Effective Date: **December 1, 2015**

DHHS FOOD DISTRIBUTION

MASTER SOLICITATION FOR COMMODITY PROCESSING

For Distribution to Eligible Outlets

TABLE OF CONTENTS

SECTION	PAGE
INTRODUCTION/INSTRUCTIONS TO CONTRACTORS	3
SCOPE OF THE MASTER SOLICITATION	3
SELECTION CRITERIA	5
SUBMISSION OF BIDS	6
CONTRACT/PURCHASE ORDER AWARD	6
SHIPMENT AND DELIVERY	6
WAIVER AUTHORITY	6

a. INTRODUCTION

This solicitation, called the Master Solicitation for Commodity Processing (Master Solicitation), is used by the Nebraska Department of Health and Human Services (DHHS), Food Distribution Program (FDP), to solicit bids for various processed commodities for the National School Lunch Program and other Federal Food and Nutrition Programs. The Master Solicitation will provide general guidance to potential Contractors.

b. INSTRUCTIONS TO CONTRACTORS

1. DHHS will periodically issue an Invitation for Bid (IFB) or an Invitation for Proposal (IFP) under this Master Solicitation for various processed commodities or end products under domestic food nutrition assistance programs. Specifications and program requirements are further defined in the Invitation and are incorporated herein and made a part hereof for specific requirements. The Master Solicitation is updated as necessary to incorporate changes in Federal regulations and policy, Nebraska state statutes and Food Distribution Program policies and procedures. The date at the top of the Master Solicitation document governs which version of the Master Solicitation is applicable to a particular Invitation.
2. The Invitation will specify the United States Department of Agriculture (USDA) commodity to be processed or the processed commodity end product as a brand name or equal with relevant requirements clearly stated; the delivery period; the destinations; the closing time for receipt of bids or proposals; any provisions, terms and conditions applicable to the procurement which are in addition to or different from those contained in the Master Solicitation or State Participation Agreement (SPA); Evaluation method and Contract or purchase order award method.
3. Contractors are cautioned to carefully read this Master Solicitation, Terms and Conditions of DHHS Food Distribution Invitation for Bids, and the applicable Invitation.
4. Bid prices will be free on board (FOB) at the destination listed in the Invitation.

c. SCOPE OF THE MASTER SOLICITATION

1. The Nebraska Department of Health and Human Services (DHHS) is the State Distributing Agency (SDA) pursuant to The Code of Federal Regulation (CFR) 7 part 250. Applicable USDA Regulations, Policy Memoranda and Instructions are hereby incorporated by reference. DHHS receives an entitlement from the USDA to request donated foods in support of Child Nutrition (CN) programs administered within the state. In response to requests of DHHS, the USDA procures raw foods from USDA approved suppliers for delivery to USDA approved processors. The donated food is then processed into desired end products for use in USDA Child Nutrition Programs. The Contractor must be a USDA National Processing Agreement (NPA) approved processor at the time the Contractor's bid is submitted. An awarded Contractor will be required to sign a SPA with the State of Nebraska. For information regarding how to become a qualified Contractor, visit http://www.fns.usda.gov/fdd/usda-foods-processing-home, or contact the DHHS Food Distribution Coordinator. A list of USDA NPA approved processors is available on the USDA website:

http://www.fns.usda.gov/fdd/npa-approved-processors

2. DHHS Food Distribution employs a request driven ordering system as required by USDA Policy. DHHS Food Distribution assures that the acceptability of processed end products is tested with Recipient Agencies (RAs) eligible to receive them prior to entering into processing contracts and utilizes surveys and testing to monitor product acceptability.

3. DHHS Food Distribution will specify a Core Group of end products for Contractors to bid. End products in the Core Group are determined by evaluating the results of acceptability testing conducted or delegated by DHHS Food Distribution. DHHS Food Distribution may also remove end products from the Core Group at its discretion.
4. Under an Invitation for Bid, a Contractor may submit bids for Core Group end products as well as any additional end products that are on the Contractor's USDA approved Summary End Product Data Schedule (SEPDS). End products that are bid but are not in the Core Group will be considered Catalog Group end products and will be available from awarded Contractors at the option of DHHS Food Distribution at the prices bid.
5. An Invitation for Proposal will be conducted in two phases. During the first phase of an Invitation for Proposal, a Contractor may propose end products made from the specified donated food by demonstrating end products at a food show. During the second phase of an Invitation for Proposal the most acceptable demonstrated end products will be added to the Core Group of end products. Acceptability is determined by DHHS surveying the RAs that attended the food show. Contractors will then submit bids in accordance with section (e.) of this part.
6. End products are ordered monthly by DHHS Food Distribution in the quantities requested by RAs. Orders are delivered by the Contractor to the state designated warehouse for further distribution. DHHS arranges for distribution to RAs and there are no transportation or logistics responsibilities required of the Contractor once the order has been received in acceptable condition. At the time of this Master Solicitation, one state contracted warehouse is utilized. However, two or more warehouses may be utilized at some point in the future depending on program needs.
7. As required by USDA Policy, the SDA must ensure that all RAs receive their planned assistance level and maximize their use of USDA donated foods to meet the nutrition standards in the National School Lunch Program and other Child Nutrition programs. As such, DHHS Food Distribution will order end products from the Catalog Group if:

    i. An end product from the Catalog Group is requested by RAs through acceptability testing or surveys in sufficient volumes as determined by DHHS Food Distribution. The item will then become a Core Group item.

    ii. An end product in the Core Group is discontinued, unavailable or is no longer compatible with the program and in the judgment of DHHS Food Distribution a substitute end product from the Catalog Group needs to be provided. The substituted item will then become a Core Group item.

    iii. A Contractor fails to perform to the satisfaction of DHHS Food Distribution and the service of an alternate Contractor as determined by DHHS Food Distribution needs to be utilized. Alternate items that are selected will become Core Group items. Factors that are considered performance issues include but are not limited to; short shipments, late deliveries, incorrect pricing of invoices, out of condition end products, shipping end products that are too close to best-by, use-by, sell-by or expiration dates, incorrect donated food drawdowns on monthly performance reports and lack of communication regarding any performance issue as determined by DHHS Food Distribution.

    iv. Necessary to maintain appropriate inventory levels of white or dark meat poultry at a processor.

8. All services will be performed on a fee-for-service basis (FFS). Fee-for-service means the price per pound or per case representing a Contractor's cost of ingredients (other than donated foods), labor, packaging, overhead, and other costs incurred in the conversion of the donated food into the specified end product and transportation to a state contracted warehouse. Certain poultry end products are bid by the pound of finished end product and are known as catch weight end products and must be bid FFS per pound, otherwise all end products must be bid FFS per case FOB destination.
9. Generally items with less than $5.00 worth of donated foods content per case will not be approved.

d. SELECTION CRITERIA

If any of the required selection criteria are not met, the Contractor's bid will be rejected, regardless of price.

1. Selection Criteria required by Federal regulation:

   i. Nutritional contribution: The end products must contribute to the meal pattern as specified in the Invitation and contain sodium levels no higher than specified.
   ii. Marketability: The end products must be marketable within the state as measured through acceptability testing conducted or delegated by DHHS Food Distribution.
   iii. Distribution method: The Contractor must use FFS through the state warehouse as a value pass through method.
   iv. Price and yield schedule data: The value of donated foods contained in end products must be credited at the price specified by the USDA. The yield factor must be pre-approved by the USDA on the Contractor's EPDS.
   v. Labeling requirements: The Contractor must provide CN labels or acceptable Product Formulation Statements with the Bid Form and upon request of RAs.
   vi. Ability to meet terms and conditions of regulations: The Contractor must demonstrate the ability to meet the terms and conditions set forth in Federal regulations by being in good standing with the USDA as a NPA processor.

2. Selection Criteria required by DHHS Food Distribution:

   i. Contractor must warrant that end products have at least a 60 day shelf life from the date delivered to the state designated warehouse. Shelf life is defined by the amount of time that will pass from the day received at the warehouse until a best by, use by, sell by, or expiration date is met.
   ii. The Contractor must warrant that Nebraska FFS pricing does not and will not exceed FFS pricing for any other client.
   iii. If currently under contract, a Contractor must have performed to the satisfaction of DHHS Food Distribution during the previous contract year.
   iv. The Contractor must agree to the material Terms and Conditions of the DHHS Food Processing Invitation for Bids.

e. SUBMISSION OF BIDS or PROPOSALS

On November 2, 2015 the USDA announced that effective in school year 2016-17 the Microsoft Excel version of the SEPDS will no longer be available with unlocked cells. Prior to this announcement some contracting entities including DHHS required Contractors to submit bid pricing on the SEPDS as allowed by USDA Policy Memo FD-038. Given this change in policy, DHHS will use the Nebraska End Product Data Sheet (NEPDS) as means for Contractors to submit bid pricing and other information in response to an Invitation.

The NEPDS must be filled out completely for each end product bid and signed by the Contractor to be considered responsive. Multiple sheets may be used if necessary and all must be signed. The NEPDS is considered the Bid Form and must be received by DHHS Food Distribution prior to the bid or proposal submission deadline specified in the Invitation. The NEPDS will also identify the deliverables of a Contract if awarded.

All nutritional information submitted on the NEPDS must be substantiated by either the appropriate CN Label or an acceptable Product Formulation Statement. These documents must also be submitted in response to an Invitation.

f. CONTRACT/PURCHASE ORDER AWARD

Fixed-price Contracts or purchase orders will be awarded to the responsive Contractors whose bids conform to the Master Solicitation and Invitation and are most advantageous to the State considering price and price-related factors and in the case of proposals, price and other factors which are identified with relative importance in the Invitation. Awarded Contracts will be posted in the Nebraska Enterprise One payroll and accounting system.

g. SHIPMENT AND DELIVERY

Shipment and delivery must be made in accordance with purchase orders issued under the Contract.

h. WAIVER AUTHORITY

DHHS Food Distribution may waive any of the State requirements contained in this Master Solicitation, Invitation, SPA or Contract for the purpose of testing program changes designed to improve State processing of donated foods.