

Procurement: Shop 'till you Drop!

USDA Professional Standards:
2420 – Bid Solicitation and Evaluation
2430 – Purchase Food, Supplies, and
Equipment

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Agenda

- Review procurement basics
- Post-test
- Question and Answer



Procurement Regulations

7 CFR 180

7 CFR 180.300

7 CFR 200.320

Policy Memo FD 080

Policy Memo SP03-2013

7 CFR 210.16(a)

7 CFR 210.21(g)(1)

7 CFR 250.5 (c)

7 CFR 210.16(a) (4)

7 CFR 210.16(a)(5)

7 CFR 210.16 (a)(8)

7 CFR 210.2

7 CFR 210.16(b)(1)

7 CFR 210.16 (c)(1)

2 CFR 210.21(g)(1)

7 CFR 250.51(a)



Procurement Requirements

Reminder: The federal regulations are the guidance that all SFAs must follow when procuring meals and services in support of the school meal feeding programs. If applicable, SFAs must also be aware of their local rules, which include DC Government and/or the Public Charter School Board procurement rules.



Why is procurement important?

- Provides free and open competition
 - All suppliers are on the same playing field and have the same opportunity to compete
 - Not following procurement requirements and regulations can lead to invalid contracts, delayed and incomplete services, and even legal action
- Increased competition can lead to better prices and quality of products and services
- **Reminder:** SFAs must monitor contract(s)



Procurement Methods

- Formal procurement purchases
- Informal (small purchase) procurement
- Micro purchase procurement



Procurement Methods

- Formal procurement purchases
 - Value of purchase exceeds federal (**\$250,000**), or local Public Charter School Board (\$25,000) threshold
 - Competitive sealed bidding (IFB)
 - Competitive negotiation (RFP)
 - Buy American
- Informal (small purchase) procurement
 - Value of the purchase is less than the federal (**\$250,000**), or local Public Charter School Board (\$25,000) threshold
 - Buy American
- Micro purchase procurement
 - Value of the purchase is less than **\$10,000**
 - Buy American



Formal procurement purchases

Competitive sealed bidding or IFB

- Complete, adequate and realistic specifications, including attachments and purchase description are available
- Two or more responsible bidders are willing and able to compete for the business
- Bids are publicly solicited
- Each bid must be opened publicly and recorded in the presence of interested parties
- A fixed-price contract is awarded to the most responsive and responsible bidder with the lowest bid/price



Formal procurement purchases

Competitive Proposals or a Request for Proposal (RFP)

- This technique of competitive proposals is conducted with more than one source submitting an offer
- Either fixed price or cost-reimbursement contract can be awarded
- Generally used when conditions are not appropriate for the use of sealed bids, such as the need to make award on the basis of non-price related factors
- Proposal must be solicited from an adequate number of qualified sources
- Technical proposals are publicized and all evaluation factors are identified and weighted based on their level of importance (price is always primary)
 - ✓ SA recommends that you identify the panel of individuals who will evaluate the proposal(s)
- Once the SFA has identified its top-ranking vendors, the SFA enters into negotiations with these vendors
- If/when equivalent proposals are obtained, the SFA requests that the vendors submit their best and final offer
- Contract awarded to the vendor with the lowest price



Informal (small) procurement purchases

- 5 basic steps in the informal procurement process:
 1. **Develop specifications:** Detail the requirements of the intended agreement, including delivery and packing conditions
 2. **Identify sources:** Contact potential vendors in a variety of ways (e.g. visiting a local produce market, calling on the phone, or emailing) and collect at least **two qualified quotes**
 3. **Evaluate responses:** Ensure that responders are responsible and responsive – in accordance with all aspects of the specifications. Document each bid even if it was offered in a face-to-face meeting.
 4. **Award the contract:** Determine which bidder offers the best value and award the contract to the bidder that is most responsive and responsible with the lowest price
 5. **Manage the contract:** Ensure the school receives everything from the vendor that the contract stipulates

Resources:

- [Informal Procurement Log](#)
- [Informal Procurement Process](#)



Micro-purchase procurement

- Micro-purchases
 - May be awarded without soliciting competitive quotations if the price is considered to be reasonable
 - **Distribute equitably among suppliers**
 - Assurance of reasonable and necessary costs
 - Requires documentation of each purchase (receipt or purchase order, and log including name of vendor, item, price, and date purchased)
 - Requires documentation that purchases are distributed equitably among suppliers

Resources:

- [Micro-purchase process](#)



Making a Decision – Informal vs. Micro-purchase

Informal (Small)	Micro
<ul style="list-style-type: none">• Planned• Forecasted items are needed continuously throughout the school year<ul style="list-style-type: none">• Identify the number of delivery dates• Supportive of farm to school purchasing• Farmer's market (seasonal, local) – multiple purchases• Storage (adequate)• Establish contract with one supplier (for each procurement)• Lowest price	<ul style="list-style-type: none">• To try new products, in emergencies, and in some other cases• Items may only be needed once or infrequently• Supportive of farm to school purchasing• Farmer's market (seasonal, local) – single purchase• Ability to purchase from multiple suppliers (distribute equitably)• Storage (limited)• Reasonable price



Forecasting for purchases

- Prior to purchasing, ask yourself the following questions:
 - Do I have a list of items I will need to purchase for the school year?
 - Do I have an idea of the quantity I should purchase for the school year?
 - Do I have an idea of the total cost?
 - Is it advantageous to combine multiple purchases into one procurement?



Scenario

1

A student at your school wins a national collegiate award. Your Principal has asked you to serve blueberries for lunch because John loves blueberries. It is June and blueberries are readily available from a local farmer who you have never procured with. You contact the farmer and he tells you that it will cost \$1,100.00.

What type of procurement method would you use? Why?



Scenario 2

In October you need to purchase gloves and foil for your program and these items are needed immediately. You bought the items from CostMart for \$127.00.

What type of procurement method was used? Why?

One week later you need more gloves and foil. You go back to CostMart and triple your order to last you through the month.

What type of procurement method was used?

Was this allowable?

How can these items be purchased compliantly?



Contract provisions –

Buy American 7 CFR 210.21(d) and Memo SP38-

2017

- Buy American term “domestic commodity or product” means:
 - An agricultural commodity that is produced in the United States; and food product that is processed in the United States substantially using agricultural commodities that are produced in the United States
 - SFAs are required to purchase to the maximum extent practicable, domestic commodities or products
- Exception to the American provision
 - The product is not produced or manufactured in the U.S in sufficient and reasonable available quantities of a satisfactory quality; or competitive bids reveal the costs of a U.S. product are significantly higher than the foreign product.



Q&A



Things do not have to change the world to be important – Steve Jobs