



Procurement in Practice

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Procurement Objectives

- Obtain high quality goods and/or services at lowest price
- Representative of district and program values
- Promote open and fair competition
- Comply with federal, state and local regulations



State and Federal Regulations

- Threshold for competitive process
 - \$83,400 State
 - \$150,000 Federal
- Methods of Procurement
- Piggybacking



Procurement Methods

- **Small Purchase**
- **Request for Proposal (RFP)**
- **Formal Bid or Invitation to Formal Bid (IFB)**
- **Non Competitive Proposal**



Procurement Pitfalls

- Limiting Competition
- Bid Splitting
- Conflicts of Interest
- Vague or ambiguous information
- Confidentiality



Contract Types

- **Materials and Supplies**

3 Years (Current plus two rollover options)

- **Service**

5 Years (Current plus four rollover options)



Procurement Categories

PRIMARY

- Paper and Non Food
- Fresh Produce
- Dairy
- Bread and Tortillas
- Canned and Dry
- Frozen and Processed Commodities
- Snack and Beverage

SECONDARY

- Equipment
- Direct Delivery
- Pizza or other vended foods

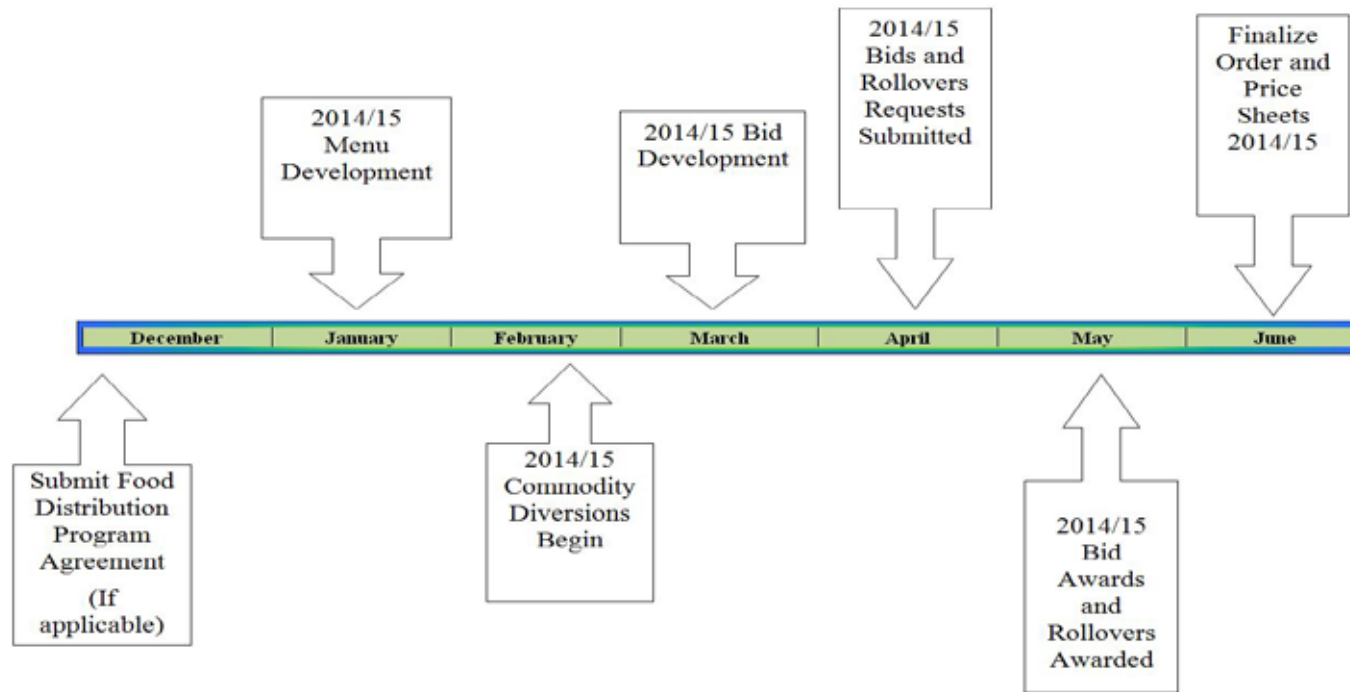


Procurement Planning

- Determining the correct method
- Developing core values
- Identifying Key Activities
 - Menu Development
 - Commodity Diversions
 - Reviewing and Revising procurement documents
- Establishing procurement timeline

Procurement Planning

Food Services Department Procurement Planning Timeline 2014 - 2015





Contract Terms

- Nutrition Requirements
- Food Safety Requirements
- Delivery Requirements (Dark Drops, etc.)
- Deviation from Anticipated Purchases
- Audits and Inspections



Contract Terms continued

- Product Substitutions
- Fuel Surcharges
- Late Fees (Office of Management and Budget Circular A-87)
 - Unallowable



Specifications

- **Clear and Concise**
- **Commodity versus Commercial**
- **Inclusion of “Or Equal”**
- **Available for duration of contract**
- **Specifications written by vendors**



Pricing Considerations

- **Fixed Price Contract**
 - Price is firm or can be adjustable during term
- **Cost Plus Percentage of Cost**
 - Unallowable
- **Fixed Cost Plus Fixed Fee**
 - Expressed as Dollar or Percentage*
 - Cost fixed for term of contract
 - Ceiling or limits established



Pricing Considerations

- Percent Mark Up Versus Margin

1) 20.00×1.10 (10% Markup) = \$22.00

2) $20.00 \div .90$ (10% Margin) = \$22.22

- Applying Mark Up to Net Off Invoice – Before or After

1) $20.00 - 3.50$ (Commodity Value) = \$16.50

$\$16.50 \times 1.10 = \underline{\$18.15}$

2) $20.00 \times 1.10 = \$22.00$

$\$22.00 - 3.50$ (Commodity Value) = \$18.50



Pricing Considerations

- **Verifying Contract Pricing versus Actual Invoices**
 - Pricing Guide
- **Verifying Correct Commodity Pass Thru Values**
 - Manufacturer Information
 - Cooperative Website



Resources

- **Electronic Code of Federal Regulations**
http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title07/7cfr3016_main_02.tpl
- **California Codes**
<http://www.leginfo.ca.gov/calaw.html>
- **Federal Register**
<https://www.federalregister.gov/articles/2012/04/27/2012-10268/food-and-nutrition-service>
- **California Department of Education**
<http://www.cde.ca.gov/ls/nu/>
- **USDA**
http://www.fns.usda.gov/cnd/F2S/f2s-local_procurement.htm
- **EPLS** (New website)
<https://www.sam.gov/portal/public/SAM/>



Resources

- **National Food Service Management Institute: Procurement in the 21st Century**
<http://www.nfsmi.org/documentlibraryfiles/PDF/20130820034348.pdf>
- **Competitive Bidding and Public Contracting, June 2012**
Orange County Department of Education

Thank You!

