

How to Sell to USDA

Food vendors can sell fruit, vegetable and specialty crops to the Department of Agriculture (USDA), which coordinates product delivery to the National School Lunch Program and food assistance programs in the United States.

USDA issues documents announcing its intention to purchase products, and then releases various reports on the status of each specific buy. All information necessary for a vendor to understand the intentions of USDA and the requirements to sell product is available on this website.

The purchasing process begins when the Agricultural Marketing Service (AMS) announces in a Food Purchase Report that it plans to purchase particular food items. AMS usually sends Invitations to Bid to all firms that have been approved to do business with USDA. Bidders must comply with Federal and USDA purchasing regulations and guidelines as the commodities must meet minimum specified requirements and be USDA-inspected to ensure quality.

Vendors must be pre-certified to do business with USDA prior to submitting a bid. Vendors that have not met all of the certification requirements within 48 hours after bid opening will be deemed non-responsive. For more information about registering and becoming certified, please see the information under the link New Vendor Application Procedures.

The purchasing program is a coordinated effort in USDA. The Food and Nutrition Service submits food orders for specific needs of recipient agencies. The Agricultural Marketing Service gathers competitive bids from vendors, awards contracts to the lowest bidders, and ensures quantity and quality for purchased commodities. The Farm Service Agency administers payments to vendors to whom contracts have been awarded.

Purchasing Procedures

Bids: Almost all products are purchased under a formally advertised, competitive bid purchase program. The only exceptions are purchases made during a disaster declared by the President or in those rare occasions when only one vendor can supply a product.

Schedule: Purchases for the National School Lunch Program traditionally start in July and continue on a weekly or bi-weekly basis through early March. Purchases for other Federal food assistance programs vary depending on funding and need. Purchases may take place annually, quarterly or more frequently depending on funds appropriated and recipient needs. Fruits,

vegetables and specialty crops are usually purchased during the harvest/processing season for delivery throughout the year.

Solicitation: Programs are initiated with a solicitation inviting competitive bids. The solicitation package, which constitutes the contract, includes the incoming bid, the award notification and the announcement which lists of all products for which bids are being invited and a minimum offer unit (generally a truckload unit, e.g., 39,600 pounds).

The Announcement also:

- States that all products to be used to fulfill the contract must be grown and processed in the United States;
- Sets responsibility standards for bidders. All bidders are responsible for reading and understanding all provisions of the announcement;
- Describes bid format including essential components, certifications, representations and warranties;
- Identifies specification requirements and quality assurance provisions;
- Includes shipment and payment information.

Specifications may be in the form of a Federal specification, an agency document called a "Schedule," a Products Purchase Description, or a Commercial Item Description. The specification provides details on product formulations, manufacturing requirements, packaging, sampling and testing requirements, and quality assurance provisions. Amendments to the specification posted on the website must also be adhered to when submitting bids and providing product.

A Supplement (if applicable) is generally used with a Federal specification. It sets forth additional specification requirements unique to the buyer, such as labeling and maximum fat-content provisions.

USDA-1 (General Terms and Conditions for Procurement of Agricultural Commodities and Services) and its amendments contain all the general contract clauses prescribed by the Federal Acquisition Regulations, including pre-award and post-award certifications, representations and warranties.

Invitations are used in conjunction with the Announcement. It gives specific details as to when bids are due for a particular purchase. Since most purchases are made for a product on a delivered basis, destination cities are listed and a quantity to be purchased is included. This format permits an offeror to bid a separate price to each destination, but limits the quantity to be awarded by type and/or shipping/delivery period. Since firms are not bidding a quantity per line item, AMS may increase or decrease award quantity by destination based on market conditions, quantities offered and prices to be paid. However, bidders may set quantity constraints by shipping period or overall invitation based upon their ability to supply the product.

Firms wishing to be notified about upcoming solicitations via email should complete a "Mailing List Registration" form found on the New Vendor Application Procedures page of this site.

Contracts and Food Purchase Reports: Contract award dates for fruit and vegetable purchases may vary depending on the size of the purchase. The release is made at a specified time on the award day. A Food Purchase Report is issued to the public stating the quantity purchased, firms awarded and prices paid. Offerors whose bids have been accepted are sent an electronic message detailing quantity awarded by destination, fixed price(s) to be paid and contract number assigned. An original signed notice of acceptance is also sent by mail. Information on shipment and invoicing is forwarded separately following notification of award.

Contract Administration: Contractors must produce product according to specifications. Inspection of the product must be performed by AMS certification agents at the cost of the contractor. Waivers are limited to minor infractions not affecting product quality or shelf-life. Timely delivery is critical to school feeding programs with penalties accruing to the vendor for late delivery. Firms delivering late may be prohibited from bidding on new Invitations to Bid, unless lateness is due to reasons beyond the contractor's control and a waiver has been granted by the Contracting Officer.

Payments are made in accordance to the Prompt Payment Act.

Set Asides: AMS may assist small businesses through set-aside programs and offer noncompetitive awards to small, disadvantaged firms (8a's) through procedures and an annual agreement established through the Small Business Administration.

Another source for procurement opportunities is the subcontracting arena. The Federal Acquisition Regulations require vendors classified as large businesses and awarded contracts exceeding \$550,000 (aggregated over the calendar year) to implement a subcontracting plan that provides maximum practical participation of small, disadvantaged and women-owned businesses. Subcontracting Directories can be obtained from USDA's Office of Small and Disadvantaged Business Utilization (OSDBU).