

School Year (SY) 2024-2025

VSMC RFQ Under \$250,000

Bid Process Instructions

For School Sponsors

These are the instructions for a Vended School Meals Company (VSMC) **RFQ Under \$250,000** contract. These are **not** the same instructions as for a VSMC RFP Over \$250,000 contract or a Food Service Management Company Cost Reimbursable or Fixed Price contract.

Applicable Federal Regulations and Guidance

First, it should be noted that federal regulations, specifically those found in 7 CFR 210 for the National School Lunch Program in Sections 210.14, 210.16, 210.19, 210.21, and the procurement standards under 2 CFR Part 200, govern this entire procurement process.

School sponsors should be aware of these regulations, including 2 CFR 200.318 (c) (1 & 2) regarding conflicts of interest in relation to participants in the procurement process. The sponsor must immediately notify the Michigan Department of Education (MDE) if such a conflict of interest is present with any member involved with the sponsor's procurement of this contract. Bidders are prohibited from aiding the sponsor in developing the bid specifications in the Request for Quotation (RFQ).

Food Service Contracts Information

To obtain copies of the current school year contract prototypes or renewal documents, please email MDE-FSMC-Vended@michigan.gov

Food Service Contracts website: [MDE, Food and Nutrition Programs, Food Service Contracts](#).

For further reference, refer to [Updated Guidance: Contracting with Food Service Management | Food and Nutrition Service \(usda.gov\)](#) posted on the Food Service Contracts website.

Contract Administration and Monitoring

The sponsor's responsibilities do not end when the contract is signed. Monitoring the contract is essential to ensure the service procured is the service received and to ensure it is done in compliance with Federal law. The sponsor's diligence in monitoring the contract helps demonstrate program integrity, fiscal responsibility, and is key in protecting the sponsor's interests.

1. **Know the contract.** Read and understand what is included in the contract.
2. **Monitor the service.** Designate and train sponsor staff to:
 - Check that meals delivered match the menus, are reimbursable, and meet food quality and packaging specifications and standards.
 - Verify meals are delivered on time.
 - Check invoices to ensure they match the sponsor's records and charges are correct.

- Document instances where standards are not met.

3. Practice excellent communication with the vendor.

- Regularly and clearly communicate with the vendor about service or operational changes.
- Develop a system to communicate and resolve complaints.
- When applicable, question discrepancies and enforce the contract.

4. Pay invoices on time. Unless there is a documented, legitimate reason as accounted for in the contract terms, the sponsor has an obligation and is required to pay the vendor for services rendered on time.

The sponsor and vendor owe it to one another to communicate about service regularly and clearly. Both parties should notify each other of service issues, work on resolutions, and discuss what is working well and what is not.

Some instances where payment may not be required may include, but are not limited to, the following examples: 1) documented meals that do not meet meal patterns or the sponsor's required specifications as outlined in the contract, 2) meals that are spoiled or are unwholesome, or 3) meals that are not provided in accordance with contract terms.

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

Contract administration is a key component to program success and ensures an effective contract!

Contract Duration

All contracts run from July 1st of the current year to June 30th of the following year. The contract must be properly procured, approved by MDE, and fully executed by **July 1** for it to be considered valid for the coming school year. The resulting contract is for one year with the option of four one-year term renewals. It is recommended that sponsors begin the procurement or renewal process several months in advance of July 1.

Overview of RFQ Review and Approval Process

Note: New institutions or sponsors that have never participated in the National School Lunch Program may be required to provide additional data before MDE will allow the sponsor to complete a Request for Quotation instead of the formal Request for Proposal.

There are two documents and several attachments that make up the initial packet to MDE:

1. Request for Quotation (RFQ) (in Word format)
2. Information Section (in Excel format)

3. Applicable policies, menus, and year-end PAL report (in PDF format)

These documents must be completed with the sponsor's information and submitted to MDE-FSMC-Vended@michigan.gov. The RFQ must be submitted in Word format, and the Information Section must be in Excel format. Supporting attachments such as policies and menus should be submitted in PDF format. Include multiple menus in one PDF file versus separate attachments.

Submit the bid packet to MDE for review at least **three weeks in advance** of the anticipated document release date. This will allow sufficient time to review and revisions prior to approval. Failure to do so may result in a delayed approval and, therefore, MDE will not be able to guarantee the timeline.

Designated Representative and Selection Committee

All substantive pre-bid contact or communication between any potential bidder and the sponsor must be through the sponsor's designated representative. Any substantive pre-bid contact or communication with any sponsor personnel, administration, vendors, contractors, or board members other than the designated representative will automatically disqualify them as a bidder.

Prior to releasing the bid documents, identify the bid evaluation committee members who will participate in the entire evaluation process. The bid evaluation committee should not include individuals who have a personal financial interest in the bid award, or who have any other legal or financial conflict of interest, real or apparent.

Unallowable Provisions and Overly Responsive Items

The bid proposals must 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 as they may disqualify and render the vendor's entire response ineligible for contract award.

Bid Protest Procedures/Policy

Per Federal procurement procedures, the sponsor alone is responsible, in accordance with good administrative practice and sound business judgement, 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.

Bid protests will go directly to the sponsor for resolution. Therefore, it is best practice for the sponsor to have a policy or procedure in place to handle and resolve disputes relating to its procurements.

Document Approval

The sponsor **must** have written approval from MDE before releasing any bid document or packet to vendors.

Bid Bonds

In accordance with USDA FNS policy memo SP 35-2016, bonding requirements under 2 CFR 200.325 do not apply to the procurement of vended meal services in the National School Lunch Program. **However, bonding requirements remain as outlined in 7 CFR 225.15 and SFSP13-2014 and do apply to the procurement of vended meal services in the Summer Food Service Program (SFSP). Thus, bid bonds are required for bids that include SFSP.**

While not required for NSLP, bonding requirements may still be implemented and are considered a measure of protection for the sponsor due to the scope of services provided under the contract. Bonding requirements may continue to be established to ensure the Federal interest of the program is protected and so long as it does not create a barrier to free and open competition.

Request for Quotation (RFQ) Document

The sponsor **must** have written approval from MDE before releasing any bid document or packet to vendors.

The RFQ prototype document contains sections in bold and/or highlighted in yellow that must be filled out by the sponsor. Any additions or changes to the prototype made by the sponsor must be in **bold, red font** so that upon review MDE can easily identify the change.

Renegotiation of Price per Meal or Unit

Renegotiation of the price per meal (breakfast, lunch, supper), and/or per unit rate for reimbursable snacks, and/or per unit rate for one-half pint of milk upon renewal of the contract must be addressed in the original RFQ under the Contract Terms section. Otherwise, no fee increases will be allowed during the life of the contract.

The sponsor should identify the method/basis for an adjustment in the fees per meal/snack/pint of milk and consider limiting this adjustment using the Consumer Price Index for All Urban Consumers (CPI-U): US City Average by Expenditure Category and Commodity Service Group Table 1 – Food Away from Home category *or* a flat percentage rate as determined by the sponsor (consider how much the sponsor can afford).

Cost adjustments must be supported by a review of the vendor's cost data and actions taken by the vendor to mitigate such increases. Before any price increases can be implemented as part of a contract renewal agreement, the vendor shall document to the sponsor, through a written financial analysis, the need for such increases.

The vendor and the sponsor may renegotiate a mutually agreeable increase/decrease each year, but the increase must not exceed the CPI for December of the current school year or the flat percentage increase as stated in the RFQ.

USDA Foods

All sponsors participating in the NSLP are eligible to receive United States Department of Agriculture (USDA) Foods. Sponsors planning to receive USDA Foods have the responsibility to select a consortium to join while completing their annual School Nutrition Programs (SNP) application. Signing up for USDA Foods and selecting a consortium is done in the application one year in advance.

Therefore, new participants will not be eligible for USDA Foods in the first year.

There are three consortia in the State of Michigan that participate in the direct diversion of USDA Foods and/or Department of Defense (DoD) fresh produce for each school year. Each consortium procures the distribution, warehousing, and processing of USDA Foods for all sponsors in its consortium. Sponsors that join a consortium will preorder USDA Foods beginning as early as November for delivery during the upcoming school year. Membership in a consortium is a commitment for a period of one year. **The consortium decision must be made independent of the vendor or any other group or company that have a business or financial interest in the selection.**

To authorize the delivery of USDA Foods to the contracted vendor, the provided *USDA Foods Agreement* form must be completed and returned to MDE. The sponsor is ultimately responsible to ensure the requirements stipulated in the National School Lunch Agreement to receive, use, and dispose of USDA Foods are followed. Additional details pertaining to USDA Foods regulations can be found at [USDA, Programs, Food Distribution Programs](#) website. The sponsor is responsible for the payment of processing and delivery fees related to the USDA Foods; however, the USDA Foods Agreement may specify that the vendor will issue the payment for these fees.

Information Section (Excel document)

It is recommended that sponsors use the prototype Information Section document provided as there are pre-filled formulas in the relevant boxes on certain tabs.

Tab 1: Information Section Cover Sheet

This tab should be read but left alone as no entry is needed here.

Tab 2: Required Attachments

1. Sponsor must attach its procurement policy to include a written code of conduct, small purchase threshold, and bid protest procedures.
2. Sponsor must attach a sample 21-day cycle menu for each meal type served (breakfast, lunch, snack, supper), including specific milk choices (at least two). **Remove all food service logos and names of staff/directors.**
3. In its bid proposal, the **bidder** must attach a cycle menu for the Fresh Fruit and Vegetable Program if applicable.

Tab 3: Food Specifications and Meal Patterns

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

Tab 4: Equipment Inventory List

List all food service equipment at each site, mark whether items are expendable or non-expendable, and whether they are owned/provided by the sponsor or the vendor.

Tab 5: Building Demographics

List all sites that serve meals.

Tab 6: Services by Location

List all sites that serve meals. Do not mark both the "Full Serve" column and the "Offer vs. Serve" column; one or the other must be chosen. If the site contains some grades that will do regular full serve and some grades that will do offer vs. serve, list those grades separately and label accordingly. Lunch must be offer vs. serve for grades 9-12.

Tab 7: USDA Foods

Attach the 2023 year-end Performance Analysis of Logs (PAL) report. The PAL report can be accessed from the sponsor's consortia's website:

GLC: www.hpsusdafoods.org

SPARC: www.michigansparc.com

MOR: <http://veorders.vaneerden.com/>

Identify the SY 2024-2025 consortia election made on the SY 2023-2024 Child Nutrition Programs coordinated application.

Tab 8: Bid Sheet

Enter the projected number of days for the 2024-2025 school year for each meal type. The cells for meals/units will be completed by MDE; do not enter numbers. The proposed rates will be completed by the bidder.

After the Bid Due Date

After the bid due date, the bid evaluation committee will evaluate the proposed price quotes for all bidders using the *Informal Procurement Log*. This form must be used as the primary means to evaluate each price quote to determine the successful bidder. The responsive and responsible bidder with the lowest total bid price will be awarded the vended school meals contract. If the sponsor chooses a bid other than the lowest in price, it must submit written justification as to the reason for the decision.

When evaluating the costs associated with each requested service on the bid sheet, if applicable, the selection committee should make sure that the FFVP flat rate, when added to the sponsor's own administrative costs for the program, does not exceed 10% of the overall grant for administration.

Before awarding the contract to the successful bidder, the sponsor must complete and submit all items noted on the "Checklist Letter to MDE" for final review. Items must be emailed to the contract analyst as indicated on the Checklist Letter.

Important Final Reminders

1. The RFQ/Vended School Meals Company Contract and attachments that are part of the pre-bid packet and the RFQ proposal submitted by the successful bidder will become the final contract when approved by MDE, awarded to the vendor, and fully executed. Any amendments, modifications, and/or addenda must be approved by MDE prior to the award and execution. The vendor may propose but is not allowed to unilaterally impose contractual terms and conditions.
2. All contracts and contract renewals must be reviewed and approved by MDE before being taken to the sponsor's Board of Education for approval. The

sponsor will be issued a written letter of approval from MDE after contracts and/or renewals are approved.

3. After the original contract is approved, if there are any changes to the prices, services, or terms, the sponsor MUST notify and receive approval from MDE prior to execution of said change.
4. The original contract is for one year with the option of four one-year term renewals. Contracts and renewals must be approved by MDE before being signed by the sponsor. Contracts and renewals must be in place prior to each July 1st to be in effect by the start of the new school year. According to the Final Procurement Rule effective November 30, 2007, failure of the sponsor to meet this deadline will result in regulatory non-compliance with established procurement standards and could result in the withholding of reimbursement pursuant to current regulations 7 CFR 210.19 (2), 210.21, 215.14a, 220.16.
5. After the execution of the final contract, the sponsor is responsible for the administration of the contract.