

Bid Process Guide

Vended School Meals Company (VSMC) Contracts

Request for Proposal (RFP) – Over \$250,000

Request for Quotation (RFQ) – Under \$250,000

School Year 2022-2023

Acronyms

- ADP – Average Daily Participation
- CACFP – Child and Adult Care Food Program
- CPI – Consumer Price Index
- FFVP – Fresh Fruit and Vegetable Program
- MDE – Michigan Department of Education
- NSLP – National School Lunch Program
- RFQ – Request for Quotation
- RFP – Request for Proposal
- SDI – School District Information
- SFA – School Food Authority
- SFSP – Summer Food Service Program
- USDA – United States Department of Agriculture
- VSMC – Vended School Meal Company

Contract Administration and Monitoring

Before entering into any contract, it is important to note that the school food authority's (SFA) responsibilities do not end when the contract is signed.

- Monitoring the contract is essential to ensure the service procured is the service received, that the SFA receives the full value of purchase discounts and rebates, and to ensure there is compliance with Federal law.
- The SFA's diligence in monitoring the contract helps demonstrate program integrity, fiscal responsibility, and is key in protecting the SFA's interests.
- **The SFA and vendor owe it to one another to regularly and clearly communicate about service. Both parties should notify each other of service issues, work on resolutions, and discuss what is working well and what isn't. This will help everyone achieve success.**

Know it, Monitor it, Communicate!

- **Know the contract**
 - Read and understand what is included in the contract.
- **Monitor the service**
 - Check that meals served match menus, are reimbursable, and meet food quality standards.
 - Check invoices to ensure accuracy and that costs are allowable.
- **Communicate with the VSMC**
 - Question discrepancies.
 - Ensure terms are met.
 - Resolve issues and complaints.
 - Enforce the contract.

Monitor the Service

- Monitoring the contract is essential to ensure:
 - The service procured is the service received.
 - Compliance with Federal law.
- The SFA's diligence in monitoring the contract helps:
 - Demonstrate program integrity.
 - Demonstrate fiscal responsibility.
 - Protect the SFA's interests.

Pay Invoices on Time

- Timely payment to vendors for reimbursable meals and compliant service is critical to the success of the program just as much as it is to a vendor's successful operation.
- Consistent failure to pay the vendor on time may negatively impact its ability to provide successful service to the SFA or even elsewhere.

Contract Duration

- All contracts run from July 1st of the current year to June 30th of the following year.
- Per Federal regulations, contracts run for one year with the option of four one-year term renewals.
- It is recommended that bid proposal documents be sent to MDE several months prior to July 1st to give enough time for review and approval.

Request for Proposal vs. Request for Quotation Contracts

Determine which Vended School Meals Company (VSMC) contract is most appropriate for the SFA:

- Request for Proposal (Formal Procurement) – used when the aggregate total of the vended meals contract exceeds the threshold of \$250,000 during the school year.
- Request for Quotation (Informal Procurement) – used when the aggregate total of the vended meals contract is less than the threshold of \$250,000 during the school year.

Both types of contracts are used to obtain bids for meals. There is no manager included in either type of vended contract.

Bid Proposal Packet

Four documents make up the initial packet to MDE:

- ✓ Request for Proposal (RFP) or Request for Quotation (RFQ)
- ✓ Information Section (with applicable policies and menus)
- ✓ Legal Notice (RFP only)
- ✓ Letter to Vendors (RFP only)

Bid proposal packets must be submitted to MDE for review at least three to four weeks in advance of the document release date. MDE does understand that situations may arise where a shorter timeline is needed. Contact MDE to discuss timelines.

Bid Evaluation Committee

Before going out to bid, a bid evaluation committee must be assigned to participate throughout the entire bid process.

- There is no minimum or set number of committee members required, but the same committee members must attend and participate in the entire bid process, such as during the pre-bid meeting, bidder presentations, and when evaluating the bids.
- It is at the SFA's discretion who will be involved on the committee or which roles committee members play during the process.
- Committee members should not have a personal financial interest in the bid award or have any other legal or financial conflict of interest.

Unallowable Provisions and Overly Responsive Items

The VSMC bid proposal may not include unallowable cost items such as scholarships, incentives, gifts, travel packages, football signs, vacations, kitchen equipment, special events, or other overly responsive items.

- These types of items are outside of the scope of the solicitation and create a conflict of interest.
- They must **not** be included in the evaluation and scoring to determine contract award.
- If included, these types of items may disqualify and render the entire VSMC response ineligible for contract award.

Bid Protest Policy or Procedure

Per Federal procurement procedures, the SFA is responsible for the settlement of all contractual and administrative issues arising out of its procurement. Issues may include, but are not limited to, source evaluation, disputes, protests, and claims. The scope of a protest includes the bid process, **not** the evaluations or scoring used in determining the bid award.

- Due to local control in Michigan, SFAs are free to utilize their own policies.
 - Bid protest policies are sometimes included in an SFA's Procurement Policy, address review practices/processes to be followed, and have an established timeline.
- Bid protests go directly to the SFA for resolution and are overseen by the SFA.
 - Determinations are to be provided in writing and results shared with all bidders.
 - If the bid protest is found to be valid, bidders are notified and action is taken to address the finding.

Pre-Bid Meeting (RFP)

This is not required for RFQs in the informal process; however, it is recommended as a best practice.

During this time of social distancing, pre-bid meetings are not required.

If a pre-bid meeting is held, the SFA must provide a sign-in sheet for attendees of the pre-bid meeting and include in the final packet to MDE.

- The following may occur at the pre-bid meeting:
 - Review specifications
 - Answer questions as a group
 - Conduct a walk-through of facilities
- The pre-bid meeting is NOT the time for individual conversations with the vendors.

Legal Notice and Letter to Vendors (RFP)

This is not required for RFQs in the informal process; however, it is recommended as a best practice.

After MDE approval:

- Publish the approved Legal Notice in a widely read newspaper seven to ten days in advance of the bid release date.
- Email the approved Letter to VSMCs as a group email with the Letter attached.
 - Send the Letter to AT LEAST ALL vendors on MDE's courtesy list.
 - The SFA may also send the Letter to any other entities not included on MDE's courtesy list.
 - Do not "blind copy" recipients; instead, include all email addresses in the "To" line of the email.
 - "CC" your contract analyst on all correspondence between the SFA and the vendors.

As a reminder:

- Do **not** advertise or distribute bid packet materials without MDE's prior review and written approval.
- Any revisions to approved bid documents must be approved by MDE again prior to distribution.

Request for Proposal/Quotation (RFP/RFQ)

- It is required that SFAs use the RFP or RFQ prototype Word document provided by MDE.
- Additions or changes to the prototype documents are allowable but must be in **bolded red font** so they are clear for MDE review.
- **Fully review and read all sections of the entire RFP/RFQ.**
- Consulting with legal counsel to ensure the SFA's interests are covered is recommended.

RFP/RFQ Contract Terms (Section F)

This section discusses the renegotiation of meal rates in subsequent years of the contract.

- Renegotiated meal rates must not exceed the current CPI rate or a flat percentage rate as determined by the SFA and noted in this section.
- At the renewal stage, the lesser of the two rates will be the percentage the price per meal may increase that year.
 - Note: Inserting 0% for the flat percentage rate is allowed, but this is not necessarily best practice. Vendors rely on this minimal increase to account for increases in operational and administrative costs, such as gas and food. The SFA should consider how much it can afford as an increase each year of the contract.

RFP Employees (Servers) (Section L, RFP) (Section M, RFQ)

- If servers (non-management staff) are requested, insert the number of servers, the number of hours per day, and the number of days of food service needed for the year.
- Cost of servers will be included in the price per meal.
- Note if a different number of hours or number of servers differs by meal.

RFP Professional Standards (Section N, RFP) (Section O, RFQ)

Questions regarding the implementation of the Professional Standards Final Rule should be directed to the School Nutrition Programs office (517-241-5374) or click: [Professional Standards Overview](#).

USDA Foods (Section P)

Signing up for USDA Foods and selecting a consortium is done one year in advance. Therefore, new participants to the National School Lunch Program will not be eligible for USDA Foods in the first year.

RFP Monitoring (Section S)

- MDE conducts random audits to verify that invoice reconciliations are completed and accurate.
- Prior to yearly renewal approval by MDE, the SFA must sign an Acknowledgement for Contract Renewals document acknowledging that invoice reconciliations are being conducted internally.

Please note:

All changes to the RFP or RFQ are subject to MDE approval. SFAs must obtain MDE approval prior to releasing any revised documents.

Information Section

The Information Section is an Excel document with pre-filled formulas in many areas and the totals transfer to other areas throughout the document.

SFA Policies

The SFA must attach its Procurement Policy to include:

- Written code of conduct
- SFA's small purchase threshold
- Bid protest procedures

Menus

- Include sample menus for each meal type served (breakfast, lunch, snack, supper) for each site where meals are served.
- Menu samples must show **21 days** of meals and **include specific milk choices**.
 - It is okay to use rotating weekly schedules (but indicate that on the menu).
- **Remove all food service logos and names of staff/directors.**

Sample complete menus with associated meal component tools can be found at:
<http://education.ohio.gov/Topics/Other-Resources/Food-and-Nutrition/Resources-and-Tools-for-Food-and-Nutrition/Menus-that-Move>

Food Specifications and Meal Patterns

Enter specific requirements for meals, food items, times, etc.

Bid Point Calculator (RFP only)

- The Bid Point Calculator is the tool used by the SFA to evaluate the bids submitted by vendors.
- The company with the highest points, after price and non-price criteria are evaluated, is the winner of the bid award.
- Tab 4 gives suggested non-price criteria and sub-criteria for SFAs to enter on the Bid Point Calculator.
 - SFAs are not required to use these suggestions. They are only provided as examples.
- Tab 5 is a sample Bid Point Calculator as it should look upon submission as part of the bid packet.
 - This sample is provided as guidance for formatting the Bid Point Calculator.

Please note (RFP only):

If the SFA intends to use **taste tests** or menu sampling as a part of its decision, this **must** be included as a part of the non-price criteria on the Bid Point Calculator.

Ask MDE for further taste testing guidelines.

Equipment Inventory List

This form **must** be completed.

List food service equipment in column A and mark whether the item is considered expendable or non-expendable, and whether it is provided by the SFA or the vendor.

- Expendable refers to items that can only be used one time.
- Non-expendable refers to items that can be reused.

USDA Foods

- Attach the SY 2020-2021 PAL report obtained from your consortia's website:
 - GLC: www.hpsusdafoods.org
 - SPARC: www.michigansparc.com
 - MOR: <http://veorders.vaneerden.com/>
- Identify the SY 2022-2023 consortia election made on the SY 2021-2022 application.

School District Information Tabs (RFP)

These tabs have been removed from the prototype. MDE will provide this information using claim reporting data for traditional and a non-traditional school year.

Projected Revenue Information

SFA will complete only the yellow highlighted sections.

MDE will complete all other areas on this tab using claim reporting data for a traditional school year (October 2019 for NSLP and CACFP, and June/July/August 2019 for SFSP) and a non-traditional school year (October 2021 for NSLP and CACFP, and June/July/August 2021 for SFSP).

Building Demographics and Services by Location (RFP)

- Enter each school building, grades, and meal times in appropriate columns.
- Enter the number of days expected for the upcoming (2022-2023) school year for each meal type at each school building. The number of days for the year for each meal should match the number of days that was noted for each meal and program on the top of the Projected Revenue Information page.
- Enter each school building serving meals and place an X in the appropriate column indicating meal types served.
 - An X cannot be placed in both the Full Serve and Offer vs. Serve columns. Place an X in one column or the other.
 - For lunch, Grades 9-12 must have an X in the Offer vs. Serve column.

Bid Sheet

The Bid Sheet is used to outline the specific items vendors will be bidding on.

- Enter the SFA's name and the expected number of days and enrollment for the 2022-2023 school year at the top of the page.
- The cells for meals/units will be completed by MDE; do not enter numbers.

After the Bid Due Date

After bid proposals are received, the bid evaluation committee will:

- Document that the proposals were received on time.
- Note that each proposal includes a bid bond, if applicable.
- Evaluate the responsiveness of each bid proposal.
- Evaluate the responsibility of the bidders.

Note: If the SFA rejects a bid for any reason (for example, if a bid is late or not responsive), the SFA must have documentation to support the rejection.

After the Bid Due Date – Bid Point Calculator and Award for RFPs

The bid evaluation committee will use the Bid Point Calculator to evaluate price and non-price criteria for all bidders.

- The bidder with the maximum number of points should be awarded the contract.
- Depending upon the outcome of the point totals, it is possible that the award may not be made to the lowest priced bidder.

After the Bid Due Date – Informal Procurement Log for RFQs

The bid evaluation committee will use the Informal Procurement Log to evaluate price quotes for all bidders.

- **All sections must be filled out completely.**
- The responsive and responsible bidder with the lowest total bid price will be awarded the contract.
- If the SFA chooses a bid other than the lowest in price, the SFA must submit written justification as to the reason for the decision to MDE for review and approval before executing the contract.
- SFA must contact at least three vendors to obtain competitive bid quotes.
- Bid quotes must be obtained in writing.
- Document all communication and prices discussed with each vendor.

RFP Final Bid Packet – Checklist Letter to MDE

Before awarding the contract to the successful bidder, complete the checklist letter for submission to MDE.

- Make sure the name of the newspaper and publish date is included on the copy of the legal ad.
- Upload the electronic PDF version of the entire bid proposal submitted by the bidder and forward via email to MDE.
- **Final approval must be given by MDE prior to executing the contract with the successful bidder.**

RFQ Final Bid Packet - Checklist Letter to MDE

Before awarding the contract to the successful bidder, complete the checklist letter for submission to MDE.

- Include a copy of the completed Informal Procurement Log.
- Upload the electronic PDF version of the entire bid proposal submitted by the bidder and forward via email to MDE.
- **Final approval must be given by MDE prior to executing the contract with the successful bidder.**

Ethical Practices & Reminders

- Ethical standards must be addressed in a school food authority's Code of Conduct and Conflict of Interest policies.
- No real or apparent outside influence or conflict of interest can be present during the procurement of goods and services.
 - This expectation starts **before** any potential bidders are contacted and **continues throughout** the procurement process.
 - Examples include assisting with creating procurement documents, visiting schools for tours or individual appointments, presenting to school boards or other committees, etc.

Ethical Practices & Reminders (cont.)

- All procurements must be fair and openly competitive.
- SFAs must decline “overresponsive” offers that may include unallowable cost items such as scholarships, incentives, gifts, travel packages, football signs, vacations, kitchen equipment, special events, etc.
- Note: Benefits such as discounts, rebates, or credit back to the nonprofit school food service account is allowed but must be properly documented.