WISCONSIN SCHOOL NUTRITION
IN A NUTSHELL

The Special Milk Program: Procurement

# Procurement Procedures

School Food Authorities (SFAs) must meet federal procurement requirements by documenting efforts to maximize open and free competition.1 Depending on the estimated dollar value of the purchase, schools have several options.

## Micro-purchase Method

* For purchases up **to $10,000 per transaction**. SFAs have the option to establish a higher local threshold up to $50,000, or more. To increase the local threshold above $10,000, see self-certification requirements. Increasing the threshold beyond $50,000 requires approval by WI DPI.
* Non-competitive form of procurement where small-value purchases can be completed quickly by the school.
* The price must be reasonable based on research, experience, purchase history or other information.
	+ Documentation must be kept accordingly.
* Multiple purchases should be spread among similar vendors.
* Ideal for small, random, or unexpected purchases due to outages, or for supplies that are purchased a few times a year.

## Small Purchase Method

* For purchases costing less than $250,000.
* Competitive form of procurement, often called three bids and a buy.
* Schools can quickly and competitively purchase and award contracts with a value less than $250,000.
* Most common procurement method used.
* Schools can call, email, fax, or be in-person at the time of requesting the bid.
* Schools must provide the vendor/supplier with enough information and product specifications to submit a bid (verbal or written).
* Schools award the contract/purchase to the lowest bidders meeting all requirements of the bid.
* The bidder must be responsive and responsible, capable of providing the product or service being procured.

## Formal Procurement Method

* For purchases costing more than $250,000.
* Competitive form of procurement that requires written solicitations and a sealed bid or proposal.
* Should result in a purchase that is cost-effective, justifiable, and dependable.
* It is important to allow for sufficient time and resources to plan for and conduct procurement.

# Local Procurement

## Overview

* Purchasing local goods and services supports surrounding communities, helps the environment, and makes for a safer food supply.

The definition of “local” is defined by each School Food Authority (SFA). Local can be defined by a certain number of miles from the SFA, within the county, the state, or adjacent state(s), etc. When using the micro-purchase or small purchase methods, simply contact those vendors who fit your definition.

# Additional Resources

* Visit the [Procurement Methods Webpage](https://dpi.wi.gov/school-nutrition/program-requirements/procurement/methods).
* Review the [Local Procurement Webpage](https://dpi.wi.gov/school-nutrition/program-requirements/procurement/local-procurement).
* Visit the [Procurement Templates Webpage](https://dpi.wi.gov/school-nutrition/program-requirements/procurement/templates) and review the *Milk and Dairy* section.
* Check out these links to connect with suppliers.
	+ [Wisconsin Department of Agriculture: Trade and Consumer Protection](https://datcp.wi.gov/Pages/Homepage.aspx)
	+ [MFG Regional Directory WI Dairy Products](https://mfg.regionaldirectory.us/dairy-products/wisconsin.htm)

1 Inadequate Competition

If after conducting a competitive procurement, it results in only one offer being received, the SFA should reach out to known offeror to determine if something about the procurement was too restrictive. For example, a short timeline for offeror to respond or specifications being too restrictive. If no issues limited competition among suppliers and only one offer was received, this is allowable as limited competition. The SFA must still try to negotiate the best price and terms as opposed to simply purchasing at the price and terms initially offered by the supplier. This helps to ensure that the SFA receives the best possible price and terms. It is recommended that during the last renewal year of the existing contract, the SFA conducts market research to determine if any new suppliers have entered the market. The SFA must incorporate any new known suppliers into the next solicitation process. Even if there are no new suppliers, the SFA must still complete (to the best of their ability) a competitive procurement. Retain records of communications and contracts related to the procurement.

Example:

Rural areas or geographic limitations. For example, the SFA needs to re-bid a milk contract. After conducting market research, there is only one supplier within the service area who can provide the product. There are no other suppliers who will service the area. Other known issues are milk distributors not being able to furnish a milk cooler and as a result, limits competition. The SFA should consider purchasing their own milk cooler to allow for future competition.

There are a few known suppliers, but the supplier(s) do not wish to submit a bid. This may be due to anticipated low order volume, small purchasing drop size, geography, or history of contracting issues with SFA. It is recommended that SFAs allow for up-to four optional renewal years to increase the estimated value of the contract and offset the investment a supplier needs to service the contract. Retain records of the suppliers no-bid response, if able to obtain. For example, an email or letterhead from the supplier.