USDA FOODS...

No More Mystery Meat!
Agenda

• Welcome, background
• USDA Foods 101... Peggy Cantfil, FNS USDA
• USDA Foods in WA
• Purchasing & Your Plan
• Q and A
• Lunch, DDS Mtg
• PPL
• HHFKA Update
• Wrap up
Goals

• Big Picture of USDA Foods
• Basic workings of USDA Foods in WA
• Options for you in WA
• Process for Max USDA Entitlement
• Identify best fit for your District
• Access to resources
• Next steps for our state
IS IT A TRAP?
Doug’s Observations

- Complex Topic
- Drink from a Fire Hose
- Misunderstandings/Frustrations
- Exciting time for our state
If you serve 5000 lunches and 2000 breakfasts every day, you serve 180 days per year, your allowed 22% of your entitlement funds in Group A sub category chicken, at an entitlement rate of .2225 cents per lunch, and you have options to use OSPI survey chicken products or products from a cooperative bid for chicken at $1.55 per pound USDA A515 Cut up chicken with a 65% yield and 18.5 pounds USDA A515 per 20 # case chicken nuggets with 300 mg Na per portion...

How much sodium will be in your chicken’s nuggets purchased for one year?

**BIG PRIZE!!!**
“I am a very simple bear and big words bother me”

Winnie The Pooh
Oh My Goodness...

Is This Complex or What?
Food Distribution Division

What we do:
- TEFAP
- CSFP
- FDPIR
- NSIP
- DoD Fresh
- FD Disaster Assistance
- Schools
- SFSP
- CACFP
- CI & RCCI
- Processing

Laura Castro
Chief Policy Branch

Peggy Cantfil
Chief Operations Branch

Dennis Sullivan
Chief Systems Branch

LEGISLATION
REGULATIONS & POLICY

- FOOD ORDERING
- RECONCILIATION
- ENTITLEMENT
- PROCESSING

- TRAINING
- DISASTER FEEDING
- COMMODITY COMPLAINTS
- FACT SHEETS, NEW PRODUCTS
- SPECIAL PROJECTS

- ECOS/PCIMS
- WBSCM
- BONUS PRODUCTS

Laura Walter
Chief Program Support Branch

Cathie McCullough
Director FDD

Laura Castro
Chief Policy Branch
Welcome... Peggy Cantfil

• Mother of 3 wonderful children
• With USDA since 1977
• USDA FNS SNP FDD SNOB
• Chief SNOB
  (Special Nutrition Operations Branch)
Of all the cafeteria ladies, it was Matilda who carried the top secret lunch codes.
The System’s Major Players

- Customers
- Processors
- Distributors
- USDA
- Rate
- Farmer
- Freight Co.
- State Entitlement
- OSPI CNP
- Farmers
Effective Management of USDA Foods Requires a Plan

- Knowledge of system
- Timing
- Needs
- Costing
Purchasing Overview

• Federal Regulations are the litmus paper.
• Federal versus State or local procurement rules.
• School nutrition programs must follow specific methods of procurement for the NSLP/SBP.
• Writing Specifications.
Applicable Federal Regs

• **7 CFR 3016** UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS

• **7 CFR 3019** UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION, HOSPITALS, AND OTHER NONPROFIT ORGANIZATIONS

• **7 CFR 210** NATIONAL SCHOOL LUNCH PROGRAM

• **7 CFR 220** SCHOOL BREAKFAST PROGRAM
Methods of Procurement

• Full and Open Competition,
• Use local procurement rules and use the following methods:

  Methods of Procurement
  • Simplified Acquisition/Small Purchase Procedures or Simple/Informal Procurement
  • Sealed Bids or Formal Advertising
  • Competitive Proposal or Request for Proposal (RFP)
  • Non Competitive Negotiations
Procurement

• Must be Documented!!!
• Must follow most restrictive
• Rec. quote for all purchases
• Anything over $5000
• Quotes: $40,000-$75,000
• State bid limit is $75,000
• Over $75,000 must be competitive quote
• Check in w YOUR district purchasing.
Methods of Procurement

Simplified Acquisition/Small Purchase Procedures or Simple/Informal Procurement 3016.36(d)(1)

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold [SAT] fixed at 41 U.S.C. 403(11) [currently the Federal SAT is set at $100,000.]. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. (FNS recommends three or more qualified sources.)
Methods of Procurement

• Sealed Bids /Formal Advertising 3016.36(d)(2)

– Procurement by *sealed bids* (formal advertising) bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
Formal Procurement

1. Develop a solicitation
2. Publicly announce IFB/RFP (Web posting)
3. Evaluate bidders using established criteria
4. Determine the most responsive and responsible bidder at the lowest price.
5. Award and manage contract
Competitive Procurement

• Competitive Proposals/Request for Proposals (RFP) 3016.36(d)(3)

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

• (i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;

• (iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered;
Competitive Procurement

1. Develop Solicitation: Product/Service, expectations, evaluation criteria, etc
2. Publically announce RFP (Web posting)
3. Receive Evaluate bidders using established criteria
4. Determine most responsive and responsible bidder at lowest price and/or highest scoring proposal
5. Award and manage contract
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.
District USDA Foods Plan

Follow The Flow:
1. Entitlement earned
2. Menu/Production model
3. USDA Foods Entitlement Plan
4. Purchasing process
5. State Common Order
6. USDA Purchase/Deliver
7. Vendors: Substitutions
8. Processing & Delivery
9. Monitor/Audit... USE It!!!
Purchasing Key Points

• Bid law compliance
• Know USDA Food diverted
• Menu/usage planned
• Market analysis good step
• Work with OSPI: timelines
<table>
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<tr>
<th>End Product Code &amp; Description</th>
<th>Net Weight Per Case</th>
<th>Servings Per Case</th>
<th>Net Weight per Serving</th>
<th>Item Code</th>
<th>New WBSCM Item Code</th>
<th>New WBSCM Description</th>
<th>DF Inventory Drawdown per case</th>
<th>By Products Produced*</th>
<th>Value per pound of DF</th>
<th>Value of DF per case (F x H)</th>
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<td>24.00</td>
<td>96</td>
<td>4.00</td>
<td>B077</td>
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# Entitlement & Order Timeline

<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
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</table>
| Aug     | Re Open catalogs for Nov – June deliveries  
Estimate prior SY balances calculate over and under |
| Sep/Oct | Bid/Quote Drafted. Market analysis |
| Nov/Dec | Bid Approved by OSPI: Nov 15 of USDA Food SET |
| Dec/Jan | Enter catalog material offerings for States  
Re Open catalog for Feb-June deliveries |
| Dec/Jan | Enter preliminary SY entitlement  
Preliminary purchase plan  
Transmit AMS product surveys and “dollar estimates” |
| March   | Value added (brown box) turkey orders due for the SY  
FV orders due for early crops/harvest |
| April   | Most other orders are due |
| June 30 | Cheese orders due for Jan-Dec of next calendar year |
| July    | “Published” rate in Federal Register- estimate 12% |
| November| Update current SY entitlement – final meals from prior year |
# OSPI Delivery Fees

<table>
<thead>
<tr>
<th>No. Cases / Warehouse</th>
<th>Fee Per Case</th>
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<tr>
<td>10 case MIN</td>
<td>$11.00</td>
</tr>
<tr>
<td>11 - 17</td>
<td>$6.25</td>
</tr>
<tr>
<td>18 - 24</td>
<td>$4.30</td>
</tr>
<tr>
<td>25 - 34</td>
<td>$3.10</td>
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<tr>
<td>35 - 49</td>
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<td>50 - 99</td>
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<td>300 - 599</td>
<td>$1.35</td>
</tr>
<tr>
<td>600 - 9999</td>
<td>$1.20</td>
</tr>
</tbody>
</table>
Best Value

- Cheese
- Chicken
- Turkey
- Beef
- Tomatoes
- Potatoes
- FV
If you serve 5000 lunches and 2000 breakfasts every day, you serve 180 days per year, your allowed 22% of your entitlement funds in Group A sub category chicken, at an entitlement rate of .2225 cents per lunch, and you have options to use OSPI survey chicken products or products from a cooperative bid for chicken at $1.55 per pound USDA A515 Cut up chicken with a 65% yield and 18.5 pounds USDA A515 per 20 # case chicken nuggets with 300 mg Na per portion...

How much sodium will be in your chicken’s nuggets purchased for one year?...

**Chicken’s DON’T have Nuggets!!!**
Pre-Test Answer...

If Chickens had nuggets...

• 5000 LPD x 180 Days = 900,000 Annual Lunches
• 900,000 x .2225 Entitlement rate = $200,250 Entitlement
• $200,250 x 22% = $44,055
• $44,055/$1.55 = 28,422 pounds
• 28,422/18.5 = 1536 20# cases
• 96 portions per case x 1536 = 147,456 portions
• 147,456 x 300 mg Na = 44,236,800 mg Na per year
• Options are available
• States/RA make requests
• Purchases Coord w buying cycles
• Must Coord w State
• Should be menu driven
• Moving target: Market
What I’ve Learned

• Plan ahead, menu/customer driven
• More than one option
• Can adjust USDA Food order
• There are more purchasing options
• Got to plan ahead!
• No One size fits all
• Haste makes waste
• Survey = pre-order
Very Complex Process!
Slow & Steady Changes
Questions & Answers

- USDA
- OSPI
- Your District Plan
- Next Steps
- Advisory Group Plans
Your Challenge

Follow the FLOW...

• Review your district/business needs
• Outline a plan
• Identify needs
• Partner where you can
BIG IDEA

It Takes The WHOLE TEAM!
Thank You!

• OSPI Team: Donna & Skip
• USDA Team: Peggy & Dave
• WSNA: Charlotte
• Vendors Processors

• Drive Safely!

• Next DDS... Conference