

Instructions for Competitive Bid Procedures

General Information:

Summer Program regulations require sponsors whose contract with a Food Service Management Company (FSMC) will exceed the small purchase threshold (\$150,000 for private non-profit organizations, \$22,386 for all others) to use a competitive bid procedure in the selection of that company, unless the sponsor is a school which has an exclusive contract with an FSMC for year-round service and the Summer Food Service Program is included in this exclusive contract.

We recommend that sponsors required to use competitive bidding use the standard Michigan Department of Education (MDE) Summer Food Service Program Invitation for Bid and Contract (IFB/C). Public institutions and sponsors whose FSMC contracts total less than \$22,386 may use their usual form of contract if such contract is approved by our office. Please study these instructions and Sections 225.6(h) & 225.15(g) of the regulations carefully before initiating the competitive bid procedure. **If you have any questions, please contact our office.**

The following timetable with accompanying instructions will help you in planning and conducting your search for a vendor. The sequence of events and time intervals between them are governed by regulations and sound management principles. Dates by which you should have completed each step will depend upon your proposed starting date. But as a general rule, you should allow for at least two months between your first step toward finding a vendor and the first day of Program operations.

The **dates below are used as samples** to help illustrate what your timetable should look like.

APPOINT CONTRACT ADMINISTRATOR AND CALCULATE CONTRACT SIZE

1. April 9 - The sponsor who wants to have a catered Program multiplies the number of days it proposes to operate by the estimated number of meals of each type it will serve each day and the reimbursement rates for these meal types. If the total exceeds \$22,386 (\$150,000 for private non-profit organizations), it will have to use the competitive bid procedure. A contract administrator should be appointed at this time. The administrator's job is to master all relevant regulations and instructional materials and to keep other members of the staff informed regarding contract matters. This person begins to develop a "system for contract administration" for enforcing, and documenting enforcement of, the terms of the contract.

DEVELOP FOOD SPECIFICATIONS AND CYCLE MENU

2. April 16 - The IFB/C must include not only a cycle menu, but also food quality specifications. For technical assistance with menus or food specifications, sponsors should contact our office. Cycle menus and food specifications must be submitted to this office for approval **prior to** distribution of the IFB/C to prospective bidders. A sponsor planning to amend the IFB/C or to use their own invitation to bid or contract should submit them to our office for approval at this time.

3. Prior to distributing the IFB/C to bidders, sponsors must also fill in the following appropriate blanks in the IFB/C:

Section A

IFB/C Face Sheet, page 1: If the due date for bids will differ from the opening date, both dates should be listed in the Bid Opening section on the date line.

Section B

Certification of Independent Price Determination, page 2: Both the sponsor and bidder must execute this certificate. The bidder must sign at the time he submits the IFB. The sponsor must sign at the time the bid is accepted.

Section C

Instructions to Bidders, page 3, paragraph 2(c): Fill in the percentage of the bid bond only if the estimated value of the contract exceeds \$150,000. If not, this section should be deleted. The amount of the bid bond may be established between 5% and 10%.

Section D

Scope of Services, page 5: Complete Items B and D.

Section E

- a. Page 6: The purpose of a unit price schedule (Schedule D) is to ensure that the unit price for each meal type reflects the quantity of that meal type served during a specified billing period. The more meals of a given type that are served during a billing period, the less per unit they should cost. Conversely, if participation falls below the sponsor's estimates, the unit price should rise accordingly.

As the instructions in the IFB/C (page 6) indicate, the sponsor fills in the first three columns in Schedule D (page 20) entitled "MEAL TYPE," "AVERAGE DAILY MEALS NEEDED" and "TOTAL NUMBER OF MEALS."

If you participated in the Program last year, the figures you enter in the second and third columns should be based on a day-to-day analysis of last year's participation, corrected to reflect new sites, if any, for this year. If this will be your first year in the Program, it will be somewhat more difficult to provide meaningful data for range bidding. Participation tends to decrease gradually and steadily through mid-August, by which time it may be roughly 70% to 75% of the peak week. Decreases after August tend to be abrupt and significant. The Program may end serving only 40% to 45% of the children attending during the peak week. These are general observations which may or may not apply to any given Program. Each sponsor should apply all available knowledge of the community served to the task of predicting participation on page 20 of the IFB/C.

- b. Page 6, Item 6: Complete first and second paragraphs.
- c. Page 7, Item 9.A.4: Indicate exactly the types of nonfood items you will need to serve meals.

Section F - General Conditions:

- a. Page 8, Item 1: Complete paragraph D.
- b. Page 8, Item 4: Complete first paragraph. Indicate the billing period, i.e., weekly, bi-weekly, or monthly. It is important that you specify the billing period because the

average daily delivery of a meal type during that period will be placed within the appropriate range and the vendor paid at the contract unit price for that range for the period billed.

- c. Page 9, Item 6: Fill in the percentage of the performance bond only if the estimated value of the contract exceeds \$150,000. If not, this section should be deleted. The amount of the performance bond must not be less than 10% and not more than 25%.
- d. Page 9, Item 7: Replace the parenthetical statement with "The successful bidder must provide for workman's compensation insurance in accordance with Chapter 1 of Michigan's Workers Disability Compensation Act".
- e. Page 9, Item 10: Complete first and second paragraphs.
- f. Page 12, Must be completed by the FSMC if the dollar amount of the contract is \$150,000 or more. The certification statement is intended to assure the sponsor that neither the vendor nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in the contract by any Federal department or agency.

Schedule A - Page 15:

Fill in the specified information for all sites. Timing will require sponsors to circulate the IFB/C to prospective bidders before their program applications have been approved. Therefore, Schedule A should include all sites for which a Site Information Sheet will be or has been submitted to MDE. **Sponsors must not sign contracts until their Program application is approved** and, under certain circumstances described in paragraph 11 below, their procurement procedures are approved by this office.

When filling in delivery time, sponsors must take into account: (1) the meal service times entered on the various site sheets; (2) the presence or absence of meal storage facilities at the site; (3) the hours of operation at each site; and (4) the relative location of sites. The delivery schedule may affect the number of trucks that the FSMC will need to serve the Program. If the sponsor prefers to work out the exact delivery schedule with the successful bidder after the contract has been awarded, it is acceptable to circulate bids containing a statement of the hours within which each meal type must be delivered for the entire Program. For example, if the earliest time that lunch will be served at any site is 11:00 AM and the latest that lunch will be served at any site is 1:45 PM, the sponsor may wish to state in the IFB/C: "Lunch must be delivered to sites between 10:00 AM and 1:00 PM, the exact schedule for each site to be mutually agreed upon by the sponsor and the successful bidder after award of the contract." If this option is chosen, the exact delivery time(s) for each site must be incorporated in the IFB/C after they are agreed upon.

Schedule B - Page 16:

The cycle menu which will be included in the IFB/C must, as stated in paragraph 2 above, include food quality standards and have the prior approval of this office.

- 4. April 23 - Contact Newspaper: Local newspapers are contacted, in writing, and requested to run an advertisement as described in paragraph 6 below.
- 5. April 27 - Notify MDE: As required by Program regulations, the sponsor notifies this office in writing of the date, hour and place of the bid opening **"at least 14 days prior to the opening of bids"**. If the sponsor's estimated reimbursement exceeds \$150,000, the opening will be attended by a representative of our agency.
- 6. April 30 - Run Advertisement: The contract is advertised in the local newspaper with the

largest circulation. If the Program will be operating in a city with a population of less than 150,000, the sponsor should also advertise in the largest paper in the nearest city of this size. The ad should be published on two different days. These suggestions are intended to promote maximum competition for the contract. The advertisement must be published for the first time at least 14 days prior to the opening of bids. If the due date for bids precedes the opening date, there should be at least 14 days between the first ad and the due date.

The published advertisement must include:

- a. Name, address, and phone number of the sponsoring organization and information on how to receive and submit IFB/C.
- b. Proposed beginning and ending dates and number of operating days of the Program.
- c. Types and estimated numbers of meals to be served daily and proposed number of sites.
- d. Locale where the Program will operate.
- e. If the estimated value of the contract exceeds \$150,000, a statement of the percentage of bid and performance bonds and the requirement that they be executed with surety companies listed in the current Treasury Department Circular 570.
- f. Time, hour, and place of the bid opening.
- g. If other than the time listed in number (f) above, the due date for bids.
- h. Statement that only bids from companies registered with the Michigan Department of Education will be considered for award, and that bids must be accompanied by evidence of registration.
- i. Statement that contracts are subject to review by Michigan Department of Education, Office of Grants Coordination and School Support, 608 West Allegan St., PO Box 30008 Lansing, Michigan 48909 or USDA, FNS, MWRO, SNP, 77 W. Jackson Blvd., 20th floor, Chicago, Illinois, 60604-3511.

A copy of the published advertisement must be submitted to this office immediately upon publication. In those instances where a representative of this office must attend the bid opening, the copy of the advertisement will serve as notification of its time and place. The cost of published advertisement(s) is a reimbursable administrative expense under the Program.

7. Materials Provided To And Received From Bidders: Soon after the ad appears, vendors will begin to request bid specifications. The contract and the bid specifications are one and the same document. This document will contain the menu and food specifications which have received prior approval of this office. The sponsor files all written requests for specifications and maintains a log of all requests made in person or by phone. Each potential bidder is supplied with one copy of the IFB/C and the Certificate of Independent Price Determination, as well as instructions regarding what must be submitted to the sponsor with the bid.

Three copies of the following attachments must accompany each bid:

- a. Invitation for Bid/Contract
- b. Certificate of Independent Price Determination
- c. Health certificates for all facilities where the vendor will prepare Program meals
- d. Bid bond, if applicable
- e. Bidders may be required by the sponsor to submit with their bids a list, with addresses and phone numbers, of all sponsoring organizations with whom they have had a Summer Program contract in previous years.

8. May 14 - Receipt Of Bids: All bids are due. They must be submitted, sealed and remain sealed until the opening. Late bids must be rejected unless they meet the exceptions stated in Item 10 on page 4 of the IFB/C. Remember, the bid opening cannot take place less than 14 days after the first appearance of the published advertisement. Bids which lack any of the **mandatory** attachments listed in paragraph 7 above cannot be considered.
9. Bid Opening: The person conducting the bid opening unseals the bids one by one, performing the following tasks as he or she does so:
 - a. Reads out the name of the bidder.
 - b. Checks for the necessary attachments and announces that each is present. If they are missing, states that the bid cannot be considered.
 - c. Using the midpoint of each bid range, the number of days the sponsor anticipates serving within that range, and the unit price for the meal type for that range entered by the bidder, the sponsor completes extensions for all lines and arrives at a dollar total for each meal type. The dollar totals for the various meal types to be served under the Program are then added to a grand total. This grand total is the bid price which is then read out loud. A calculator is needed at the bid opening.
 - d. Determines that the bid bond, if applicable, meets the minimum percentage of the total bid, and it has been executed with a surety company listed in Circular 570.
 - e. Announces the tentative date of the contract award.
10. Check Reliability of Bidders: During the interim between the opening and the award of the contract, the sponsor may wish to contact other sponsors who have contracted with the bidders in order to assess their past performance.
11. MDE Approval: The sponsor's choice of an FSMC must be approved by our office if: (1) only one bid has been submitted; (2) the sponsor wants to award the contract to a bidder whose bid is higher than the lowest bid; or (3) if the value of the contract exceeds \$150,000. In order to determine under the range bidding system whether (2) applies, the sponsor multiplies the midpoints of all ranges for each meal type by the number of days for the ranges, totals the results of these calculations and divides the dollar total of the bid by the above total. This formula will yield the unit prices on the basis of which to compare bidders for this purpose.

When any of the above three circumstances occurs, the sponsor should immediately send to this office copies of all bids received, with all attachments and a complete list of all companies that requested the IFB/C, whether or not they later submitted a bid. The sponsor must also include a letter stating why it proposes to award the contract to the bidder of its choice.

12. May 18 - Award Of The Contract: The contract is awarded. (**Note: If the contract requires our approval, it must not be awarded until that approval has been received**). The sponsor executes and awards the contract simply by completing the "ACCEPTANCE" section of Section A and submitting a copy of the contract to the successful bidder. The contract should be signed by the same sponsor representative who signs the Summer Program Agreement.
13. Provide MDE Contract Material: Sponsors whose contracts do not require our approval must submit all of the materials noted in paragraph 7 above to this office after the award and prior to the beginning of Program operations. They do not have to send us any contract materials before making the award (unless they wish to change or augment the IFB/C form).
14. May 25 - Submit Performance Bond: If contract is over \$150,000, the successful bidder must have submitted a performance bond to the sponsor by this date.

15. June 25 - Program Begins: Summer Program operations begin. Your scheduling of the competitive bid process should be based on your Program operating date. Working backward from this date, you should schedule steps in the process in accordance with program regulations, so that at least two weeks elapse between the award of the contract and the commencement of Program operations. The vendor needs this time to arrange for procurement of Program foods and to develop delivery routes.

Note: The sponsor is the responsible authority without recourse to the Michigan Department of Education regarding the settlement and satisfaction of all contractual and administrative issues arising out of the procurements entered into under the Program.