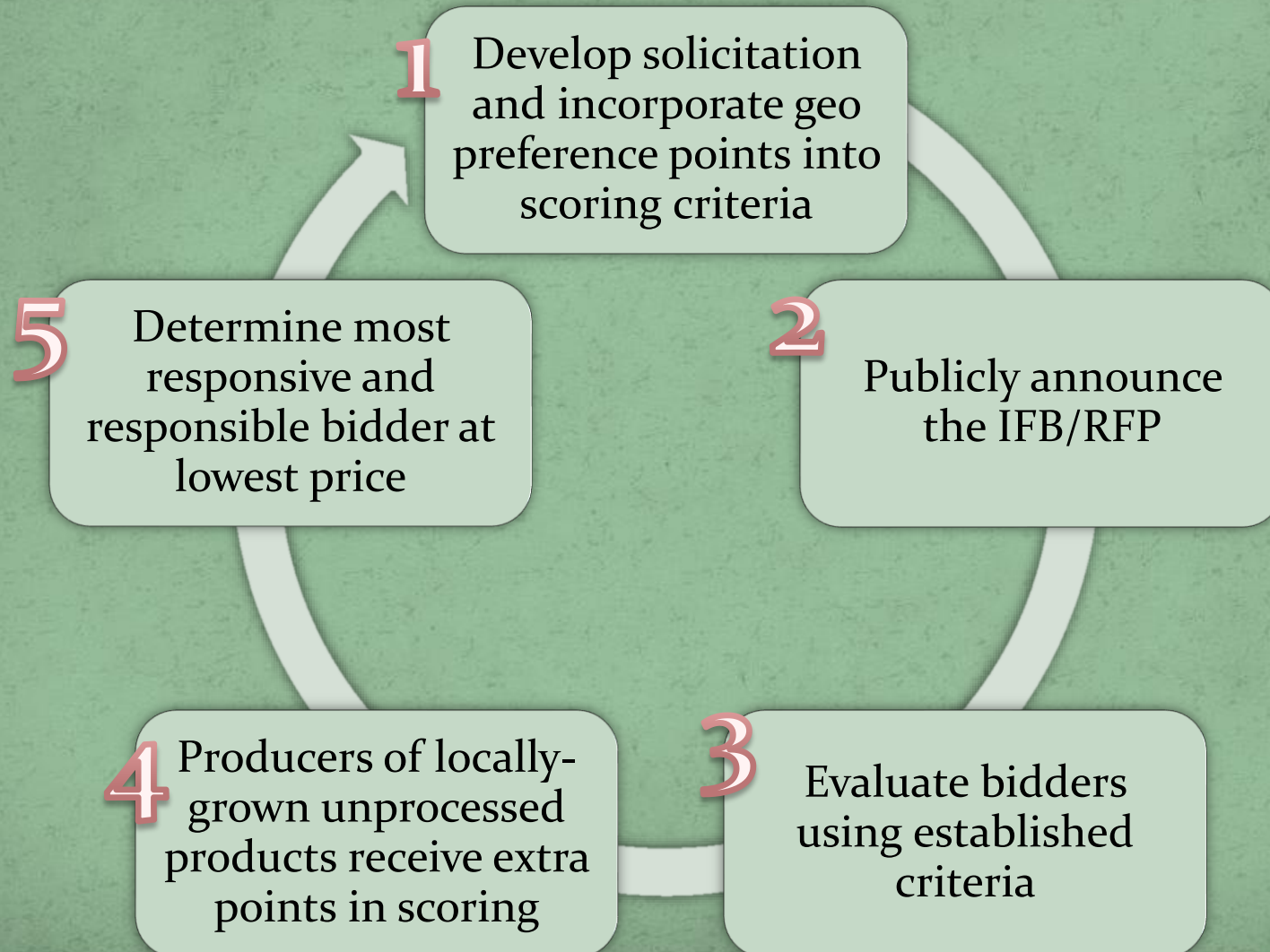




# **How a Geographic Preference Can Work in Procurement**

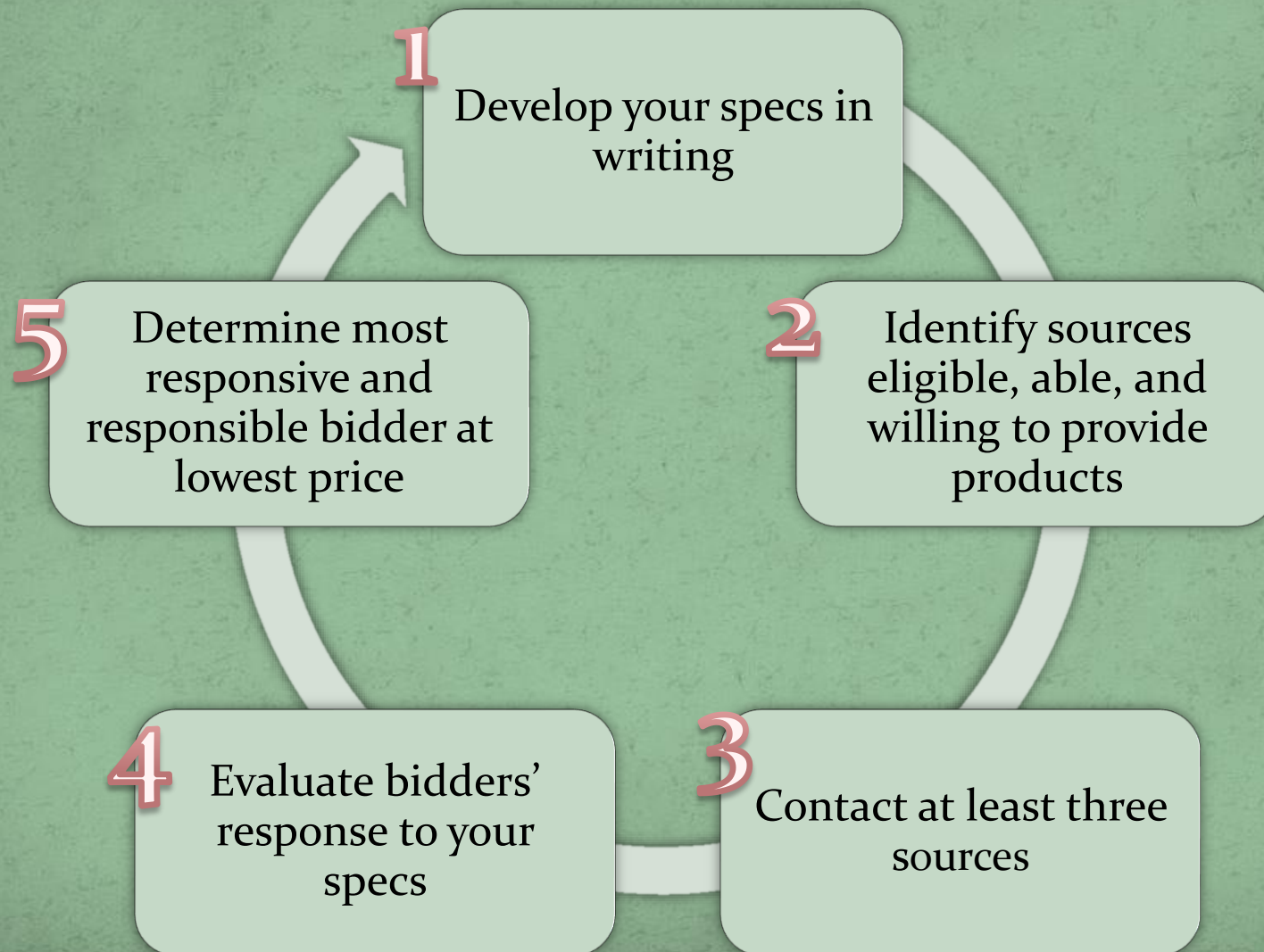
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# Formal Procurement:





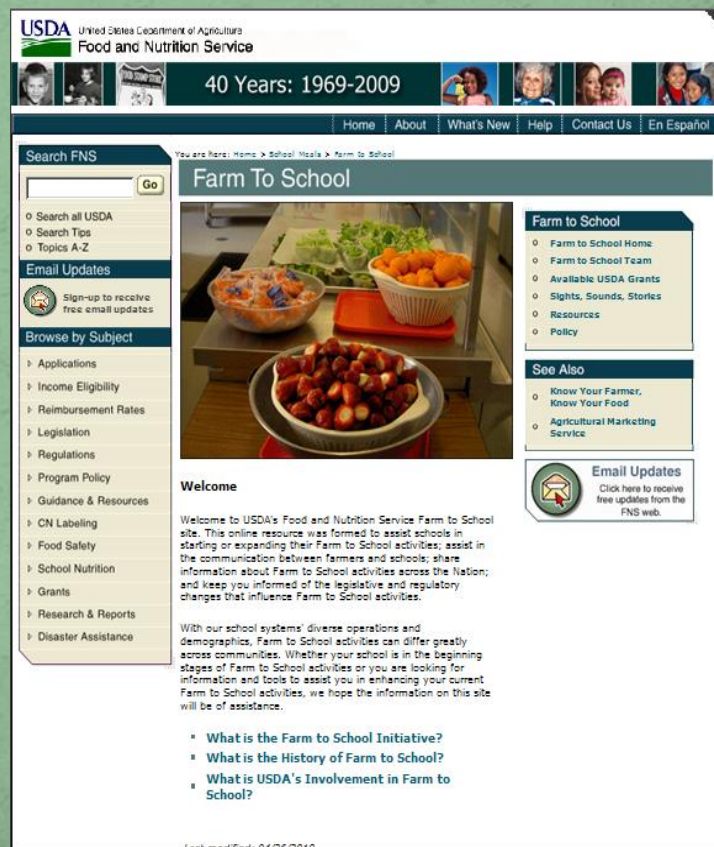
# Informal Procurement:





# Farm to School Website

- New website: [www.fns.usda.gov/cnd/F2S](http://www.fns.usda.gov/cnd/F2S)
- Resources
- USDA Grants
- Policy
- Team Updates
- Site visits
- Webinars





# Where do I find this guidance?

<http://www.fns.usda.gov/cnd/governance/regulations.htm>

<http://www.fns.usda.gov/cnd/F2S/f2spolicy.htm>

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Thank you!

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Questions?