

Fresh Fruit and Vegetable Pilot – Conference Call – November 16, 2011

Introduction- Rex Barnes, Deputy Administrator, AMS Poultry Programs (Commodity Procurement)

- The purpose of the “Fresh Pilot” is to test a new method to allow schools to utilize entitlement dollars through USDA to get fresh fruits and vegetables into schools. It is understood that this pilot does not meet the needs of all interested parties; it is intended to test a new concept in USDA procurements, and as such, AMS will not be expanding the scope until it has been tested and evaluated for effectiveness and efficiency on the currently proposed scale. The initial RFP will be issued soon to test a limited number of transactions; AMS will then roll out another RFP in the spring of 2012.

Q1: The RFP document requires that growers have passed a USDA GAP (Good Agricultural Practices) audit to participate in this program. Does it have to be a USDA audit or will other similar 3rd party audits be acceptable? There is information on the website now that states that growers can submit either GAP audit certification or “provide documentation of their food safety and quality programs to USDA, AMS for review and evaluation.”

A1: Currently, the policy of AMS is that only USDA GAP audits are acceptable. AMS is working on the idea of a licensing or certification program to allow 3rd party auditors to have their service recognized by USDA to be equivalent to the USDA GAP. It is not expected that such a program will be up and running by the first go-round of the Fresh Pilot.

The information on the Fact Sheet posted to the website will be updated to clarify that the GAP certification is the only acceptable documentation at this time.

Q2: Is there a list of growers who have completed GAP certification? Can that information be made available? Will AMS consider contacting the GAP certified growers to make them aware of the pilot program opportunity?

A2: The AMS Fruit and Vegetable Program’s website contains a list of all GAP certified growers. AMS will be sure to add a link to this list to the AMS Procurement Website (www.ams.usda.gov/commoditypurchasing) to make it easier to reference. AMS does not maintain an electronic (e-mail) distribution list for GAP certified growers and does not intend to send hard-copy letters to each company nationwide regarding the pilot. However, interested parties are encouraged to use the information on AMS’ website to conduct outreach to these growers, nationally or regionally, if they so choose.

Q3: Blueberries are not available domestically year-round. Will the pilot allow for non-domestic sources during times of the year when domestic sources are not available?

A3: AMS only purchases domestic products. There will be no exceptions to allow non-domestic products. The pilot will be launched with apple, blueberry, grape, orange, carrot, and lettuce products

only, to test the process with small volumes and a variety of production and processing situations. In the future, it would be expanded to include additional fresh products.

Q4: What would be the administrative burden of this program to expand it to include "local preferences" in the contracts?

A4: The RFP for the pilot program does not include local preferences; AMS is not allowed to do this under federal regulation. However, the procurement of the product and the delivery to a specific school is a two-step/ two-contract process: the first step is to enter into a contract with AMS to provide the fresh product, with origin pricing of the product only. The second step involves winning a contract with the school to get the product delivered to them. The second contract involved would be at the State or District level, and may include local preference flexibility at the option of the school.

The administrative burden of this program on AMS will be one of the elements closely examined during the pilot phase. Proposals must be received and evaluated; contracts awarded and managed; invoices submitted and processed. The size, scope and appearance of the program is expected to go through changes as these factors become apparent.

Q5: Will USDA pay the produce price, and the delivery charge is then separate?

A5: Correct, AMS will pay product costs FOB at the facility; the school will award contracts to cover transportation and any additional costs involved in getting the product from the facility to final destination.

Q6: Will there be any additional microbiological testing requirements/hold times before shipment on these products?

A6: Processed products will require the same microbiological test and hold requirements currently in place.

Q7: How is this pilot different from the DOD Fresh program?

A7: the DOD Fresh program continues to work very well for many participants, but it does not meet the needs of all schools throughout the country. This pilot is to test a program that is an alternative to systems that are already in place.

Q8: Schools participating in the DOD Fresh program use the DOD system for placing orders; will AMS use WBSCM (Web-Based Supply Chain Management) for placing orders for the Fresh Pilot?

A8: No, vendors will submit their proposals in response to the RFP using WBSCM, and if awarded a contract, they will submit any invoices for product costs in WBSCM as well. Invoices submitted will be required to include proof of delivery to the school. The State/school contract would be submitted to the State/school through whatever system they use for orders and payments on commercial purchases; AMS would not dictate or be involved in that process.

Q9: Vendors must use WBSCM for bidding and invoicing?

A9: All procurement transactions with AMS must be done through the WBSCM system. AMS provides guidance documents, training materials, and webinars on WBSCM to assist external users (vendors) with gaining access to the system and becoming familiar with how it is used. This information can be found on the AMS website (www.ams.usda.gov/commoditypurchasing) under [WBSCM Information and Training](#). Webinars on bid submission and invoicing are conducted periodically. Information about these webinars is posted to the AMS website under [Notices and Press Releases](#).

Q10: How are the minimum and maximum contract amounts going to be set up for the RFP?

A10: AMS must set minimum and maximum amounts on contracts which are for indefinite delivery, indefinite quantity commitments; however, they will be set liberally as far as the maximum, as the school contract with the grower/supplier would define the volume of product agreed upon.

Q11: How much entitlement money is left to do this pilot program this year?

A11: AMS cannot answer how much entitlement is left for the participating pilot states to conduct the pilot this year. However, we again state that the initial RFP is intended to test the process and determine what will need changing for the second go-round. Schools should contact their State concerning their entitlement levels.

Q12: Can entitlement money that is in the DOD Fresh program be moved from that program into this pilot?

A12: That would need to be coordinated at the State level to move money from one program to the other.

Q13: How will entitlement be tracked?

A13: Entitlement will be handled similar to the DOD program and schools will specify the amount of entitlement designated to the pilot. That is one of the major factors to be determined through the first RFP contracts. The State/schools will need to monitor and track the entitlement used, and reconcile with purchases. USDA will ensure entitlement is available before payments are made.

Q14: Regarding local suppliers and small producers, does AMS have any advice to share with organizations working with these groups about how to get such entities involved in this pilot?

A14: AMS suggests that these organizations reach out to areas where these farm/school relationships are already strong and connections are well developed, to get them to participate in this pilot early so AMS can assess how it will work for such relationships. It is not suggested that organizations try to establish these relationships from the ground up based on this pilot, as the time required to do so would not be available before the RFP is launched and offers due.

Q15: What process will AMS have to reach out to schools and farmers about the program? Will AMS provide any materials or other assistance with outreach?

A15: As mentioned previously, AMS already provides training modules, and [guidance documents](#) as well as webinars for external users (bidders) to assist them with the bidding process. AMS will consolidate

the links to all this information into one place for ease of reference; the site will include WBSCM information, pilot information, GAP program information, and other useful links and documents. Also, AMS is working with the USDA Office of Small and Disadvantaged Business Utilization (OSDBU) to set up on-site meetings in both Michigan and Florida in the very near future.

Q16: AMS mentioned the first RFP will be issued very soon to test a limited scope of transactions; what is the timeline for the second RFP issuance?

A16: It is anticipated that the second RFP would be issued in the spring of 2012.

Q17: These categories are not all available or only in limited varieties in the pilot states. Will AMS be adding additional product categories for the second RFP?

A17: No. The second RFP will be for the same categories as the initial RFP; that is: apples, blueberries, grapes, oranges, carrots, and lettuce. AMS understands that these products will not be locally (or even nationally) available year-round. It is our intention to start out with categories that represent a large volume of the fresh produce currently purchased by schools, and use them to test the new system. It is not the intention of the pilot to consider only products that are available in a specific region or locality, or that are only available year-round.

Q18: Will the pilot be expanded to other areas of the country?

A18: AMS hopes to take the program to a national level eventually, but the timing and speed of this expansion will depend on the results of the pilot. It is expected that the pilot will result in many changes to the program before it reaches a national level. We cannot speculate on the timing of when the program would be available to other States beyond Florida and Michigan.

Q19: Is there any sense of the total cost for this pilot program? Will it be more or less expensive than the States/schools current systems?

A19: AMS certainly hopes that the fresh pilot does not result in a higher cost for procuring fresh produce. The cost of the program, as well as the administrative burden, will be critical evaluation factors during all phases of the pilot.

Q20: Is the program open to brokers, allowing them to bid under the RFP?

A20: AMS left the program open to any entity—growers, wholesalers, distributors—but any offeror must show that they have a source of GAP-certified production for the program and meet Federal Acquisition Regulation requirements.

Q21: GAP audits of growers must be performed during the harvest, correct? Apple harvest is wrapped up for the year, so there is no opportunity for additional growers to have this audit done?

A21: Correct. In that case, they cannot now be audited, thus only growers with current USDA GAP audits will be able to participate in this initial RFP.

Q22: How will AMS evaluate the delivery terms in the offers under the RFP? Must the offeror show in their quote the transportation/ delivery terms?

A22: AMS wants to know if the offeror is currently selling to schools, and there has to be shown that the offeror has the means to get the product to the end user. However, apart from that, AMS will not be involved in delivery terms that will be part and parcel to the contract between the vendor and the State/school.

Q23: What are the invoicing terms mandated by USDA? What is the frequency?

A23: AMS will have to see how this plays out with the initial contracts. Since there is such a range of vendors who might participate- from small growers to large distributors- it is difficult to have invoicing terms that are one size fits all. Generally, AMS requires invoice submission through the WBSCM, then reviews and approves properly prepared invoice packages, and USDA makes payment according to the Prompt Payment Act.

Q24: How will end-users (schools, local government) be brought into the evaluation process of this pilot?

A24: AMS appreciates feedback from all levels and directions as the pilot proceeds; representatives in AMS will be available to discuss the pilot with interested parties, with contact information posted on the AMS website. AMS would appreciate any assistance with gathering and communicating such feedback that industry/action groups may provide.

Q25: How many awards will be made under the RFP? Will the cheapest offer be awarded the contract?

A26: AMS anticipates the award of multiple contracts under the RFP, covering various product offerings within the six categories (apples, blueberries, grapes, oranges, carrots, and lettuce). AMS expects to see a wide range of offers so evaluation of price reasonableness will take such factors into consideration but result in multiple awards under the RFP.

Q27: Pricing in the proposals will be for a specific product to a specific location?

A27: Pricing will be for product at the offeror's location only. Pricing for transportation and other services will be in the contract with the schools. The offeror must quote a price for the product, and also identify if there are limitations (constraints) to their offer regarding time, volume/capacity, or destinations they can deliver to.

Q28: Can a vendor (grower/distributor/etc) in Ohio bid to provide product to Michigan?

A28: Yes. AMS does not have any geographical restrictions on the locations of the vendors or sourcing of the products other than that they must be of 100% domestic origin.

Q29: Can schools put a local restriction on their contracts?

A29: Schools have the option to place "local preferences" on their solicitations/contracts. This is not a restriction, but a preference for local.

Q30: So the end user chooses which vendor and product?

A30: Correct. The end user (State/school) will contract with a vendor to supply the fresh produce to their locations.

Q31: Will there be domestic tracebacks performed on these contracts?

A31: Yes, products are subject to domestic origin reviews (“traceback”) to the farm level.

Q32: Must wholesalers and distributors have GAP audits?

A32: GAP (Good Agricultural Practices) audits are for producers/growers. Wholesalers and distributors would be required to pass a Food Defense Audit performed by UDSA (a requirement of all USDA commodity contractors) as well as GHP (Good Handling Practices) audit.

Q33: Will the prices for the products awarded be adjusted during the life of the contract?

A33: Yes, prices will be subject to an economic price adjustment which will allow for flexibility based on the fluctuations in the marketplace over the life of a long-term contract. Such adjustment will likely be made on a monthly basis, not as frequently as the DOD Fresh program which is weekly.

Q34: Will a supplier need to maintain separate slots for commercial product versus the corresponding USDA product if only the USDA is tested for microbial?

A34: Correct, if the commercial product and USDA product do not meet the same criteria, it would have to be segregated to maintain the integrity of the USDA product. An alternative would be to have microbial testing performed on all of the product-for commercial as well as USDA accounts- which would eliminate the need for separate inventory.

Q35: When will the RFP be out, bids be due?

A35: The RFP will be out in the next couple of weeks, with the offer due date a few weeks following.

Q36: Will it be known how much entitlement the States will want to include toward the pilot before the offer due date?

A36: AMS may not know the total value of entitlement involved in the pilot prior to the offer due date; that said, we expect to know this prior to the award of any contracts.