



PROCURING LOCAL FRUITS AND VEGETABLES

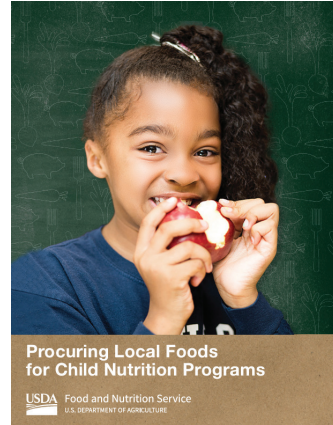
Methods for Child and
Adult Nutrition Programs



Development of these standardized worksheets to meet documentation requirements for small acquisitions was a collaboration between the Alabama Department of Agriculture and Industries, the Alabama State Department of Education and USDA.

USING THIS RESOURCE

This handbook was developed to provide child and adult nutrition programs in Alabama with instructions for the purchase of local raw unprocessed agricultural products as defined by the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) in 7 CFR 210.21(g), 7 CFR 226.22(n), and related guidance. Raw unprocessed agricultural products may be purchased from farmers, co-ops, food hubs and produce distributors.



For more details on making local purchases, see the USDA's Procuring Local Foods for Child Nutrition Programs guide.

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A Review of the Regulations

This section will review the Federal Regulations related to procurement using Micro-Purchasing and Small Purchase Procedures procurement methods.

In 2014, the Federal Office of Management and Budget, Council on Financial Assistance Reform (COFAR), published the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at Title 2, Code of Federal Regulations (CFR) 200. This regulation establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities. A non-Federal entity is a School Food Authority (SFA) participating in the National School Lunch Program/School Breakfast Program (NSLP/SBP) or Program Sponsor for a component of the Child and Adult Feeding Program (CACFP).

Micro-purchasing is defined in 2 CFR 200.67 as a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). The current threshold at the time of publishing is \$10,000 (March 2024).

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR 200.320(a)).

Small purchase procedures defined in 2 CFR 200.320(b) are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of

qualified sources. The current threshold at the time of publishing is \$250,000 for local unprocessed agricultural products.

Simplified acquisition threshold is defined in 2 CFR 200.88 and means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908. As of the publication of this part, the simplified acquisition threshold is \$250,000.

Both of these methods of procurement, micro-purchasing, and small purchase procedures cannot be used by an SFA or program sponsor unless the procedures for utilizing, one or both of them, are included in the entities' own documented procurement procedures as required in 2 CFR 200.318(a). School Food Authorities (SFAs) should state purchasing thresholds in their procurement plan, including the threshold for local unprocessed agricultural products and the definition of local if electing to use the federal small purchase threshold.

The following is a simple example that can be utilized in the SFA's written procurement plan. Please note that each SFA will have to add a more detailed purchasing method defining local and how they will utilize the local unprocessed agricultural products.



Example:

1. Regardless of procurement method, the following factors will be determined regarding the allowability of costs:
 - a. Be necessary and reasonable for proper and efficient administration of the program(s).
 - b. Be allocable to federal awards applicable to the administration of the program(s).
 - c. Be authorized and not prohibited under state and local laws.
2. Purchasing will be conducted at the most restrictive procurement threshold:

	Federal	SFA/State
Micro-purchase Threshold	\$0 - \$50,000	\$0 - \$10,000
Small Purchase Threshold	Over \$50,000 – Less than \$250,000	Over \$10,000 – less than \$40,000 <i>(Exception: local unprocessed Agricultural products \$250,000)</i>
Simplified Acquisition Threshold	\$250,000	\$40,000 <i>(Exception: local unprocessed Agricultural products \$250,000)</i>

Specifications

According to 2 CFR 200.319(c) the non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
- (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.



The Alabama Farm-To-School Act

AN EXEMPTION TO SMALL PURCHASES

The Alabama Farm-To-School Act (Section 16-1-46) modified Alabama's procurement laws for the purchase of local unprocessed agricultural products. The Act was amended in the 2017 Legislative Session, permitting all purchases of unprocessed agricultural products by schools receiving federal funding to be subject to federal procurement thresholds.

Unprocessed Agricultural Products are defined as: those agricultural products that retain their inherent character. The effects of any of the following handling and preservation techniques shall not be considered as changing an agricultural product into a product of a different inherent character: cooling, refrigerating, freezing; size adjustment through size reduction made by peeling, slicing, dicing, cutting, chopping, shucking, and grinding; drying or dehydration, or both; washing; the application of high water pressure or cold pasteurization; packaging, such as placing eggs in cartons, and vacuum packing and bagging, such as placing vegetables in bags; butchering livestock, fish, and poultry; and the pasteurization of milk (Section 16-1-46, Code of Alabama 1975) and 7 CFR 210.21(g), 7 CFR 226.22(n).

PRODUCT TABLE 1

PRODUCTS CONSIDERED PROCESSED AGRICULTURAL PRODUCTS

(Follow State or Most Restrictive Thresholds)

Fruit

Canned fruit
Fruit cocktails
Juice

Vegetables

Canned vegetables
Tomato sauce
Salsa
Vegetable patties

Meat, Processed

Cooked or canned meats
Meats with seasoning, preservatives, or binding agents
Deli meat, beef jerky
Liquid eggs
Sausage, hot dogs

Milk, Processed

Flavored milk
(Chocolate, strawberry)
Cheese
Ice cream
Yogurt

Baked Goods

Baked goods (cookies)
Baking mixes
Bread
Chips, crackers

Grains, Processed

Breakfast bars
Granola bars
Instant grits
Instant oatmeal

Value-added Items

Chili
Flavored water
Frozen pizza
Sauces (BBQ, hot sauce)
Slushie mixes
Spices or spice mix
Tea, powdered, bags

PRODUCT TABLE 2

PRODUCTS CONSIDERED UNPROCESSED AGRICULTURAL PRODUCTS

(Follow Federal Thresholds)

Fruit

Sliced or diced fruit
Dehydrated fruit (cranberries)

Whole, fresh fruit

Whole, frozen fruit

Vegetables

Sliced, diced, chopped, peeled, mixed, bagged or dried vegetables

Whole, fresh vegetables

Whole, frozen vegetables

Meat

Unprocessed meats with no additives or fillers (frozen and ground meat)
Fish, including nuggets

and fillets with no additives or fillers

Poultry (whole or cut)
Eggs, whole (packed in cartons)

Milk

Pasteurized, unflavored milk

Grains

Whole-form, or ground (rice, flour, barley, grits, oatmeal)



Defining Local A DECISION DETERMINED BY THE DISTRICT

The Alabama Farm to School Act was intended to alleviate purchasing requirements and promote the purchase of local raw unprocessed agricultural products. In order to utilize the Federal small purchase threshold, districts should determine the definition of local and include this in their written procurement plan. Per USDA policy memo 03-2013, the definition of local can only be defined by a school district: "Any attempted restriction to make decisions regarding how to define local for purposes of the geographic preference procurement option would be inconsistent with Federal law and unallowable."

For guidance on how to define local for your district within your procurement plan and for more information about how to use geographic preference in small purchase or formal bid procedures, please refer to these resources:

 Farm to School Planning Toolkit |
Food and Nutrition Service ([usda.gov](https://www.usda.gov))

 Farm to School Procurement Guide (azureedge.us)

 FOCUS_GP_Primer.pdf (azureedge.us)

 GEOGRAPHIC PREFERENCE (azureedge.us)

 Procuring Local Foods |
Food and Nutrition Service ([usda.gov](https://www.usda.gov))



Purchasing Methods

MICRO-PURCHASE PROCEDURES

Micro-purchases are documented as a single purchase and include specifications, terms and conditions, and the total cost. While micro-purchases are allowable, program operators should consolidate purchases, as appropriate, to achieve the most economical procurement approach. This means that combining multiple micro-purchases into a small purchase, sealed bid/ competitive proposal purchase may sometimes save the SFA or operator money or administrative work. The micro-purchase threshold may not be used in lieu of applicable procurement methods that may achieve a more economical approach.

How is micro-purchasing defined?

Title Two of the Code of Federal Regulations in Part 200 defines micro-purchasing as: Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) (2 CFR 200.67). The SFA must adhere to the most restrictive threshold as defined by the local SFA, State, or Federal procedures.

How does a school food authority or program sponsor use micro-purchasing for procurement?

Government-wide regulations at 2 CFR 200.320(a) previously stated that micro-purchases may be awarded without soliciting competitive quotations if the Program operator considers the price to be reasonable. This language has been updated to state that micro-purchases may be awarded without soliciting competitive price or rate quotations, if the Program operator "considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly." (2 CFR 200.320(a)(1)(ii)).

A Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity should distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR 200.320(a)).

A micro-purchase is an optional procurement method allowing schools to make purchases up to the micro-purchase threshold or the local restriction without soliciting competitive quotes for the aggregate value of the single purchase. Schools are encouraged to solicit multiple vendors to find the highest quality product at the lowest price.

1. Review existing contracts with distributors to ensure language to purchase off contract is included in the agreement for the item/service you wish to procure.
2. Develop written specifications to be communicated to a qualified vendor. Goods and services must be quoted at a fixed price. 2 CFR 200.319(c)
3. Document the price quote from the vendor using the Purchase Documentation Worksheet or a similar method of documenting the price. The school food authority must determine if a quoted price is considered reasonable.
 - If the price is not reasonable, the SFA or program sponsor may need to contact another vendor. If this occurs, the SFA or program sponsor is no longer using micro-purchasing but is now using small purchase procedures and may use the Small Purchase Procedures Worksheet to document additional steps for completing a small purchase procedures procurement.

What to avoid when making a micro purchase.

SFAs and program sponsors may not deliberately purchase small quantities or divide one purchase into smaller purchases to stay under the micro-purchase threshold.



MICRO-PURCHASE PROCEDURES WORKSHEET

This document is used for Micro-purchase Procedures for the purchase of unprocessed agricultural products only.

PRODUCT SPECIFICATIONS

Be as clear and concise as possible. Determine in advance of speaking with any potential vendor what you expect the highest quality of the product to be after it is delivered.

DELIVERY REQUIREMENTS

Specify the number of schools the vendor will deliver to and expected timeframes for delivery. When working with local vendors, consider the option to have a centralized delivery location.

Product	Variety	Quantity Requested	Time Requested	Packaging Specifications
Fresh, Frozen, Chopped, Grade #1 or #2, mixed lot, juicers, etc.	(Optional)	Pounds, Cases, Bushels, etc.	Once a month/Twice a month, for 3 months etc.	40lb per case, boxed, etc. (Optional)

Delivery Requirements

CONTACT LIST

One vendor may be solicited to make a micro-purchase. If more than one vendor provides you a quote or price and can meet your specifications and the price is reasonable, you are now using small purchase procedures.

Farmer/Farm Business			
Address			
Phone		Email	

CONTACT LOG

Contact the vendor determined to be most responsible and responsive and capable of providing the highest quality product requested. The SFA must message contacts and document the vendor's response. It is important to document your effort to maintain fair and competitive purchasing and to identify the method of procurement used. If you find the price to be unreasonable and choose to contact a second or third vendor, you are no longer using micro-purchasing, you are now using small purchase procedures.

Contacted Vendor	Date	Meets Product Specifications (Yes/No)	Meets Delivery Requirements (Yes/No)	Quote	Accepted/Declined

PURCHASE RECORD Total Product Delivered: _____ Total Price: _____

ATTACH copy of Invoices. Invoices should reflect any return and signature of kitchen employee.

Save this for reference and procurement review documentation.



SMALL PURCHASE PROCEDURES

Use of the small purchase method (informal procurement) for local food purchases ensures fair competition among growers; Federal and State regulations are met, and products may be more cost-effective than micro-purchasing; therefore, districts can consistently purchase large amounts of local product for seasonal menus. The state established small purchase threshold allows the use of the informal procurement method to buy local unprocessed agricultural products. See page 5 for the current small purchase threshold.

Small Purchase Method

PRODUCTS REQUESTED: The school food authority must determine products, specifications, and projected value of the total purchase before soliciting vendors. Once the desired items, specifications and the projected cost are determined and do not exceed the small purchase threshold/Simplified Acquisition Threshold, contact vendors to get price quotes. In the product description table, state the product items you are interested in receiving. List all products and requested variety, quantity, time frames and preferred packaging. Child Nutrition Programs can expand a list of produce items to solicit vendors in an Excel document.

PRODUCT SPECIFICATIONS: School food authorities may not procure products until all specifications are determined. Select product specifications by checking the box next to the written specification or write in one of your own. Per Federal regulations, specifications must be fair and competitive, and not unduly restrictive 2 CFR 200.319(c). Specifications may be written on a separate sheet of paper and attached to the Small Purchase Procedures document if additional space is needed.

LOCAL may be considered a specification. Child Nutrition Program operators may use “locally grown”, “locally raised”, or “locally caught” as procurement specifications for unprocessed or minimally processed food items.

PROVIDE PRODUCT DESCRIPTIONS AND SPECIFICATIONS TO VENDORS: Small purchases are frequently referred to as “Three bids and a buy.” Attempt to find at least three vendors that may include farmers, produce distributors, co-ops, or food hubs. Provide product specifications to each vendor. Products requested and specifications may be mailed, emailed, or communicated over the phone. Vendors must be aware of all specifications before supplying a quote.



Document Vendor Information

Use the vendor information chart in the Small Purchase Procedures Worksheet.

PRICE QUOTES: Contact vendors to receive price quotes for specified products. At least two price quotes are required and the USDA recommends receiving three quotes. All quotes must be documented when using small purchase procedures. If you are unable to find three vendors that met your specifications, provide documentation for the reasons why more vendors were unable to be found. Specifications may be evaluated to find if the provided specifications are overly restrictive.

Document Quotes and Award Contract

AWARD CONTRACT: The contract will be awarded to the vendor who is responsive, responsible, and can provide the product sought at the lowest price. If two vendors meet all specifications, the vendor with the lowest price wins the bid. The school food authority will manage contracts and document product quality, price, and compliance to ensure vendor responsibility.

FORMAL CONTRACT: If a formal contract is being awarded, the contract must contain all of the necessary clauses and requirements required for a contract(s), those required in formal procurement, including the appropriate language cited in 2 CFR 200.326.

SMALL PURCHASE PROCEDURES WORKSHEET

This document is used for Small Purchase Procedures for the purchase of local unprocessed agricultural products only.

PRODUCT DESCRIPTION

Be as clear and concise as possible. Remember to include the number of deliveries requested and preferred packaging. Determine in advance of speaking with any potential vendor what you expect the quality of the product to be after it is delivered (clean of field debris, time of day for delivery, GAP certification documentation, grade, value added processes, etc.).

DELIVERY REQUIREMENTS

Specify the number of schools the vendor will deliver to and expected timeframes for delivery. When working with local vendors, consider the option to have a centralized delivery location.

Product(s)/ Quality Apples, Oranges, Lettuce, Grade #1 or #2	Variety (Optional)	Value Added Process Fresh, Frozen, Chopped, mixed lot, juicers, etc.	Packaging Specifications 40lb per case, boxed, etc.	Time Requested Once a month/Twice a month, for 3 months etc.	Quantity Requested Pounds, Cases, Bushels, etc.
Delivery Requirements					

PRODUCT SPECIFICATIONS

The specifications table below lists examples of product specifications tailored for local products. Determine the product specifications you want from a vendor. Place a check in the box beside the desired specifications or write in your own specifications. Communicate all selected and written specifications with farmers, produce distributors, co-ops, or food hubs over the phone, by mail or through email. Local preference may be used as a specification.

Quality	Farm Practices	Delivery
Produce free from insects, damage, and decay	Product is sourced from a farm or facility that complies with food safety standards	Vendor can deliver directly to multiple school sites as specified
Vendor can provide city and state of origin	Product is packaged as specified	Vendor can deliver directly to centralized location as specified
Product is refrigerated after harvest	The farm name is labeled on product, or it is otherwise specified	Products are rinsed, cleaned, and packed in appropriate packaging
Product is of high quality and free from spoilage		Vendor can deliver product within 24-72 hours of harvesting (unless frozen)

Save this for reference and procurement review documentation.

VENDOR INFORMATION AND QUOTES

CONTACT LIST

List all potential vendors that will be responsible, responsive and can provide the product(s) you are aware of and desire to purchase from.

Farmer/Farm Business			
Address			
Phone		Email	

Farmer/Farm Business			
Address			
Phone		Email	

Farmer/Farm Business			
Address			
Phone		Email	

CONTACT LOG

Contact vendors determined to be most responsible and responsive and capable of providing the product requested. Document the vendor's response. It is important to document your effort to maintain fair and competitive purchasing and to identify the method of procurement used.

Contacted Vendor	Billing Address	Date	Meets Product Specifications (Yes/No)	Meets Delivery Requirements (Yes/No)	Quote	Accepted/ Declined

AWARD CONTRACT

The contract will be awarded to the vendor who meets all the selected specifications and can provide the product at the lowest price. The school food authority manages all contracts and keeps documentation on product quality, price, and compliance to ensure vendor responsibility.

PURCHASE RECORD Total Product Delivered: _____ Total Price: _____

ATTACH copy of Invoices. Invoices should reflect any return and signature of kitchen employee.

Save this for reference and procurement review documentation.

CHECKLIST FOR PURCHASING OF LOCAL PRODUCE

Name of Producer/Farm: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Email: _____

PRODUCTS TO BE PURCHASED.

Is liability insurance required? ☐ YES (Dollar amount \$ _____) ☐ NO _____

Production Practices	Yes	No	N/A
Are wells protected from contamination?			
If irrigation is used, what is its source? <input type="checkbox"/> Well <input type="checkbox"/> Stream <input type="checkbox"/> Pond <input type="checkbox"/> Municipal <input type="checkbox"/> Other			
Are farm livestock and wild animals restricted from growing areas?			

Product Handling	Yes	No	N/A
Are harvesting baskets, totes, or other containers kept covered and cleaned (with potable water) and sanitized before use?			
Is harvesting equipment/machinery that contacts the products kept as clean as possible?			

Transportation	Yes	No	N/A
Is transport vehicle well maintained and clean?			

Facilities	Yes	No	N/A
Is potable water/well tested at least once per year and results kept on file?			
Are food contact surfaces regularly washed and rinsed with potable water and then sanitized?			
Do workers have access to toilets and hand washing stations with proper supplies?			

Worker Health and Hygiene	Yes	No	N/A
Is a worker food safety training program in place?			
Are workers instructed not to work if they exhibit signs of infection (e.g., fever, diarrhea, etc.)?			

I confirm that the information provided above is accurate to the best of my knowledge.

Signature of Seller: _____ Date: _____



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