

CONTINUATION OF SUMMARY EXPLANATION AND BACKGROUND

This request to terminate the bid will not create any interruption of supplying Food and Nutrition Services with fresh produce for cafeterias. This Bid will continue to be used until the time of termination on April 3, 2015. The remaining balance left on the contract is \$221,187.44, and will provide delivery of fresh produce until April 3, 2015. If additional expenditures are needed over the remaining balance amount, Procurement & Warehousing Services will solicit three (3) competitive quotes in accordance with School Board Policy 3320, Part II C, for purchases up to \$50,000 with due diligence requests from at least two (2) certified Minority/Women Business Enterprise vendors. A new award will be presented at the March 17, 2015, School Board meeting.

The nutrition standards implemented by the United States Department of Agriculture (USDA) substantiates that the amount awarded for this contract is insufficient for the duration of the contract period.

Fresh Produce for Cafeterias (14-019V)

Contract Period: August 1, 2013, through June 30, 2016
Award Amount: \$12,000,000

An award amount of \$20,000,000 would be needed to complete the expenditures through June 30, 2016, an \$8,000,000 deficit.

After an analysis of the contract, the additional funding reflects a 67 percent increase which resulted in staff rebidding this item and to seek more competitive pricing.

The Invitation to Bid for the current contract 14-019V was prepared prior to implementation of the new USDA nutrition standards for School Lunch and Breakfast in 2012. Prior to the new standards, the produce contract averaged less than \$3,200,000 annually. The new standards have had a significant impact on produce consumption, increasing annual cost of less than \$3,200,000 to over \$7,000,000.

USDA REGULATIONS

This contract has been directly impacted by regulations implemented by the USDA, as well as new initiatives of the Food and Nutrition Services Program.

Lunch (2012-13)

- Old Regulation: Offer a total of $\frac{3}{4}$ cup fruit and/or vegetable daily.
- New Regulation: Offer $\frac{1}{2}$ cup fruit /juice daily and $\frac{3}{4}$ cup vegetable daily.
- Impact: An increase of $\frac{1}{2}$ cup serving of fruit /juice or vegetable daily resulting in increased quantities of fresh produce purchased.

- Old Regulation: There were no subgroups.
- New Regulation: Offer subgroups in the vegetable category. The subgroups are green, red/orange, beans, starchy, and other.
- Impact: To meet the subgroups, more fresh produce was added to the menu resulting in increased quantities of fresh produce purchased.

CONTINUATION OF SUMMARY EXPLANATION AND BACKGROUND

USDA REGULATIONS

Lunch (2012-13) *Continued*

- Old Regulation: Student was not required to select a fruit/juice or vegetable daily with lunch.
- New Regulation: Student must select a fruit/juice or vegetable daily with lunch.
- Impact: An increase in the quantity of fresh produce purchased.

Breakfast (2013-14)

- Old Regulation: Student was not required to select a fruit/juice or vegetable daily with breakfast.
- New Regulation: Student must select a fruit/juice or vegetable daily with breakfast.
- Impact: Increase in the quantity of fresh produce purchased.

Breakfast (2014-15)

- Old Regulation: Offer 1/2 cup fruit/juice or vegetable daily.
- New Regulation: Offer 1 cup fruit/juice or vegetable daily.
- Impact: An increase in the quantity of fresh produce purchased.

Annual produce purchases prior to the 2012-13 school year were approximately \$3,200,000. The annual produce purchases for the 2014-15 school year are projected to exceed \$7,000,000, due to the following:

1. USDA provided incremental implementation of the new nutrition standards required for components.
2. Expansion of current programs and addition of new programs utilizing fresh produce. This includes the Fresh Fruit and Vegetable Program, Produce Tasting in all elementary schools, and the Supper Program.