Finding, Buying and Serving Local Food
Introduction to Procurement
January 9, 2014

Housekeeping
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Poll: Who is on the line?

Our Presenter
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Overview
• Procurement Principles and Regulations
• Procurement Methods
  - Informal procurement
  - Formal procurement
• Resources
• Questions

Procurement Principles and Regulations
What is Procurement?
Procurement is the purchasing of goods and services. The procurement process involves:

- Planning
- Drafting Specifications
- Advertising the Procurement
- Awarding a Contract
- Managing the Contract

Why are Procurement Rules Important?
• To ensure that program benefits (and taxpayer dollars!):
  » Are received by eligible schools and children
  » Are used effectively and efficiently, with no waste or abuse

Key Concepts
1 Competition
2 Responsive and Responsible
3 American Grown
4 Know your Federal, State and Local Regulations

Poll: Why is competition important?

Why is Competition Important?
• Price!
  » In a competitive procurement environment:
    » Sellers may accept a smaller margin of return on a given sale rather than make no sale at all
    » Schools may receive more goods or services at a lower price than in a non-competitive environment
Why is Competition Important?

• Quality!
  » In a competitive environment:
    • Businesses seek to differentiate themselves in terms of quality and innovation
    • Each procurement offers an opportunity to consider new and/or higher quality products and services

Competition Killers

Do not...

• Place unreasonable requirements on firms;
• Require unnecessary experience and excessive bonding;
• Give noncompetitive awards to consultants;
• Have organizational conflicts of interest;
• Specify only brand name products; or,
• Make arbitrary decisions in the procurement process.

Responsive and Responsible

Awards must be made 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

The Buy American Provision

The National School Lunch Act requires schools to purchase domestically grown and processed foods to the maximum extent practicable.

Procurement Rules

• Be familiar with all procurement requirements, at the federal, state and local levels
• Schools are responsible for complying with all levels of regulations.
  » In some cases, state and federal regulations may be in conflict with each other.
**Procurement Methods**

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

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

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

- Federal Threshold = $150,000

**A Couple Things to Remember**

- Federal regulations require all procurements are competitive (even if other entities do not).

- States and local regulations may set a lower small purchase threshold imposing more formal procedures. The most restrictive threshold applies.

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**Poll: What is your applicable small purchase threshold?**

- **Informal Procurement Process**
  1. Develop your offer in writing
  2. Identify and notify at least 5 suppliers eligible, able, and willing to provide products
  3. Determine the most responsible bidder at lowest price and award contract
  4. Evaluate bidders' responses to your offer

- **Written Specification**
  - Granny Smith, US. No. 1, 5 185 count boxes per week for September-December

- **Bid Documentation**
  - Write down each vendor's bid and constraints

  **Ex. Fresh whole Granny Smith apples**

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Apple Brand</th>
<th>Price/Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granny Smith</td>
<td>Art's</td>
<td>$40</td>
</tr>
<tr>
<td>Art's Apples</td>
<td>Olivia's</td>
<td>$47</td>
</tr>
<tr>
<td>Olivia's Orchard</td>
<td>Apple Crunch Inc.</td>
<td>$37</td>
</tr>
</tbody>
</table>

- **Formal Procurement Process**
  1. Develop solicitation
  2. Manage the contract
  3. Publicly announce the RFP/IFB
  4. Evaluate bidders using established criteria
  5. Award the contract to the most responsible and responsible bidder at the lowest price
**Competitive Sealed Bidding**

Procurement by competitive sealed bidding is done by issuing an invitation for bid (IFB).

**Use it when:**
- A complete, adequate, and realistic specification is available.
- The contract can be awarded on the basis of price.

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**Competitive Proposals**

Procurement by competitive proposal is done by issuing a request for proposal (RFP).

**Use it when:**
- Conditions aren’t appropriate for a sealed bid.
- Price won’t necessarily be the sole basis for the award.

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Poll: Which procurement method should they use?

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**Procurement Resources**

- Regulations
  - Uniform Administrative Requirements for Procurement
  - Program Regulations for Procurement
- NFSMI Online Procurement Training
- Procurement in the 21st Century

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**Farm to School Resources**

- USDA Farm to School Website and E-Letter
- Farm to School Census
- Farm to School Regional Leads
- More procurement resources coming soon!

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Questions?
How are we doing?

• Please complete this QUICK evaluation: https://www.surveymonkey.com/s/BTFJFM6

• Please join us for the rest of the series! To register, please go here (https://www.surveymonkey.com/s/WT8ZWY15)