



DATE: JUL 21 2014

United States
Department of
Agriculture

SUBJECT: Pilot Project for Procurement of Unprocessed Fruits and Vegetables: Request for Application Guidance and Procedures for Selection of States and Schools

Food and
Nutrition
Service

TO: Regional Directors
Special Nutrition Programs
All Regions

3101 Park
Center Drive

State Distributing Agency Directors
National School Lunch Program
All States

Alexandria, VA
22302-1500

This memorandum is a request for application and sets forth the guidance and procedures for interested State Distributing Agencies (SDAs) to be considered for participation in the Pilot Project for Procurement of Unprocessed Fruits and Vegetables, with deliveries anticipated to begin in the middle of the 2014-2015 School Year (SY). Interested SDAs must submit an application no later than **September 30, 2014** to be considered for selection beginning in SY 2014-2015.

I. Authority for and Purpose of Pilot

Section 4202 of the Agricultural Act of 2014 (P.L. 113-79), otherwise known as the Farm Bill, amended Section 6 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(f)) to provide for a pilot project for the procurement of unprocessed fruits and vegetables in not more than eight States receiving funds under Section 6. USDA's Food and Nutrition Service (FNS) will work closely with USDA's Agricultural Marketing Service (AMS) to implement this pilot project.

The pilot project will provide SDAs in selected States additional flexibility in the procurement of unprocessed fruits and vegetables. School food authorities (SFAs) in selected States, or SDAs acting on behalf of participating SFAs, will be permitted to competitively solicit a USDA-approved vendor using USDA Foods National School Lunch Program (NSLP) entitlement funds. SDAs or SFAs will also be able to use pre-existing commercial distribution channels and relationships with growers, produce wholesalers, and distributors. Use of geographic preference, as allowed by FNS regulation, is permitted in the procurement of these products.

II. Pilot Project Process

FNS will select States based on the criteria outlined in Section IV of this memorandum. Once States are selected, AMS will work with those States to identify vendors. Vendors will submit documents to certify that the following requirements are met:

- 1) Producers/growers must comply with appropriate good agricultural practices/good handling practices/good manufacturing practices (GAP/GHP/GMP), evidenced by audits and certification conducted by the AMS Specialty Crops Inspection Division or by a certification body accredited to perform audits benchmarked by

the Global Food Safety Initiative (GFSI).

- 2) All vendors must meet food defense requirements and have a traceability system to ensure compliance with GHP/GAP/GMP and 100% domestic origin requirements.

Approved vendors will be included on a vendor list posted on the AMS website. SFAs or SDAs in selected States will competitively procure from and hold contracts with these vendors, in compliance with Federal regulations, up to the amount of USDA entitlement that the State sets aside for the pilot project. Use of geographic preference in these procurements is allowed and all bidders, including those responding to solicitations that incorporate geographic preference, must be USDA-approved vendors. There is no restriction on the type or variety of products the SFA or SDA procures, as long as the items are unprocessed fruits and vegetables of domestic origin (please refer to Attachment A for resources on implementing the geographic preference option and procurement responsibilities).

If a participating SDA or SFA already holds a contract with a vendor on the USDA-approved vendor list, the SDA or SFA may leverage the existing contract for deliveries to be paid for with USDA Foods entitlement funds, as long as this modification does not result in a material change. If a material change is needed, a new solicitation must be issued.

SDAs in pilot project States will need to submit a monthly report to FNS and AMS summarizing delivery and pricing information from all USDA-approved vendors delivering products to participating SFAs, as outlined in Section III of this memorandum. AMS will then pay vendors in accordance with these reports.

To view a flow chart which outlines the pilot project process, refer to Attachment B.

Note that no additional entitlement funding is allocated for this pilot project. SDAs and SFAs in selected States will use existing USDA Foods entitlement dollars to procure unprocessed fruits and vegetables. Pilot project States' SDAs and SFAs may also continue to use their USDA Foods entitlement to obtain fresh produce through the Department of Defense Fresh Fruit and Vegetable Program (DoD Fresh).

III. State Agency Responsibilities

SDAs in States selected to participate in the pilot project, and participating SFAs within those States, must keep records of the unprocessed fruits and vegetables received under the pilot project, in such manner and form requested by FNS. SDAs will submit a monthly report to FNS and AMS summarizing delivery and pricing information from all USDA-approved vendors (see Attachment C for a sample SDA reporting template). At a date to be

determined by FNS, each participating State must submit to FNS a report on the success of the pilot project in the State, including information on:

- a. Names of vendors and quantity and cost of each type of unprocessed fruit and vegetable received by the State under the pilot project; and
- b. The benefit provided by these procurements in conducting school food service in the State, including continuing to meet all school meal requirements as outlined in NSLP regulations.

SDAs are also required to monitor the balance of entitlement funds so that orders do not exceed the amount committed to the pilot project. FNS may request that States submit additional data, as needed, to facilitate the pilot project.

IV. State Selection Process

Interested SDAs are asked to submit applications for participation in the pilot project. The Agricultural Act of 2014 requires States to be selected as follows:

- 1) FNS will ensure that at least one project is located in a State in each of the following regions of the United States: (1) Pacific Northwest; (2) Northeast; (3) Western; (4) Midwest; and (5) Southern.
- 2) FNS will prioritize applications based on:
 - a. The quantity and variety of growers of local fruits and vegetables in the States on a per capita basis;
 - b. The demonstrated commitment of the States to farm to school efforts, as evidenced by prior efforts to increase and promote farm to school programs in the States; and
 - c. Whether the States contain a sufficient quantity of SFAs, various population sizes, and geographic locations.

V. Application Process

SDAs interested in participating in the pilot project must submit the following items to FNS:

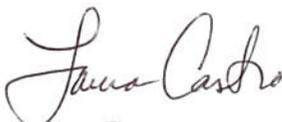
- a. An Excel spreadsheet that follows the format shown in Attachment D, including the SDA name and contact information, each SFA which would participate in the pilot project, average number of NSLP participants and percentage of students receiving free or reduced price meals for SY 2012-2013 by applicable SFA, and city and state.
- b. A narrative (between three and five pages), as shown in Attachment E: Application for the 2014-2015 Pilot Project for Procurement of Unprocessed Fruits and Vegetables, describing:

1. The quantity and variety of growers of local fruits and vegetables in the State on a per capita basis; and
 2. The demonstrated commitment of the State to farm to school efforts, providing evidence of prior efforts to increase and promote farm to school programs in the State.
- c. The results of the State's most recent:
1. USDA Census of Agriculture (http://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1_Chapter_1_State_Level/); and
 2. Farm to School Census ([http://www.fns.usda.gov/farmtoschool/census#/#/](http://www.fns.usda.gov/farmtoschool/census#/)).
- d. Full contact information for the SDA official(s) who will administer and report on the pilot project. In signing the attachment, the signee acknowledges that the SDA agrees to participate in the pilot project and meet all data collection requirements.

FNS will review the applications and select States based on the evaluation criteria provided above.

All applications must be submitted to PilotFVProcurementProject@fns.usda.gov with the subject line "Pilot Project for Procurement of Unprocessed Fruits and Vegetables – [State Name]" and be received by September 30, 2014. We anticipate selected SDAs or SFAs may elect to start receiving products from approved vendors as early as January 2015.

FNS will conduct conference calls on August 7 and September 10 so that States considering applying may pose any questions they have about the pilot project. Further information about those calls will be provided in a separate communication. In the meantime, NSLP SDAs with questions regarding the pilot project and application should contact Carolyn Smalkowski at Carolyn.Smalkowski@fns.usda.gov, or 703-305-2674, or Christina Conell at Christina.Conell@fns.usda.gov, or 415-705-1353.



Laura Castro
Director
Food Distribution Division

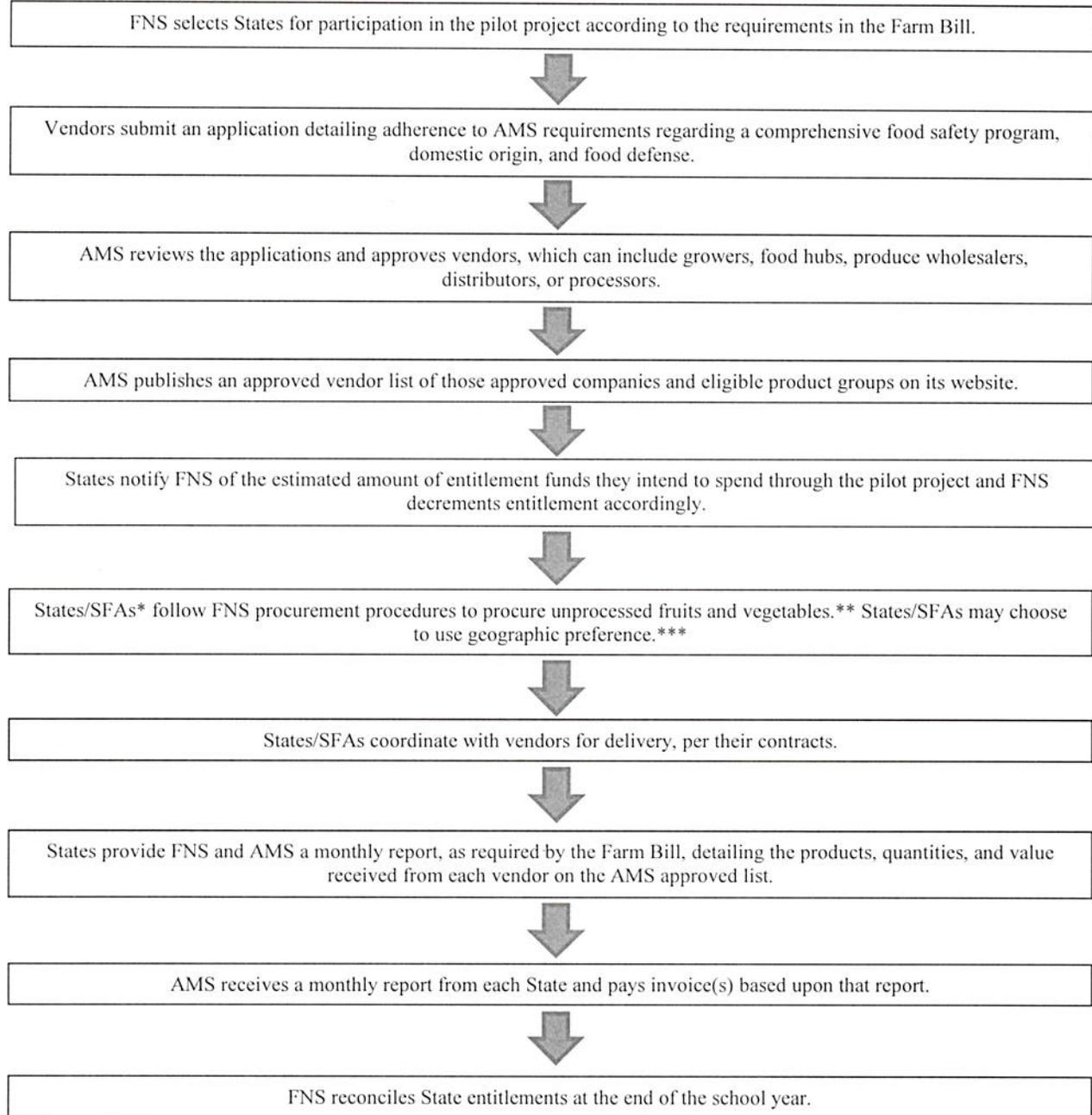
Attachments

Geographic Preference Resources

- » Procuring Local Foods for Child Nutrition Programs Guide
(http://www.fns.usda.gov/sites/default/files/F2S_Procuring_Local_Foods_Child_Nutrition_Prog_Guide.pdf), from FNS – Covers procurement basics, defining local, where to find local products, and the variety of ways schools can purchase locally in accordance with regulations. Throughout the guide, examples illustrate the many mechanisms available for districts to procure local food. A comprehensive resource list, along with a few sample solicitations, is available in the appendices.
- » Geographic Preference: What It is and How to Use It
(http://www.fns.usda.gov/sites/default/files/F2S_GeographicPreference_March2014.pdf), from FNS – A fact sheet that covers how to apply geographic preference in several different procurement scenarios.
- » Final Rule: Geographic Preference Option
(<http://www.fns.usda.gov/sites/default/files/2011-04-22.pdf>), from FNS – The final rule, published in the Federal Register, includes a summary, background, and final regulatory language, by program, for the geographic preference option.
- » Procurement Geographic Preference Q&As Part I
(http://www.fns.usda.gov/sites/default/files/SP18-2011_os.pdf), from FNS's Child Nutrition Division – A memorandum published in February 2011 addressing questions regarding application of the geographic preference option.
- » Procurement Geographic Preference Q&As Part II
(<http://www.fns.usda.gov/sites/default/files/SP03-2013os.pdf>), from FNS's Child Nutrition Division – A memorandum published in October 2012 addressing additional questions regarding application of the geographic preference option and other mechanisms for local procurement.

Unprocessed Fruit and Vegetable Pilot Project Process

This flowchart represents the general process States and SFAs will use to procure fresh produce under the pilot project.



*Participating SFAs may issue a solicitation jointly or independently. Alternatively, the State may issue a solicitation on behalf of participating SFAs.

**SFAs may issue multiple solicitations and award multiple contracts to different vendors.

***Geographic preference allows States/SFAs to give preference to locally grown products. While States/SFAs are not required to use geographic preference in this pilot project, they are allowed to indicate a preference for local products by using geographic preference.

Sample SDA Monthly Reporting Template: 2014-2015 Pilot Project for Procurement of Unprocessed Fruits and Vegetables*

SDA Name:

SDA Contact:

Email Address:

Phone Number:

	<i>Vendor Name</i>	<i>SFA</i>	<i>City</i>	<i>Product Description</i>	<i>Quantity</i>	<i>Total Cost</i>
1	Vendor Y	School X	City Y	Lettuce Green Boston 24 Ct	15	\$ 196.80
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						

*This reporting template is meant as a guide and is subject to change. SDAs will submit a monthly report, at a date to be determined by FNS, detailing deliveries and summarizing invoices from all approved vendors.

ATTACHMENT D

SDA Name:
 SDA Contact:
 Email address:
 Phone Number:

Total number of SFAs to participate in the pilot project beginning in SY 2014-2015: _____
 Estimated amount of USDA Foods entitlement funds requested to be used in the pilot project in SY 2014-2015: _____

List SFAs that wish to participate in the pilot project below. Note that FNS will, in part, prioritize applications based on whether the States contain a sufficient quantity of SFAs, various population sizes, and geographic locations.

SFA name	# of NSLP Participants for SY 2012-13	% of Students Receiving Free/Reduced Price Meals for SY 2012-13	City and State

Applicants should complete Attachments D and E and submit them to PilotFVProcurementProject@fns.usda.gov with the subject line "Pilot Project for Procurement of Unprocessed Fruits and Vegetables – [State Name]" by September 30, 2014.

Application for the 2014-2015 Pilot Project for Procurement of Unprocessed Fruits and Vegetables

SDA Name:
SDA Contact:
Email Address:
Phone Number:

Please provide a narrative (between three and five pages) which:

- (1) Describes the quantity and variety of growers of local fruits and vegetables in the State on a per capita basis¹; and
- (2) Explains the demonstrated commitment of the State to farm to school efforts. Provide evidence of prior efforts to increase and promote farm to school programs in the State.

You may also choose to optionally include other details not covered above that may be pertinent.

By signing below, if selected, I agree to participate in the 2014-2015 Pilot Project for Procurement of Unprocessed Fruits and Vegetables, in accordance with the information provided in my application, and provide all information requested in a timely manner.

Signature of SDA official(s) responsible for the pilot project:

Title: _____
Organization Name: _____
Address: _____
Phone: _____
Email: _____

Applicants should complete Attachments D and E and submit them to PilotFVProcurementProject@fns.usda.gov with the subject line "Pilot Project for Procurement of Unprocessed Fruits and Vegetables – [State Name]" by September 30, 2014.

¹Applicants should indicate how they defined "local" for the purposes of this application.