



December 5, 2019

To: All Potential Respondents

From: Julie Janssen, Purchasing Agent

Subject: RFP0320282002 Warehousing and Delivery Services for USDA Foods

Addendum Three

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

- Q1. The answer for Q8 states "RA diversions will occur after the award has been made. Respondents are asked to submit products which meet specifications in Attachment #13. Through the award process products will be selected for each specification. RAs will divert only to the products awarded through the RFP award process." How do you plan to award products through this process as outlined in A8?
- A1. Per 6.3 Evaluation Criteria will be posted no later than the date the solicitation closes. January 15, 2019.
- Q2. Will the awarded distributor be given full control over which processors are allowed to participate in IA NOI?
- A2. Respondents have control over what pricing and products are submitted with their proposal. Respondents choosing to submit limited selections of products may not be awarded the contract(s).
- Q3. States the Agency intends to award a "fixed price contract" but in other areas states distributors should bid using a fixed fee. Please confirm the intent of the bid to be fixed price contract or fixed fee.
- A3. The pricing for the further processed end products will be fixed for the contract period (July 1, 2020 – June 30, 2021). At the time of renewal, price adjustments for the products may be submitted per 7.3.7. The fixed fee which covers respondent's costs for warehousing and distribution costs remains fixed for the duration of the contract, including any renewal periods.
- Q4. 1.6 says "... The SDA reserves the right to award the contract jointly between two or more potential respondents" Please elaborate the conditions that would exist to award the contract to multiple respondents.
- A4. The State is requesting Respondents to submit proposals for two (2) service areas and two (2) categories of products. Respondents may submit a proposal that includes one service area or both, and one category of products, or both. The State reserves the right to issue multi awards for this solicitation.
- Q5. Is the wording intended to cover the case that one distributor may win one service region of the state and another distributor the other, or is it a possibility that you may award multiple distributors the same service region and the same category of products?
- A5. The State reserves the right to issue multi awards for this solicitation. It is possible that two (2) Respondents may awarded separate service zones, one (1) for each category of products. There

will not be multiple Respondents awarded to one (1) service zone for the same category of products.

Q6. 3.3 Cost Proposal states the fixed fee may be varied based on the storage type of USDA Foods. Can the fixed fees be different for the different service regions or if a distributor submits a bid for both regions do they have to be the same?

A6. The Cost Proposal is requesting a fixed fee cost for each service zone. If a Respondent is submitting a proposal that includes both service areas, a fixed fee cost is requested for each area. These fees may be the same or different at the Respondent's discretion. Each service zone will be evaluated separately for cost.

Q7. 4.1.7 – Would it be acceptable to capture signatures electronically and submit electronic copies of the paperwork and signatures?

A7. The State of Iowa can accept an electronic signature on an RFP Response.

Q8. 4.1.7 – Is there a cost to the USDA commodities other than the fixed fee?

A8. The USDA commodities for the Direct USDA food category will be delivered to the awarded Respondent at no cost from USDA contracted vendors.

The RAs are charged a fixed fee cost to have the USDA commodities delivered to their drop ship points from the awarded Respondents warehouse.

Q9. 4.2.3 Additional Further End Products – “Respondent must allow additional further processed end products, not included in the original pricing spreadsheet, to be added to the resulting contract” Will there be minimum participation requirements, so that the distributor can easily meet vendor minimums and maintain inventory for a reasonable period of time? There are unknown costs associated with agreeing to allow unlimited vendors and items to be awarded without agreed upon minimum quantities and number of sku's to be added annually.

A9. Yes, new products will only be considered if there was a reasonable amount of interest in the product from RAs. If interest in products from RAs wane, products may drop off the product guide.

Q10. 5.2.12 – Further Processed End Product Food Show – If you hold a food show currently, who is responsible for organizing and paying the expenses for this show currently? What are the expectations on this moving forward?

A10. The food show currently is organized and paid for by the Department of Education. Respondent expectations will be discussed after the intent to Award is issued.

Q11. 6.3 States that an addendum identifying the points assigned to evaluation criteria and minimum scores will be posted prior to the RFP closing. When do you expect to release that information?

A11. Per 6.3 Evaluation Criteria will be posted no later than the date the solicitation closes. January 15, 2019.

Q12. May we get an extension on the deadline, to ask questions, of one week, to see if further questions or explanations are needed in response to our above questions?

A12. The Question due date has been extended to December 12 2019 2:00 PM CT.

Q13. May we continue to ask questions related to the market basket beyond the deadline as well? Many things arise as vendors submit items that may require assistance in resolving for the distributor to submit the best possible response to the RFP Pricing request.

A13. The Question due date has been extended to December 12, 2019 2:00 PM CT.

Q14. Please provide a list of all delivery locations for each school district that will receive USDA direct delivery as well as Diverted Foods.

A14. Please see revised attachment #10 for list of Recipient Agencies (RA) that are eligible to participate RAs ultimately choose which program(s) they participate in, so it's not possible to provide a complete list of all the RA's who will participate in which program in the future. Attachment #10 has been revised with more RA specific information for SY 18-19.

For the further processed end products through commercial distribution, the State does not have access to delivery site location data, so only the number of cases has been provided. While compiling this data it was revealed a group of numbers were inadvertently included twice in the Current Usage Data Table in 1.5, please use attachment 10 data.

Q15. Please also provide the total annual cases each delivery location received, separately, for both USDA Direct Distribution as well as Diverted Foods for the 2018 – 2019 school year. It is understood this information changes year to year, but will help with determining estimated costs associated with total delivery expectations based on total number of delivery locations and approximate drop size. This will also aid in setting reasonable minimum expectations for delivery size as requested in the RFP.

A15. Please see revised attachment #10 for list of Recipient Agencies (RA) that are eligible to participate RAs ultimately choose which program(s) they participate in, so it's not possible to provide a complete list of all the RA's who will participate in which program in the future. Attachment #10 has been revised with more RA specific information for SY 18-19.

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Q16. What is the expectation of the SFA's under existing contracts regarding diverted foods as well as USDA commodities? Multiple commercial foodservice distributors in the State of Iowa already have contracts in place with school districts to deliver diverted foods as well as USDA commodities. These contract extend beyond the current school year.

A16. The resulting Contracts will not be exclusive. RAs will still be purchasing a majority of their food purchases through their existing contracts. USDA Foods represent around 15% of an RA's total food purchases. Some of which is currently going through the state contractor, Keck Inc, and some through their commercial food distributor. Depending on the Respondent(s) awarded for this solicitation, RAs may still continue to go through their same commercial food distributor or would be shifted to the newly awarded Respondent for their service zone.

Q17. Will those school districts have the choice of continuing to buy under their existing arrangement?

A17. The resulting Contracts will not be exclusive. RAs will still be purchasing a majority of their food purchases through their existing contracts. USDA Foods represent around 15% of a RAs total food purchases, some of which is currently going through the state contractor, Keck Inc, and

some through their commercial food distributor. Depending on the respondent(s) awarded for this solicitation, some may still continue to go through their same commercial food distributor or would be shifted to the newly award vendor for their service zone.

Q18. Under 1.6 Objective " ...will accept proposals for distribution of one category of products only..." Are there only the two categories - Direct USDA Foods and Diverted Foods?

A18. Yes those are the two (2) categories.

Q19. Under 4.1.6 is there a minimum number of deliveries?

A19. Under 5.2.7 Respondents are asked to submit their delivery frequencies for RAs.

Q20. Under 5.2.7 what are the number of Agencies represented by each of the four enrollment groups?

A20. Please see attachment # 10 for RAs in each service zone and enrollment from SY 18-19

Q21. Can some small agencies receive only one or two deliveries per year and other agencies receive 5 or more deliveries?

A21. This could be possible and has happened in the past. It is the individual RAs decision to order.

Q22. Under 7.3.9.5 if an agency does not pay in the required 30 day period, can a late penalty be charged?

A22. The Respondent may include a late penalty in their cost proposal.

Q23. If the agency fails to pay, will the State make payment on behalf of the agency?

A23. If the awarded Respondent is having issue collecting payment, the Agency will step in as needed per written notification to the SDA. Nonpayment could result in an RA not being eligible to order USDA Foods.

Q24. Attachment #5, can we submit separate pricing for each of the two zones?

A24. A fixed fee cost is requested per service zone. If a Respondent is submitting a proposal to cover both service zones, then a separate fixed fee cost is requested by service zone. These fees may be the same or different at the Respondent's discretion. Each service zone will be evaluated separately for cost.

Q25. Page 41 section 7.3.7 "Term Length" states the following: "The Contract shall have an initial term of (1) one year, beginning on the date of contract execution (the "Effective Date"). At the end of the Contract's initial term, the State shall have the option, in its sole discretion, to renew the Contract on the same terms and conditions for up to a total of (4) four , not to exceed a total contract term of six (6) years] additional one-year terms."

If the initial contract term is for one year, and a total of four additional one-year renewals are allowed, would the total contract term be 5 years, not 6 as stated above?

A25. Per the cover page, the contract period will be July 1, 2020 – June 30, 2021, with up to four (4) yearly renewals. So yes the total contract duration would be for five (5) years, not six (6).

Q26. Can you please explain how Iowa DAS will evaluate the Cost Proposals for Further Processed End Products "Other Poultry" category submitted by distributors for the Orange/Tangerine Chicken, Sweet & Spicy Chicken, and Teriyaki Chicken?

We understand that the responding distributor may provide pricing for up to 2 products meeting specifications per manufacturer listed (Asian Food Solutions, Chef's Corner, Yangs and "Other"). However, we don't see information in the RFP explaining how each product specification will be awarded.

A26. Per 6.3 Evaluation Criteria will be posted no later than the date the solicitation closes. January 15, 2019.

Q27. Are the responding distributors required to submit pricing for products from all manufacturers listed? As a manufacturer/commodity processor who participated in the Direct Diversion Chicken RFP published by the Iowa Department of Education for SY18-19, we seek to understand how Iowa DAS will award these 3 line items as it relates to the manufacturer, especially since you have made it clear that a separate RFP for commodity processing will not be released.

For example, if the awarded distributor provides pricing for products from all manufacturers listed, will Iowa DAS choose one manufacturer's products for award per specification, or will Iowa Recipient Agencies be given the ability to choose which manufacturer's products to order from the awarded distributor?

A27. Respondents are not required to submit pricing for all manufacturers listed, however previous experience with those manufacturers has shown they have acceptable products and respondents are encouraged to respond with a variety of possible products for each specification.

Per 6.3 Evaluation Criteria will be posted no later than the date the solicitation closes. January 15, 2019.

Per Section 3.3, at most two items per product specification will be awarded. It is possible multiple Respondents may have a product awarded per specification.

Q28. The current bid proposal allows distributors to determine which manufacturers they will reach out to for pricing. If a distributor has a previous purchasing relationship with a competing manufacturer, it essentially allows them to lock out specific manufacturers, or potentially share pricing provided by an outside manufacturer with a currently stocked manufacturer. That shouldn't happen, but it's a concern. Couldn't there still be two bids—one for category/price approved by the state, and then that provided to the awarded distributor(s) for the state/regions?

A28. While it is always a concern with any procurement that a respondent may choose to respond in a way that is not fair or equitable, it is always at the discretion of the issuing officer to not award a contract. Respondents have control over the number, variety and pricing of products that are submitted with their proposal. Respondents choosing to submit limited selections of products may not be awarded the resulting Contract. The State does not plan a second solicitation SY 20-21.

Q29. Can responding distributors submit multiple quotes to this RFP?

A29. Respondents may submit multiple proposals in response to this RFP, they should be submitted as separate proposals and labelled clearly and accordingly.

Q30. In a distributor's quote can you quote pricing on multiple products within an item category or must they choose only one (1) item per category?

- A30. Per Section 3.3, at most two items per product specification will be awarded. It is possible multiple Respondents will have a product awarded per specification. The respondent is encouraged to include pricing for multiple known and unknown manufacturers per product specification.
- Q31. On the Cost Proposal Spreadsheet for each item product category there are multiple rows of "other" listed. Can distributors quote any product that meets spec from a USDA approved processor as long as its been approved on a SEPDS file?
- A31. Yes, as long as it meets specifications and is available through the net off invoice value pass thru method.
- Q32. Are there any extra points or weight given to products bid if they have previously been used in the 19/20 school year by the State of Iowa RA's or is everything on a clean slate starting over?
- A32. Per 6.3 Evaluation Criteria will be posted no later than the date the solicitation closes. January 15, 2019.
- Q33. Must a distributor currently be processing NOI transactions for Iowa Schools in order to participate in this RFP? If not, must they be set up with ProcessorLink and K12 by a certain date and what date is that?
- A33. The respondent is not required to currently be processing NOI transactions for the state of Iowa in order to submit a proposal. If a Respondent is awarded a Contract, they would need to be ready to be up and running by July 1, 2020, the contract period start date.
- Q34. Section 1.6 at the bottom of 2nd paragraph is says the State will accept proposals for distribution of one category only as well as for one service region only. Does "one category only" refer to either Direct USDA Foods or Diverted Foods or does that refer to Beef, Pork, Potatoes, etc?
- A34. The categories refer to the Direct USDA Food items or the Further processed end products (diverted foods). The product categories you reference Beef, Pork, etc are finer subdivisions of the further processed end products.
- Q35. Comments about this RFP have been made that no other State is doing anything like this. Can you provide a list of references of other States that are operating their USDA Foods this way so we can research?
- A35. The State of Iowa does not have any knowledge of any other State using this model. Other States do bids for state wide processing, and the State of Nebraska is trying a state wide distributor for NOI this year. This model most closely resembles a statewide co-op for commodities.
- Q36. Are RA's able to do a RFP on their own for their commodity products if they do not like the products bid by awarded distributor? If an RA does their own commodity product bid must that be a direct delivery from the manufacturer to the RA?
- A36. At this time RAs are not able to do their own bid for commodity products. The State of Iowa has been bidding the further processed end product commodity items for the past four (4) years and does not anticipate changing this practice for the near future.
- Q37. By doing the RFP this new way is the State of Iowa concerned about products not being fairly competed by the distributors (meaning they choose their stocked preferred marketing partners where they have financial gain over products that cost less or that schools request)? Are you

concerned that a distributor could mark up these products a considerable amount leaving the RA's to pay higher prices for products that are supposed to help their budgets and not hurt them?

A37. While it is always a concern with any procurement that a respondent may choose to respond in a way that is not fair or equitable, it is always at the discretion of the issuing officer to not award a contract. Respondents have control over the number, variety and pricing of products that are submitted with their proposal. Respondents choosing to submit limited selections of products may not be awarded the resulting Contract.

Q38. By responding to this RFP are distributors agreeing to take transfer of title and be financially responsible for all products in their warehouse or possession?

A38. Per 7 CFR 250.11 (e) Title of USDA Foods passes only to the State Distributing Agency and recipient agencies, distributors won't take title to any of the USDA Foods.

Respondents to this solicitation would be agreeing to hold insurance to protect the value of USDA Foods in their facilities. Respondents shall also agree to protect USDA Foods from damage, theft, etc. Any loss due to improper distribution or care may be subject to claim actions being taken per FNS instruct 410-1 rev 2.

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