



To: HPS Members utilizing the HPS School Food Purchasing Program

From: HPS School Food Purchasing Advisory Committee

Date: June 3, 2024

Re: HPS School Food Purchasing Program (MI) – Contract #99

On behalf of the HPS member school systems and other related entities, the HPS School Food Purchasing Advisory Committee recently sent out a Request for Proposal for the HPS Michigan School Food Purchasing Program to find a source that would provide the best overall value to HPS Members. The period this RFP covered was July 1, 2024, through June 30, 2025, with an option to renew for up to four (4) additional terms of one year each - July 1, 2025 through June 30, 2026, July 1, 2026, through June 30, 2027, July 1, 2027, through June 30, 2028, and July 1, 2028, through June 30, 2029.

Procurement for Child Nutrition Program Recipients:

The HPS Michigan School Food Purchasing Program RFP was conducted in accordance with Program and Government-wide regulations, the federal rules governing the management of grant funds from the USDA, including Buy American, cost reimbursable required contract provisions and using government-wide approved procurement methods. The contract was awarded with a fixed price or cost reimbursable contract to the most responsive and responsible vendor with price as the primary factor and included the required contract provisions in Appendix II to 2 CFR Part 200, and 7 CFR Parts 210, 215, 220, 225 and 226. The HPS School Food Purchasing Advisory Committee only accepts proposals that are in accordance to recognized pricing mechanisms for child nutrition program recipients. HPS does this procurement on behalf of all of the Member SFAs and all documents are available to you on the HPS website www.hpsgpo.com.

HPS Michigan School Food Purchasing Program – SY2024-2025

The Bid was open on April 25, 2024. There were 9 responses to the Request for Information (RFI), one No Bid to the Request for Proposal and one complete response to the Request for Proposal. The HPS RFP was sent to 81 different distributors with many distributors having multiple Distribution Centers throughout the HPS footprint.

Contract Recap:

Drop Size Requirement - The drop size requirement is \$750, which did not change from the previous solicitation. We worked with Gordon Food Service to account for those situations when \$750 cannot be achieved and we are happy to announce that GFS added the following language to address those special circumstances: An agreement may be arranged between the Member and GFS for a \$500. Min Delivery.

Inflation Impact - Based on the overall weighted average of the HPS Contracts you can expect an weighted average increase of 1.089% in your Pricing for the school year 2024-2025.

Nutritional Statements - Our Committees worked with manufacturers to ensure that HPS has many of the non CN items you use and documentation from the manufacturer that depicts the exact credit those items will contribute to the meal plan. You can find the documentation on the HPS website at www.hpsgpo.com.

Buy American Statements - On our website www.hpsgpo.com HPS now stores documentation from Manufacturers to validate the Buy American status of their products. HPS will work with its awarded Distributor (Gordon Food Service) and the Manufacturing community to build our library of documents. If you are looking for a HPS bid item that we do not have, please inform your HPS representative so we can work with the Manufacturer community to build the Buy American library.

Pricing:

Commercial Items - Firm-priced items will be honored for the duration of the four-month price protection periods. Those periods are: July 1 – October 31; November 1 – February 28/29; and March 1 – June 30, commencing on July 1, 2024. These items are derived from the purchase history of HPS Members. HPS will be notified 30 days prior to price adjustment date on firm-priced items.

Fixed Fee Items - Other market sensitive high volume school items will be priced using a mechanism of “cost plus a fixed fee dollar amount.”

Other Group Purchasing Contracts - HPS already has entered into group purchasing contracts for certain categories as listed:

- HPS Contract #22 Trash & Can Liners, & Biohazard Bags
- HPS Contract #30 Sanitary Paper Products
- HPS Contract #39 Housekeeping & Laundry Soap Products
- HPS Contract # 54 Dishwashing & Kitchen Cleaners

The items on the contracts listed above are also covered by this RFP. GFS is required to stock the items or the manufacturer equivalent in the case of private label. The items have a fixed fee established to deliver the items to the HPS institutions.

All Items not listed on the HPS Bid List - The HPS bid includes a Fixed Fee per case schedule for all items not listed on the HPS Bid. What this means is that all items you buy from GFS are covered by the HPS contract, for the utmost transparency and compliance with federal regulations. See Fixed Fee Markup List on the HPS website, at www.hpsgpo.com.

USDA Foods Pricing -

- HPS provides NOI Commodity Price or the HPS CNOI Commodity Price Column. This represents your bid price with the Commodity Fair Market Value per case taken out; it is the price you will see on your invoice. (Please note for USDA FOODS that have multiple Material codes, the Commodity Price will reflect all eligible draw down options, if you do not use all eligible draw downs your invoice price will vary. These Drawdown values are subject to change).
- The HPS RFP also establishes the per case delivery fee for CNOI, (Manufacturer Fee for Service), and Non-Processed items, if available in your state.
- HPS has requested processing agreement forms for all bid awarded USDA Foods processors.

Rebates:

GFS Committed Purchasing Incentive - Any HPS Member who agrees to commit 90% of its purchasing, by dollar volume, to Gordon Food Service will receive a 1.25% committed volume rebate on all purchases from GFS. In

addition, HPS members who are eligible to receive commodity products from GFS will receive an extra .25% incentive on all purchases from GFS. The rebate shall be paid bi-annually (December and June).

Quick Pay Incentive - This is a 1% 10 day early pay incentive. Advanced notification to your GFS sales person of your intent to participate in this incentive must be made. After GFS has been notified, you may deduct 1% off your payment of invoices, if the mailing is postmarked within 10 days of the invoice.

Volume Discounts - HPS has worked with key manufacturers to develop a tiered schedule that rewards HPS Members based on the total utilization (cases) from that manufacturer, as HPS reaches a new tier every HPS Member will earn incremental amounts based on the number of cases your district purchased from that manufacturer.

***(New) Gordon Food Service Brand Label Incentive Program** - HPS Members are eligible for the following rebate on "GFS" Brand Products. This rebate is based on quarterly volume and will be paid out in credit memo format on a quarterly basis. The baseline to receive the rebate is 40.00% of GFS Branded product mix.

When a HPS committed individual location hits that 40% target level for the quarter, plus meets the minimum volume requirement of \$10,000.00, they will become eligible to receive the commensurate rebate % to their volume of GFS Branded products.

<u>GFS Brand %</u>	<u>Rebate %</u>
40.00-44.99%	0.25%
45.00-49.99%	0.50%
50.00-54.99%	0.75%
55.00-Up	1.00%

All GFS Branded products are included and there are no exceptions where an allowance may already be in place. GFS Core Brands include the Gordon Signature, Gordon Choice, and Kitchen Essentials. Gordon Food Service Exclusive Brands include Markon, Array Chemicals, Primo Gusto, Tavolini, Natural Choice (Fruits and Juices), Mosaic (Coffee), Black Angus Beef, Brickman's, Sienna Bakery, Cattleman's Reserve, Hearthstone Classics, Pepper Mill, Trade East, Re.Source, Harvest Valley, Gran Sazon, and Halperns'.

New Item Process:

The HPS CAT program, has an automated process for our Members to request non-bid items to be added to the HPS bid as well as, to add products that currently are not in distribution to our Food contracts. The program will be open throughout the year and will be evaluated for New Item Opportunities for June 1st and January 1st. Working together with other HPS Members that utilize your Distribution Center, HPS can aggregate the demand to determine if it will meet the requirements to have a new item stocked. If you are not already signed up for the HPS Contract Analysis Tool program you can do so by visiting www.hpscat.com.

Thank you for your continued support of the Michigan HPS School Food Purchasing Program. If you have any questions on these new contracts with Gordon Food Service, please contact the HPS office at 800-632-4572.