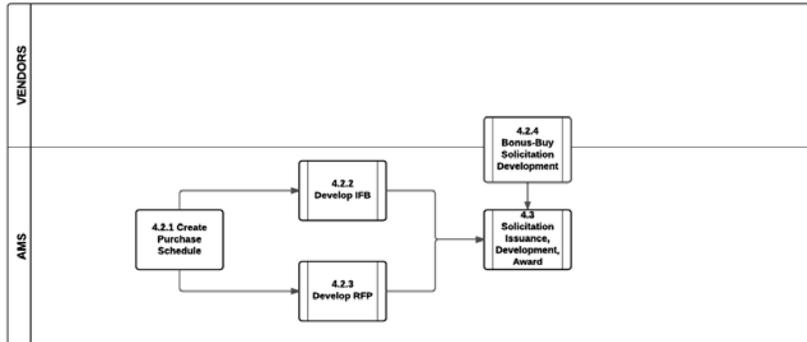


Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.2 SOLICITATION DEVELOPMENT

BMI Domestic Team | April 5, 2016



The Level 2 Process of 4.2 Solicitation Development can be broken down into four Level 3 processes, 4.2.1 Create Purchase Schedule, 4.2.2 Develop IFB, 4.2.3 Develop RFP, and 4.2.4 Bonus-Buy IFB Development.

4.2.1 Create Purchase Schedule

- Several Factors:
 - Harvest Timeline
 - Harvest timing vs storage requirements
 - Delivery Requests
 - Funding
 - Industry Feedback
 - Production Capacity
 - Lead Time
 - Determine Solicitation method and Contract type
- Purchase Schedule types
 - Quarterly/Monthly
 - Products that can be bought year-round
 - Eggs, dairy, protein, some processed fruit and vegetable products
 - Grain and oil seeds
 - High Volume purchases
 - Should be routine purchases
 - Clearly Defined Requirements
 - FFP
 - Semi-Annually & Bi-Annually (similar requirements to quarterly/monthly)
 - Annually
 - Harvested and Packed once a year
 - Peaches, apricots, strawberries
 - Minimum Definite Quantity
 - AMS is required to immediately fund the minimum quantity
 - Limits the ability to go for everything they want out of the gate
 - Indefinite Delivery

Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.2.2 Develop IFB

- The process of developing the solicitation when it has been determined that the Invitation for Bid (IFB) approach will be used.

4.2.3 Develop RFP

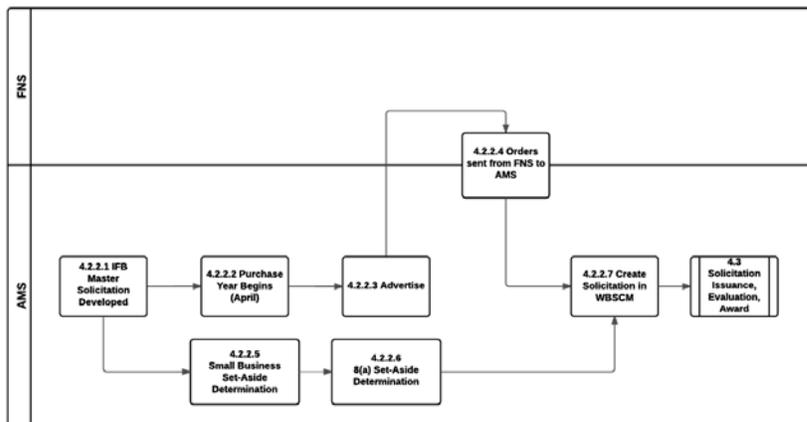
- The process of developing the solicitation when it has been determined that the Request for Proposal (RFP) approach will be used.

4.2.4 Bonus-Buy Solicitation Development

- The process for developing a solicitation that will be used to conduct a Bonus-Buy procurement

4.2.2 IFB DEVELOPMENT

BMI Domestic Team | April 25, 2016



4.2.2.1 IFB Master Solicitation Developed

- Based on FAR Part 14 – Sealed Bidding
 - Moving towards incorporating FAR Part 12
- Tailored by Senior Contracting Officer to fit the AMS programs

4.2.2.2 Purchase Year Begins

- The procurement process for the upcoming school year officially begins in April

4.2.2.3 Advertise IFB

- FAR requires the IFB's over \$25,000 to be advertised on FedBizOps
 - 30 days prior to bid so vendors can have time to get certified
 - NSLP ads usually placed in February
- The IFB can also be advertised on the AMS website and list serve emails

4.2.2.4 Orders Sent from FNS to AMS

- Sales orders, created by SDA's from aggregated RA orders, are sent from FNS to AMS as Purchase Requisitions (PR)
- FNS can update or change the sales orders sent to them prior to approving
- FNS can also associate SDA approved sales orders together into trucks if desired
- AMS performs a manual funds check and tells FNS which fund sources to use

Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.2.2.5 Small Business Set-Aside Determination

- Small vendors are surveyed regarding their maximum production early in Q1
- Rule of Two
 - If there is a “reasonable expectation” of receiving offers from at least two small businesses, then a portion of the IFB must be set-aside for small business
- An Annual set-Aside plan is created and reviewed by the Contracting Officer and submitted to the Office of Small Business Utilization (OSDBU)
- Procurement specialists must have the most up-to-date plan
- Data Call
 - Set-aside information is posted to the OSDBU website
- AMS monitors small business vendor performance, whether supplied product matches stated capacity or if set aside not done, Small business vendors could have met 100% of demand

4.2.2.6 8(a) Set-Aside Determination

- Special material code in WBSCM for 8(a)
- Memorandum of Understanding (MOU) with Small Business Administration (SBA)
 - Offer 8(a) vendors certain lines at certain prices
- Determine percent of procurement to set aside
 - Usually 5%
- Must be at least two truckloads for each line item
- Add caption next to line stating “subject to 8(a)” and create dummy line at end of solicitation
- Add 8(a) attribute question to solicitation

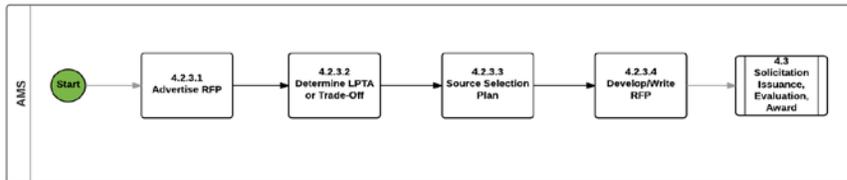
4.2.2.7 Create the solicitation in WBSCM

- Requires going into WBSCM, pulling in the orders sent by FNS
- Verifying correct orders are received
 - Sometimes verifying delivery dates, materials, split shipments,
 - Work with FNS to correct any errors
- Creating the solicitation
 - Modifying language (if needed)
 - Ensure set asides are manually written on the solicitation
 - Ensure correct documents are attached
 - Review by another specialist, approval by CO.

Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

4.2.3 RFP DEVELOPMENT

BMI Domestic Team | March 7, 2016



4.2.3.1 Advertise RFP

- FAR requires the RFP's over \$25,000 to be advertised on FedBizOps
- The RFP can also be advertised on the AMS website and list serve emails

4.2.3.2 Determine LPTA or Trade-Off

- AMS determines whether the bid will be awarded based on Lowest Price Technically Acceptable (LPTA) or the Trade-Off method
- Trade-Off
 - Vendors can be assigned high risk which allows lower risk vendor with higher price to receive award – have to write up justification

4.2.3.3 Source Selection Plan

- A formal source selection plan is created, which outlines the evaluation factors that will be used when awarding the bid, criteria used to assign risk or for pass/fail, and who is responsible for evaluating each factor

4.2.3.4 Develop/Write RFP

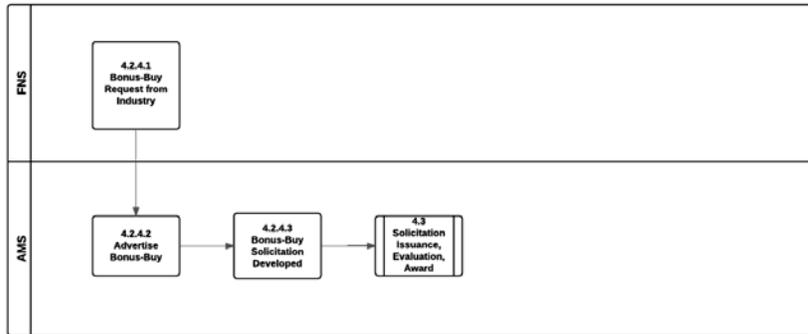
- RFP does not use master solicitation but uses UCF as a guide/template
- Contract Type Determination
 - IDIQ is most common
 - Additional documentation
 - Senior CO must approve
 - Definite contracts are sometimes used
- Pricing Determination
 - Fixed or Economic Price Adjustment
- Quantity Determination
 - Balance between historical data and orders received from FNS, depending on availability of orders
- CLIN is sales order requirement
- **Pain Point:** CLIN definition is unclear
 - AMS does not have a clear definition, whether it's state, the product, or the truckload because RFPs can have a variety of different CLIN structures depending on what's most appropriate for that industry/product
- **Pain Point:** How can lead times be shortened?
 - There are also problems during bid evaluation when vendors did not read the specs thoroughly at the time they were posted for comment
 - The result is that they cannot respond quickly to disruptions in the supply chain
 - **Opportunity:** Better demand data

Procure to Pay (4.1 & 4.2) As-Is Process Flow and Narrative

- Lack of understanding of how to best use the “Forecast PR” method in WBSCM so BEOS can be used rather than evaluating by hand

4.2.4 BONUS-BUY SOLICITATION DEVELOPMENT

BMI Domestic Team | April 5, 2016



4.2.4.1 Bonus-Buy Request from Industry

- Industry notifies AMS that they have produced a certain product in excess and requests that the USDA provide price support by procuring the product
 - Goes back to the Section 32 contingency funds

4.2.4.2 Advertise Bonus-Buy

- If the USDA decides to proceed with a Bonus-Buy, it is advertised immediately in the same way an IFB is advertised

4.2.4.3 Bonus-Buy Solicitation Developed

- IFB
 - Same Master Solicitation as regular IFBs
 - The Bonus-Buy procurement follows the same process as IFB's, except:
 - No set-asides
 - Household programs only
- RFP
 - Product types are requested in offeror's proposals
 - Offered product variations are evaluated based on removing the most pounds of raw product from the market, at the best price
 - Quantity and constraints are also considered
 - Contracts are awarded and orders for awarded products are received
 - Allocation solicitations created in WBSCM