

# 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 Cole**  
Gordon 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

## **PARTNERSHIP**



- 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?

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