



West Texas Food Service Cooperative
Growing Successful Partnerships

Action Required

Re: West Texas Food Service Cooperative, 2018-2019

Dear Superintendent Addressed:

The enclosed packet of materials contains pertinent information and an Interlocal Agreement to participate in the 2018-2019 West Texas Food Service Cooperative (WTFSC). The packet was compiled so that districts could review the information to make an informed choice concerning district participation for the coming year. The information may also be used for school board presentations. **The deadline for returning the Interlocal Agreement for any or all component areas is February 16, 2018.** This deadline is necessary to facilitate the bid and ordering processes for the 2018-2019 school year, however, a district may join the WTFSC at any time during a school year.

The Interlocal Agreement (pages 3-4) is to be completed by all districts that wish to participate in any area of the Cooperative for the 2018-2019 year. *Please complete the Interlocal Agreement for your district and return the original signed document to the Region 17 ESC, 1111 West Loop 289, Lubbock, Texas 79416, attention Dorothy Glenn by the **February 16, 2018 deadline.** The food service director for your district has also been emailed a packet with this information should you have any questions regarding past participation or you may contact our office for information.*

The United States Department of Agriculture does not allow federal funds received by ESC Child Nutrition components to be used to support purchasing cooperatives. Therefore, the Cooperative is a totally self-funded entity. Through the Commercial Purchasing, to provide this revenue, a fee of .85% of each district purchase is charged through a Vendor Participation Fee. This fee is collected directly from the awarded vendors. Through the Commodity Processing bids, a per-truckload fee of \$500.00 is charged as an Administrative Processing Fee to the manufacturer. All fees are used to cover expenses related to the administration and direct operation of the Cooperative. Districts, even though they may incur these fees indirectly, pay no direct fee to the Cooperative for participation.

Studies indicate that school districts benefit through cooperative participation with a considerable cost savings. While the purchasing power of the WTFSC is significant; the costs of goods and services continues to rise annually. The industry standard shows increases have been approximately 15 percent for most food service goods and services over the past two years. For the same time period, the WTFSC increases have been approximately 9 percent. Cooperative participation also reduces costs associated with advertising, paperwork, and time spent on the bidding process as well as more buying power. Consideration should be given to each of these areas by any size district when making future participation decisions. Other benefits of the Cooperative and services provided are included in the enclosed materials.

If I can be of further assistance in this matter, please call me at 806.281.5710. I am available to talk to your Board of Directors if needed. Thank you for your consideration for participation in the 2018-2019 Cooperative.

Sincerely,

Dorothy Glenn
Lead Purchasing Specialist

Region 17 ESC/WTFSC is in compliance with the Education Department General Administrative Regulations (EDGAR), 2 C.F.R. § 200.318-326. It is the intent of Region 17 ESC/WTFSC to comply with the most restrictive federal (EDGAR) or state (FARSG) rule or regulation.

WEST TEXAS FOOD SERVICE COOPERATIVE

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***ACTION REQUIRED**

INTERLOCAL AGREEMENT

The following Interlocal Agreement is to be completed by all districts that wish to participate in any area of the Cooperative

NOTE: PLEASE COMPLETE AND RETURN PAGES 3-6 TO REGION 17 AS INDICATED. BE SURE TO CHECK THE APPROPRIATE COMPONENT(S) FOR PARTICIPATION. THE ORIGINAL SIGNED INTERLOCAL AGREEMENT MUST BE RETURNED.

This agreement is entered into pursuant to the authority granted by Chapter 791 of The Texas Government Code and Chapter 8 of The Texas Education Code, by and between:

I. Term of Contract

The term of this contract shall be from the date of acceptance by authorized _____ ISD personnel through July 31, 2019. The participating party(ies) may with mutual agreement among all other participating parties, rescind the Commercial Purchasing component of this contract with a ninety (90) day written notice. If participating in the Commodity Processing component of this contract, the participating party is required to fulfill the contractual obligation until all processed commodity commitments are received.

II. General Provisions

Participating Education Service Centers will organize and administer The West Texas Food Service Cooperative (Cooperative) with Region 17 Education Service Center acting as the fiscal agent (Coordinating Center). Authority for such services is granted by Title 7, Chapter 791 Interlocal Cooperation Contracts Act of the Texas Government Code. The goal of the Cooperative is to obtain substantial savings on specified items for member districts through volume purchasing.

A. ROLE OF REGION 17 EDUCATION SERVICE CENTER (COORDINATING CENTER)

1. Provide for the organizational and administrative structure of the program.
2. Provide for staff time necessary for efficient operation of the program.
3. Host Regional Advisory Board meetings for food service purchasing and commodity processing components.
4. Provide onsite and/or technology based regional and/or area trainings as requested/necessary.
5. Initiate and implement activities related to the bidding and vendors selection process, in accordance with competitive bidding procedures for Texas public schools.
6. Review annual fiscal report with member districts at a Fall Advisory Board Meeting.
7. Provide districts with Service Report/Product Comment Forms to address quality assurance and vendor complaint issues more consistently.
8. The Cooperative will not be held accountable for product warranties, product qualities, failure to deliver by vendor(s), or failure of payment to vendor(s) by participating members.

B. ROLE OF THE PARTICIPATING DISTRICT:

1. Commit to participate in the Cooperative by resolution of the governing body.
2. Designate a contact person for the Cooperative.
3. Return all necessary forms in a timely fashion with appropriate signatures.
4. Abide by directives and decisions of the Regional Advisory Boards and Coordinating Center.
5. Abide by Texas Department of Agriculture Roles and Responsibilities for Further Processing of USDA Foods as per the Annual Agreement via TXUNPS.
6. Prepare purchase orders issued to the appropriate vendor(s)/processor(s) from the official award list provided by the Cooperative.
7. Accept shipments of products in accordance with standard HACCP delivery procedures and the Cooperative delivery agreements.
8. Pay vendor(s) as per awarded terms and conditions unless prior arrangements have been made between the participating member and the vendor(s). All deliveries will be made in accordance with the specified delivery schedule in each bid document.
9. Notify WTFSC of issues regarding vendors and product quality by submitting the Service Report/Product Comment Forms as necessary.

III. Contract Service Fees

The United States Department of Agriculture does not allow federal funds received by ESC Child Nutrition components to be used to support purchasing cooperatives. Therefore, the Cooperative is a totally self-funded entity. Through the Commercial Purchasing, to provide this revenue, a fee of .85% of each district purchase is charged through a Vendor Participation Fee. This fee is collected directly from the awarded vendors. Through the Commodity Processing bids, a per-truckload fee of \$500.00 is charged as an Administrative Processing Fee to the manufacturer. All fees are used to cover expenses related to the administration and direct operation of the Cooperative. Districts, even though they may incur these fees indirectly, pay no direct fee to the Cooperative for participation.

IV. Component Participation

Please check area(s) of desired participation

- Commercial Food Purchasing
- Commodity Processing (Must participate in USDA/TDA CN program)
- Full Service Delivery

V. Designee

Food Service Director or Cafeteria Manager authorized to coordinate all Cooperative activities with WTFSC/ESC 17 staff.

Designee Name: _____ Title: _____

Phone: _____ email: _____

The _____ ISD agrees to abide by all provisions of this agreement.

VI. Authorization

Board Member, Superintendent, or interim person authorized to sign Interlocal Agreements for the district.

_____ ISD Region 17 Education Service Center
152-950

Authorized: Printed Name

Authorized: Signature

Kyle Wargo, Executive Director

Date

Date

*Please complete the Interlocal Agreement (pages 3-5) for your district and **return a signed original** form to the Region 17 ESC, 1111 West Loop 289, Lubbock, Texas 79416, and Attention: Dorothy Glenn, West Texas Food Service cooperative by the **February 16, 2018 deadline**. This agreement will be signed by the ESC17 Executive Director and a copy will be returned for your records.*



West Texas Food Service Cooperative
Growing Successful Partnerships

Contracting Entity Information

*Please complete and submit this form along with your signed Interlocal Agreement (pages 3-4).

District: _____

Superintendent: _____

Business Manager: _____

Mailing Address: _____
Street City, State Zip Code

Physical Address: _____
Street City, State Zip Code

County Name: _____

District Phone Number: _____

District Fax Number: _____

CE ID: _____

Food Service Director: _____

Mailing Address: _____
Street City, State Zip Code

Physical Address: _____
Street City, State Zip Code

Email Address: _____

Food Service Phone Number: _____

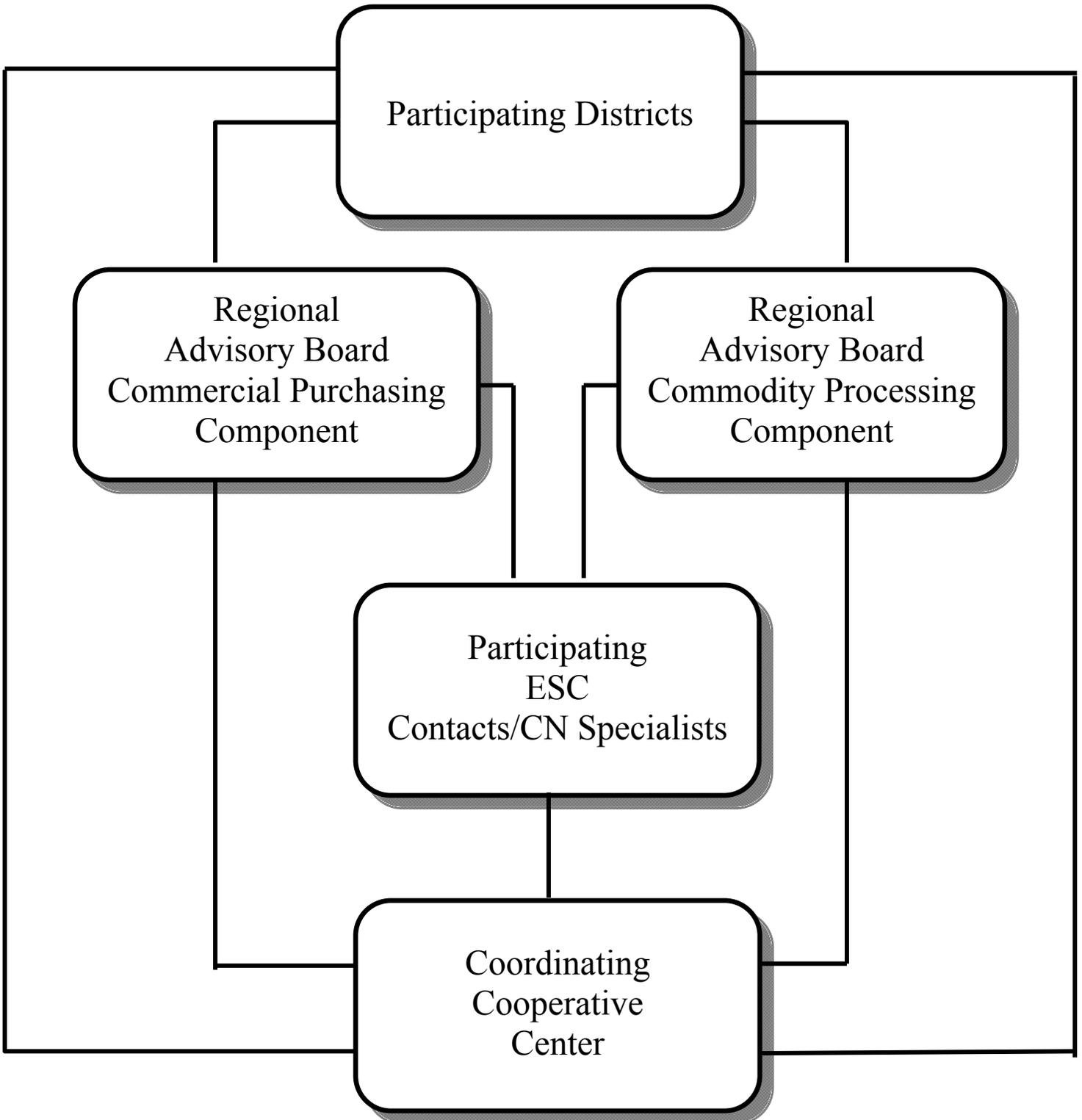
Food Service Fax Number: _____

**Food Service Cell Number
(Optional):** _____

NSLP **SBP** **SSO** **ASCP** **CACFP** **SFSP** (Please circle USDA/TDA Program you participate in all Non Profit Organizations that are not public or private schools must participate in one of the programs to be a member)

Please Circle Region: 14 15 16 17 **18** 19 Other:

West Texas Food Service Cooperative Cooperative Structure



**West Texas Food Service Cooperative
2018-2019 School Year
Events**

Bid Award Catalog to be made available via the Co-op website to all member Districts.

Commercial Food Purchasing Advisory Board Meeting via Go To Meeting or Conference Call approximately 2 per year

Commodity Processing Advisory Board Meeting via Go to Meeting or Conference Call approximately 2 per year

Coop Member updates via Go to Meeting or Conference Call approximately 3 per year.

Commodity Processing Meeting at each Region (mid-February)

West Texas Food Service Cooperative Food Show

Coordinate Commodity Processing Trucks for SY18-19

West Texas Food Service Cooperative

Commercial Food Purchasing Component

General Information

- Purpose - The goal of the Cooperative is to obtain substantial savings on specific food service items for member districts through volume purchasing. The highest quality products for the best possible prices will be sought. The district should benefit through cost savings, meeting bid law requirements, and receiving items meeting Child Nutrition program requirements.
- Fee – There is no direct fee to participate in the Cooperative. The fee for vendors to participate in the Cooperative is based on a .85% charge of each district purchase through a Vendor Participation Fee. This fee is collected directly from the awarded vendors.
- Delivery - The vendor will include a delivery schedule as part of each bid. Deliveries will be made weekly to each campus cafeteria unless the district makes other arrangements with the vendor(s). As per General Terms and Conditions, the vendor(s) may hold the district to a minimum delivery drop amount.
- Quantity Needs – Vendor Velocity Reports will be used to estimate future product usage for bidding purposes. The Cooperative can best meet product needs when provided the information on items that will be served at each district. A copy of the Request for New Items is included in this packet for district use. Districts are encouraged to submit request for new items at any time.
- Ordering from Bid Award - Orders will be made by the food service director/appointed representative to the sales representative/on-line ordering for the items awarded to each vendor.
- Savings to the District - Studies indicate that school districts benefit through cooperative participation with a considerable cost savings. While the purchasing power of the WTFSC is significant; the costs of goods and services continues to rise annually. The industry standard shows increases have been approximately 15 percent for most food service goods and services over the past two years. For the same time period, the WTFSC increases have been approximately 9 percent. Cooperative participation also reduces costs associated with advertising, paperwork, and time spent on the bidding process as well as more buying power. Consideration should be given to each of these areas by any size district when making future participation decisions.
- Communication – The Cooperative will continue to communicate effectively with all districts through regular mail, email, and the WTFSC website (<http://wtfsc.esc17.net>). The WTFSC website is fully operational and provides real time communication as well as the most current bid award information and the Nutritional Information required for audits. Therefore it is required that all Food Service Directors have access to email and Internet on a regular basis. Due to the constant changes in NSLP guidelines and updates to awarded bid products, the Cooperative will send out email blast, providing information in regard to bid documentation, weekly produce price lists, updated monthly milk pricing, as well as other documents to be

determined. Monthly email reminders will be sent out to ensure all members are staying up-to-date with their commodity pounds and tracking.

- Problems with Products, Deliveries, etc. – While striving to achieve quality goods and services, the Cooperative cannot guarantee that districts will never be shorted nor have items substituted. However, it is the intent of the Cooperative to follow up on any complaints received from districts regarding services from a vendor(s). The following process has been established to handle issues that may arise.
 - Each participating district will receive a Product/Service Report in the Award packet sent to districts annually. This form is also available online at <http://wtfsc.esc17.net>.
 - The District is to complete the form as needed and return it to Dorothy Glenn, Lead Purchasing Specialist via mail, fax or email as indicated on the form.
 - All completed forms received by the Cooperative Coordinating Center will be addressed with the appropriate vendor within 48 hours (business) of receipt and the issuing district will be notified of a solution.
 - All submitted forms will be kept as documentation and may be used in determining future bid awards as well as legal action against current or past vendors.

By being a member of the Cooperative, a district enhances its power to entice vendors to provide excellent products and service.

West Texas Food Service Cooperative Commodity Processing Component

Commodity Processing Methods

Commodity Processing provides the opportunity for districts to stretch out of pocket commercially purchased products through the use of USDA donated foods. Commodity Processed products are fully cooked, ready-to-serve or heat-and-serve products that can reduce the need for a larger labor force and amount of time to prepare healthy and flavorful meals.

There are three basic methods districts can use to receive commodity processed items:

1. Net Off Invoice (NOI)

The NOI method allows districts to commit/bank pounds of raw USDA foods to be used to receive a discount from specified commercially purchased products. This process involves combining the Commercial Food Purchasing Component and the Commodity Processing Component of the West Texas Food Service Cooperative. Committed/banked pounds must be designated to a specific manufacturer and distributor in order to receive commodity discounts toward commercial purchases. Advantages of these methods allow districts the flexibility of products, large choice of end products, and “just in time” delivery. NOI is available for USDA Foods that are considered “substitutable” including cheese, chicken, turkey, fruits, vegetables, and butter.

2. Modified Fee for Service (MFFS)

The MFFS method allows districts to commit/bank pounds of raw USDA foods to be used to receive a discounted price from a distributor. This process involves combining the Commercial Food Purchasing Component and the Commodity Processing Component of the West Texas Food Service Cooperative. Committed/banked pounds must be designated to a specific manufacturer and distributor in order to be able to receive products from a distributor at a discounted price. Advantages of these methods allow districts the flexibility of products, large choice of end products, and “just in time” delivery. MFFS is available for USDA Foods that are considered “non-substitutable” including beef and pork.

3. Fee for Service (FFS)

With this method, districts determine preapproved items with the quantities of these items they wish to receive. A larger “minimum drop” is required with FFS delivery. Items are shipped to a designated warehouse (private or state contracted) on a district’s behalf. Cost of finished products to the district is only for added ingredients and the manufacturers cost of processing the USDA commodities into finished products. A fee is paid directly to the manufacturer by the district for this service. Historically FFS pricing is the most cost effective form of commodity processing when products are ordered and utilized in a timely fashion.

Districts that have private storage warehouses and can order large quantities (meet the minimum drop requirement) for a single shipment can be designated as Direct Ship Districts for Fee for Service products with the approval from Texas Department of Agriculture. These districts will need to advise the WTFSC if this option is selected in advance of bid procedures. Direct Ship Districts will benefit from using this option by reduction in storage fees at a state or contracted warehouse as well as other potential price reductions.

The West Texas Food Service Cooperative has historically assisted districts in processing USDA foods such as: beef, pork, chicken, turkey, eggs, peanut butter, and cheese (mozzarella and cheddar). Overall any commodity processing by the district reduces the out of pocket cost of an item creating food cost savings.

**West Texas Food Service Cooperative
Commodity Processing Component
2016-2017 Data**

**Net Off Invoice Method (NOI)
Cheese Analysis**

Open Market Value vs. Commodity Value (Net Off Invoice Method)

EXAMPLE:

American Cheese

Market Value	\$2.45 /lb.
Commodity Value for Processed Cheese	\$2.08 /lb.

Out of Pocket Expenses, example of Net Off Invoice savings:

1. Land O' Lakes, Sliced, American Cheese, Reduced Fat, ½ oz. serving, 960 servings per case:
 - a. Commercial Price (if no commodity pounds were banked): \$73.58.
 - i. Price per serving: .0766
 - b. Commodity/NOI Price (if commodity pounds were banked): \$26.35.
 - i. Price per serving: .0274
 - c. If a district served one ½ oz piece of Sliced Cheese to 500 students once every week during the school year (36 times), they would need to purchase 19 cases of product.
 - i. If NO pounds were banked they would need to order 19 cases of product. This would cost the district \$1398.02 in out-of-pocket expenses.
 - ii. If pounds were banked they would need to order 19 cases of product. This would cost the district \$500.65 in out-of-pocket expenses.
 - d. By banking commodity pounds, they would save a total of \$897.37 in out-of-pocket expenses.

2. Land O' Lakes, Shredded, American Cheese, Reduced Fat, 1 oz. serving, 320 servings per case:
 - a. Commercial Price (if no commodity pounds were banked): \$80.66
 - i. Price per serving: .2520
 - b. Commodity/NOI Price (if commodity pounds were banked): \$39.06.
 - i. Price per serving: .1220
 - c. If a district served 1 oz. of Shredded Cheese to 500 students once every week during the school year (36 times), they would need to purchase 57 cases of product. By banking commodity pounds, they would save a total of \$2,371.23 in out-of-pocket expenses.

Benefits of NOI Purchasing: Out-of-Pocket savings; minimizes need for storage since product is ordered weekly through the distributor based on needs; utilizes entitlement.

**West Texas Food Service Cooperative
Commodity Processing Component
2016-2017 Data**

**Modified Fee For Service Method (MFFS)
Beef Analysis**

Open Market Value vs. Commodity Value (Modified Fee For Service Method)

EXAMPLE:
Beef

Market Value	\$3.88/lb.
Commodity Value for Processed Beef	\$2.85 /lb.

Out of Pocket Expenses, example of Modified Fee For Service savings:

1. Advance Pierre, Beef Patty, 2.5 oz. patty
 - a. Commercial Price (if no commodity pounds were banked): \$38.08.
 - i. 90 Servings per case.
 - ii. Price per serving: .4231
 - b. Commodity/NOI Price (if commodity pounds were banked): \$22.80.
 - i. 200 Servings per case.
 - ii. Price per serving: .1140
 - c. If a district served one 2.5 oz. Beef Patty to 500 students once every week during the school year (36 times), they would need to purchase:
 - i. If NO pounds were banked they would need to order 200 cases of product. This would cost the district \$7,616.00 in out-of-pocket expenses.
 - ii. If pounds were banked they would need to order 90 cases of product. This would cost the district \$2052.00 in out-of-pocket expenses.
 - d. By banking pounds with Advance Pierre, they would have saved a total of \$5,564. - In out-of-pocket expenses.

Benefits of MFFS Purchasing: Out-of-Pocket savings; minimizes need for storage since product is ordered weekly through the distributor based on needs; utilizes entitlement.

**West Texas Food Service Cooperative
Commodity Processing Component
2016-2017 Data**

Fee for Service Method (FFS)

Chicken Nuggets Analysis
(Using commodity chicken)

Open Market Value vs. Commodity Value (Fee for Service Method)

EXAMPLE:

Chicken Nuggets, Breaded:

Market Value	\$1.15 /lb.
Commodity Value for processed chicken (LG Bird)	\$.98 /lb.

Out of Pocket Expenses, example of Fee For Service savings:

1. Tyson, Chicken Nuggets, Dark/White meat blend,
 - a. Commercial Price (if no commodity pounds were banked): \$55.10.
 - i. 144 Servings per case.
 - ii. Price per serving: .3826
 - b. Commodity/FFS Price (if commodity pounds were banked): \$43.94.
 - i. 144 Servings per case.
 - ii. Price per serving: .3051
 - c. If a district served Chicken Nuggets to 500 students once every week during the school year (36 times), they would need to purchase:
 - i. If NO pounds were banked they would need to order 125 cases of product. This would cost the district \$6887.50 in out-of-pocket expenses.
 - ii. If pounds were banked they would need to order 125 cases of product. This would cost the district \$5492.50 in out-of-pocket expenses.
 - d. By banking pounds with Tyson, the district could have saved a total of \$1395.00 in out-of-pocket expenses.

Benefits of FFS Purchasing: Out-of-Pocket savings; utilizes entitlement.

