

# Procurement Basics



Health and Nutrition Services  
Arizona Department of Education







# Disclaimer

This training was developed by the Arizona Department of Education (ADE) Health and Nutrition Services Division (HNS). The content in this training is intended for professionals operating one or more USDA Child Nutrition Programs in Arizona under the direction of ADE. The information in this training is subject to change. Attendees are encouraged to access professional development materials directly from the training library to prevent use of outdated content.



# Intended Audience\*

**This training is intended for School Food Authorities (SFAs) operating the National School Lunch Program (NSLP).**

# Objectives

**At the end of this training, attendees should be able to:**

- Purchase food, supplies, and equipment through vendors, meeting school district specifications in compliance with Federal, State, and local procurement regulations and availability of USDA Foods.

## **TRAINING HOURS**

Information to include when documenting this training for Continuing Education/training credit:

**Training Title:** Procurement Basics

**Key Area:** Administration

**Length:** 2.5 hours



\*This training was originally intended for School Nutrition Professionals Operating the NSLP, however, the rules and regulations apply to all Child Nutrition Program operators.



# Quiz Time



Throughout this guide, there will be comprehension quiz questions to test your knowledge and help you apply what you're learning. Be sure to review these quiz questions and answers available within the guide.

The question mark icon below will indicate a comprehension quiz question.





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# What is Procurement?



SECTION 1



# Definitions

## **Procurement**

Procurement is the process of purchasing goods and services from a vendor. Procurement applies to all schools regardless of size, number of students, how much money is spent, or if you have a contract with a caterer or FSMC. You can't have a CNP/NSLP program without procurement.



# The Parts of Procurement



## **PURCHASING**

Method type (Micro, Small, or Formal)



## **GOODS AND SERVICES**

Supplies, food, equipment, software, contracted services



## **VENDOR**

- Consumer Clubs (*e.g. Sam's Club, Costco*)
- Commercial Food Service Companies (*e.g. US Foods, Shamrock, Sysco*)
- Restaurant Supply (*kitchen supplies, small wares e.g. Webstaurant*)
- Fresh Food Markets
- Local Grocery Stores
- Catering Companies
- Food Service Management Companies (FSMC)



# Procurement Regulations

## Why are there procurement regulations?

- To obtain goods and services efficiently and economically;
- To comply with Federal, State, and Local regulations;
- To prevent fraud, waste, and abuse;
- To maximize free and open competition;
- To help SFAs become more comfortable with the procurement process.



When the regulations pertaining to procurement procedures differ, the SFA must adhere to the most restrictive one (Federal, state or local)



# Where To Find the Regulations

- **7 CFR 210:** NSLP requirements
- **2 CFR 200.320:** The methods SFAs must follow to properly procure goods and services
- **2 CFR Part 200.318-326:** Additional procurement regulations
  - *Parts 3016 and 3019 have been superseded by 2 CFR Part 200*

For more information visit CFR  
<https://www.ecfr.gov/current/title-7/subtitle-B/chapter-II/subchapter-A>



## NSLP PROGRAM REGULATIONS

<b>Code of Conduct, Procurement Procedures, and Contract Monitoring</b>	2 CFR 200.318(A-C) 7 CFR 210.21(C)
<b>Buy American Provision</b>	7 CFR 210.21(d)
<b>Required Contract Provisions, Cost-reimbursable Contracts</b>	7 CFR 210.21(f)
<b>Geographic Preference</b>	7 CFR 210.21(g)
<b>Full and Open Competition Procedures</b>	2 CFR 200.319 2 CFR 200.319(d)
<b>Procurement Methods</b>	2 CFR 200.320
<b>Small, Minority, Women's Business</b>	2 CFR 200.321
<b>Cost/price Analysis</b>	2 CFR 200.324
<b>Required Contract Provisions</b>	in Appendix II to 2 CFR 200



# Financial Requirements of Operating a Food Service Program

Entities participating in a Child Nutrition Program (CNP) must sign a Food Program Permanent Service Agreement to show that schools will have a way of keeping documentation and tracking expenses and revenues. The Food Program Permanent Service Agreement signed by each SFA operating a CNP must maintain and comply with a financial management system and provide for the following:

- Identification, in its accounts, of all Federal awards received and expended and under which program they were received
- Accurate, current, and complete disclosure of financial results of each Federal program and reporting requirements
- Records (documentation) that identify the source and application of funds for Federally-funded activities
- Effective control over and accountability of all funds, property and other assets and used for authorized purposes



For a comprehensive list of procurement-specific requirements, please review the [Food Program Permanent Service Agreement](#)



# Financial Requirements of Operating a Food Service Program

## **7 CFR 210.19(A)(1):**

School Food Authorities must comply with the requirements to account for all revenues and expenditures of their nonprofit school food service. Therefore, not being able to identify or track expenditures or revenues of the nonprofit school food service account is not allowable.



If you do not currently have a way of tracking food service program expenses (i.e. 510 account delineation, specific code for food service purchases, etc.), implement a way to code/track food service program expenses and vendors used.

# Documentation

## **SFAs should start by drafting up the Procurement Procedures to be followed**

- ADE template available on the NSLP/SBP Program Forms and Resources webpage:  
<https://www.azed.gov/hns/nslp/forms>

## **The CNP Procurement Procedures template includes procedures and clauses that are specific to the CNPs.**

- Procedures for all the methods possible (Micro, Small, Formal)
- Code of Conduct
- Required clauses to be included in formal solicitations
- Affirmative action clause: taking steps to use small, minority, women's business and labor surplus enterprises, when possible
- Oversight: overseeing contractors to ensure all contract provisions are fulfilled for the duration of the contract
- Buy American clauses for all food purchases
- Market Basket Analysis, GPOs/Cooperative Purchasing, Piggybacking





### Child Nutrition Programs Procurement Procedures

School Food Authority (SFA): \_\_\_\_\_ CTD #: \_\_\_\_\_

The procurement procedures contained on the following pages will be implemented on INSERT DATE and stay in effect until amended. All procurement must adhere to free and open competition. SFAs must retain all documentation for procurement per regulations.

New procurement procedures do not need to be developed every year. However, an annual review of procedures is suggested to assure its relevance to current procedures. The procedures should include all procurement methods (micro, small, and formal) even if all methods are not currently used.

This document does not replace pre-issuance contracts with caterers and food service management companies as required by Arizona Department of Education (ADE). The SFA is ultimately responsible to ensure that the procedures comply with all Federal regulations, Arizona Procurement Code, and local procurement policies.

#### GENERAL PROCUREMENT PROCEDURES

The SFA will purchase goods, products, and/or services for use in the Child Nutrition Programs (CNP) in compliance with 2 CFR Part 200 and State law using the procedures outlined as follows.

The primary purpose of procurement procedures is to ensure that open and free competition exists to the maximum extent possible. The procurement process practiced by the CNP Sponsor (SFA) must not restrict or eliminate competition (2 CFR Part 200.319(a)(1-7)). For example, the description of goods, products, and/or services to be procured should not contain features that unduly restrict competition. Competition helps assure that goods, products, and/or services will be obtained that best meet the needs of the SFA.

## 2 CFR 200.318(A):

The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.



All of ADE's procurement resources can be found at [www.azed.gov/hns/nsfp/forms](http://www.azed.gov/hns/nsfp/forms)

# The Steps of Procurement

**01****Determine what you need – Forecast and Create Specifications**

- Be detailed and specific so you can compare “apples to apples”

**02****Estimate purchase amount – Threshold**

- Estimate total of single purchase
- Estimate total of yearly purchases
- Estimate amount of contract
- For multi-year contract, must estimate total for all the years

**03****Choose procurement method (Micro, Small, Formal)**

- Base decision on process and amount

**04****Follow requirements for method of purchase (documentation)**



# Forecasting

## **WHY FORECAST?**

Forecasting is one of the most important elements of an effective procurement plan; good procurement requires advance planning.

## **THE STEPS OF FORECASTING**

- Review past records/data/purchasing behavior and apply to current situation.
- Review any old solicitations before re-using them to ensure they are still compliant and accurate.
- Review current resources and services to ensure that only necessary purchases are made; take inventory.
- Once the forecasting and planning process is complete, the SFA will be able to determine the estimated dollar value of its procurements for the coming year.
- This estimated dollar determination allows the SFA to choose the appropriate procurement method to use.



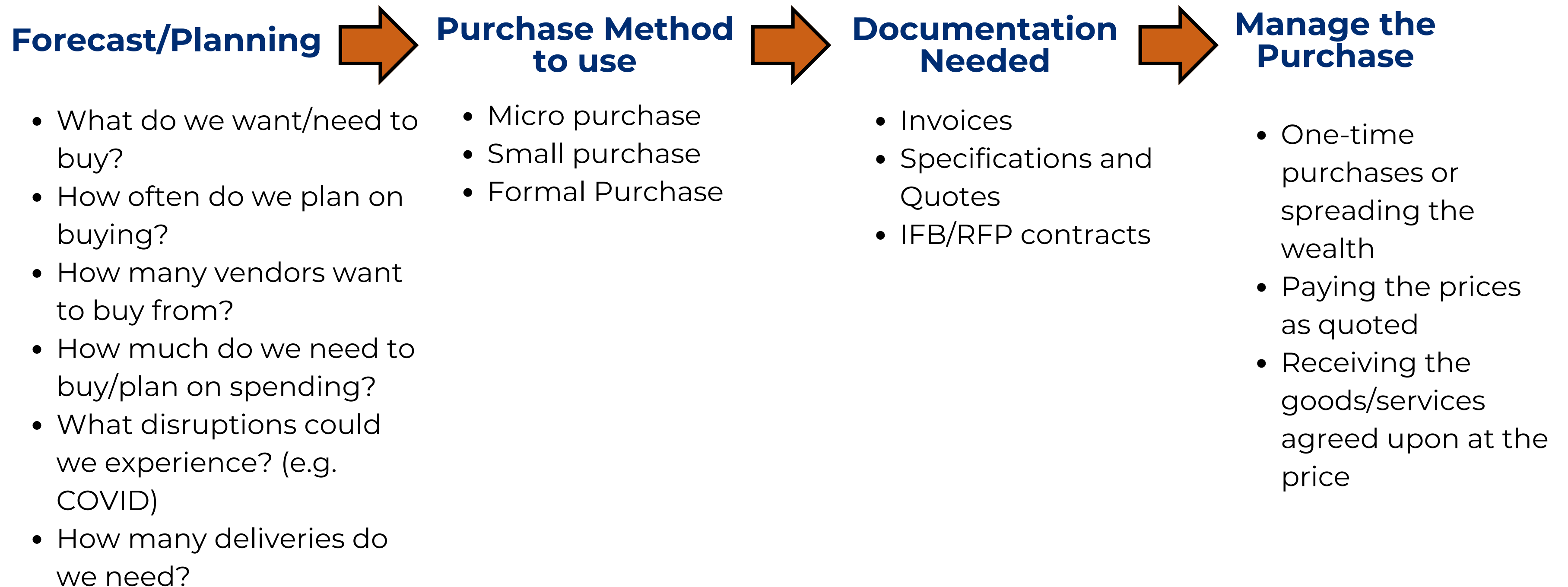
# Forecasting

## QUESTIONS TO ASK WHEN FORECASTING

- What menu planning considerations need to be made?  
*Food items needed, how many, how often, what portion can USDA foods provide and what is the availability?*
- What did purchases look like from the past year?  
*What changes need to be made? Student enrollment number increase or decrease? Revenues or loss?*
- Is the price of this cost effective?
- What is the projected budget? Threshold amount?
- How often do purchases need to be made?
- How many vendors will be needed for purchases? What information does the vendor(s) need to know?



# Forecasting at a Glance

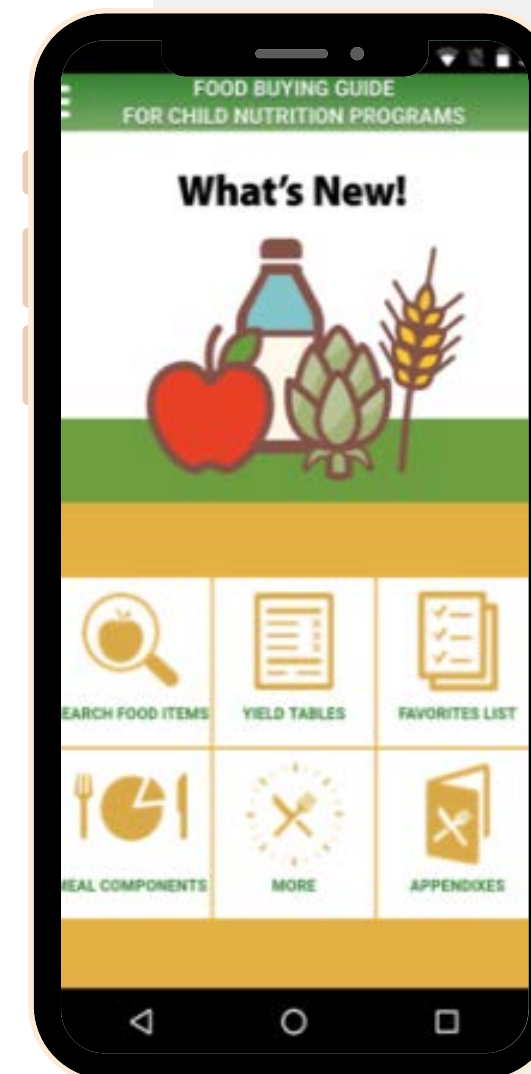




# Forecast and Create Specifications

## TOOLS FOR FORECASTING

- Average Daily Participation (ADP) for your school sites for each meal
- School calendar for forecast year (note holidays/no school dates, enrollment numbers)
- Cycle menu (availability, seasonal, school calendar)
- Availability of USDA Foods (Brown Box and Processing Catalogues, DoD Fresh Farm Calendar)
- Velocity Reports (quantity of food delivered vs. used)
- USDA Food Buying Guide (FBG)
- Interactive FBG
- [FBG Mobile App](#)
- FBG Calculator
- Determine the specific contribution each food makes toward the meal pattern requirements
- Buy the right amount of food and appropriate type of food



Search and locate yield information for foods typically served in child nutrition programs



Compare yield information to determine the foods that best meet your program needs.



Create a favorites list of food items!



Email and print search results, food comparisons, and favorites list



# Forecasting

## **BENEFITS OF FORECASTING**

- Allows you to see the whole picture
- Allows for more efficient menu planning
- Increases chance of cost effectiveness with purchases
- Helps vendors/contractors/distributors plan accordingly
- Prepare responses to bids and proposals
- Deliver available products to meet terms, conditions, specifications, and requirements of SFAs
- Considers whether SFA is utilizing all available USDA Foods
- Knowing the methods of purchasing that will be used will help with documentation

## Procuring Timeline Example

Month	Task	Date completed
<b>August – September</b>	<ul style="list-style-type: none"> <li>• Begin preparing for procuring items. Planning approximately one year in advance provides sufficient time for preparation from all parties in the food chain.</li> </ul>	
<b>October – December</b>	<ul style="list-style-type: none"> <li>• Write specifications.</li> <li>• Project USDA Foods needs.</li> <li>• Conduct screen test.</li> <li>• Remember fall and winter breaks may impact timeline.</li> </ul>	
<b>January</b>	<ul style="list-style-type: none"> <li>• Develop solicitation document. Include pertinent information about the district; date and time for pre-solicitation conference and solicitation submission; scope of work; time period for the solicitation; any common legalities; ability for price escalations; name brand items; substitutions; discounts, rebates, and applicable credits; communication instructions with the district prior to the closing date; solicitation evaluation criteria.</li> <li>• Plan accordingly to have solicitation document and agenda item at school board meeting.</li> <li>• Modify proposal accordingly based on legal counsel’s directives. Remember fall and winter breaks may impact timeline.</li> </ul>	
<b>February – March</b>	<ul style="list-style-type: none"> <li>• Propose solicitation document to school board.</li> <li>• Follow internal procedures.</li> <li>• Communicate to distributors and manufacturer and publicly announce the solicitation.</li> <li>• Publicize the solicitation document.</li> <li>• Conduct the solicitation meeting.</li> <li>• Allow a minimum of four weeks for vendors to respond.</li> <li>• Evaluate solicitations based on pre-established criteria and select vendors.</li> </ul>	
<b>April – May</b>	<ul style="list-style-type: none"> <li>• Receive School Board approval for the selection of vendor.</li> <li>• Provide information to distributor and/or manufacturer.</li> <li>• Allow longer time for specialty items and name brand items.</li> </ul>	
<b>June</b>	<ul style="list-style-type: none"> <li>• Communicate with stakeholders, determine delivery dates, and discuss school opening logistics.</li> </ul>	
<b>July – August</b>	<ul style="list-style-type: none"> <li>• Receive product for upcoming school year.</li> </ul>	



# Forecasting

## **BEST PRACTICES OF FORECASTING**

- Develop menus well in advance.
- Provide as much lead time as possible (Manufacturers and Distributors need 3 weeks lead time or more for production and stocking).
- Communicate and plan for important due dates!
  - USDA Foods Catalogue Requisition Period (when and how much to order)
  - Order quantities agreed upon through the bid/contract process (bid integrity).
- Have a back-up item ready in case an issue arises.
  - Account for items removed from inventory/change of availability.
  - Communicate increases and decreases in quantity of items and changes to program.
- Know the value of food and supplies (leave time to obtain quotes).

## ESTIMATE PURCHASE AMOUNT

- Estimate total of single purchase
- Estimate total of yearly purchases
- Estimate amount of contract
- For multi-year contract must estimate total for all the years

Once an SFA estimates the purchase amount, it must be compared to the Simplified Acquisition Threshold to determine whether formal or informal procurement methods will be used.

## Formal or Informal Procurement?

### **SIMPLIFIED ACQUISITION THRESHOLD**

The amount at which the SFA must use the **Formal procurement method**. The Federal Simplified Acquisition Threshold is \$250,00. **SFAs are required to follow the most restrictive threshold (local, state, or Federal)**.

The Simplified Acquisition Threshold is not the same for everyone. It can vary depending on the type of SFA participating in procurement in Arizona. It is important that you know what your threshold is.



# Simplified Acquisition Threshold

The amount at which different types of SFAs **must use the Formal procurement method**

Simplified Acquisition Threshold for SFAs in Arizona	
SFA TYPE	SIMPLIFIED ACQUISITION THRESHOLD AMOUNT
Districts	\$100,000
Charter Schools	-With Procurement Exception: \$250,000 -Without Procurement Exception: \$100,000
Private SFAs	\$250,000
BIE - Tribally Controlled or Bureau-Operated	-Bureau-operated BIE SFAs: up to \$250,000 -Tribally controlled SFAs: varies, \$5,000 up to \$100,000
RCCIs	\$250,000

# Formal or Informal Procurement?

## **THE PROCUREMENT EXCEPTION FOR CHARTER SCHOOLS**

- The Procurement Exception is granted by the Arizona State Board for Charter Schools through the Charter Application Process or through an amendment request.
- If you have the exception for local regulations, you must still follow Federal regulations.
- If you are unsure whether your charter has an approved exception, check with your Business Office or the Charter Holder Representative.



Charter operators granted an exception to local and state procurement regulations under A.R.S. § 15-183 (E)(6) are still required to satisfy the Federal procurement requirements as a condition to the receipt of certain Federal funds



# Formal or Informal?

## THE PROCUREMENT EXCEPTION FOR CHARTER SCHOOLS

Documentation of the exception can be found on a signed amendment request or on the general tab of the Charter Board website.

- [https://online.asbcs.az.gov/charterholders/search/results?corporate\\_name=&entity\\_id=&ctds=](https://online.asbcs.az.gov/charterholders/search/results?corporate_name=&entity_id=&ctds=)

**Arizona State Board for Charter Schools**  
1700 W. Washington St., Room 164, Phoenix, AZ 85007  
(602) 364-3080 Fax (602) 364-3089  
[www.asbcs.az.gov](http://www.asbcs.az.gov)

**PROCUREMENT LAWS EXCEPTION AMENDMENT REQUEST**

(Charter Holder Name)

(Charter Holder Mailing Address)

(City, State) (Zip)

(Charter Representative's Name)

(Phone Number) (Fax Number)

Failure to submit all required documentation will result in the Amendment Request being returned without being processed. Fees and penalties will not be assessed. Please read carefully.

- [Grades](#)
- [Enrollment Caps](#)
- [Board Members](#)
- [Schools](#)
- [Documentation](#)
- [Amendments](#)
- [Financial Performance](#)

### \* General Information

- Corporation Type
- Corporate Status
- Charter Holder URL
- Charter Status
- Date Charter Granted
- Date Charter Signed
- Contract Effective Date
- Renewal Eligibility Date
- Renewal Application Due Date
- Expiration Date
- Closure Effective Date
- Date of USFRCS Exception
- Date of Procurement Exception**
- Calendar Year Opened

# Quiz Time

What is the Federal Simplified Acquisition Threshold?

- A** \$100,000
- B** \$10,000
- C** \$250,000
- D** \$5,000





# Quiz Time

What is the Federal Simplified Acquisition Threshold?

**A** \$100,000

**B** \$10,000

**C** \$250,000

**D** \$5,000

The Federal Simplified Acquisition Threshold is \$250,000



# Quiz Time

What is the Simplified Acquisition Threshold in Arizona for school districts?

**A** \$100,000

**B** \$10,000

**C** \$250,000

**D** \$5,000





# Quiz Time

What is the Simplified Acquisition Threshold in Arizona for school districts?

- A** \$100,000
- B** \$10,000
- C** \$250,000
- D** \$5,000

The Simplified Acquisition Threshold for SFAs in Arizona is \$100,000.

SFA must follow the most restrictive threshold. Per Arizona procurement standards, any purchase above \$100,000 must follow the formal procurement process.

Charter schools may apply for an exception to raise their SAT up to the Federal standard.





# Procurement Methods

## SECTION 2





# Procurement Methods

- You must use one of the procurement methods for any purchase you make
- Remember: Procurement is about the **amount** and **process**
- All purchases will fall under one of the following categories:

## ✓ MICRO PURCHASING

- Threshold = under \$10,000
- One time, single purchase or “Spread the Wealth”

## ✓ SMALL PURCHASING

- Threshold = \$10,000 - \$250,000 (or State (District)/local threshold amount)
- 3 quotes
- Better for more than one time or planned/consistent purchases.
- May be used for single purchase if the purchase is within the threshold window.

## ✓ FORMAL PURCHASING

- Threshold = above \$250,000 (or State (District)/local threshold amount)
- IFB (Invitation for Bid) or RFP (Request for Proposal)



Making a purchase from the same supplier more than once, without spreading the wealth, is considered a small purchase.

# Procurement Methods

## Purchases at or below Simplified Acquisition Threshold.

**Informal**

**Micro  
Purchase**

**Small  
Purchase**

## Purchases above Simplified Acquisition Threshold.

**Formal**

**Invitation for  
Bids  
(Competitive  
Sealed Bids)**

**Request for  
Proposals  
(Competitive  
Proposals)**



# Micro Purchases

## **PROCESS:**

- One time purchase OR “spread the wealth” of multiple purchases (buying the same type of items from different vendors/groceries stores/places that offer the same product or service at a reasonable price)

## **AMOUNT:**

- Up to \$10,000

## **EXAMPLE:**

I buy the same grocery list items rotating between Safeway, Bashas', Costco, and a local farm stand.

## **REQUIREMENTS:**

- Transactions are below \$10,000
- Price must be reasonable
- Purchases (Transactions) distributed equitably among qualified suppliers offering the same/similar services (Spread the Wealth)

# 2 CFR 200.320 (a)



## ⦿ § 200.320 Methods of procurement to be followed.

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) **Informal procurement methods.** When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(1) **Micro-purchases** –

(i) **Distribution.** The acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (See the definition of *micro-purchase* in § 200.1). To the maximum extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers.



# Micro Purchase Process



# Micro Purchase Documentation

You've decided that micro purchasing best suits your needs. What's next?



**For micro purchases you do not have to comparison shop or provide quotes, but you do need to show that you have spread your purchases among different vendors and save the documentation.**

- Create/provide documentation that shows:
  - Date of purchase
  - Items/service purchased
  - Vendor name and details
  - Total cost of purchase(s)



Save receipts for all purchases!



# Small Purchases

## PROCESS:

- Buying the same items from only one place on a regular basis

## AMOUNT:

- Any purchase below the small purchase threshold (\$250,000 **or the most restrictive threshold**);
- Must be done for any purchase above \$10,000;
- Can be done at any amount under \$10,000

## EXAMPLE:

- I buy milk from Costco every week/month;
- I buy my groceries from Fry's every week/month;
- I figure out who is the cheapest and always buy from them.

## REQUIREMENTS:

- Total of all purchases is below \$250,000 (or your local Threshold)
- Use when purchasing multiple times from the same vendors for the same products/services
- Use when one-time purchase is within small purchase threshold.
- Must document the process

# 2 CFR 200.320 (a)

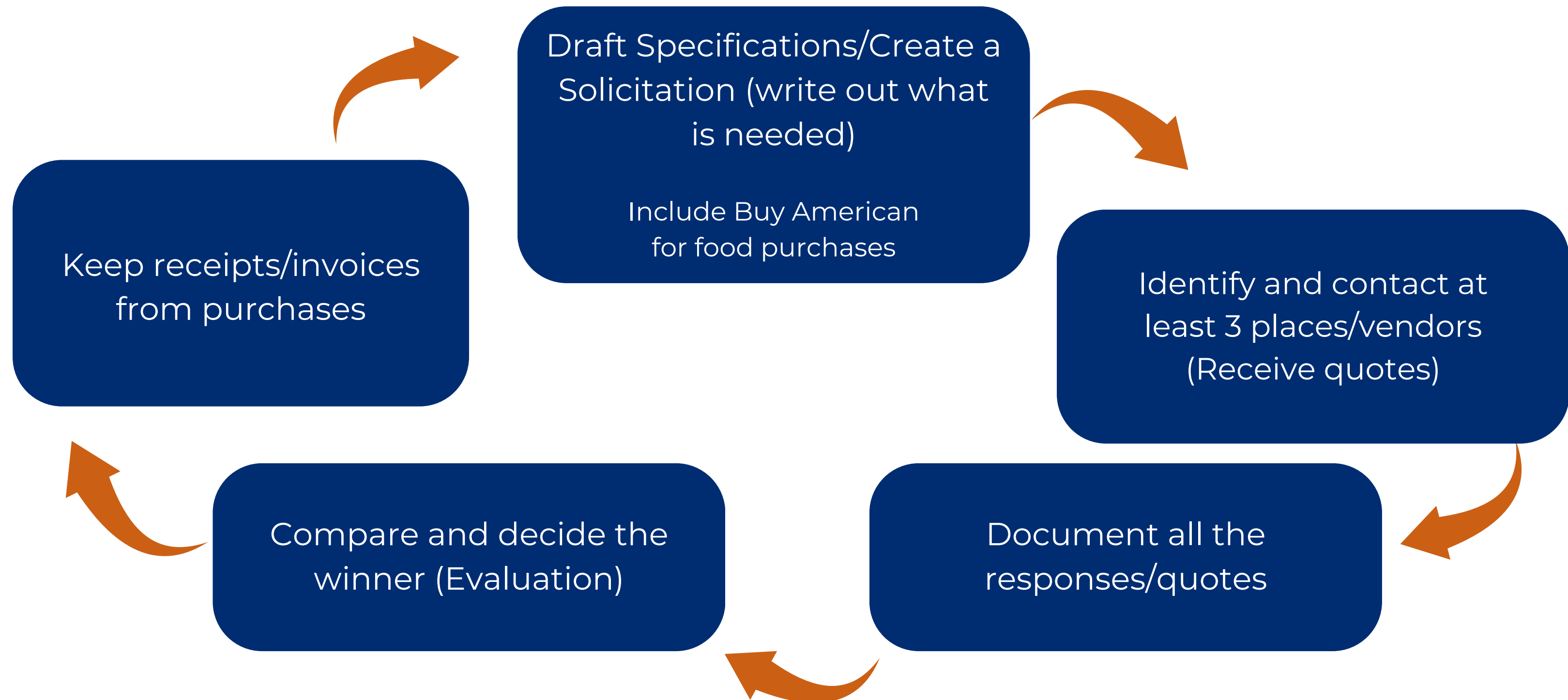


(2) *Small purchases* –

- (i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.
- (ii) *Simplified acquisition thresholds.* The non-Federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR. When applicable, a lower simplified acquisition threshold used by the non-Federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations.



# Small Purchase Process



# Small Purchase

- Procurement must still be conducted in a manner that maximizes full and open competition.
- SFAs should put the quantity, quality, and type of goods or services needed in writing before contacting any potential offerors (termed specifications).
- It is recommended that SFAs contact at least three places/vendors who are eligible, able, and willing to provide the product or service.
- The solicitation must include the requirement that goods must be produced and processed in the United States (“Buy American”). (For FOOD purchases only)



# Small Purchase - Creating a Solicitation

You've decided that small purchasing best suits your needs. What's next?



**Put what you need in writing. Share the same specifications with each vendor**

1. What is the product or service needed?
2. Describe it with detail:
  - a. 1% white milk and skim white milk, in cartons, with weekly delivery.
  - b. 75 lunches served daily, including milk, served bulk
  - c. 6x6x6 walk in cooler with floor, self-closing door, locking deadbolt handle, and 115v/60/1, delivery needed
  - d. 100 Fresh, whole Honey Crisp apples delivered weekly on Monday during business hours
  - e. Buy American requirement (for food items)

# Small Purchase - Documenting Quotes




**When the regulations pertaining to Procurement differ, the SFA must adhere to the most restrictive one (Federal, State, or Local)**

- Example: District Quote Guidelines vs Child Nutrition Program Requirements
- Important to communicate between Departments/Programs to understand the different procurement procedures and requirements

**USFR Purchasing Guideline Change**

FY 2020 – All quotes will be written

- Purchases  $\geq$ \$10,000 and  $<$ \$100,000
- Change protects districts
- Not a substantial increase in work



- Stay current on any updates/changes
  - Contact AZ Auditor General Office for Questions
    - Email: [contact@azauditor.gov](mailto:contact@azauditor.gov)
    - Phone: 602-553-0333

# Small Purchase - Documenting Quotes

## **SMALL PURCHASE - REQUEST FOR QUOTE (RFQ)**

- RFQ is an option for a Small purchase
  - Allows for multi-year contract for purchases below your formal purchase threshold
  - In the RFQ solicitation must define the contract period and renewal terms and ensure that during the duration of the contract, the formal purchase threshold is not exceeded; prices are typically fixed
  - Send out renewal letters instead of obtaining quotes each year, for the duration of the contract terms



REQUEST FOR WRITTEN QUOTE  
**Food Service Uniforms**  
 Written Quote #QN21-04-26

The [REDACTED] is required by Arizona Revised Statute ARS 15-213 to comply with Title 41, Arizona Procurement Code. This Code requires us to solicit quotations for purchases being made over \$9,999.99 for any fiscal year.

In order to comply with the above ruling, the district requests that you supply a list of product lines, and/or services (a line card may be used) indicating the price schedule for each line and/or service, a current price list/catalog to support the price schedule, or percentage of discount that you will extend to the [REDACTED] from July 1, 2021 through June 30, 2022. A list of the most commonly purchased items is attached; however, purchases may not be limited to this list.

Please return on or before the Quote Due Date and the following location:

Issue Date: March 24, 2021

Quote Due Date & Opening: Thursday, April 8, 2021 10:00 A.M. Local, ARIZONA Time

Opening Location:



1. Quotes must be submitted by the above time and date, by mail or email to above contact with the solicitation number and name, and the submitter's name and address clearly indicated on the response.
2. Quotes shall be in the actual possession of the District, at the location specified above, on or prior to the exact date and time indicated above. Late submittals may not be considered and may be returned.
3. The contract resulting from the quote shall be for the period beginning July 1, 2021 ending on June 30, 2022 with the option to renew an additional four (4) years until June 30, 2026 as long as funding is available and the district is satisfied with the product/service. The total amount of the five-year optional contract shall not exceed \$100,000. Prices shall be firm for the entire length of the contract.
4. The District reserves the right to waive any immaterial defect or informality, or reject any or all quotes, or portions thereof, or reissue or cancel this Request for Quote.

9. SPECIFICATIONS:

- A. Compliance with Specifications: The fact that a manufacturer or supplier chooses not to produce or supply equipment, supplies, or services to meet the specifications in the solicitation will not be considered sufficient cause to adjudge these specifications as restrictive. Offerors shall offer equipment, supplies and/or services that they believe come closest to meeting the specifications.
- B. Deviation from Specifications: Failure to detail all deviations may be sufficient grounds for rejection of the entire offer.

10. FEDERAL FUNDING REQUIREMENTS. The following five terms and conditions shall only apply if purchases from this Request for Quote will utilize any federal grant funds:

✓ Buy American Provision for Food Purchases

**Example of renewal letter, must be sent for each renewal year (in place of obtaining quotes)**

Dear Sir or Madam:

Re: RFQ #17049 – District Personnel Uniforms

In accordance with its terms, the [REDACTED] desires to extend contract CSDB #17049 for a period of one year, beginning July 1, 2018. The extension shall be under the same terms and conditions contained therein, except as outlined on page two of the extension of agreement.

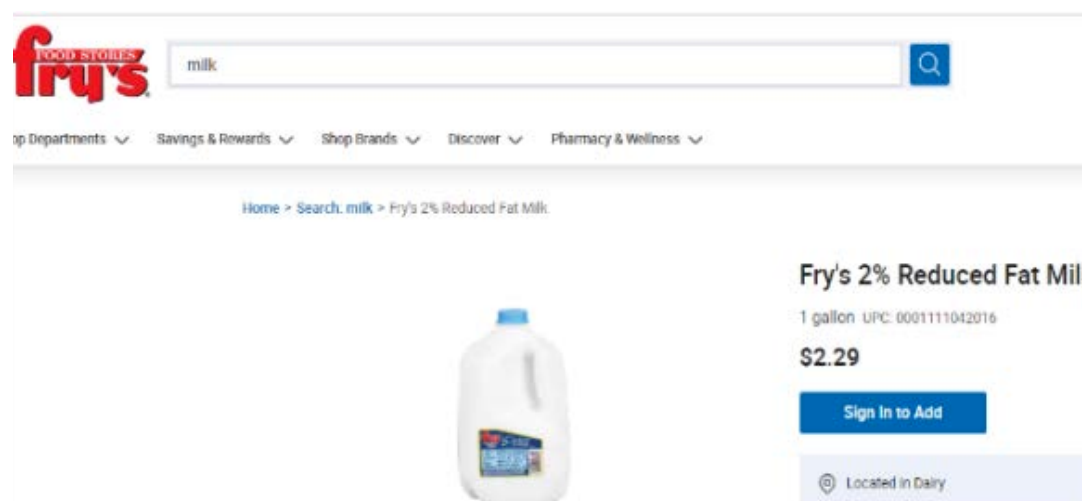
Please indicate your desire to extend by completing the appropriate information below. If the contract is extended, [REDACTED] agrees to provide products or prices as per CSDB #17049, District Personnel Uniforms. If the remit or order to addresses have changed, please provide the new information.

We desire to extend the contract as specified above, and agree to abide by the original terms and conditions, and any attached clarifications.

# Small Purchase - Documenting Quotes

## HOW TO DOCUMENT QUOTES

**1** Print online pricing quotes



**2** Save any ads used for pricing



**3** Create a price quote document

### PRICE QUOTE

Date: [Enter a date]  
Invoice #: [100]  
Expiration Date: [Enter a date]

[Your Company Name] To: [Name]  
[Street Address] [Company Name]  
[City, ST ZIP Code] [Street Address]  
[Phone] [City, ST ZIP Code]  
Fax [000.000.0000] [Phone]  
[e-mail] Customer ID [ABC12345]

Salesperson	Job	Shipping Method	Shipping Terms	Delivery Date	Payment Terms	Due Date
					Due on receipt	

Qty	Item #	Description	Unit Price	Discount	Line Total



# Small Purchase - Documenting Quotes

## SMALL PURCHASE DOCUMENTATION SUMMARY



**For small purchases you should be obtaining 3 quotes. Your documentation will include:**

### **A Solicitation:**

Written out specifications presented to each vendor/place

- List the item(s) I need, when do I need it by, delivery needed?

### **Documented Responses:**

Quotes from 3 or more qualified vendors/places

- Can be from email, catalogs, website, phone calls, ads
- Make sure you keep notes of price quotes obtained!

### **Proof of an Evaluation/Comparison:**

How did you select the vendor?

- Can be a point system, price comparison, a chart, written notes
- This should be done yearly





# Micro vs Small Method

## MICRO

- **PROCESS:** One-time purchase OR “spread the wealth” multiple purchases (buying the same items among different vendors/places that offer the same service and reasonable price)
- **AMOUNT:** Up to \$10,000

Example: I purchase the same office supply items rotating between Office Depot, Staples, Costco, and Sam’s Club

## SMALL

- **PROCESS:** Buying the same items from only one place on a regular basis
- **AMOUNT:** Up to \$250,000 (above \$10,000 this has to be done)

Example:

- I purchase office supplies repeatedly and only from Costco.
- I purchase a \$15,000 piece of equipment for my kitchen.

# Quiz Time

I need to purchase milk for my meal service and estimate the cost for the year to be \$6,000. I need the milk delivered weekly because I do not have the capability to store large amounts.

What procurement method should I use?

- A** Micro purchase
- B** Small Purchase
- C** Neither



# Quiz Time

I need to purchase milk for my meal service and estimate the cost for the year to be \$6,000. I need the milk delivered weekly because I do not have the capability to store large amounts.

What procurement method should I use?

**A** Micro purchase

**B** Small Purchase

**C** Neither





# Quiz Time

I need to purchase milk for my meal service and estimate the cost for the year to be \$6,000. I need the milk delivered weekly because I do not have the capability to store large amounts.

What procurement method should I use?

- **Small**

What should my specifications look like?



# Quiz Time

I need to purchase milk for my meal service and estimate the cost for the year to be \$6,000. I need the milk delivered weekly because I do not have the capability to store large amounts.

What procurement method should I use?

- **Small**

What should my specifications look like?

- **1% and skim white, skim chocolate, cartons, delivered**



# Quiz Time

I need to purchase milk for my meal service and estimate the cost for the year to be \$6,000. I need the milk delivered weekly because I do not have the capability to store large amounts.

What procurement method should I use?

- **Small**

What should my specifications look like?

- **1% and skim white, skim chocolate, cartons, delivered**

I called three companies and obtained quotes and chose the company with the lowest price who can deliver. Can I continue to buy my milk from this same vendor?





# Quiz Time

I need to purchase milk for my meal service and estimate the cost for the year to be \$6,000. I need the milk delivered weekly because I do not have the capability to store large amounts.

What procurement method should I use?

- **Small**

What should my specifications look like?

- **1% and skim white, skim chocolate, cartons, delivered**

I called three companies and obtained quotes and chose the company with the lowest price who can deliver. Can I continue to buy my milk from this same vendor?

- **Yes!**



# Micro Purchase vs Small Purchase

- **I want to keep things simple.**
  - Micro might be the best method.
- **I don't want to have to keep shopping around.**
  - Small might be best method
- **I want to have an open P.O. for the farmer/vendor so I can buy repeatedly from them and have the billing process done.**
  - Small method and quotes
- **I want to write language in specifications to find a local variety or exactly what service/product I need.**
  - Small method

# Quiz Time

I buy the groceries for my school once a week. My weekly purchases are around \$350. I rotate my purchases between Costco, Safeway, and Fry's.

What procurement method am I using?

- A** Micro purchase
- B** Small Purchase
- C** Neither





# Quiz Time

I buy the groceries for my school once a week. My weekly purchases are around \$350. I rotate my purchases between Costco, Safeway, and Fry's.

What procurement method am I using?

- A** Micro purchase
- B** Small Purchase
- C** Neither



# Quiz Time

I buy the groceries for my school once a week. My weekly purchases are around \$350. I rotate my purchases between Costco, Safeway, and Fry's.

What procurement method am I using?

- **Micro**

Do I need to compare prices?



# Quiz Time

I buy the groceries for my school once a week. My weekly purchases are around \$350. I rotate my purchases between Costco, Safeway, and Fry's.

What procurement method am I using?

- **Micro**

Do I need to compare prices?

- **No, but ensure prices are reasonable**





# Quiz Time

I buy the groceries for my school once a week. My weekly purchases are around \$350. I rotate my purchases between Costco, Safeway, and Fry's.

What procurement method am I using?

- **Micro**

Do I need to compare prices?

- **No, but ensure prices are reasonable**

What were to happen if I only wanted to purchase my groceries from Costco?



# Quiz Time

I buy the groceries for my school once a week. My weekly purchases are around \$350. I rotate my purchases between Costco, Safeway, and Fry's.

What procurement method am I using?

- **Micro**

Do I need to compare prices?

- **No, but ensure prices are reasonable**

What were to happen if I only wanted to purchase my groceries from Costco?

- **I would have to change to the small purchase method**



# Micro Purchase vs Small Purchase

## Benefits of **Micro** Purchase

- Simple procurement method
- No quotes needed (price reasonable)
- Primary documentation is invoice(s)
- Non-committal

## Benefits of **Small** Purchase

- Can include language in the specifications to target what need
- Can establish a buying relationship with vendor/farmer

## Limitations of **Micro** Purchase

- Must be one-time purchase or spread the wealth situation.
- Limits an ongoing buying relationship (repeat buying from one vendor)

## Limitations of **Small** Purchase

- Must not spend more than the formal purchase threshold
- A level of commitment is involved with repeat buying



# Quiz Time

I need to buy a new walk-in cooler. The cooler will cost more than \$10,000.

What procurement method should I use?

- A** Micro purchase
- B** Small Purchase
- C** Neither



# Quiz Time

I need to buy a new walk-in cooler. The cooler will cost more than \$10,000.

What procurement method should I use?

**A** Micro purchase

**B** Small Purchase

**C** Neither



# Quiz Time

I need to buy a new walk-in cooler. The cooler will cost more than \$10,000.

What procurement method should I use?

- **Small**

What might be some of my specifications?





# Quiz Time

I need to buy a new walk-in cooler. The cooler will cost more than \$10,000.

What procurement method should I use?

- **Small**

What might be some of my specifications?

- **6x6x6, self-closing door, locking deadbolt handle**

What documents do I need to keep?



# Quiz Time

I need to buy a new walk-in cooler. The cooler will cost more than \$10,000.

What procurement method should I use?

- **Small**

What might be some of my specifications?

- **6x6x6, self-closing door, locking deadbolt handle**

What documents do I need to keep?

- **Specifications, quotes, selection criteria, evaluation, purchase documents**
- **REMINDER: the determination must be made solely on price**



# Micro Purchase vs Small Purchase



**A Capital Expenditure Pre-Approval Request Form is needed for equipment purchases over \$5,000**

- Check the Pre-Approved List for the piece of equipment you are looking for.
- If the piece of equipment required is not on the list, send in the Pre-Approval request form to your assigned ADE HNS Specialist for approval.
  - Link to Form:  
<https://www.azed.gov/hns/nslp/forms>

## National School Lunch Program and School Breakfast Program - Program Forms and Resources

### ▶ Calendars and Checklists

### ▶ Civil Rights

### ▶ Eligibility Documents for School Meal Benefits

### ▼ Financial

- [Adult Meal Pricing Tool SY 20-21](#)
- [Attendance Factor Calculation Form \(Fillable\) \(Non-Fillable\)](#)
- [Capital Expenditure Pre-Approval Request Form \(Pre Approved List\)](#)
- [Common Logon Permissions \(AFR\)](#)
- [Excess Cash Spending Plan \(PDF\) \(Excel\)](#)
- [Non-Program Food Revenue Tool & Calculator](#)
- [Paid Lunch Equity \(PLE\) Tool for SY 20-21](#)
  - [Net Cash Resources Worksheet \(PDF\) \(Excel\)](#)
- [Request for One-Time Exception Form](#)

# Quiz Time

My yearly purchases for food are around \$92,000. I have a vendor that I have been using for years. The vendor delivers and always has what I need. I do not have any type of contract with them and have not obtained other quotes.

Am I procuring properly?

- A** Yes, no quotes are needed when there is a historical relationship with the vendor
- B** No, did not “Spread the Wealth” by purchasing equally from multiple vendors
- C** No, did not obtain quotes from qualified vendors





# Quiz Time

My yearly purchases for food are around \$92,000. I have a vendor that I have been using for years. The vendor delivers and always has what I need. I do not have any type of contract with them and have not obtained other quotes.

Am I procuring properly?

**A Yes, no quotes are needed**

**B No, did not “Spread the Wealth”**

**C No, did not obtain quotes**



# Quiz Time

My yearly purchases for food are around \$92,000. I have a vendor that I have been using for years. The vendor delivers and always has what I need. I do not have any type of contract with them and have not obtained other quotes.

Am I procuring properly?

- **No, did not obtain quotes**

What procurement method should I be using?



# Quiz Time

My yearly purchases for food are around \$92,000. I have a vendor that I have been using for years. The vendor delivers and always has what I need. I do not have any type of contract with them and have not obtained other quotes.

Am I procuring properly?

- **No, did not obtain quotes**

What procurement method should I be using?

- **Small**

What do I need to do differently?



# Quiz Time

My yearly purchases for food are around \$92,000. I have a vendor that I have been using for years. The vendor delivers and always has what I need. I do not have any type of contract with them and have not obtained other quotes.

Am I procuring properly?

- **No, did not obtain quotes**

What procurement method should I be using?

- **Small**

What do I need to do differently?

- **Check with at least 3 vendors, obtain quotes, evaluate, and award**





# Small Purchase Examples

I will be purchasing copy paper and estimate the yearly total for my purchases at \$3,000 but I would like to purchase from the same vendor all the time and not spread the wealth.



## Create a detailed list of specifications

1. case of 10 reams, 500 sheets per ream
2. multi-purpose
3. letter size
4. 20 lb.
5. 96-bright

# Small Purchase Examples

Obtain **quotes** from at least 3 vendors

## Quote #1

The screenshot shows the Staples website interface. At the top, there is a search bar with the text "Search for all your business needs" and a magnifying glass icon. To the right of the search bar are icons for "Reorder", "Sign In", "Help", and a red "Cart" button. Below the search bar is a navigation menu with links for "PRODUCTS", "SERVICES & SOLUTIONS", "DEALS", "WORKLIFE CENTER", and "MEMBERSHIP". A promotional banner for "HP LaserJet Pro printers" is visible, stating "Save up to \$150 on the HP LaserJet Pro 400 series printers" with a "Shop now" button and "Ad Feedback" link. The breadcrumb trail reads "Home / Paper & Stationery / Copy & Multipurpose Paper". The main product is "Staples 8.5\" x 11\" Multipurpose Paper, 20 lbs, 96 Brightness, 5000/Carton (513096-BL)". A red badge indicates "43% off". The product image shows a box of paper. To the right of the image are icons for a heart and a share symbol. The product details include "Item #: 513096 | Model #: 513096/TR56962" and "★★★★★ 32,451 Reviews". A "Selection:" dropdown menu is set to "5000/Carton". A yellow banner states "Staples memberships could save you more". The pricing section shows "Special Buy \$28.00 Instant Savings" and "Reg \$63.99 5000/Carton". A link says "Open a More Account and save". At the bottom right, there is a quantity selector set to "1" and a red "Add to cart" button. A vertical "Feedback" button is on the right edge of the product area.

# Small Purchase Examples

Obtain **quotes** from at least 3 vendors

## Quote #2

The screenshot shows the Office Depot/OfficeMax website interface. At the top, there is a search bar and navigation links for 'IDEAS' and 'ACC'. Below the search bar is a horizontal menu with categories: Office Supplies, Paper, Ink & Toner, Breakroom, Cleaning, Technology, Furniture, School Supplies, Print + Copy, Services, and \$ Deals. The breadcrumb trail reads: Home / Paper / Copy & Printer Paper / Copy & Multipurpose Paper / Product Details. A promotional banner for TUL notebooks is visible. The main product title is 'Boise® X-9® Multi-Use Copy Paper, Letter Paper Size, 20 Lb, Bright White, 500 Sheets Per Ream, Case Of 10 Reams' with item number 196517. It features a 5-star rating from 9385 reviews and options for 'Description', 'Share', and 'Print'. A 'FREE Shipping' badge is present. Under 'Select an option', there are two choices: 'One-Time Delivery' (selected) for a sale price of \$31.99 (down from \$65.99) with a limit of 5, and 'Subscription Delivery' (5% discount) for a sale price of \$30.39 with a limit of 5. An image of the Boise X-9 paper box is shown on the left.

**Office DEPOT**  
**OfficeMax**

Search

IDEAS ACC

Office Supplies Paper Ink & Toner Breakroom Cleaning Technology Furniture School Supplies Print + Copy Services \$ Deals

Home / Paper / Copy & Printer Paper / Copy & Multipurpose Paper / Product Details

« Back to Search Results

**TUL**  
Organize your note-taking [Shop Now](#)

**Boise® X-9® Multi-Use Copy Paper, Letter Paper Size, 20 Lb, Bright White, 500 Sheets Per Ream, Case Of 10 Reams** Item # 196517

★★★★★ (9385) | [Description](#) | [Share](#) | [Print](#)

**FREE Shipping**

**Select an option**

One-Time Delivery **\$31.99 Sale**  
Limit: 5

**BEST VALUE**

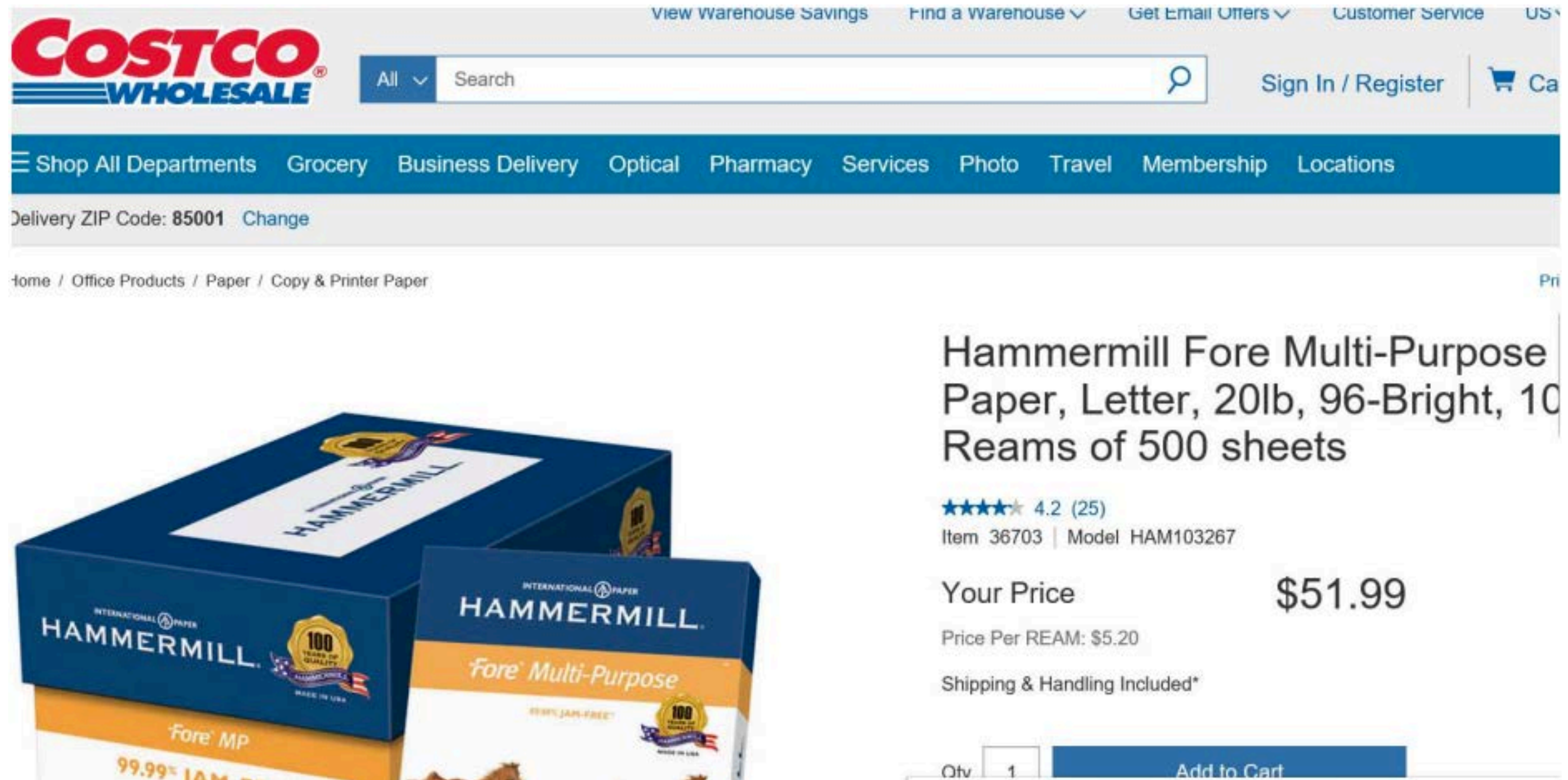
Subscription Delivery **\$30.39 Sale**  
5% subscription discount Limit: 5



# Small Purchase Examples

Obtain **quotes** from at least 3 vendors

## Quote #3



The screenshot displays the Costco Wholesale website interface. At the top, there is a navigation bar with links for "View Warehouse Savings", "Find a Warehouse", "Get Email Offers", "Customer Service", and "US". Below this is the Costco logo and a search bar. A secondary navigation bar lists various departments: "Shop All Departments", "Grocery", "Business Delivery", "Optical", "Pharmacy", "Services", "Photo", "Travel", "Membership", and "Locations". The delivery ZIP code is set to 85001. The breadcrumb trail indicates the product is in "Office Products / Paper / Copy & Printer Paper". The product listing features an image of two boxes of Hammermill Fore Multi-Purpose Paper. The product title is "Hammermill Fore Multi-Purpose Paper, Letter, 20lb, 96-Bright, 10 Reams of 500 sheets". It has a 4.2-star rating from 25 reviews. The price is listed as \$51.99, with a price per ream of \$5.20. Shipping and handling is included. The quantity is set to 1, and there is an "Add to Cart" button.

View Warehouse Savings Find a Warehouse Get Email Offers Customer Service US

**COSTCO** WHOLESALE All Search Sign In / Register Ca

Shop All Departments Grocery Business Delivery Optical Pharmacy Services Photo Travel Membership Locations

Delivery ZIP Code: 85001 Change

Home / Office Products / Paper / Copy & Printer Paper

**Hammermill Fore Multi-Purpose Paper, Letter, 20lb, 96-Bright, 10 Reams of 500 sheets**

★★★★☆ 4.2 (25)  
Item 36703 | Model HAM103267

Your Price **\$51.99**

Price Per REAM: \$5.20

Shipping & Handling Included\*

Qty 1 Add to Cart



# Small Purchase Examples

**Evaluate the quotes and choose the vendor with the lowest price meeting the requirements**

## Evaluation A

Store	Price	Delivery included?
Staples	\$35.99	Yes
Office Depot/Office Max	\$31.99	Yes
Costco	\$51.99	Yes

# Small Purchase Examples

**Evaluate the quotes and choose the vendor with the lowest price meeting the requirements**

## Evaluation B

Store	Price	Delivery included?
Staples	\$35.99	Yes
Office Depot/Office Max	\$31.99	No
Costco	\$51.99	Yes

# Beware!!!!

## **Micro and Small purchases**

**Artificially dividing purchases in a way not required by the nature of the purchase in order for the purchases to fall under the formal procurement threshold is not allowed (e.g. buying paper products and supplies from two different vendors to avoid going over a procurement method threshold).**



# Procurement Methods

## **Types (Based on the Amount and Process):**

1. ~~Micro Purchase~~
2. ~~Small (Informal) Purchase~~
3. Large (Formal) Purchase
  - a. Sealed Bids (Invitation for Bids/IFB)
  - b. Competitive Proposals (Request for Proposals/RFP)
4. Noncompetitive Proposals



# Procurement Methods

## Formal Purchase

- When the value of the purchase exceeds the applicable Federal, State, or local threshold for small purchases (\$250,000 or the most restrictive threshold), use the Formal procurement method.
- For Formal Purchasing, the SFA must decide if their solicitation will result in:
  - Fixed Price Contract (IFB or RFP)
  - Cost Reimbursable Contract (only RFP)
- The goal of both IFB and RFP methods is to obtain the best valued product at the lowest price.

### Formal

Purchases above Simplified  
Acquisition Threshold

**Invitation for  
Bids  
(Competitive  
Sealed Bids)**

**Request for  
Proposals  
(Competitive  
Proposals)**

# Procurement Methods

## **Formal Purchase Benefits**

- Protects SFAs legally.
- Avoidance of conflict of interest during procurement processes.
- Clearly defines what is expected from vendors.
- Results in lower overall prices,
- It is a big investment of time up front, but solicitations and contracts are able to be reviewed, adjusted, and reused going forward.
- If you have an ongoing relationship with a vendor, it is likely in your best interest to have a contract. Even if it can be categorized as a small purchase.

# Procurement Methods

## FORMAL PURCHASE - IFB VS RFP

### Invitation for Bids (Competitive Sealed Bids)

- Primary consideration is price.
- Award is made to the most responsive and responsible respondent whose publicly opened bid is lowest in price.
- Used when there is no substantive difference among products or services that meet the specifications.
- Key difference among bids is price.

### Request for Proposals (Competitive Proposals)

- Technical solicitation that requires the vendor to explain how the objectives would be met and a cost element identifying the cost to accomplish the proposal
- Price (the major consideration) is only one of the criteria considerations.
- Allows for negotiations

# Procurement Methods

## FORMAL PURCHASE - IFB VS RFP

### Invitation for Bids (Competitive Sealed Bids)

- Ideal when the SFA knows exactly what they want and they are trying to find the best price.
- Things like customer service, delivery terms, etc. can be written into the specifications of an IFB.

### Request for Proposals (Competitive Proposals)

- Ideal when the SFA has a problem and isn't sure what the best possible solution is.
- The SFA needs both the best solution and the best price.
- RFPs are objectively more work for everyone involved.



# Procurement Methods

SFAs can look at ADE's Procurement Procedures template for an example of everything that is required in a formal purchase, including all of the clauses that need to be included.

- The IFB or RFP will clearly define the purchase conditions and required procurement and program clauses.
- The Insert Title / Position will be responsible for ensuring the following conditions and clauses are addressed in the solicitation/contract documents:
  1. Contract time period
  2. Statement of the SFA responsibility for all contracts awarded
  3. Date, time, and location of bid/proposal opening
  4. Method of informing vendor/contractor of bid acceptance or rejection
  5. Delivery schedule
  6. Requirements (terms and conditions) set forth which bidder must fulfill in order for bid to be evaluated
  7. Benefits to which the SFA will be entitled if the contractor cannot or will not perform as required
  8. Statement assuring positive efforts will be made to involve minority, women, and small business
  9. Statement regarding the return of purchase incentives, discounts, rebates, and credits to the SFA's non-profit Child Nutrition account (cost-reimbursement contracts only) (7 CFR 210.21(f))
  10. Statement that Contract and/or purchase orders may be issued for firm fixed prices after formal bidding process
  11. Price adjustment clause based on appropriate standard or cost index
  12. Method of evaluation and type of contract to be awarded
  13. Method of award announcement and effective date (if intent to award is required by State or local procurement requirements)
  14. Specific bid protest procedures including contact information of person and address and the date by which a written protest must be received
  15. Provision requiring access by duly authorized representatives of the SFA, State agency, USDA, or Comptroller General to any books, documents, papers and records of the contractor which are directly pertinent to all negotiated contracts
  16. Method of shipment or delivery upon contract award
  17. Description of process for enabling vendors to receive or pick up orders upon contract award
  18. Statement that the contractor shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by the contractor
  19. Signed statement of non-collusion
  20. **Child Nutrition Program (CNP) Regulations**

The contractor shall be in conformance with the applicable portions of the SFA's agreement under the program. The contractor will conduct program operations in accordance with 7 CFR Parts 210, 215, 220, 225, and 250.

The contractor shall provide products that meet the Public Law 111-296, the Healthy, Hunger-Free Kids Act of 2010 (HHFKA). The contractor's products shall meet grade level caloric, sodium, saturated fat, and trans-fat requirements.



All of ADE's Procurement resources can be found at [www.azed.gov/hns/nslp/forms](http://www.azed.gov/hns/nslp/forms)

# Formal Purchases

## **For FOOD purchases only**

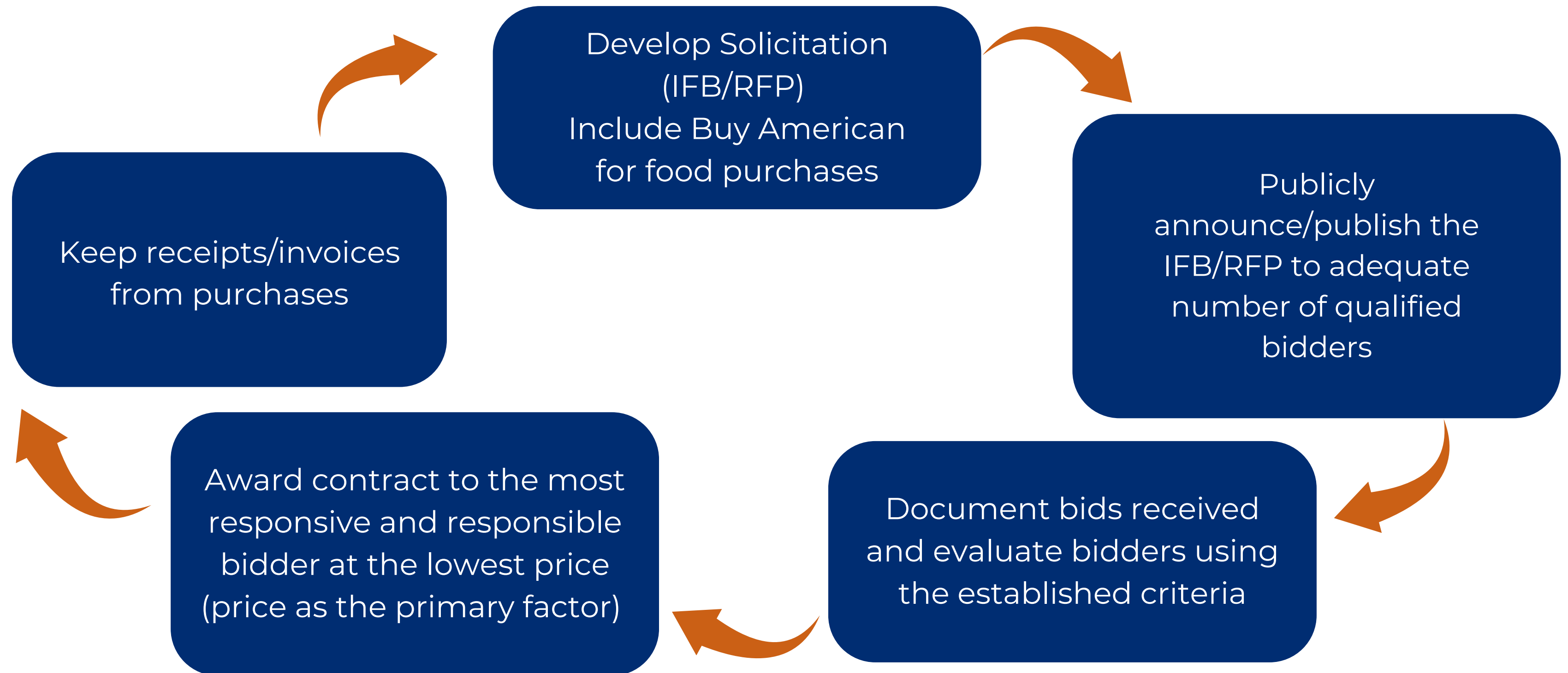
The RFP/IFB must include all the requirements regarding Buy American:

1. The need for documentation that requests consideration on the use of domestic alternative foods before approving an exception
2. A requirement to document the use of a non-domestic food exception when competition reveals the cost of domestic food is significantly higher than non-domestic food
3. A requirement to document the use of a non-domestic alternative food due to the domestic food not produced or manufactured in sufficient and reasonable available quantities of a satisfactory quality



**If your RFP is for supplies only,  
this does not need to be  
included in the solicitation.**

# Formal Purchase process



# Formal Purchases



## FORMAL PURCHASE - SOLICITATION PROCESS

- 1 Identify all specifications and evaluation factors (with their relative importance) and create the solicitation (IFB or RFP). **\*\*Price must be the primary factor**
- 2 Include the requirement for contract award to be made to the lowest responsive and responsible bidder (IFB) or bid/offer most advantageous to the program with price and other factors considered (Price as the primary factor) (RFP).
  - 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.
- 3 Seek/invite two or more *qualified* sources willing and able to *compete*.





# Formal Purchases

## FORMAL PURCHASE - SOLICITATION PROCESS



- 4 Advertise solicitation publicly to an adequate number of qualified sources to secure more than one bid/offer.
  - The advertisement or legal notice should include:
    - general description of items
    - the deadline for submission
    - the address where RFP/IFB documents may be obtained.
  - The advertisement should be placed in a location that will ensure free and open competition:
    - SFA Website
    - local newspaper
    - social media platform
- 5 Provide adequate time for bidders to respond prior to the bid opening date (3 weeks minimum).
- 6 Evaluate bids/proposals *as described in the IFB/RFP* using established and published criteria.



# Formal Purchases

## FORMAL PURCHASE - EVALUATION CRITERIA SAMPLE (RFP)



	Apple Lane	Great Granny's	Fred's Fuji's
Price = 40	30	35	40
Contractor able to meet all specifications Product quality = 15 Delivery = 10 Packaging and Labeling = 5 (30 Total)	25	30	30
Three references, past history = 10	10	10	10
Able to provide state of origin on all products = 5	0	5	0
Delivered within 48 hours of harvest = 10	0	10	7
Successful track record of working with local producers = 5	0	5	5
<b>100 possible points</b>	<b>65</b>	<b>95</b>	<b>92</b>

# Formal Purchases



## FORMAL PURCHASE - EVALUATION CRITERIA SAMPLE (RFP)

- The **RFP** must list the evaluation criteria and the number of points or percentages.

D. Step Four. The Contract award(s) will be made to the responsible Offeror(s) whose offer is determined to be the most advantageous to the SFA, based on the following criteria (in bold print below), which are listed in order of importance.

(1) **Pricing:** Demonstrated capability to meet the needs of the SFA food operations using the best cost-effective method. Also, the Offeror must meet the pricing information as described in the Pricing Section. (Weight – 37%)

(2) **Method of Approach and Implementation Plan:** Demonstrated capability to meet the needs of the SFA food operation service as described in the Method of Approach and Implementation Plan section of the Scope of Work. This shall include information on how Offeror plans on conducting business in the SFA. (Weight – 35%)

(3) **Experience, Expertise and Reliability:** Demonstrated experience in operating a food service operation in a SFA. This can be Arizona experience, or another food service program, and may include evaluation of references submitted. (Weight – 28%)

- While the **IFB** contains criteria to assess quality it does so in a pass/fail approach as opposed to scoring the evaluation criteria.

# Formal Purchases

## FORMAL PURCHASE - DOCUMENTATION



### Your documentation will include:

- Solicitation Documentation: the original RFP or IFB
- Responses: copies of bids/offers
- Evaluation Documentation: scoring results used to select the vendor
- Copy of contract: if separate from the RFP and proposal, copies of the final contracts awarded and contract notification documentation
- Copies of 3 invoices/receipts
- Copy of public advertisement
- Copies of any amendments to the contract





# Formal Purchases

## **NONCOMPETITIVE PROPOSAL**

May be used only when the award of a contract is infeasible under small purchase procedures, sealed solicitations, or competitive proposals and one of the following circumstances applies:

- ✓ Item available from only one source
- ✓ Public exigency or emergency (COVID)
- ✓ Authorized by FNS or State agency based on written request
- ✓ After solicitation from a number of sources, competition is deemed inadequate



**Procurement method used when competition is deemed inadequate or impossible due to public exigency or emergency**

# Noncompetitive Proposal



## When is it appropriate to use noncompetitive proposals?

**Wrong Answer #1:** Noncompetitive proposal method is the procurement method I use when I run out of time, and I need to buy something right away without taking the time to compete.

Why it's wrong: The use of noncompetitive proposal cannot be justified simply because the SFA has failed to plan properly. In fact, conducting a noncompetitive procurement for this reason would result in an unallowable contract.

**Wrong Answer #2:** The noncompetitive proposal should never be used. It's allowable only when there's one source of a product or service in the entire world, and I don't think that ever really happens.

Why it's wrong: While a sole source situation should be fairly uncommon, there are real-life sole source situations, as well as other legitimate reasons for the SFA to use the noncompetitive proposal method.

**Wrong Answer #3:** I've used noncompetitive proposals in an emergency situation; and then, when the contract is up for renewal, I simply negotiate with the current vendor and no one else.

Why it's wrong: Although a public emergency can justify the use of noncompetitive proposals, the resulting contract is a short-term solution to the emergency situation. As a rule, contracts resulting from noncompetitive proposals are of short duration and must not be noncompetitively renewed.

# Sole Source



**Sole source procurements**, in the SNP, occur when the goods or services are available from only one manufacturer through only one distributor or supplier. While sole source situations are rare in our programs it is possible for one to arise. For example, a SFA might own an older model oven that still works but the replacement parts are only sold by one manufacturer as the equipment is considered workable but outdated. Sole source describes a condition of the procurement environment. In a true sole source situation, conducting a traditional solicitation (sealed solicitation, competitive proposal, or small purchase) is a meaningless act because the element of competition will not exist. When faced with an actual sole source situation, the SFA must first obtain SA approval, and then go directly to the one source of supply to negotiate terms, conditions, and prices.

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## Approvals Needed for Sole Source Procurements

Sole source procurements are more likely to occur when a SNP is purchasing cutting-edge technology or highly technical scientific products. SNPs typically do not procure these types of products or services. When the SFA staff believes that it needs to procure a particular brand name product in order to meet its requirements; the SFA must seek prior approval from the state agency to ensure that the solicitation does not restrict competition.





# Single Response

## Single Response to a Small Purchase

- Remote location
- Limited vendors available in area
- Limited vendors who deliver to area

## Examples

- The SFA is in a remote location with only one grocery store 45 miles; the SFA shops at the same store continuously for food and supplies.
- The SFA needs a vendor that can deliver 3 times a week because the SFA has limited storage capacity; there is only one vendor that can do so.



- **Must still attempt to obtain price quotes**
- **Document the process used and explain the situation**



# Quiz Time

Formal procurement methods include:

- A** Micro and small purchases
- B** RFB and IFP
- C** Formal and Informal
- D** I don't know



# Quiz Time

Formal procurement methods include:

**A** Micro and small purchases

**B** RFB and IFP

**C** Formal and Informal

**D** I don't know

- For Formal Purchasing, the SFA must decide if their solicitation will result in:
  - Fixed Price Contract (IFB or RFP)
  - Cost Reimbursable Contract (only RFP)
- The goal of both IFB and RFP methods is to obtain the best valued product at the lowest price.





# FSMC and Catering Contracts



SECTION 3



# FSMC and Catering Contracts



**ALL** FSMC (Food Service Management Company) and Catering contracts **must** be approved by ADE.

- **Small purchase (informal)** Catering contract agreements under \$100,000/\$250,000
  - Each contract agreement must be procured and completed annually - no renewals allowed.
  - Informal Catering contracts have a duration of one year - Contract dates must be between July 1 - June 30.
  - Use the current year ADE templates and make sure to fill in all information.
  - Turn in a signed and completed copy for approval, along with checklist, Certificate of Independent Price Determination, Lobbying forms, and copies of vendor's permit to operate and health inspections.
  - The SFA must receive approval of the contract agreement before food operations begin.





# FSMC and Catering Contracts



- **Large purchase (formal) *All FSMC*** (no matter the amount) and Catering contracts over \$100,000/\$250,000
  - Mandatory training
  - Solicitation documents – must use ADE templates, contact HNScontracts@azed.gov for the necessary templates after reviewing this training.
  - RFP, Evaluation Rubric
  - ADE Approval, Public release
  - Evaluation by Committee
  - ADE Approval of Selected Proposal, Notification
  - Contract duration – one year with 4 renewals



For more information, please reference USDA's [Contracting with Food Service Management Companies: Guidance for School Food Authorities](#)



# Group Purchasing Organizations (GPO)/ Cooperatives



SECTION 4



# GPOs/Cooperatives



## Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Services

- SFAs may consider entering into an agreement with cooperative purchasing groups as a way to increase purchasing power.
- This agreement is not a method of procurement, but rather an agreement to competitively procure common or shared goods and services.
- Once this agreement is in place, the group goes out for procurement as if they were one large entity, following all applicable rules and regulations.



## NOT ALL GPOS/COOPERATIVES ARE THE SAME

- 3 categories of group purchasing efforts exist
  - CNP operator only and/or CNP State Agency cooperatives
  - Agents
  - Third-party entities



# GPOs/Cooperatives

## SFA-only/CNP State agency cooperative agreements

- Occurs when a group of SFAs join together to purchase food and supplies for the Child Nutrition Programs.
- Cooperatives work together to forecast their needs and procure goods together.
- Joining such a cooperative does not require competition;
- This is **NOT** a method of procurement.
- SFAs agree to competitively procure goods and services jointly in compliance with the Program and government-wide regulations in 7 CFR 210.21 and 2 CFR 200.318-.326, respectively.
- **If product is not purchased by the cooperative or not available from procured source, SFA must conduct separate competitive procurement procedures.**



SFA's must still conduct the applicable procurement method based on the value of the purchase.





# GPOs/Cooperatives

## Agents

- Occurs when **SFAs competitively procure the services of an agent**. The agent then conducts procurement on behalf of the SFA for all necessary food and supplies.
- The **agent is contractually obligated to conduct all competitive procurement processes** in accordance with Federal regulations.
- **Agent must be selected through competitive procurement** based on anticipated agent fee;
- Agent fees must be a fixed fee, not a percentage of cost;
- Agents must follow purchasing procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326
- Agent must have SFA's best interest in mind;
- Agent must not have any conflict of interest;
- **SFAs must monitor agent's performance and ensure agent is following Federal regulations.**



SFA's must still conduct the applicable procurement method based on the value of the purchase.

# GPOs/Cooperatives



## Third-party entity - Group Purchasing Organizations.

- Occurs **when an SFA procures a contract with a GPO using small purchase procedures.**
- GPO helps manage the issuance of bid packages/requests for proposals and the award of contracts.
- **GPO must be selected through competitive procurement** using micro- or small purchase procedures based on the membership fee;
- SFA must monitor GPO's compliance with and ensure GPO is following Federal regulations.
- SFA's may consider the price for the GPO's contracted source as **one source** when the SFA conducts a competitive procurement process using micro- or small purchase procedures, sealed bids or competitive proposals.
- If the value of the purchase exceeds the applicable SAT, then the SFA must publish sealed bids or competitive proposals provided the GPO did not draft the solicitations.



SFA's must still conduct the applicable procurement method based on the value of the purchase.

# Quiz Time

The Diamondbacks SFA has decided to work with 4 other SFAs to purchase food and supplies for their CNP within each of their respective SFAs. They forecast their needs together and find out that they can lower the cost of goods by competitively procuring their food and supplies together. There is a small fixed fee for each SFA included in the agreement to cover overhead and administrative costs. Which type of GPO/Cooperative is this?

- A SFA-only cooperative agreement**
- B CNP State Agency cooperative agreement**
- C Inter-agency agreement**
- D Group purchasing organization**





# Quiz Time

The Diamondbacks SFA has decided to work with 4 other SFAs to purchase food and supplies for their CNP within each of their respective SFAs. They forecast their needs together and find out that they can lower the cost of goods by competitively procuring their food and supplies together. There is a small fixed fee for each SFA included in the agreement to cover overhead and administrative costs. Which type of GPO/Cooperative is this?

- A** SFA-only cooperative agreement
- B** CNP State Agency cooperative agreement
- C** Inter-agency agreement
- D** Group purchasing organization

**In SFA-only cooperative agreements, the SFAs agree to competitively procure goods and services jointly in compliance with the Program and government-wide rules.**

**If a product is NOT purchased by the cooperative, the SFA must conduct a separate competitive procurement process for it.**



# Quiz Time

The Diamondbacks SFA decided they did not have the time or expertise needed to conduct proper procurement for the school year. Instead, it **competitively** procured the services of LLJ's Procurement Company. LLJ's procurement company charged a fixed fee for the contract, and began conducting all competitive procurement processes in accordance with Federal regulations while keeping Diamondbacks SFA's best interest in mind. What type of group purchasing is this?

- A SFA-only cooperative agreement**
- B Agent**
- C Third-Party**
- D Group purchasing organization**



# Quiz Time

The Diamondbacks SFA decided they did not have the time or expertise needed to conduct proper procurement for the school year. Instead, it **competitively** procured the services of LLJ's Procurement Company. LLJ's procurement company charged a fixed fee for the contract, and began conducting all competitive procurement processes in accordance with Federal regulations while keeping Diamondbacks SFA's best interest in mind. What type of group purchasing is this?

**A SFA-only cooperative agreement**

**B Agent**

**C Third-Party**

**D Group purchasing organization**

**Agents must not have a conflict of interest and SFAs must still monitor agent's or contractor's performance to make sure it is following purchasing procedures consistent with 7 CFR 210.21 and 2 CFR 200.318-.326**





# Quiz Time

The Diamondbacks SFA used small purchase procedures and contracted with Win Big Savings Club to take advantage of the groups buying power. Win Big Savings Club offers services to hospitals, public and private schools, and police departments. Win Big Savings Club helps manage the issuance of bid packages and requests for bids **BUT** Diamondbacks SFA still needs to competitively procure goods based on the value of the purchase. Diamondbacks SFA pays a minimal annual membership fee to Win Big Savings Club for access to its price list of products and services. Diamondbacks SFA uses this list and **one source** when competitively procuring goods. Which type of purchasing group is this?

- A SFA-only cooperative agreement**
- B Agent**
- C Third-Party**
- D Group purchasing organization**



# Quiz Time

The Diamondbacks SFA used small purchase procedures and contracted with Win Big Savings Club to take advantage of the groups buying power. Win Big Savings Club offers services to hospitals, public and private schools, and police departments. Win Big Savings Club helps manage the issuance of bid packages and requests for bids **BUT** Diamondbacks SFA still needs to competitively procure goods based on the value of the purchase. Diamondbacks SFA pays a minimal annual membership fee to Win Big Savings Club for access to its price list of products and services. Diamondbacks SFA uses this list and **one source** when competitively procuring goods. Which type of purchasing group is this?

**A SFA-only cooperative agreement**

**B Agent**

**C Third-Party**

**D Group purchasing organization**

• **GPOs must be competitively procured using the applicable procurement procedures based on the membership fee.**

• **SFAs may consider the price for the GPO's contracted source as one source when the SFA conducts competitive procurement.**



# Piggybacking



- Piggybacking occurs when an SFA joins a contractual agreement that has already been awarded in order to take advantage of the same terms and pricing of the contract.
- Cooperative purchasing groups may allow “piggybacking” onto existing group contracts.
- **Can only be done if the contract contains language allowing the solicitation and piggybacking of SFAs.**
- Contract must specify the conditions under which SFAs may participate (i.e. a limit on number of SFAs to participate, dollar limits, etc.)
- **If there is no language in the contract allowing piggybacking, adding a new SFA is considered a material change and will require new competitive procurement.**
- The vendor must also agree to piggybacking.



For more information please reference [SP 05-2017 Q&A: Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Services](#)

# Piggybacking



## Considerations

- When adding parties to either a fixed-price or cost-reimbursable contract, known as “piggybacking”, the contract must have been procured following applicable program regulations and be in compliance with 2 CFR Part 200.318-.326
- **Contract must contain a provision allowing “piggybacking”**
- If a provision is not included, the addition of a new SFA constitutes a material change.
- If a material change is determined, a new competitive procurement is required.



For more information please reference [SP 05-2017 Q&A: Purchasing Goods and Services Using Cooperative Agreements, Agents, and Third-Party Services](#)



# Quiz Time

The Hogwarts SFA decided to piggyback on the Ministry of Magic Cooperative contract to purchase meals from a qualified vendor. The value of the purchase was \$300,00 for one fiscal year. The contract included a piggybacking clause allowing 2 new SFAs to join the contract and the dollar amount was capped at \$550,000 per fiscal year. The Hogwarts SFA decided to piggyback on the contract instead of conducting a formal procurement process to save time and administrative costs.

Does this constitute a material change?

**A** Yes

**B** No



# Quiz Time

The Hogwarts SFA decided to piggyback on the Ministry of Magic Cooperative contract to purchase meals from a qualified vendor. The value of the purchase was \$300,00 for one fiscal year. The contract included a piggybacking clause allowing 2 new SFAs to join the contract and the dollar amount was capped at \$550,000 per fiscal year. The Hogwarts SFA decided to piggyback on the contract instead of conducting a formal procurement process to save time and administrative costs.

Does this constitute a material change?

**A** Yes

**B** No

- **The contract had a provision allowing 2 more SFAs to piggyback on the original contract and had a dollar amount specified in the contract.**



# Quiz Time

The Hogwarts SFA decided to piggyback on the Ministry of Magic Cooperative contract to purchase meals from a qualified vendor. The value of the purchase was \$300,00 for one fiscal year. The contract included a piggybacking clause allowing 2 new SFAs to join the contract and the dollar amount was capped at \$550,000 per fiscal year. The Hogwarts SFA decided to piggyback on the contract instead of conducting a formal procurement process to save time and administrative costs.

Can the Hogwarts SFA piggyback off this contract?

**A** Yes

**B** No



# Quiz Time

The Hogwarts SFA decided to piggyback on the Ministry of Magic Cooperative contract to purchase meals from a qualified vendor. The value of the purchase was \$300,00 for one fiscal year. The contract included a piggybacking clause allowing 2 new SFAs to join the contract and the dollar amount was capped at \$550,000 per fiscal year. The Hogwarts SFA decided to piggyback on the contract instead of conducting a formal procurement process to save time and administrative costs.

Can the Hogwarts SFA piggyback off this contract?

**A** Yes

**B** No

- **If the procurement of good and services is greater than the applicable SAT then program operators must publish sealed bids or competitive proposals to which the cooperative may respond provided the cooperative did not draft the proposal. The SFA would need to conduct a formal procurement for this contract regardless.**





# Market Basket Analysis



- Market basket analysis allows a Program operator to review bids using an established, representative sample of goods and use this subset of prices to award a contract ***as long as the published solicitation includes language that allows for this type of an evaluation.***
- **This is not acceptable for awarding equipment or service contracts.**
- Market basket analysis is not appropriate in fee-for-service processing contracts as these are service contracts and do not lend themselves to this type of analysis.

## “Market Basket Analysis”

- Best practice is to use a representative sample that reflects 75% or more of the estimated contract value. For example, suppliers often provide velocity reports to notify Program operators of the value and volume of goods purchased for the prior year through an awarded contract. The program operator’s written procurement procedures state they will use a sample representing 80% of the value of goods when using the market basket analysis.



# Market Basket Analysis

## “Market Basket Analysis” Sample Language

### Sample Language:

“The Market Basket Analysis sample is established to represent [75]% of the total estimated value of the contract to be awarded. The most recent velocity/sales report from our current supplier(s) was used to project the balance of the year and adjusted for any estimated change in menu and participation for the following year. As a result, the list of [100] goods to be purchased under the solicitation includes the top [60] goods purchased by dollar volume representing the [75]% threshold. Prices for the remaining [40] goods listed in the solicitation should also be included, though they will not be a part of the market basket analysis.”

**A best practice is to include a provision in the solicitation and contract documents that suppliers will provide velocity reports as requested.**



For more information, please reference [FD-144](#), [SP 04-2018](#), [SFSP 01-2018](#), [CACFP 04-2018](#)



# Buy American Provision



SECTION 5



# Definitions



The National School Lunch Act requires SFAs to purchase, to the maximum extent practicable, domestic commodities or products.

USDA FNS [memo SP 38-2017](#) guidance states that SFAs must ensure that all procurements using funds from the nonprofit school food service account comply with the Buy American provision. This includes foods that are sold to students as a la carte food items. Memo SP 20-2006 guidance describes actions that SFAs can take to comply with the Buy American requirements.

## **Domestic Commodity or Product**

is defined as an agricultural commodity that is produced in the United States and a food product that is processed in the United States using substantial agricultural commodities that are produced in the United States.

## **Substantial**

means that over 51 percent of the final processed product consists of agricultural commodities that were grown domestically.

Products from Guam, American Samoa, Virgin Islands, Puerto Rico, and the Northern Mariana Islands are allowed under this provision as territories of the United States. The Buy American provision (7 CFR Part 210.21(d)) is one of the procurement standards SFAs must comply with when purchasing commercial food products served in the school meals programs.



# Buy American Provision

Complying with Buy American starts with menu planning. Forecasting will help to ensure product choices are compatible with Buy American availability.

- Pertains to FOOD purchases
- Schools should include a Buy American clause in all product specifications, bid solicitations, requests for proposals (RFPs), purchase orders and other procurement documents issued AND a requirement for certifying product
- Must be documented in SFA Procurement Procedures

[USDA Buy American Provision Fact Sheet](#)


United States Department of Agriculture

## BUY AMERICAN: SUPPORTING DOMESTIC AGRICULTURE IN SCHOOL MEALS



The **BUY AMERICAN PROVISION** safeguards the health and well-being of our Nation's children and supports the U.S. economy, American farmers, and small and local agricultural businesses (7 CFR 210.21 (d) and Memo SP 38-2017).

School food authorities (SFAs) in the continental United States\* must purchase domestic agricultural commodities and food products. For foods that are unprocessed, the agricultural commodities must be domestic, and for foods that are processed, they must be processed domestically using domestic agricultural food components that are comprised of over 51% domestically grown items, by weight or volume. A domestic creditable food component is the portion that counts toward a reimbursable school meal (meats/meat alternates, grains, vegetables, fruits, and fluid milk).

- Foods and food products of Guam, American Samoa, U.S. Virgin Islands, Puerto Rico, and the Northern Mariana Islands are considered domestic.

### How SFAs Can Buy American Foods

- Develop menus that include only domestic foods and domestic food products. \*\*
- Include the Buy American provision and Geographic Preference option in written procurement procedures, specifications in solicitations, and contracts for food; be sure to monitor contractor performance.
- Require suppliers to attest that their final food products are either 100% domestic commodities or a food product containing over 51% domestic food components, by weight or volume.
- Use USDA Foods and food products processed in the United States using USDA Foods.
- Participate in **USDA's Farm to School Grant Program**.

### Exceptions to Buy American

There are two limited exceptions when non-domestic foods may be purchased. These exceptions are determined by the SFA:

- The food or food product is not produced or manufactured in the United States in sufficient and reasonably available quantities of a satisfactory quality; or
- Competitive bids reveal the cost of a United States food or food product is significantly higher than the non-domestic product.

**REMEMBER:**  
Document exceptions and keep records!

\*SFAs in Alaska, Hawaii, and the U.S. territories are exempt from the Buy American provision. However, SFAs in Hawaii are required to purchase food products produced in Hawaii in sufficient quantities, as determined by the SFA, per 7 CFR 210.21(d) [3]. Likewise, SFAs in Puerto Rico are required to purchase food products produced in Puerto Rico in sufficient quantities, under 42 USC 1760(n)(4).

\*\*Information on availability of domestic foods available at: <https://www.ams.usda.gov/market-news>



April 2019 | FNS 827 | USDA is an equal opportunity provider, employer, and lender.

# Buy American Provision

- ADE has a Buy American Exception form SFAs can use
- **Must be coordinated and documented beforehand with your supplier/vendor**
- Must be provided prior to purchasing the non-domestic product
- Must be signed by an employee of the SFA
- Must be kept for 5 years
- For further questions or guidance, refer to your NSLP Specialist and ADE online resources

All of ADE's Procurement resources can be found at [www.azed.gov/hns/nslp/forms](http://www.azed.gov/hns/nslp/forms)

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## Buy American Exception Form

The Food and Nutrition Service (FNS) is enforcing the Buy American provision in 7 CFR Part 210.21(d), which requires School Food Authorities (SFAs) to purchase, to the maximum extent practicable, domestic commodities or products. School food authorities must include the Buy American provisions in all procurement procedures, solicitations, and contracts. This applies to food products purchased for use in Child Nutrition Programs by SFAs and entities acting on behalf of an SFA.

When the use of domestic foods is truly not practicable, two exceptions to the Buy American provision allow for the purchase of non-domestic products. The following exceptions are to be used as a last resort:

- **Availability:** The product is listed on the Federal Acquisitions Regulations Nonavailable articles list found at 48 CFR 25.104 and/or is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality.
- **Cost:** Competitive bids reveal the costs of a U.S. product are significantly higher than the non-domestic product.

Before utilizing an exception, alternatives to purchasing non-domestic products should be considered. For example, SFAs should ask the following questions:

1. Are there domestic sources for this product?  
 Yes  No
2. When the non-domestic product is less expensive: Is there a domestic product that could be easily substituted (for example domestic pears for non-domestic apples)?  
 Yes  No
3. Is there a better time of year to solicit bids for this product?  
 Yes  No

SFAs must provide supporting documentation justifying their use of the exception prior to purchasing the non-domestic product. This exception must be signed by an employee of the SFA and all documentation must be kept for 5 years. The Arizona Department of Education (ADE) recommends utilizing an exception to purchase and serve non-domestic products, such as bananas, no more than once within a 3-4 week period.

For additional guidance, refer to Memo SP 38-2017, *Compliance with and Enforcement of the Buy American Provision in the National School Lunch Program*, on ADE's website: <http://www.azed.gov/hns/memos/>

On April 25, 2024, FNS published the final rule, Child Nutrition Programs: Meal Patterns Consistent With the 2020-2025 Dietary Guidelines for Americans (89 FR 31962, April 25, 2024). Among other provisions, this rule finalizes regulations that strengthen the School Meal Programs' Buy American provision, reference SP 23-2024

# Buy American Provision

## SP 23-2024

- On April 25, 2024, FNS published the final rule, Child Nutrition Programs: Meal Patterns Consistent With the 2020-2025 Dietary Guidelines for Americans(89 FR 31962, April 25, 2024). Among other provisions, this rule finalizes regulations that strengthen the School Meal Programs' Buy American provision.
- The final rule is effective on July 1, 2024; some provisions have phased-in implementation dates. The following table compares previous requirements with the updated requirements for each provision.
- The next slide summarizes the changes.




For more guidance visit [Memo SP 23-2024 Buy American Provisions Related to the Final Rule Titled, Child Nutrition Programs: Meal Patterns Consistent With the 2020-2025 Dietary Guidelines for Americans](#)



## BUY AMERICAN EXPANSION OVERVIEW CHART

PROVISION	PREVIOUS REQUIREMENTS	UPDATED REQUIREMENT
<b>Limited Exceptions to the Buy American Requirement</b>	two limited exceptions for price and availability that school food authorities could use to purchase non-domestic items	The final rule codifies the two limited exceptions in Memo SP 23-2024
<b>Cap on Non-Domestic Food Purchases</b>	USDA had not previously defined a dollar amount or threshold limiting commercial non-domestic food purchases.	The limit on the percent of total commercial food costs from non-domestic foods will be phased in over 7 school years.
<b>Exception Documentation and Reporting Requirements</b>	USDA instructed school food authorities to maintain documentation justifying the use of exceptions.	USDA codified in regulations the requirement for school food authorities to maintain documentation to demonstrate the use of exceptions.
<b>Procurement Procedures</b>	USDA instructed school food authorities to include Buy American provisions in documented procurement procedures, solicitations, or contracts.	USDA codified in Program regulations the requirement for school food authorities to include the Buy American provisions in all procurement procedures, solicitations, and contracts.
<b>Definition of “Substantially”</b>	Through policy guidance, USDA defined the term “substantially”	The definition new is as follows: “Substantially using agriculture commodities that are produced in the United States” means over 51 percent of a food product must consist of agricultural commodities that were grown domestically.
<b>Clarification of Requirements for Harvested, Farmed, and Wild Caught Fish</b>	did not previously include any specific requirements or information on the Buy American provision’s applicability to fish.	USDA codified in Program regulations, with no changes from current statutory requirements or policy guidance, language that addresses how Buy American requirements apply to fish and fish products.

Parents Educators Administrators Programs & Supports About ADE ADEConnect 

Home/Health and Nutrition Services/National School Lunch Program and School Breakfast Program - Program Forms and

## National School Lunch Program and School Breakfast Program - Program Forms and Resources

▶ Calendars and Checklists

▶ Eligibility Documents for School Meal Benefits

▶ Financial

▶ Food/Health Safety

▶ Fresh Fruit and Vegetable Program (FFVP)

▶ Local Wellness Policy

▶ Menu Planning

▼ Operational

- [Buy American Exception Form](#)
- [Fundraising Exemption Request](#)
- [Internal On-Site Monitoring Form - Afterschool Care Snack Program](#)
- [Internal On-Site Monitoring Form - Breakfast](#)

# Buy American Provision

## WHERE TO FIND THE FORM

- The form can be found on ADE's website under the NSLP Forms and Resources section.

**NSLP Program Forms and Resources**





# Local Foods Procurement



SECTION 6



# Local Foods Procurement

## HELPS SFAS WITH

- ✓ How to use Geographical Preference in procurement documentation
- ✓ How to write local foods specifications to find a vendor/farm
- ✓ Work/coordinate with HNS Farm to School Specialist
- ✓ Find produce items that are hard to procure domestically (comply with Buy American Provision)
- ✓ Find ways to serve a wider variety of fresh, local produce items
- ✓ Connect children to food and farms
- ✓ Incorporate traditional foods

# Local Foods Procurement

## **WHY BUY LOCAL?**

- ✔ Greater variety of fresh fruit and vegetables in meals
- ✔ Fill in gaps from current vendors/contracts
- ✔ Can help with Buy American compliance
- ✔ Support local farmers and vendors

# Local Foods Procurement

## COMMON MOTIVATORS FOR SOURCING LOCAL FOOD IN SCHOOL MEAL PROGRAMS

- ✔ Serving seasonal or unique products may increase menu appearance and, thus, participation for meals served.
- ✔ When special nutrition related events or promotions are included in the service of new foods offered, perception of meals served can increase meal participation.
- ✔ Schools participating in farm to school have quoted a desire to support their local school community through local farm purchases.
- ✔ Many schools participating in farm to school have quoted seeing a slight reduction in food waste and, thus, an increase in food consumption.



# Local Foods Procurement

## HOW TO BUY LOCAL?

- Use a Procurement Method to target local foods
  - Micro, Small, Formal purchase methods

### Purchases at or below Simplified Acquisition Threshold.

**Informal**

**Micro  
Purchase**

**Small  
Purchase**

### Purchases above Simplified Acquisition Threshold.

**Formal**

**Invitation for  
Bids  
(Competitive  
Sealed Bids)**

**Request for  
Proposals  
(Competitive  
Proposals)**

# Local Foods Procurement

## EXPANDED GEOGRAPHIC PREFERENCE OPTION

On May 22, 2024 the USDA released the expanded geographic preference option;

- ✔ Increases procurement of local foods
- ✔ Adds “local” as a specification strategy or product requirement that requires vendors meet before securing a contract
- ✔ Applies to all Child Nutrition Programs
- ✔ Implementation begins July 1, 2024



For more guidance visit [Geographic Preference Expansion Related to the Final Rule titled, Child Nutrition Programs: Meal Patterns Consistent With the 2020- 2025 Dietary Guidelines for Americans](#)

# Local Foods Procurement

## EXPANDED GEOGRAPHIC PREFERENCE OPTION

This option is a new method that allows CNP operators or State agencies purchasing on their behalf to increase their procurement of local unprocessed agricultural products for program meals. It includes specific strategies for building specifications during formal procurement procedures:

- ✓ “Local” may be used as a new specification.
- ✓ “Local” may be used as a defined scoring advantage.



For more guidance visit [Geographic Preference Expansion Related to the Final Rule titled, Child Nutrition Programs: Meal Patterns Consistent With the 2020- 2025 Dietary Guidelines for Americans](#)



# Local Foods Procurement

## KEY PRINCIPLES OF GEOGRAPHIC PREFERENCE OPTION

### **FNS does not define local for CNP operators.**

There is no singular definition of local foods at USDA or FNS. CNP operators have the authority to define what “local” means.

Local is based on the program goals and product needs of the CNP operators. They may use an established boundary such as a city, town, country, or state. The definition is flexible and can expand or contract based on what is needed.

- **FNS does not have a definition of “local”**
- **CNP operators determine what is considered “local”**
- **“Local” is set based on the program goals and product needs of the CNP operator**
- **Should not interfere with “full and open” competition**
- **Applies to the source of the product.**

# Local Foods Procurement

## **FULL AND OPEN COMPETITION**

CNP program operators may define what “local” means for their own procurement practices as long as it does **NOT interfere with “full and open” competition.**

**Market research is the best tool for determining if operators are meeting “full and open competition”**

# Local Foods Procurement

## **UNPROCESSED PRODUCTS**

The geographic preference Option may be applied to local **unprocessed agricultural products**.

Meaning only agricultural products that retain their inherent character, are eligible for applying the optional geographic preference.

### **Unprocessed Agricultural Products include:**

- Products that are *grown, raised or caught* locally.
- Products that still *retain their inherent character*.
- Products using food preservation techniques that do not change the inherent character of an agricultural product such as cooling; refrigerating, freezing, size adjustments, drying/dehydration, washing, “cold pasteurization”, packaging (such as placing eggs in cartons, vacuum packing and bagging, butchering, cleaning, and pasteurization of milk).



## GEOGRAPHIC PREFERENCE OVERVIEW CHART

KEY CONCEPTS	PREVIOUS REQUIREMENTS	NEW FINAL RULE
<b>Programs that may apply a geographic preference option</b>	This provision applies to local unprocessed agriculture product purchases for any of the Child Nutrition Programs (CNPs), including the National School Lunch Program (NSLP), School Breakfast Program (SBP), Fresh Fruit and Vegetable Program (FFVP), Special Milk Program (SMP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), and Seamless Summer Option (SSO), and purchases made for CNPs by State agencies and the USDA Department of Defense Fresh Fruit and Vegetable Program (USDA DOD Fresh).	No change
<b>Products eligible for geographic preference option</b>	Unprocessed locally grown, raised, or caught agricultural products, meaning only agricultural products that retain their inherent character, are eligible for applying the optional geographic preference. Food handling and preservation techniques that do not change the inherent character of an agricultural product include cooling; refrigerating; freezing; size adjustment made by peeling, slicing, dicing, cutting, chopping, shucking, and grinding; drying/dehydration; washing; applying high water pressure or “cold pasteurization”; packaging (such as placing eggs in cartons), vacuum packing and bagging (such as placing vegetables in bags); butchering livestock and poultry; cleaning fish; and pasteurizing of milk.	No change
<b>Defining “local”</b>	There is no singular definition of local at USDA. FNS does not define local foods for the CNPs but defers to CNP operators to define local. CNP operators may determine the specific local area associated with the geographic preference option for unprocessed agricultural products when buying food.	No change
<b>Using local as a product specification</b>	Not allowed	Allowed
<b>Using a defined scoring advantage</b>	Allowed	No change

## GEOGRAPHIC PREFERENCE OPTION STRATEGY 1: LOCAL AS A SPECIFICATION

- Ideal when **only** locally unprocessed agricultural products are acceptable.
- Includes a definition of “local”
  - within a specific geographic area
- Vendors’ products must meet criteria for award
- Market research helps avoid limiting competition

## GEOGRAPHIC PREFERENCE OPTION STRATEGY 2: DEFINED SCORING ADVANTAGE

- Awards extra points to products meeting “local” definition.
- When locally produced products are preferred, but not required,
- Solicitation defines bid evaluation methods
- Market research helps avoid limiting competition

## LOCAL AS A SPECIFICATION EXAMPLE

- Hogwarts SFA usually buys whole apples for lunch service.
- They'd like to begin sourcing only local apples.
- Definition of "local": Must be grown within 200 miles of Hogwarts.
- Hogwarts SFA did their market research and found that there are 7 apple orchards within 200 miles of Hogwarts enabling full and open competition.

### **Specification reads:**

**"Apples, fresh, 125-138 count, whole and free from decay, injury or disease, and must be grown within 200 miles of Hogwarts.**

## DEFINED SCORING ADVANTAGE EXAMPLE

- The Ministry of Magic SFA is purchasing fresh fruits and vegetables.
- Local is preferred, **but not required.**
- Vendors may receive additional points based on a sliding scale for offering local unprocessed agricultural products.

### **Points are awarded as follows:**

**75% or more = 20 points**

**50% or more = 10 points**

**25% or more = 5 points**



# Procurement Reviews

SECTION 7





# Procurement Reviews



**PROCUREMENT REVIEWS ARE CONDUCTED BY THE STATE AGENCY USING A STEP-BY-STEP APPROACH AND INTENDED TO ASSESS COMPLIANCE AND PROVIDE TECHNICAL ASSISTANCE TO THE SFA.**

## **THE REVIEW OF SPECIFIC PURCHASES WILL:**

- ✔ Ensure the proper method (Micro, Small, Formal) is being used
- ✔ Ensure correct documentation is kept on file
- ✔ Ensure compliance with Federal regulations and policies
- ✔ Improve the process of procuring foods and services for the Food Service Program

# Procurement Reviews



## THINGS TO KNOW:

- ✔ Administrative Review and Procurement Review are separate reviews but are conducted using the same cycle as Administrative Review
- ✔ Procurement Review is based off previous school year records
- ✔ ADE is required to ensure that SFAs comply with the applicable regulation through audits
- ✔ Procurement Review is required every 3 years



# Procurement Reviews

## COMMON FINDINGS

The SFA and its employees, officers, or agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, organizations may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The nominal value set by the SFA is as follows \$ INSERT NOMINAL VALUE

Disciplinary actions for violation of the Standards of Code of conduct of the SFA are as follows:

(Enter the list of appropriate disciplinary actions for your organization)

### PROCUREMENT THRESHOLDS

The SFA's Simplified Acquisition Threshold (the amount at which the SFA has to use the formal method) is:

\***Micro-Purchase Procedures** are for purchases not exceeding \$10,000.

\***Small Purchase Procedures** are for purchases greater than \$10,000 but not exceeding the Simplified Acquisition Threshold listed above.

\***Formal Purchase Procedures (Sealed Bids/IFBs or Competitive Proposals/RFPs)** are for purchases in excess of the Simplified Acquisition Threshold listed above.

- **Written Code of Conduct**

- No disciplinary actions listed

- **Procurement Procedures**

- Threshold not listed correctly, or at all
- Procedures not specific to Child Nutrition Program or incomplete

# Procurement Reviews

## COMMON FINDINGS

- Micro Purchase
  - Did not spread purchases evenly between vendors
  - Bought repeatedly from same vendor but listed as a Micro
- Small Purchase
  - Did not obtain quotes from at least 2-3 qualified vendors
  - Open P.O. is not part of the procurement process
  - Did not create a solicitation document
    - Create a grocery list of items if shopping at store(s)
    - Create a list of items that you want to purchase and other requirements (i.e. need delivery) that you send to the vendors
    - For food, Buy American applies, so add it to templates or grocery list and for verbal quotes discuss it with vendors and document that discussion
  - Did not provide evaluation documentation/reason chose a vendor
  - Did not maintain records for 5 years (save all documents)

**PROCUREMENT PURCHASES—MICRO and SMALL**

*Purchasing is about the PROCESS used and the AMOUNT spent*

- **Micro:**

**PROCESS:** One-time purchase OR "spread the wealth" multiple purchases (buying the same items among different vendors/groceries stores/places that offer the same service and reasonable price)

**AMOUNT:** Up to \$10,000

Example: I buy the same grocery list items rotating between Safeway, Bahasa's, Costco, Sam's Club
- **Small:**

**PROCESS:** Buying the same items from only one place on a regular basis

**AMOUNT:** Up to SFA's Small Purchase Threshold; (above \$10,000 this has to be done)

Example: I buy milk from Costco every week/month; I buy my groceries from Fry's every week/month; I figure out who is the cheapest and always buy from them

What type of Purchases should I do/am I doing?

➔ Focus on the Process (how am I doing my purchases now and/or want to do in the future?)

Do I want to spend the time now to document/formalize the process for buying from only one place (i.e. Costco or Sam's Club or Fry's)? This is a Small purchase

OR

Do I want to spend the time driving to different places so I "spread the wealth" and buy from different places without comparing prices? This is a Micro purchase

How do I show what I am doing?

➔ Provide Documentation (How did I do it? What do I need to keep for my records?)




Micro: Save receipts for all purchases; update the Food Service Cost Report

Small: 1. "Solicitation" document (What do I need?)

- List the item(s) I need, when do I need it by, how far way can I go to get it
- Can be a grocery list of items, copy of the menu, written description of items

2. Quotes (how/where did I obtain prices from?)

- Need to obtain quotes and keep records from 3 different places
- Quotes can be from paper grocery ads, online ads, online shopping carts, phone quotes with written notes (save all documents with price information)



# Procurement Reviews

## COMMON FINDINGS

- Formal Purchase (IFB, RFPs)
  - Price not most important factor/price not weighted the most in specifications or evaluation
  - Solicitation did not contain required clauses
    - Debarment and Suspension
    - Equal Employment Opportunity
    - Contract Work Hours/Safety Standards
    - Byrd Anti-Lobbying
  - Solicitation did not include the Buy American Provision clauses
  - SFA did not maintain records sufficient to detail the history of the procurement
  - The correct RFP format was not used (all requirements of an RFP were not met in the original solicitation document)

The evaluation criteria are listed below in relative order of importance. (Specific weighing is not required unless listed):

- A. Responsiveness of the proposal in clearly stating and understanding the scope of work, and in meeting the requirements of the RFP.
- B. Past performance.
- C. Qualifications of the offeror, financial and otherwise, to provide the District with these services for the required period of time, provide appropriate staffing, provide necessary resources and show a history of demonstrated competence.
- D. District's assessment of the offeror's abilities to meet and satisfy the needs of the District, taking into consideration additional services, or expertise offered, that exceed the requirements, or the vendor's inability to meet some of the requirements of the specifications.
- E. Information obtained by the District from offeror's references or other clients.
- F. **Cost** - While cost is a significant factor in considering the placement of the awards, it is not the only factor. The award will not be based on price alone, nor will it be based solely upon the lowest fees submitted.

### SOLICITATION AMENDMENT

May 1, 2019

Amendment Number One (1)

Contract Term: July 1, 2015 to June 30, 2020

This amendment supplements and amends the original solicitation and shall become a part of the contract documents.




\*\*\*\*\*

The Arizona Department of Education has notified us that the Code of Federal Regulations has been updated affecting the original solicitation with the following added clauses:

1. **Equal Employment Opportunity:** The Offeror shall comply with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations. (Appendix II to CFR 200/7 CFR 3019.48)
2. **Contract Work Hours and Safety Standard Act:** The Offeror shall comply with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act as supplemented by Department of Labor regulations. (40 U.S.C. 3701-3708)
3. **Disclosure of Lobbying Activities:** Pursuant to Byrd Anti-Lobbying Amendment 31 USC 1352, the Offeror must disclose lobbying activities in connection with school nutrition programs. If there are material changes after the initial filing, updated reports must be submitted on a quarterly basis. (Appendix II to 2 CFR 200 (j))



# Reminders

-  Complete each required document in a timely manner.
-  Send all requested documents.
-  Communicate with your assigned Procurement Reviewer for any special circumstance.





# Congratulations

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**You have completed the Online Course:  
Procurement Basics**

Information to include when documenting this training for CEUs/training credit:

**Training Title:  
Procurement Basics**

**Key Area: Administration  
Length: 2.5 hours**

Please note, attendees must document the amount of training hours indicated on the training despite the amount of time it takes to complete it.



# CONTACT US

If you have a question or require additional assistance, please contact your assigned specialist or contact HNS.



602-542-8700



ContactHNS@azed.gov



[www.azed.gov/hns](http://www.azed.gov/hns)





# Certificate

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## Requesting a training certificate

Please click the button to complete a brief survey about this online training. Once the survey is complete, you will be able to print your certificate of completion from Survey Monkey.



Information to include when documenting this training for CEUs/Training Credit:

**Training Title:**

**Procurement Basics**

**Key Area: Administration**

**Length: 2.5 hours**

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Please note, attendees must document the amount of training hours indicated on the training despite the amount of time it takes to complete it.







In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual orientation), disability, age, or reprisal or retaliation for prior civil rights activity.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at: <https://www.usda.gov/sites/default/files/documents/USDA-OASCR%20P-Complaint-Form-0508-0002-50811-28-17Fax2Mail.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation.

The completed AD-3027 form or letter must be submitted to USDA by:

**Mail:** U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW Washington, D.C. 20250-9410; or

**Fax:** (833) 256-1665 or (202) 690-7442; or

**Email:** [program.intake@usda.gov](mailto:program.intake@usda.gov)

This institution is an equal opportunity provider.