



December 12, 2019

To: All Potential Respondents

From: Julie Janssen, Purchasing Agent

Subject: RFB0320282002 Warehousing and Delivery Services for USDA Foods

Addendum Four

Please amend the subject RFP to include answers to the following timely received questions:

- Q1. If no distributors even bid on this will the state just stay with the current process for SY20-21?**
- A1. If there are no respondents to this solicitation, the State would need to decide whether to reissue the RFP as in, reissue an altered RFP, or not at all. In response to the Processing Final Rule which went into effect July 2018 and current available guidance from USDA, the current process which is being followed by State for SY 19-20 will need to change moving forward.
- Q2. The new State Commodity RFP is getting muddier by the day....this AM an addendum came out and stated that the new contract would NOT be exclusive, and that prior contracts would still be able to be honored. My question is can you tell me if the current commodity contract is eligible to be renewed for SY20-21, or is it done on June 30, 2020?**
- A2. The contracts referenced in the Question were regarding RA contracts with their commercial distributor, not current contracts held by the State. Current contracts held by the State may or may not be renewed for SY 20-21, depending on the outcome of this solicitation. Per USDA clarifications, the NOI value pass through method is procured through distributors, not processors. Previous State contracts were procured direct to manufacturer, with distribution procured separately, which is defined as a Fee for Service model by USDA guidance.
- Q3. If it is eligible to be renewed, when would we negotiate that renewal? I have not been involved with a new Commodity bid which actually overlaps an existing agreement which will still be in force.**
- A3. If a contract was sought to be renewed, renewal would follow the terms and conditions as set in the solicitation that resulted in the contract being referenced.
- Q4. 1.7 – Just a clarifying question – are electronic documents and signatures acceptable with regards to the delivery invoices in section 4.1.7 of the bid. It states copies of the signed delivery invoices must be submitted to the State Distributing Agency. Will electronic copies and digital signatures be accepted in place of paper copies of invoices?**
- A4. Specifically in regards to the delivery invoices referenced in section 4.1.7, yes electronic copies and digital signatures would be accepted by the State Distributing Agency. Section 5.2.11 asks the respondent to describe what format these invoices will be provided in.
- Q5. Regarding the response to Question and Answer #16 in Addendum 3: When will the RA have to decide if they will be going with the awarded distributor or staying with their current distributor for Further Processed items?**
- A5. If an RA elects to participate in commodity processing for the 20-21 school year, they will only be able to purchase their further processed end products from the awarded respondent for

their service area. Their current distributor would still be providing them any commercially purchased products, but not any products through commodity processing, unless the awarded respondent happens to be their awarded distributor.

- Q6. Is it expected that they will choose one or the other and all further processed items will be purchased from that distributor moving forward or are they allowed to allocate items to both and have distribution by both?
- A6. If an RA elects to participate in commodity processing for the 20-21 school year, they will only be able to purchase their further processed end products from the awarded respondent for their service area. Their current distributor would still be providing them any commercially purchased products, but not any products through commodity processing, unless the awarded respondent happens to be their awarded distributor.
- Q7. Will the RA's be allowed to move allocations between distributors throughout the year?
- A7. No this would not be allowed. The only time allocations would move to another distributor would be in event of a contract termination and the State had to award to another vendor. Then all allocations for that service region would move to the newly awarded vendor.
- Q8. Following up to the below Q&A from Addendum three, I have one more question. Is the RFP-winning distributor required to provide transparency for pricing that was provided to them by all manufacturers in each category, ensuring a level playing field?
- A8. The State reserves the right to request additional documentation to support a respondent's proposal if it is deemed necessary, prior to awarding the contract.
- Q9. I have reviewed the above mentioned RFP. JTM will not be bidding directly for this business but as a current supplier to RA's in the state of some of the Further Processed products I understand that we may be supplying them to commercial distributors. In an effort to totally understand all aspects of this bid and the potential responsibility we may have in the process I would like some clarifications On the RFP Attachment #6 there is the following note: "All items submitted must be commodity processed items and available through the **Net Off Invoice(NOI) Value Pass Through (VPT) Method**, all other products are ineligible." In regards to Beef and Pork items, JTM awaits guidance from USDA regarding Title Transfer. The Final Rule, which became effective July 2, 2018, has five allowable Value Pass Through methods. Specific to beef and pork, JTM has always operated under one of the three Fee For Service models as described in regulation, and is working towards compliance but again, awaits for additional guidance from USDA. Due to the cost of the raw material and other unique requirements, Beef and Pork does not lend itself to NOI. Why can't these non-commercial foods be allowable under a FFS model?
- A9. In response to the Final Processing Rule put in affect, the State Distributing Agency has decided to move towards a Net off Invoice (NOI) process, specifically due to the lack a guidance on the title transfer issue surrounding FFS items through commercial distribution. If it is found that no acceptable beef/pork items are available through the NOI process, it is possible that renewals/additional procurements would go out to obtain those items through the FFS model.
- Q10. Additionally, How will entitlement balances be monitored? Will they be allocated at the RA level or will all entitlement be rolled up to a single bank?
- A10. The State Distributing Agency may consider a single bank option, depending on the outcome of this RFP process, or would continue to monitor entitlement balances as they are currently done.

Velocity reports from awarded vendors would provide detail of entitlement usage at the RA level.

Q11. Whose responsibility is it to insure that finished goods supplied do not exceed entitlement balances?

A11. RAs, in conjunction with the State Distributing Agency, would be responsible in monitoring their entitlement balances. The SDA would continue to monitor and transfer between RAs as necessary to ensure the drawdown of balances throughout the school year.

Q12. On Attachment 6 columns M and N which are for Pass-through value and Commercial case prices for NOI are not formatting for dollar amounts. Is that Ok or should we reformat those columns when we fill them out??

A12. This is acceptable, but Respondent may format to dollar amounts if they would like, when submitting their response.

Q13. I have the following question regarding RFP0320282002 Warehousing and Delivery Services for USDA Foods due 1/15/20: Addendum 3 states that Evaluation Criteria for commodity processed products will be posted no later than the date the solicitation closes 1/15/20. Have you taken into account that distributors need time to prepare their quotes and are already requesting pricing from manufacturers?

A13. No, the State will not be posting the Evaluation criteria until the day the RFP closes.

Q14. Will you consider posting the evaluation criteria at least 2 weeks before the solicitation deadline so that manufacturers have enough time to understand the evaluation criteria and analyze how pricing will weigh on the evaluation?

A14. No, the State will not be posting the Evaluation criteria until the day the RFP closes.

Q15. Without knowing the evaluation criteria, we are hesitant as manufacturers to provide distributors with pricing. Some distributors are requesting that pricing be submitted by manufacturers as early as 12/20/19.

A15. Thank you for this information. No, the State will not be posting the Evaluation criteria until the day the RFP closes.

Please acknowledge receipt of this addendum by signing in the space provided below, and return this letter with your offer (do not send back separately).

I hereby acknowledge receipt of this addendum.

Signature

Date

Typed or Printed Name