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Colorado Department
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A Q&A FOR COLORADO FARMERS, PRODUCERS, & VENDORS

SCHOOL FOOD SALES AND GEOGRAPHIC PREFERENCE

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The USDA has issued two important documents governing how the geographic preference option may be used in school food procurement. The documents can be found at:

- http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2011/SP18-2011_os.pdf and 76 FR 22603 and
- <http://www.federalregister.gov/articles/2011/04/22/2011-9843/geographic-preference-option-for-the-procurement-of-unprocessed-agricultural-products-in-child>.

This document provides additional explanation, background and context to facilitate the use of locally grown foods in farm to school initiatives in Colorado.¹

1. Q: What is Geographic Preference?

A: The 2008 Farm Bill directed the Secretary of Agriculture to encourage institutions operating Child Nutrition Programs to purchase **unprocessed locally grown and locally raised agricultural products**. Simply put, the geographic preference helps schools purchase locally grown foods.

2. Q: How can my farm benefit from geographic preference?

A: Schools are now allowed to apply a local geographic preference to the purchases of unprocessed, local foods when choosing a vendor. **This means local farms get a preference in the bidding process when schools make food purchasing decisions.**

3. Q: How do local farms get a preference in the bidding process?

A: Schools use an "Invitation for Bid" (IFB) to purchase food. In an IFB, the contract is generally awarded to the bidder who **meets the specifications and has the lowest price**. According to the USDA, the purchasing agency for the school, also known as a

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School Food Authority (SFA)², can give a preference to locally grown products through either the “*specifications*” or the “*price equation*,” explained in more detail below.

As part of an IFB, the SFA could write *specifications* that include:

- “picked within one day of delivery”,
- “harvested within a certain time period,”
- “traveled less than XX miles or hours,”

An IFB could also incorporate local preference into its *price equation*. For example, if a bidder meets the geographic preference, the SFA may deduct 10 cents from that bid for purposes of comparing it to other bids.

Example of how schools could incorporate geographic preference points in an IFB through price:

	Bidder 1	Bidder 2	Bidder 3
Price	\$1.97	\$2.04	\$2.00
Meets geographic preference	NO	YES = 10 cents deducted from price	NO
Price w/ preference points	\$1.97	\$1.94	\$2.00

- Bidder 2 wins the bid.

* **Note:** Deducting ten cents from the prices of responsive bidders that met the geographic preference **only** applies to determining the winning bidder and **would not affect the actual price paid to a bidder.**

4. Q: How can my farm qualify for the geographic preference option?

A: Farms must meet two criteria to receive geographic preference priority:

- 1.** The farm must be “**local**.” The USDA does not define “local” but instead specifies that defining “local” is left up to the SFA. The term “local” should also be defined in SFA solicitations (i.e. Invitations for Bids or Requests for Proposals).
- 2. Only “unprocessed” foods** qualify under the geographic preference option. Under USDA rules, this means that agricultural products must maintain their “inherent character.” Specifically, this includes: ground beef and other ground products that do not contain additives or preservatives; frozen vegetables, including a combination of local products, such as carrots, broccoli and cauliflower; and portion sized or single-serving bags, such as

² For purposes of this memo, all school food purchasing entities (i.e. school districts or any other purchasing entity) will be referred to as an SFA.

apples or carrots. Thus, the legal definition of “unprocessed” allows for some minimal processing of food, such as freezing, grinding, chopping or bagging.

The USDA has determined that canned products do not maintain their inherent character and therefore are not included in the geographic preference option.

5. Q: Are schools required to purchase local products?

A: No, an SFA cannot include language such as “we will only accept locally grown products” in a solicitation. Making local products a requirement can eliminate qualified bidders and SFAs may only “prefer” local foods in a bidding process and may not automatically exclude non-local foods.

6. Q: If the bidder or supplier is incorporated outside of the state, but doing business in the state, can he/she be included in a geographic preference option?

A: Yes. A grower may be producing within state boundaries, but the business may be incorporated in another state. As long as the agricultural products are grown or raised within the specified location, applying a geographic preference is an option

7. Q: What are the food safety regulations for local food producers?

A. The USDA recommends that SFAs procure foods that have been grown under safe and sanitary conditions as outlined in the Good Agricultural Practices (“**GAP**”) and Good Handling Practices (“**GHP**”) specifications. Ultimately, however, food safety requirements are designed by the school districts and SFAs. Producers and vendors should check with their local SFAs to understand school food safety regulations in their region.

8. Q: Can my farm notify the SFA to be contacted as a potential supplier when the SFA uses the “informal procurement method” to obtain price quotes under geographic preference?

A: Yes. An SFA can contact a farmer directly to obtain competitive price quotes for unprocessed products instead of going through the formal IFB process.³ A geographic preference is available under the small purchase limit of the school district or SFA (Federal maximum of \$100,000). An SFA can apply geographic preference as specified in their “informal procurement” purchase document.

9. Q: Can producers or vendors split up sales into smaller amounts in order to fall under the small purchase threshold?

A: No, producers and vendors cannot intentionally split purchases in an effort to avoid more rigorous procurement standards. However, in some situations, it may be appropriate to separate particular items from overall food purchases. For example, produce, or specific produce items, may have a limited shelf life when compared with

³ For further information on the “informal procurement method” regulations, please visit USDA’s “Farm to School FAQ” on Procurement, available at http://www.fns.usda.gov/cnd/f2s/faqs_procurement.htm#2. Question 2 of this FAQ addresses the informal purchasing process.

other products. Bread and milk are typically set aside from large overall food purchases because of their shorter shelf life and durability.