

Task Force C Meeting Summary Monday, November 7, 2005

Task Force Participants: Elaine Brown (temporary chair) – Michigan Food and Farming Systems, Kathy Fedder – MI Department of Agriculture, Mike Hamm – Michigan State University, Chris Lietzau – MI Department of Agriculture, Gatha McClellan – MI Department of Corrections, Gretchen Mensing – Michigan Apple Committee, Marla Moss – MI Department of Education, Pat Murdock – Brighton Area Schools, Jeff Stewart – Sysco Food Services, Leland Wheaton – Charlotte High School.

Additional Participants: Sean Carlson – MI Department of Management and Budget, Tony des Chenes – MI Department of Management and Budget, Keith Creagh – MI Department of Agriculture, Marty Gerencer – Michigan Food and Farming Systems, Barb Hensinger – MI Department of Agriculture, Viki Lorraine – Michigan State University, Sue Schweim – MI Department of Management and Budget, Bonnie Bochniak – Michigan Food and Beverage Association.

The third Task Force C: Promoting Michigan Foods meeting convened Monday, November 7, 2005 from 2:30 - 4:30 pm, Constitution Hall in Lansing. Council Member Elaine Brown chaired the meeting.

Ms. Brown called the meeting to order and there was a brief round of introductions. Ms. Brown introduced Sean Carlson, Tony des Chenes and Sue Schweim from the MI Department of Management and Budget (DMB) to discuss institutional purchasing issues.

DMB Purchasing Process

Mr. Carlson explained that DMB awards contracts based on “best value” rather than lowest cost, and cited two Executive Directives that address some of the efforts of the Task Force (TF). Executive Directive 2005-3 (Prohibition of No-Bid Contracts) prohibits sole-source or no-bid contracts, and Executive Directive 2005-6 (Procurement of Goods and Services and Protection of Michigan Jobs and Jobs in the United States) instructs the DMB to adopt policies and procedures that provide a purchasing preference for goods and services from Michigan-based firms. Executive Directive 2005-6 is implemented more qualitatively than quantitatively, with “factor points” awarded to bidders who fulfill its objectives. The DMB works with the MI Department of Corrections, and the MI Department of Education, among other departments, on their food contracts. The ensuing discussion revolved mainly around efforts to increase Michigan food purchases by the Department of Corrections.

Department of Corrections Opportunities

Mr. Carlson and Tony des Chenes explained that the purchasing process for food

includes two main entry points for Michigan foods: 1) opportunity or “spot” buys that are made weekly by food service directors at each correctional facility, and 2) large contracts that are put out for bid by DMB and then awarded to major vendors for a period of 3 years with extension options for 2 additional years. The Task Force discussed these two opportunities separately.

1) Opportunity or “Spot” Buys: These frequent purchases are often for produce and fresh items. A spot buy can be for no more than \$25,000 per buy. The facilities must get bids by phone or in written form from at least three vendors. Food service directors are able and might be willing to purchase food from local growers who can deliver the food to the facilities. They do not have a list, however, of such local farmers and so these connections are not common.

Correspondingly, the Task Force agreed that most local farmers would not necessarily think to attempt to sell their products to the local correctional facility, and would not know how to contact food service directors. Ms. McClellan passed out maps indicating the location of State correctional facilities, and a contact sheet with information for all of the food service directors.

2) Major 3-to-5-year Contracts: All contracts are posted on the DMB website and any vendor can bid on the contracts. Postcards go out to registered vendors to notify them when a contract has been put out for bid. The bid process might be seen as cumbersome or confusing, depending on the experience or resources of the bidding party. Currently, the bid notification process is mainly by word-of-mouth.

Task Force participants decided to request a breakdown from the major contract vendors (11 pre-approved vendors) indicating the current percentage of food provided that is: 1) produced in Michigan, 2) produced and processed in Michigan, and/or 3) processed in Michigan but produced elsewhere. This breakdown will establish a baseline from which policy recommendations (e.g., a required percentage level of Michigan foods in contracts) will be informed.

The Task Force participants discussed issues that led to the following proposed policy recommendation to send to the Council for consideration.

Proposed Policy Recommendation: Increase the percentage of Michigan-produced and/or –processed foods purchased by the MI Department of Corrections for its correctional facilities through both DMB contracts and spot buys.

- DMB and MDA should create training and information opportunities for farmers and processors to learn how to navigate the State bid process and receive notification of bid opportunities.
- DMB should establish a goal for increased purchase of Michigan-grown and/or -processed foods; specify an increase over current levels of Michigan food purchasing using the baseline percentages established with information from current contract holders.
- MDA, in cooperation with commodity groups and growers associations, should:

- Facilitate the development of a web-based directory of farmers searchable by location. The directory should be updated and consistently maintained.
- Invite DMB representatives to attend commodity group meetings to explain the contract and purchasing processes; MDA, commodity/growers groups, and processors should work to identify producers/processors willing and able to provide products to State departments.
- Facilitate and encourage the development of innovative partnerships to increase the purchase and/or processing of Michigan foods by state departments.
- DMB and Department of Corrections should:
 - Encourage food service directors at each correctional facility to direct spot bid requests to local farmers.
 - Create and disseminate (via MDA and commodity groups) an information sheet on the spot buy process to help farmers learn more about the process.

Task Force participants raised the following issues as challenges to address regarding the proposed recommendation:

- Price premium on Michigan-produced and/or –processed foods.
- Payment options that accommodate farmers and purchasers.
- Timeline for ordering and planting/farm planning need to be synchronized.
- Portion control.
- DMB is starting a new round of large contracts for the Department of Corrections to be completed in the coming months.
- Individual farmer delivery of products to facilities might be cumbersome.
- Hurdles for small and medium producers to increase the amount of their products offered by the major contract vendors.

Department of Education Opportunities

The Task Force needs further discussion to develop a policy recommendation around increasing the percentage of Michigan-produced and/or –processed foods purchased by the Michigan Department of Education. Many of the hurdles faced by the Department of Education are similar to those listed above for the Department of Corrections, but there is an additional challenge in that federal procurement guidelines (which must be followed by schools purchasing food for lunches) prohibit the preferential purchase of local food.

Grants for fresh fruit and vegetable purchases, through the USDA Fruit and Vegetable Pilot Program and through the Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh), generally allow schools more purchasing flexibility, but schools need lists of potential suppliers.

The next Task Force C meeting is Wednesday, January 11, 2006 from 2:30pm – 4:30pm, Constitution Hall, Hutchinson Room, Lansing.