

FORMAL PROCUREMENT



M-18-18 IMPLEMENTING STATUTORY

CHANGES TO THE FEDERAL MICRO-PURCHASE AND THE SIMPLIFIED ACQUISITIONS THRESHOLD

Micro- Purchase

- Increased from \$3500 to \$10,000

Simplified Acquisition Threshold

- Increased from \$150,000 to \$250,000

Procurement Plan and Procedures

Code of Standards of Conduct

Below the Small
Purchase Threshold
(most restrictive)

Above the Small
Purchase Threshold
(most restrictive)

Micro-purchase
threshold (< \$10,000)

Informal
procedures
(\$10,000 - \$30,000)

Formal procedures
(above \$30,000)

Develop solicitation documents
(includes: specifications, estimated
quantities, terms, conditions &
provisions)

Develop solicitation documents
(IFB,RFP) (specifications, estimated
quantities, terms/conditions/
provisions)

Advertise, obtain &
document quotes

Publicly publish solicitation

Evaluate & Award

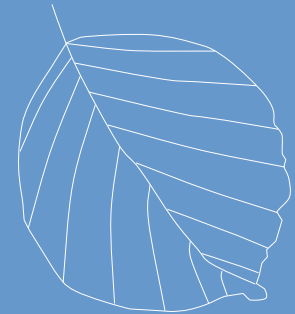
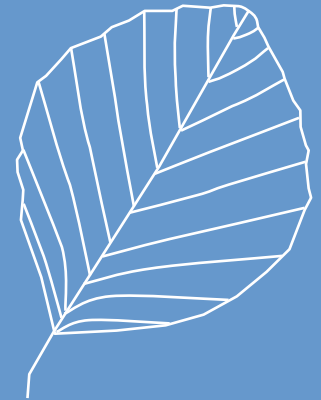
Evaluate & Award
Fixed price or cost-reimbursable
contract

Contract Administration/Performance Management Process

Formal Procurement Methods

2 CFR Part 200.320 Procurement Methods

- ☞ **Sealed Bids (Exceeds \$30,000, or most restrictive threshold)**
- ☞ **Contract award**
- ☞ **Firm fixed-price with/without cost adjustment tied to a standard index**
- ☞ **Lowest responsive and responsible bidder**
- ☞ **Documents include a complete, adequate, and realistic specification/description**
- ☞ **2 or more bidders available that are willing and able to compete**
- ☞ **Publicly advertised from a number of suppliers with sufficient response time for bid opening**
- ☞ **Public opening at time and place identified in document**
- ☞ **Bids may be rejected for sound documented reason**



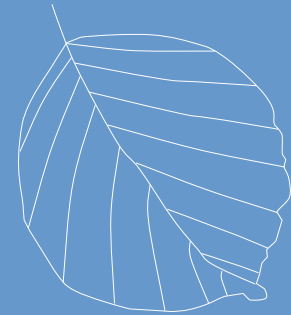
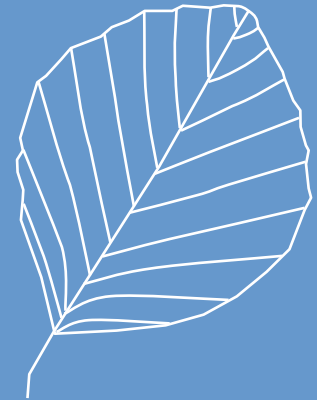
Price/Cost Analysis

☞ Price/Cost Analysis

☞ 2 CFR Part 200.323 Contract cost and price.

☞ (a) ...perform a cost or price analysis in connection with procurement actions

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals (*forecasting*).

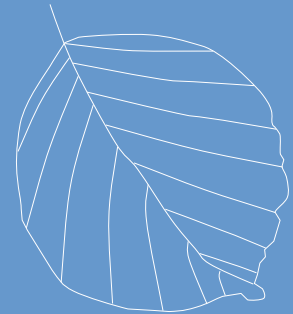
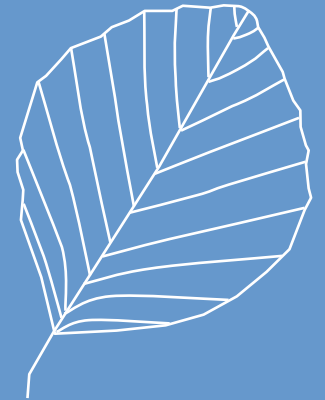


Select Method

☞ When the value of the purchase is expected to exceed the simplified acquisition threshold, use one of the following:

☞ Competitive Sealed Bidding (2 CFR 200.320(c))

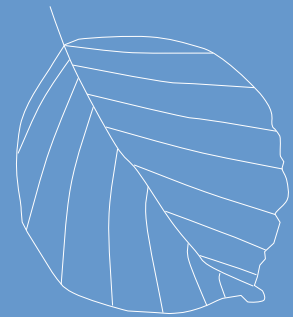
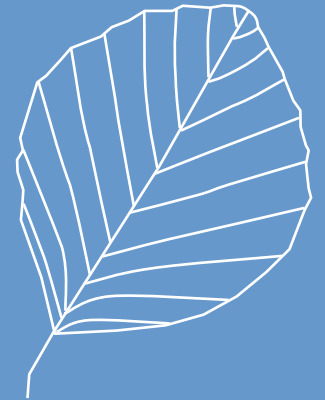
☞ Competitive Proposals (2 CFR 200.320(d))



What is Competitive Sealed Bidding (IFB)?

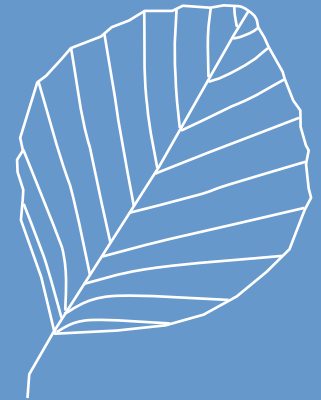
2 CFR 200.320(c)

Bids that are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price



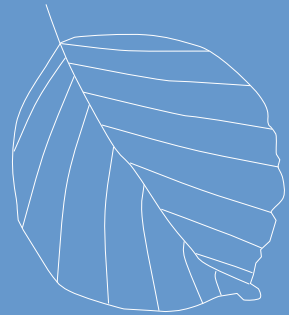
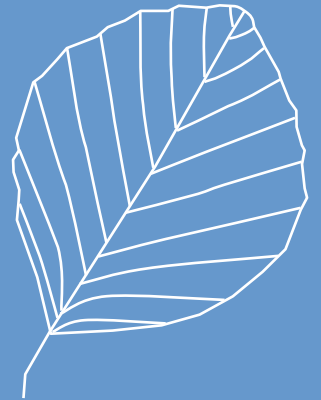
When is an IFB used?

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business



Poor Performance

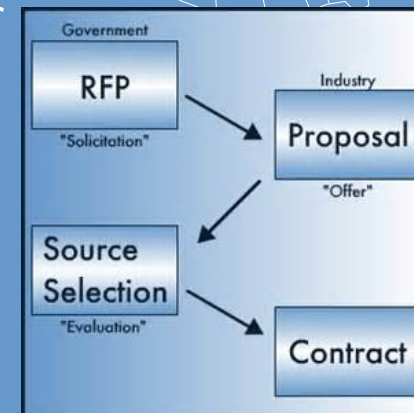
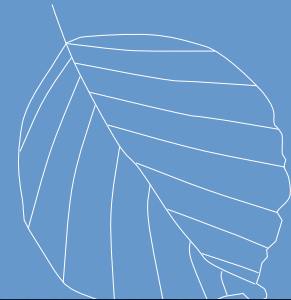
- Any vendor who has demonstrated poor performance during a current or previous Agreement with the SFA may be considered a non-responsible Bidder and their bid may be rejected.
- The SFA reserves the right to exercise this option as is deemed proper and necessary.



What is a Competitive Proposal (RFP)?

7 CFR 200.320(d)

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

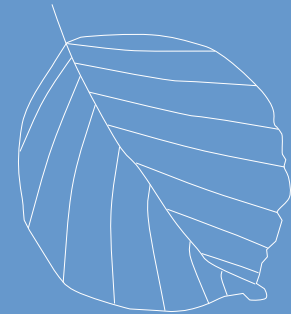


Components of an RFP

- ☞ Proposals must be solicited from an adequate number of qualified sources



- ☞ The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients

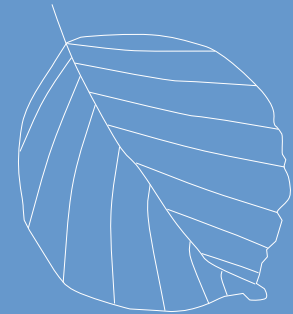
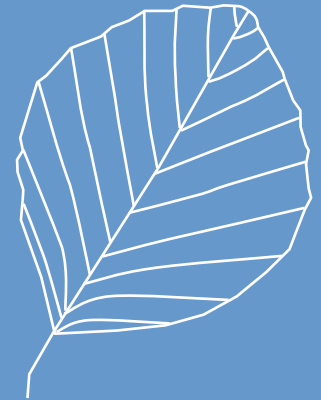


Components of an RFP

☞ Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered

☞ Examples where an RFP would be appropriate

- Pest Control
- Consulting Services
- Commodity Processing

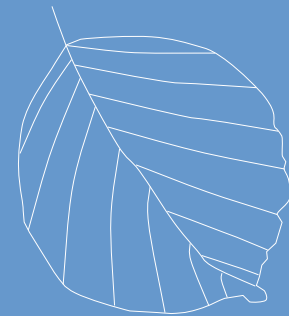
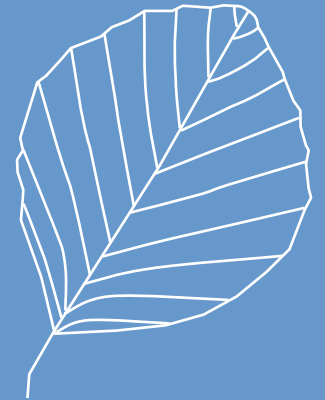


Provisions for Formal Contracts: 7 CFR Part 210.21(d) Buy American

☞ (d) Buy American...the term 'domestic commodity or product' means—

An agricultural commodity that is produced in the United States; and food product that is processed in the United States substantially using agricultural commodities that are produced in the United States.

Requirement: The Department shall require that a school food authority purchase, to the maximum extent practicable, domestic commodities or products.



Buy American Certification Form

BUY AMERICAN PROVISION CERTIFICATION FORM FOR FOOD PURCHASES

SFA Name _____

The Buy American Provision ([7 CFR Part 210.21\(d\)](#)) requires School Food Authorities to purchase, to the maximum extent practical, domestically grown and processed foods. "Domestic" is defined as a product that is grown in the United States, or with processed food items, the product must be processed in the United States of food that is produced and grown domestically in the United States. Any product processed by a responsive vendor must contain over 51% of the food component, by weight or volume, from U.S. origin.

The vendor must include all food products bid by the company that do not meet the definition of "domestic". This document must be included as a part of the bid. This document is provided in Microsoft Word format so the vendor may add additional food items.

VENDORS MUST CERTIFY EITHER: (CHECK NUMBER 1 OR 2)

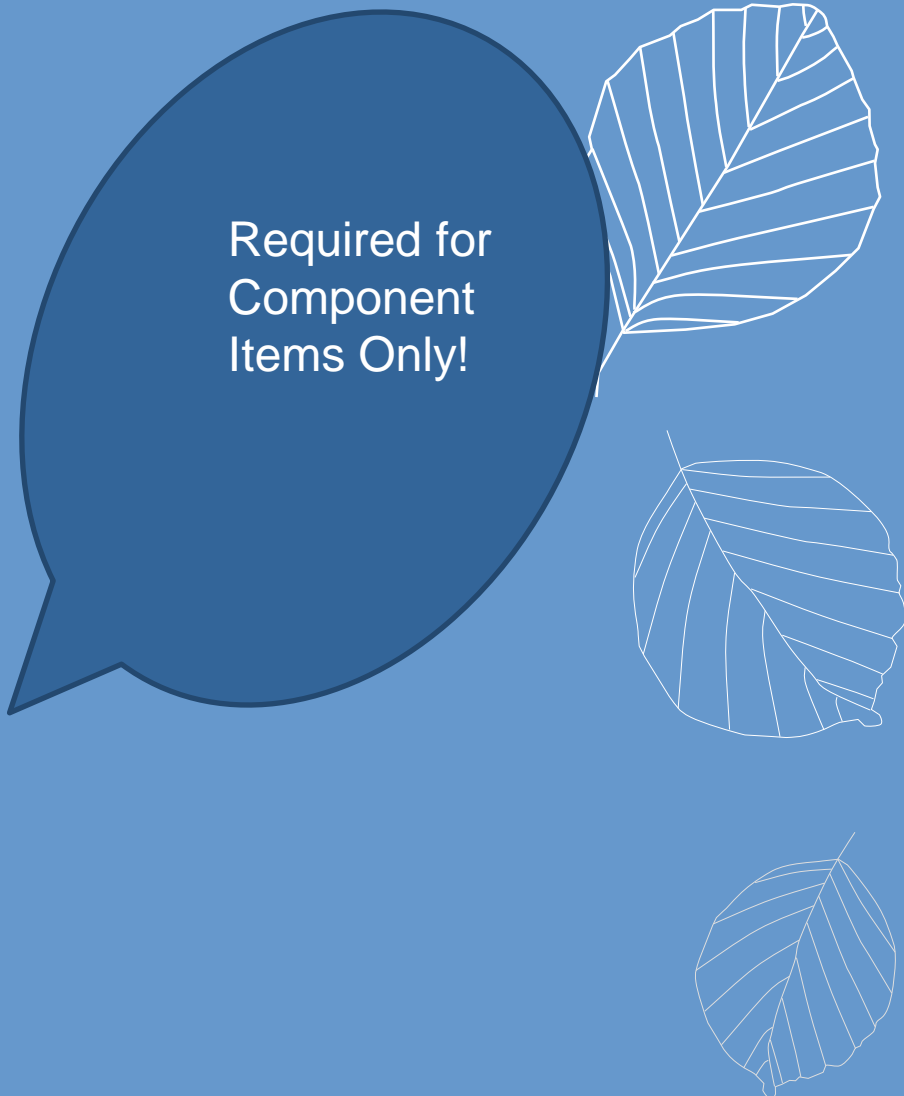
- | | |
|--------------------------|--|
| <input type="checkbox"/> | 1. I certify that all food products bid by my company are 100% produced in the U.S., or processed in the U.S. with the final processed product including over 51% of food that was grown in the U.S. |
| <input type="checkbox"/> | 2. I certify that all food products bid by my company are 100% produced in the U.S., or processed in the U.S. with the final processed product including over 51% of food that was grown in the U.S. with the EXCEPTION of the following items listed below. |

NAME OF FOOD ITEM	COMPLETE BELOW AND CHECK THE APPROPRIATE REASON THE NON-DOMESTIC PRODUCT IS BID FOR EACH ITEM.
-------------------	--

	<p>This product includes _____ % U.S. Content. The product is grown in _____</p> <p><input type="checkbox"/> The product is not produced or manufactured in the U.S. in sufficient and reasonably available quantities of a satisfactory quality.</p> <p>OR</p> <p><input type="checkbox"/> The cost of the U.S. product is significantly higher than the non-domestic product.</p> <p>List prices and unit pack size below for item to be considered:</p> <p>\$ _____ / _____ Price of Domestic or U.S. Grown Product Per Unit</p> <p>\$ _____ / _____ Price of Non-Domestically Grown Product Per Unit</p>
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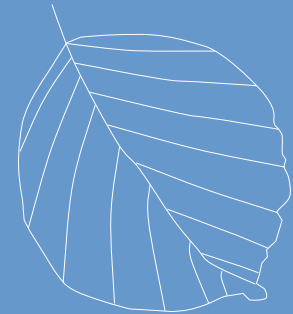
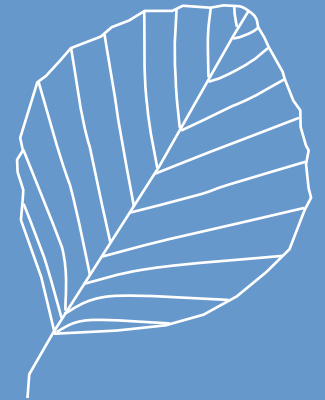
Company Name: _____
 Signature: _____ Title: _____ Date: _____

SFA Name: _____
 Approval: _____ Title: _____ Date: _____



Buy American Provision: Food

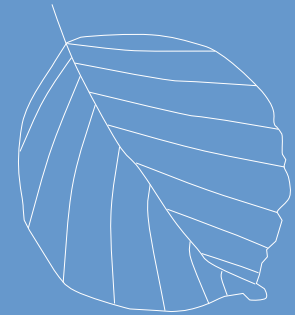
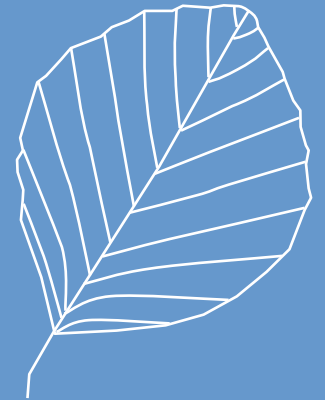
- The creditable food components is the agricultural commodity
- Foods from Guam, American Samoa, Virgin Islands, Puerto Rico, and the Northern Mariana Islands are considered domestic



Meat/meat alternates	Grains
Vegetables	Fruits
Fluid Milk	

Geographic Preference

Prohibited in Federal
procurements
except where applicable
Federal Laws
expressly permit their use



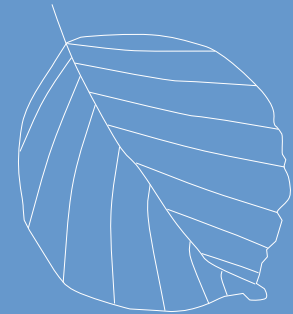
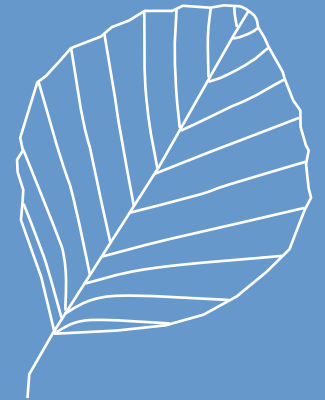
Geographic Preference Local Agricultural Products

- SFAs may apply a geographic preference when procuring unprocessed locally grown or locally raised agricultural products.
- The SFA has the discretion to determine the local area to which the geographic preference will be applied



Small Purchase Threshold Local Agricultural Products

The SFA may use the Federal Small Purchase
threshold of \$250,000 when procuring local
agricultural products

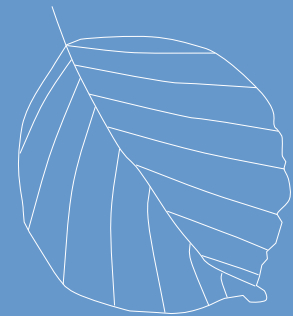
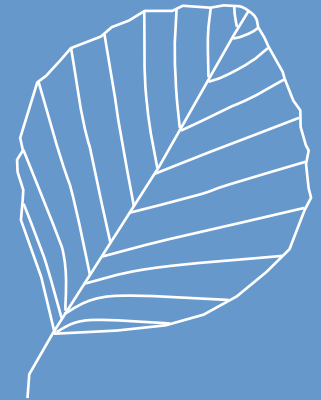


Revised Statute 17:194



Definition of Unprocessed Locally Grown or Locally Raised Agricultural Products

- ❖ This provision only applies to those agricultural products that retain their inherent character
- ❖ 7 CFR 210.21 provides specifics as to food handling and preservation techniques that do not change the character of a product
- ❖ Some examples are cooling, freezing, peeling, slicing, dicing, washing, packaging, butchering, cleaning, and pasteurization of milk



Receive and Evaluate Responses

☞ Receiving Responses:

- Fixed price contracts:
 - Bids received are sealed
 - Public bid opening

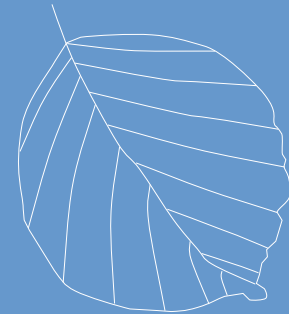
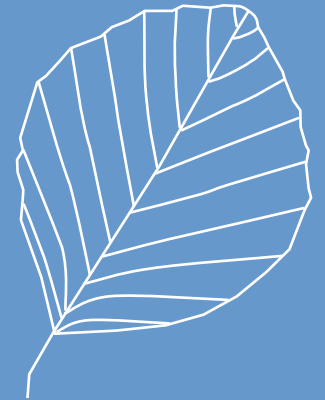


Receive and Evaluate Responses

∞ Evaluating Responses

∞ Fixed price contracts:

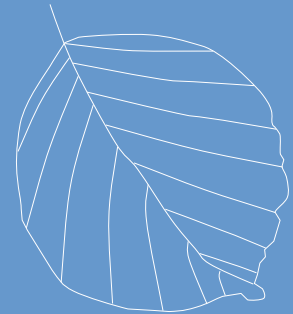
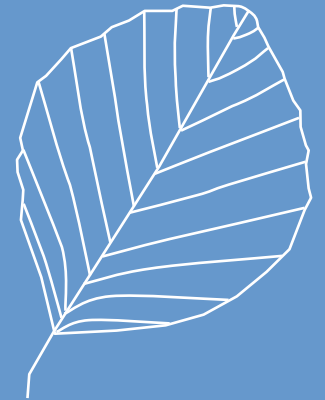
- Evaluation is for lowest responsive and responsible along no other dimension than price



Receive and Evaluate Responses

☞ Cost reimbursable

- Evaluation – document review of best technical response according to evaluation criteria and scoring as stated in solicitation
- Negotiation with top responders
- Review of price – PRIMARY CONSIDERATION in scoring

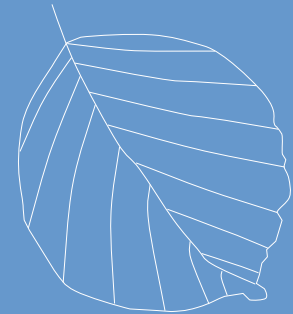
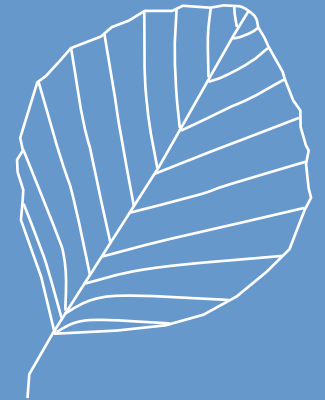


Receive and Evaluate Responses

∞ Evaluate all responses received

- The solicitation should have identified all evaluation criteria and their relative importance (scoring)
 - E.g., points assigned to each criteria
- Note: An IFB doesn't generally include points, rather a SFA determines the most responsive bidder based on criteria that is more "Pass/Fail in nature. The solicitation and contract award is made to the lowest price)

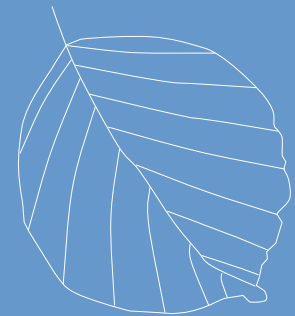
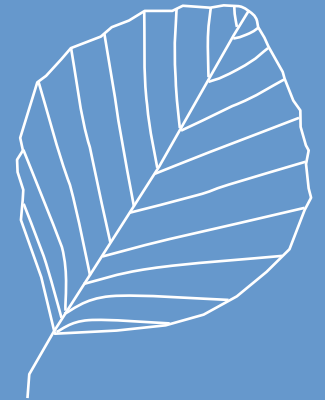
∞ Transparency – NO SURPRISES



Award and Execute Contract

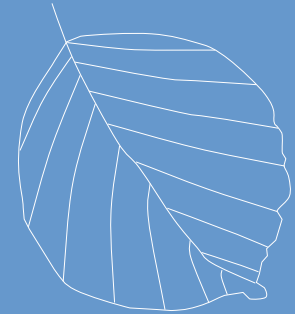
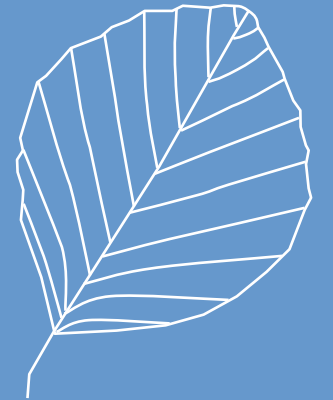
☞ Once evaluated, a contract may be awarded and the contract executed.

☞ Remember, contracts for FSMCs require prior approval by the State agency



Manage Contracts

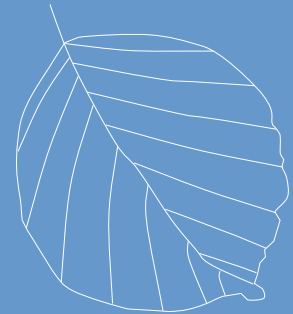
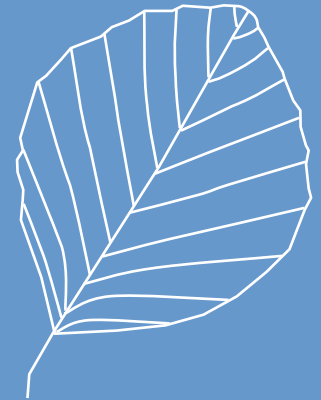
☞ 2 CFR Part 200.318(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders



Manage Contracts

Examples:

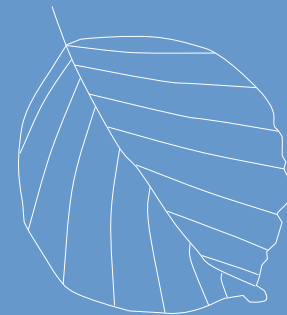
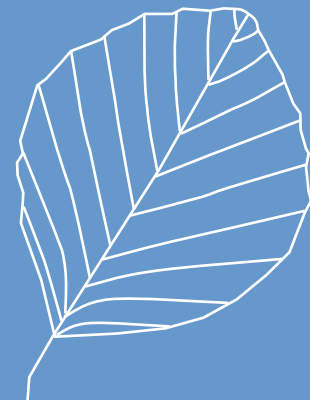
- Compare the solicitation to the contract to assure consistency
- Description of products and/or services to assure it matches the item description and price
- Written communication with vendor when products are delivered that do not meet bid requirements
- Assure the FSMC participates in advisory committee if specified in contract
- Buy American documentation provided by vendor



Manage Contracts

Examples:

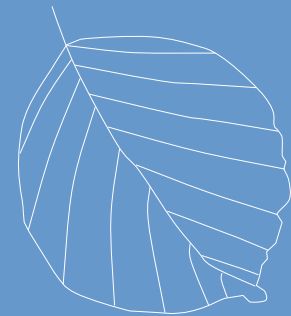
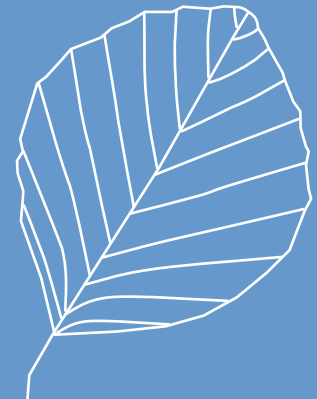
- SFA management of FSMC contract
- Independent Price Determination Certificate received
- Suspension and Debarment Certification Form received
- Lobbying Certification Form received
- Performance Bond received if applicable to contract



Managing Processing Contracts

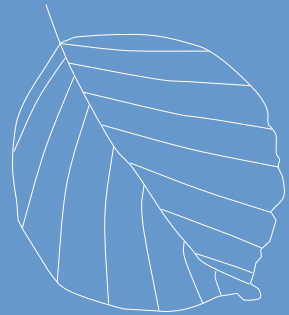
Requirements include:

- Reconciliation of amounts of USDA products sent to the processor and the amount of product received by the SFA from the processor
- Bid price is correctly reflected on each delivery ticket/invoice
- Monitor processor performance



Utilizing an existing contract of another agency

- The original solicitation and contract must state that piggybacking is allowed
- The original contract must indicate either how many other SFAs are allowed to piggyback or a dollar value that will be allowed
- The piggybacking SFA MUST!! have all of the required documentation (Refer to Memo SFS-18-79)



Procurement Awarded Based on a Market Basket Analysis

- The SFA must obtain pricing for the remaining goods not included in the analysis before the final award
- The pricing of these goods must be reasonable
- All items must have clear and accurate specifications

