

ACDA ANNUAL CONFERENCE

Coming Together to Nourish the Nation





April 21 - 24, 2024 Marriott St. Louis Grand St. Louis, Missouri



Warehouse Contracting

The Essentials of Attractive Yet Effective Bids and Being Good Business

Partners



Today's Speakers



Alicia Sehne Gold Star Foods



Dorothy ColeGordon Foodservice



Jaclyn Cantu, RD
Texas Department of Ag



Damasita Sanchez
Oregon Department of Ed



Alicia Sehne

Gold Star Foods



Gold Star Foods

Seven (7) State contracts to act as the State Contracted Warehouse

- 2 Direct Delivery Contracts
 with options for Fee for
 Service Through a Distributor
- 4 Direct Delivery & Fee For Service Through a Distributor
- 1 Direct Delivery & Processed Foods (NOI/Single Bank)

Two (2) Private Cooperative contracts

- 1 Direct Delivery Only
- 1 Direct Delivery & Processed Foods (NOI, Closed SKU NOI/Single Bank)

Regulatory Requirements for Procurement and Inventory Management of USDA Foods

- 7 CFR 250 clearly outlines the requirement that a state agency must follow for the distribution of USDA Foods.
 - While a commercial entity cannot act as a sub-distributing agency, States should hold their vendors to the same requirements
 - Implement a customer demand-driven system that minimizes waste
 - Ensure that the distribution of USDA Foods is efficient and cost-effective to maximize federal dollars
 - Inventory Management systems that distinguish USDA Foods from other purchased foods
 - Ensure the value of USDA Foods is tracked throughout the supply chain identifying the transfer of value from the USDA to the school
 - Implement systems to prevent aged and/or expired inventory



Regulatory Requirements for Procurement and Inventory Management of USDA Foods

- 2 CFR 200 clearly outlines the requirements for procurement
 - When soliciting services requiring expertise to comply with Federal and State regulations, only a Request for Proposal shall be used
 - Food Safety
 - Inventory Management
 - Receiving Guidelines
 - Reporting Requirements
 - Delivery Requirements
 - Customer Service Expectations
 - USDA Foods Specific Requirements
 - Value Pass Through Documentation





State Contracted Warehouse – Best Practices



- Successful collaboration between the State Agency and contracted vendors has the following attributes:
 - Involvement in daily activities with flexibility to manage daily business
 - Streamlined processes
 - Mutual accountability
 - Trust
 - Openness to learning each other's business practices
 - Collaborative decision making
 - Process innovation

Dorothy Cole

Gordon Foodservice



Partnership

What type of partnership is best... for you?

- Storage Only
- Storage and Transportation Only
- Value Adds -
 - Customer online ordering
 - Customer online reporting
 - Assistance on driving usage
 - Service expectations
 - Partnership with State
 - Reporting
 - Sweeps
 - Reallocate







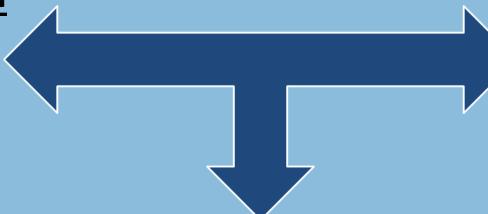
Warehouse OR Distribution

Storage and Transportation ONLY

- Price only
 - No Value Adds
- Storage Only

Considerations

- Damage
 - Fair Market Value Credits
- Multiple Trucks at Districts
 - Increase Risks
 - Labor Costs
- Minimum Deliveries
 - Small SFAs



Distributor

- Partnership
- Define Reporting Parameters
- Limit SKUs
 - Buy American
 - Not available as a processed item
- Easy access to ordering
- Storage Fees
- Drive usage and turns
- DEI initiatives
- Sustainability



What is the preference of your SFAs?

Price

Storage and Transportation ONLY

- Bid
 - Evaluated only on Price

Distribution

- RFP
 - Allow for Partnership
 - Understand how to write a solid and attractive RFP
 - No Surprises
 - Keep lines of communication open, on renewals, issues, and positive outcomes
 - Understand the cost of each slot at a Distribution Center
 - Multiple deliveries
 - Consolidated deliveries (USDA Donated foods and Commercial products)





Jaclyn Cantu, RD

Texas Department of Agriculture



Texas Demographics

- Texas only does a formal contract for warehousing for the Child Nutrition Programs
- 1350 RAs participating in NSLP
 - 1250 participate in USDA Foods
 - -11 Direct Ship RAs
- Texas is over 268 thousand square miles in size and is mostly rural.
 - The state is divided into 8 regions
 - -Currently 4 contracted warehouse locations to service the 8 regions
 - 2 contracted warehouses are food banks



Request for Proposal

- 1 RFP that results in 8 contracts
- 1 Year contract with up to 3 renewals
 - Pricing updated annually with CPI
- Allows for subcontracting
- RAs pay contracted fees and SDA reimburses them at the end of the school year.





Contract Fees

Storage Fees

- Frozen, Cooler, and Dry storage rates
- 45-60 days dwell times (varies by contract)
- Force deliveries for items 2
 months to expiration or BIUB date.

Delivery Fees

- Vendors set the following parameters within their bid response:
 - Delivery Minimums
 - Delivery Frequency (once a week is the maximum)
 - Delivery Fee structure (most do a sliding per-case rate)
- Contract allows for a fuel surcharge
- Awarded vendors set delivery route schedules



Successful Contracting Elements

Clear contract deliverables

- What services are you contracting for?
- Include estimated volume, delivery locations, and delivery frequency
- Include your service expectations (customer service, reporting, and timelines)

Oversight

- Monthly performance rating for each deliverable in the contract.
- Inventory counts

Communication

- Clear Roles and Responsibilities for all stakeholders
- Discuss identified operational issues
- Clear processes that support communication

Damasita Sanchez

Oregon Department of Education



Getting Ready to Contract a Warehouse/Carrier

- Get the right people involved
 - Know your state's procurement rules
 - Agency procurement limitations
 - Delegation procedure
 - Role of the procurement staff
 - Required or recommended training





Developing the Solicitation



- Get "buy in" (develop partnership)
 - USDA Foods may be unique
 - Explain the USDA Foods program and needs
 - Establish roles, timeline, and workspace
 - Understand Market Research Process
 - Identify Resources



Writing Contract Specifications

Don't write so that you can be understood, write so that you can't be misunderstood.



Writing Contract Specifications

- Input
 - Sources
 - Identify needs/deliverables
- What makes an attractive contract?
 - Clearly Define Requirements
 - No surprises
 - Allow flexibility where you can





QUESTIONS?



Working Together to Nourish the Nation



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