



West Texas Food Service Cooperative
Growing Successful Partnerships

November 11, 2014

Action Required

Re: West Texas Food Service Cooperative, 2015-2016

Dear Superintendent Addressed:

The enclosed packet of materials contains pertinent information and an Interlocal Agreement to participate in the 2015-2016 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 27, 2015.** This deadline is necessary to facilitate the bid and ordering processes for the 2014-2015 school year.

The Interlocal Agreement (page 3) is to be completed by all districts that wish to participate in any area of the Cooperative for the 2015-2016 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 Keri Warnick by the February 27, 2015 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 806/281-5707. I am available to talk to your school board if needed. Thank you for your consideration for participation in the 2015-2016 Cooperative.

Sincerely,

A handwritten signature in cursive script that reads "Keri Warnick".

Keri Warnick
Cooperative Coordinator

KW
Enclosures

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 PAGES 3-5, AND RETURN ORIGINAL SIGNED AGREEMENT TO REGION 17 AS INDICATED. BE SURE TO CHECK THE APPROPRIATE COMPONENT(S) FOR PARTICIPATION.

West Texas Food Service Cooperative

2015-2016 Interlocal Agreement

ESC Contact: Keri Warnick

806-281-5707



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, 2016. The participating party(ies) may with mutual agreement among all other participating parties, rescind the contract with a ninety (90) day written notice with continued participation until all commodity processed 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 ESC 17 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

V. Designee

Person responsible at the District (Food Service Director/Cafeteria Manager) to coordinate all Cooperative activities with ESC 17 staff.

Designee Name: Kathy Taylor Title: Director of School Nutrition

Phone: 432-456-9741 email: Kathy.taylor@ectorcountyisd.org

The Ector County 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, Attention: Keri Warnick, West Texas Food Service Cooperative by the February 27, 2014 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

District Food Service Information

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

District: ECTOR County ISD

County District Number: _____

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: 00327

Food Service Director: Kathy Taylor

Mailing Address: 1120 W. 10th St. Odessa, TX 79763
Street City, State Zip Code

Physical Address: 1120 W. 10th St. Odessa, TX 79763
Street City, State Zip Code

Email Address: kathy.taylor@ectorcountyisd.org

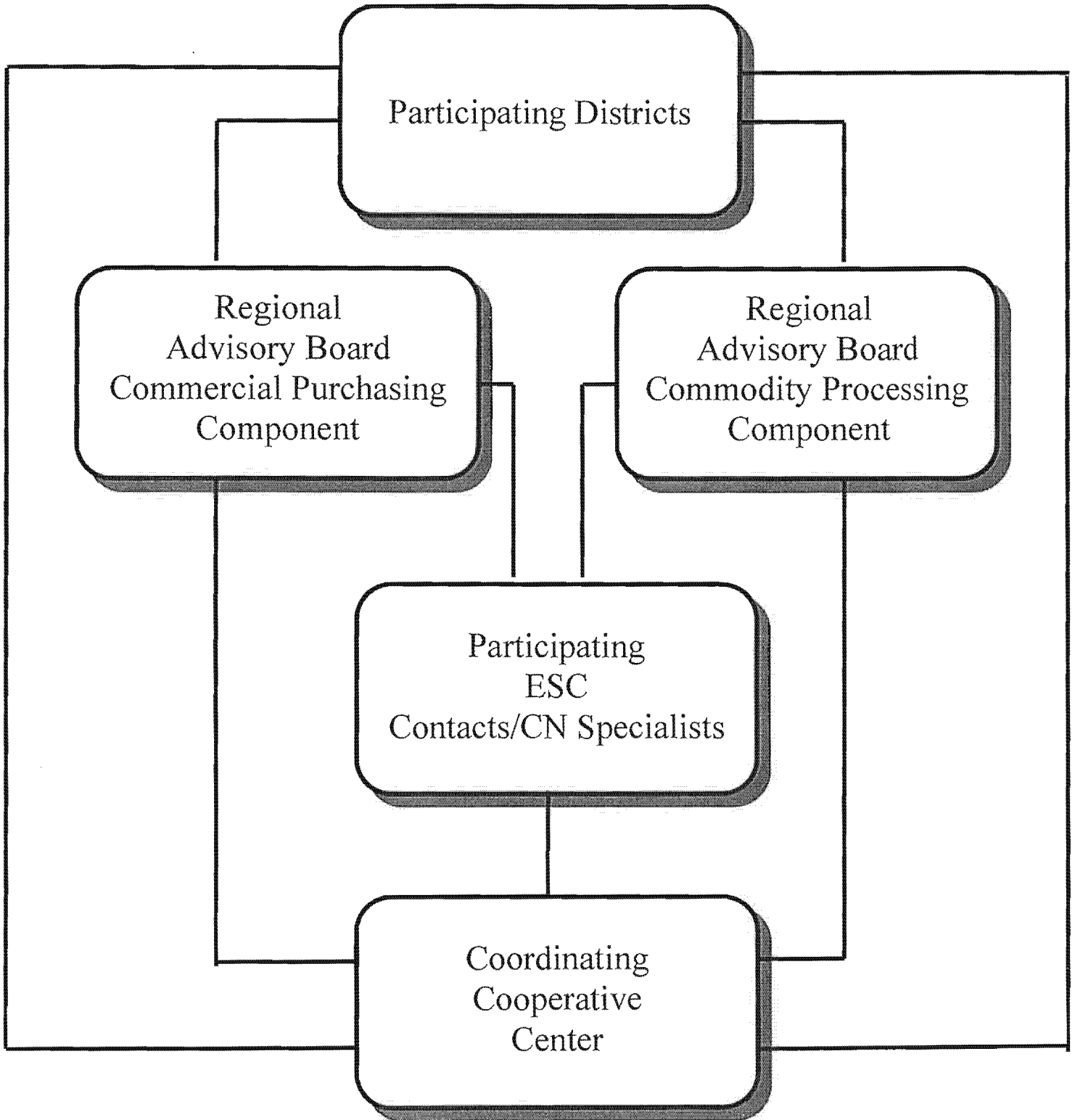
Food Service Phone Number: 432.456.9749

Food Service Fax Number: 432.456.9748

Food Service Cell Number (Optional): _____

**Note: In order to receive weekly notices of produce prices, milk prices, and any other pertinent information in regard to district food service through the coop, districts must provide an email address. No hard copies will be mailed for these notices.

West Texas Food Service Cooperative Cooperative Structure



West Texas Food Service Cooperative

2015 - 2016 School Year

Program Calendar

January 9, 2015	Commodity Processing Advisory Bid Pricing Review TETN at respective ESC
January 20, 2015	ESC Region 18 TDA Commodity Meeting & Commodity Processing Yield Information
January 21, 2015	Alpine ISD/Region 18 TDA Commodity Meeting & Commodity Processing Yield Information
January 22, 2015	ESC Region 19 TDA Commodity Meeting & Commodity Processing Yield Information
January 27, 2015	ESC Region 16 TDA Commodity Meeting & Commodity Processing Yield Information
January 29, 2015	ESC Region 17 TDA Commodity Meeting & Commodity Processing Yield Information
February 3, 2015	ESC Region 9 TDA Commodity Meeting & Commodity Processing Yield
February 4, 2015	ESC Region 14 TDA Commodity Meeting & Commodity Processing Yield
February 5, 2015	ESC Region 15 TDA Commodity Meeting & Commodity Processing Yield
February 27, 2015	Interlocal for Co-op Participation due to ESC Region 17
TBD: Early-Mid March	Coordinate Commodity Processing Trucks
March 6, 2015	Commercial Food Purchasing Advisory Board Meeting via TETN at respective ESC
May 16, 2015	Commercial Food Purchasing Advisory Board Meeting via TETN at respective ESC
June 30, 2015	Bid Award Catalog to be emailed and made available via the Co-op website to Districts
September - TBD, 2015	Advisory Board Meetings for Commercial Food Purchasing (Other Advisory Board Meeting Dates TBD)

***Bold type indicates district action required/encouraged.**

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 a weekly 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.

- 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>, under the Forms and Other Tab.
 - District is to complete the form as needed and return it to Keri Warnick, 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.

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

1. Fee for Service (FFS)

With this method, districts determine preapproved items with the quantities of these items they wish to receive. Items are shipped to a designated warehouse 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 for a single shipment can be designated as Direct Ship Districts for Fee for Service products. 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.

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 considered "non-substitutable" including beef and pork.

3. 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 considered "substitutable" including cheese, chicken, turkey, fruits, vegetables, and butter.

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
2013-2014 Data**

**Fee for Service Method
Cheese-Pizza Analysis
(made from commodity mozzarella cheese)**

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

EXAMPLE:

Mozzarella Cheese, Shredded:

Market Value (current bid price for 2013-2014 Co-op bid) \$2.7136 /lb.

Commodity Value for processed mozzarella shredded \$1.7918 /lb.

Further analysis of a raw commodity into a prepared end product:

	Pepperoni Pizza (wedge)			Cheese Pizza (wedge)		
	Brand	Cs. Pk.	Price Each	Brand	Cs. Pk.	Price Each
<i>Commercial Bid Purchase:</i> Co-op 13-14 Bid Price	Tony's 73159	96	.4396	Tony's 63500	96	.4315
<i>Commodity Processing Purchase:</i> Commodity Processing Fee 13-14 (actual out of pocket expense to district)	Tony's 73159	96	.2964	Tony's 63500	96	.2569
+						
Estimated Cost in Entitlement			.0802			.1395
+						
Total Value of Commodity Processed Item			.3766			.3964
Total Out of Pocket Expense to District			.2964			.2569
Total Savings to District			.0802			.1395

EX: A District serves 500 portions of a pepperoni pizza wedge 18 times during the school year. The out of pocket expense using Commodity Processing would be \$2,667.60. Ordering the same amount of product through a commercial bid, the out of pocket expense would be \$3,956.40. The out of pocket savings to a district for this item ordering through Commodity Processing would be \$1,288.80 per year or 33%.

West Texas Food Service Cooperative Commodity Processing Component 2013-2014 Data

Modified Fee for Service Method Ground Beef Analysis

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

EXAMPLE:

Raw Bulk Ground Beef:

Market Value (current bid price for 2013-2014 Co-op bid)	\$ 2.27/lb.
Commodity Value for non-processed beef received in 40# raw bulk * charged against Entitlement	\$ 2.45 /lb.
Commodity Value for processed beef for 2013-2014 Co-op * avg. of trucks purchased this year for processing * charged against Entitlement	\$ 2.29/lb.

*Entitlement is calculated for each district based on the total reimbursable meals served in the previous year. At present, districts receive approximately 24 cents per meal. Entitlement is an additional form of reimbursement for commodity purchases rather than using actual dollars.

Further analysis of a raw commodity into a prepared end product:

	Charbroiled Patty w/VPP			Chicken Fried Steak w/VPP		
	Brand	Cs. Pk.	Price Each	Brand	Cs. Pk.	Price Each
<i>Commercial Bid Purchase:</i> Co-op 13-14 Bid Price	Advance	90	.3249	Advance	40	.6428
<i>Commodity Processing Purchase:</i> Commodity Processing Fee 13-14 (actual out of pocket expense to district)	Advance 525-20	200	.1056	Advance 244420	126	.2756
+			.2984			.2795
Estimated Cost in Entitlement						
+						
Total Value of Commodity Processed Item			.4040			.5551
Total Out of Pocket Expense to District			.10569			.2756
Total Savings to District			.2984			.2795

EX: A District serves 500 portions of a charbroiled patty 18 times during the school year. The out of pocket expense using Commodity Processing would be \$950.40 Ordering the same amount of product through a commercial bid the out of pocket expense would be \$2,924.10 The out of pocket savings to a district for this item ordering through Commodity Processing would be \$1,973.70 per year or 67%.

**West Texas Food Service Cooperative
Commodity Processing Component
2013-2014 Data**

**Net Off Invoice Method
Cheese Analysis**

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

EXAMPLE:

American Cheese, Reduced-fat, Sliced (1/2 oz. slice):

Market Value (Current 2013-2014 Co-op Bid Price) \$2.38 /lb.

Commodity Value for Processed Cheese \$2.0511 /lb.

Further analysis of a raw commodity into a prepared end product:

	Sliced Cheese ½ oz slice			Grated cheese 1 oz. serving		
	Brand	Cs. Pk.	Price Each	Brand	Cs. Pk.	Price Each
<i>Commercial Bid Purchase:</i> Co-op 13-14 Bid Price	Land O Lakes	960	.0746	Land O Lakes	320	.2092
<i>Commodity Processing Purchase:</i>						
Commodity Value of Commodity Cheese (Value of NOI)			.0374			.0775
Out of Pocket Expense after NOI			.0372			.1317
Total Savings to District			.0374			.0775

EX: A District serves 500 portions of sliced cheese 18 times during the school year. Ordering this amount of product through a commercial bid the expense would be \$671.4. The rebate savings to a district for this item ordering through Commodity Processing would be \$336.60 per year. The total amount out of pocket for the district would be \$334.80 or about 50%.



West Texas Food Service Cooperative
Growing Successful Partnerships

Service Report/Product Comment Form

Please use this form to report issues on products or services (positive or negative) related to the West Texas Food Service Cooperative. Please provide as much information as possible.

School District: _____ Date: _____

Food Service Director Name: _____

Name of Distributor: _____ Brand: _____

Manufacturer Code: _____ Product Description: _____

Date Received: _____ Date Used: _____

Production Date Found on Box Label: _____

Comments: _____

Have you reported this to your sales rep or distributor? YES NO (circle one)

Sales Rep Name: _____ Date Reported: _____

Food Service Director Signature: _____

Phone #: _____ Email: _____

Fax or Email to: Keri Warnick
Fax: 806.785.4829
kwarnick@esc17.net

Office Use Only: Date Rcvd: Initials:
