



December 19, 2014

NOTES, COMMENTS, QUESTIONS AND ANSWERS: FOLLOW-UP FROM THE OCTOBER 2014 AMS INDUSTRY MEETING

The Agricultural Marketing Service and Food and Nutrition Service have compiled notes, comments, and questions from the October 2014 Annual Industry Meeting for Contractors and Suppliers in AMS Commodity Purchase Programs. Wherever possible, we have supplemented these items with answers, status updates, additional resources, and/or contact information.

We thank all contractors, suppliers and stakeholders for their participation in the Industry Meeting and for working with USDA in the continued improvement of USDA Foods and the commodity purchase programs.

DAY ONE: AMS COMMODITY PROCUREMENT

Welcome and Administrator's Remarks

- Agricultural Marketing Service's Commodity Procurement (AMS-CP) has awarded more than 2,000 contracts in fiscal year (FY) 2014 and purchased 1.76 billion pounds of food at a contracted value of \$1.51 billion.
- AMS-CP worked to improve several processes over the past year including:
 - Modifying the purchase schedules to better reflect harvest time for fruits and vegetables;
 - Adding four kosher products to the National School Lunch Program (NSLP); and
 - Working with the Food and Nutrition Service (FNS) to introduce seven new USDA Foods to the catalogs for domestic food and nutrition assistance programs.
- AMS-CP would like to focus on three key areas of improvement:
 - Enhancing the procurement business model;
 - Providing greater value to domestic assistance programs through our procurements; and
 - Expanding the Web-Based Supply Chain Management (WBSCM) System. Vendor input and feedback will be greatly appreciated with these three areas.
- Two additional initiatives which AMS-CP is focusing on in the coming year are:
 - The launch of a new pilot project with FNS for the procurement of unprocessed fruits and vegetables; and
 - Increasing diversity within USDA's contractors, especially women-owned small business.

Year in Review: Some Fiscal Year (FY) 2014 Highlights

- The sweet potato purchase program and schedule were modified to reflect harvest time.

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- AMS-CP conducted a purchase pilot for cooked unseasoned chicken strips for NSLP.
- The small business set-aside plan for AMS's purchase programs was adjusted to respond to dramatic changes in domestic markets.
- AMS conducted outreach to Hispanic and Native American small businesses and farmers' groups specifically about its commodity procurement activities.

FNS Customer Perspective

- USDA added commercial label requirements to the specification for canned fruits and vegetables for the household products in response to customer feedback.
- USDA realized an increased demand for fruit as a result of the Child Nutrition school breakfast changes.
- FNS's website provides information about what USDA considers when looking at new potential USDA Foods:
http://www.fns.usda.gov/sites/default/files/HOW_TO_GET_YOUR_PRODUCT_CONSIDERED_Final.pdf
 - Vendors can submit information to USDA about new products for consideration via email: If product meets all criteria, submit product information to the following mailbox for consideration: USDAFoods@fns.usda.gov.
- For Household programs, including The Emergency Food Assistance Program (TEFAP), there is interest in individual juice boxes; kosher and halal product offerings; and "family size" packaging of fresh produce, in particular, potatoes, apples, and pears.
- The Food Distribution Program on Indian Reservations (FDPIR) is considering "traditional" foods, in particular, ground bison, frozen salmon, wild rice, and blue corn meal.
- NSLP is considering bulk carrots for processing, frozen sweet potato products, diced and sliced turkey products, and frozen vegetable blends for school ordering.
- The first "sodium target" for NSLP was implemented in July 2014, for the 2014-2015 school year; the second target will take effect for the 2017-2018 school year. USDA is continuing to look at product specifications to see if there are additional reductions that can be made to support the next sodium targets.
- School program recipients are interested in having more accurate and more accessible nutrition/ingredients/allergen information for USDA Foods to help them plan meals that meet the Meal Pattern requirements and better manage allergy and special diet needs in their schools.
- Recipients are also interested in mixed truckloads, or less than truckload quantities, for products for some States that have difficulty utilizing full truckload volumes.

Questions/Comments from This Session:

- 1) There was discussion in Congress on the push for schools to receive cash-in-lieu of commodity. Why has this occurred?



- Some schools experienced frustrations with the program. USDA is working to address their concerns. For one, the unprocessed fruit and vegetable pilot that was introduced in the Farm Bill will help expand availability of fruits and vegetables.
- 2) Where can I receive information regarding the reduced-fat barrel cheddar pilot program?
 - For information on the pilot, contact Christina Riley with FNS Food Distribution Programs, at Christina.Riley@fns.usda.gov or (703) 305-2601.
- 3) Are the chicken strips available on the national “foods available” list?
 - After evaluating the response to the pilot, FNS and AMS worked on a few small changes to the specification for this product. FNS has added this product to the catalog for nationwide distribution beginning in April 2015.
- 4) Is there any interest in salmon burgers for FDPIR?
 - At this time, the program is exploring frozen salmon fillets as a possible “traditional food.” There is no decision to pursue a frozen salmon product yet.
- 5) Does the frozen fruit for school breakfast have a syrup base?
 - The commodity requirements for various frozen fruits allow for added sugar. Please reference the [USDA Commodity Specifications for Frozen Fruit dated October 2014](#) for additional information. NOTE: The meal pattern does allow added sugars in frozen fruit (January 3, 2014, Final Rule). For USDA Foods frozen fruits available to schools, the amount of added sugar is equivalent to “extra light” syrup.

USDA Foods Product Information

- Requests for new products come in from recipients (e.g., school districts and food banks) throughout the year. The time required for USDA to research, decide, and develop a program for a new product can be up to 18 months.
- AMS-CP held product showcases to explore available options on the market. The showcases feature different suppliers of a product/product category, and these have been very successful.
- An important consideration for USDA when looking at a potential new product is whether it will address an issue or fill a need for the food distribution program. For example, the applesauce cups serve Household programs’ need for “backpack” products and schools’ need for portion-controlled menu items.
- AMS-CP is reviewing product specifications to update information and provide clarity and consistency about product and processing requirements.
- It is very important to AMS that vendors comment on draft specifications and notices to the trade, and work with AMS on product improvements and other changes.
- Some products and specifications currently being considered include: frozen sweet potato products; frozen vegetable blends; 5- or 3-pound bags of apples, pears, and potatoes; and lower-sodium turkey products.
- For many of the protein items, AMS-CP will begin requiring Child Nutrition (CN) Labels or a Manufacturer’s Product Formulation Statement (PFS) to provide meaningful information about USDA Foods to NSLP recipients.

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Contracting Enhancements and Feedback

Checkloading and Inspection

- Can USDA remove the requirement for checkloading by the inspector? What is the value? AMS is reviewing the checkloading requirement. Checkloading identifies certain problems before the product is sealed on the truck, such as count and temperature.
- Inspection issues:
 - For fresh products, there is a 3-day window: Monday, Tuesday, and Wednesday. Vendors are not confident an inspector will be available when they need to ship.
 - For fruit and vegetable (FV) products with a 14-day hold – Inspection wants the Advance Shipment Notification (ASN) to set up appointment
- Why does AMS hold the “Certification of Loading” (COL) (domestic trace)? Sometimes vendors do not receive them for over a month. COL’s are held because vendors have not submitted sufficient documentation to complete the domestic origin trace. If the shipment cannot be proven to be domestic, the product would have to be recalled from the destination

Late Deliveries

- Factors affecting timely delivery:
 - Shortage of inspectors is a factor in vendors being late on delivery. Cold Storage can ship out only three loads per day, so graders/inspectors hours are maxed. USDA Specialty Crops Inspection (SCI) Division stated that issues with the availability of inspectors must be elevated to the area supervisor. If that does not help, the issue can be elevated to the Regional Supervisor, and if that does help, the issue can be raised to the SCI Division national office.
 - Packaging material ordering – Because material may be specific to USDA; need time to get plates.
 - New packaging changes affected weight of the trucks--problems with interstate transport.
 - Educate recipients – space for only limited quantities
 - Purchase Order (PO) information – Can PO’s include the days/times the warehouse accepts product? AMS will review to determine if this is feasible.
- U.S. Foodservice warehouses want time to create an internal PO – can take several days. (States identified: GA, SC, & VA). USDA can place two phone numbers on PO; they will assess including a secondary contact.
- AMS asks vendors to review specifications and comment/alert us to any potential issues that might affect timely delivery.

Invoicing: Proof of Delivery (POD) vs. Certificate of Checkloading (COL)

- It is sometimes difficult to chase down a POD.
- Make it optional for vendors to upload the signed POD when invoicing. However, if no POD, the vendor may submit the COL in lieu of the POD, and they will be paid based on the good receipt (GR) quantity as verification. The downside is that if the GR shows a different amount, then the invoice will be rejected and the vendor will be required to resubmit an invoice with the correct amount.



DAY 2 - FRUIT AND VEGETABLE PROGRAMS

Opening Remarks (Updates and Announcements)

- 2014 was the largest year ever for fruit and vegetable purchasing, an overall 22 percent increase in the last 2 fiscal years.

USDA Foods: Responding to Evolving Customer Needs and Supply Conditions

- Half the price of a lunch is the food cost.
- School districts may pay a per-case fee for administrative and storage fees for USDA-purchased product, so the product is not truly “free” to the schools receiving the product.
- NSLP is the largest of the USDA Foods programs supported by FNS.
- There are several problems with the July, August, and September deliveries, which is why there are “indefinite delivery, indefinite quantity” (IDIQ) contracts. Part of the problem is planning/rationing orders for July-September deliveries. July-September delivery periods are at the end of the previous year’s contract because of the timing of the receipt of school orders. AMS added September delivery to provide some flexibility if the crop comes in late or there are other harvest/production issues associated with “ramping up.” A problem vendors identified is that sometimes AMS/FNS “piecemeal” the delivery orders. AMS does not have all of the orders from FNS, but in an effort to be on time for some of the orders, AMS will issue PO’s with the orders on-hand. Later, when AMS receives more orders for the same delivery periods, AMS will create another allocation solicitation which results in additional POs for the same materials, plants, and delivery periods. Managing overlapping POs gets confusing for vendors, inspectors, and AMS. Another issue is the problem with recipients needing to estimate demand for those delivery periods a year in advance.
- If product will be late, inform FNS/recipients. Vendors must enter Advance Shipment Notices (ASNs). Recipients depend on product arriving when contracted. This affects menu planning.
- There is an interest in expanding the variety of frozen fruit cups being offered.
- There is a desire for this nationwide program to have nationwide appeal and a need to foster competition and foster innovation.

Questions/Comments from this Session:

- 1) Single-serve apples – never a full truck. Sliced apples, USDA buys truckloads; however, they are processed by the case. Single-serve apples (2-ounce bags) are never drawn down from a processor in full truckload quantities, though States are required to order a full truck of bulk apples into the processor. Processors want the flexibility to take the bulk apples in full truckloads, allowing full substitution, and allow drawdowns by case. Apple processors need to confirm with FNS that bulk apples are substitutable and that this is possible, and it may be instituted right away.
- 2) With the numbers provided, how does the Department of Defense Fresh (DoD Fresh) program fare?



- States have elected to spend over \$150 million for DoD Fresh this school year. States are provided entitlement and school districts select product. FNS offers guidance. The program allows many rural school districts to obtain affordable fresh products.
- 3) When will mixed product truckloads be going out on solicitation?
 - The first mixed loads planned are assorted pasta for the April-June 2015 deliveries. Once successfully implemented in pasta, USDA hopes to test it in the fruit and vegetable IDIQ solicitations.
- 4) There are vendor concerns over discrepancies in the Food Buying Guide (FBG). Whom can they contact?
 - The FNS Child Nutrition Division manages the FBG. Sheldon Gordon, Branch Chief, is the point of contact (POC). E-mail: cnpntab@fns.usda.gov.
- 5) In prior years, there was mention of introducing edamame and mukimame into the program. Where does that stand now?
 - AMS began conducting market research on these products. However, after polling States, FNS determined the demand was insufficient for a national procurement.
- 6) Have vendors noticed any particular food trends? For example, is spaghetti sauce going toward a chunkier consistency or a smooth one?
 - Vendor commented that “spicy” flavor profiles are gaining popularity; suggested exploring a chunky style spaghetti sauce instead of the smooth. AMS is exploring this with FNS.
 - USDA is not interested in pursuing specific “spicy” flavor profile. The specific flavor/spice profile can vary across the country. FNS is interested in products that have more universal appeal and that can be modified with the addition of spices or other ingredients, as the school district desires. The [National Food Service Management Institute \(NFSMI\)](#) has training specific to using spices in schools. It is important that school foodservice vendors participate with recipes and resources for schools.
- 7) Is there a timeline on the TEFAP (The Emergency Food Assistance Program) backpack products (i.e., individual juice and smaller bags of produce)?
 - There is no timeline yet.
- 8) What type of single-size juice is being considered?
 - AMS is exploring durable packaging, aseptic boxes (for example: 4-6 oz.); and 100 percent juice in support of the Dietary Guidelines for Americans, such as apple juice, or juice blends. (Update: AMS would also consider comparable-sized bottles or pouches.) NOTE: Based on market research, there is very limited competition for smaller than 10-oz. size for domestic juice.
- 9) Is there information or guidelines regarding fruit smoothies for NSLP?
 - On the FNS website there is specific information on smoothies and how they credit towards the child nutrition (CN) meal pattern.
<http://www.fns.usda.gov/smoothies-offered-child-nutrition-programs>
- 10) With evolving customer needs, is there any demand for other fresh produce (e.g., peaches, grapes, plums)? Also, what would the serving size be with such products?



There are inaccuracies in the Food Buying Guide (FBG) and products that are not in it at all. Vendors know that if a product is not in the FBG, schools will not buy it.

- The Food Buying Guide is a guide, and States/School Food Authorities may determine yields for additional products. However, all of this feedback will be taken to the CN Program to be addressed. If anyone has a suggestion for a correction or to add a new product, please contact Sheldon Gordon via email at Sheldon.Gordon@fns.usda.gov

Contracting: Timing of Buys and the Purchase Schedule

- Include purchase schedule/timing in the cover message when asking for comments on draft specifications. This way, industry can advise USDA on the best time to buy.
- Also, when developing products, confirm with suppliers the truckload weights and configurations.

Questions/Comments from this Session:

- 1) With regards to the “indefinite delivery, indefinite quantity” (IDIQ) solicitations, there is a concern that the large volume of Purchase Orders (POs) overwhelms and confuses suppliers and inspectors.
 - AMS understands and will address it in the upcoming procurement cycle.
- 2) Will delivery be done by the State or region?
 - IDIQ contracts will not be awarded by State or Region due to a variety of ordering issues. Vendors will bid prices to States and AMS will issue PO’s throughout the year to meet contract objectives and State’s needs.
- 3) Vendors need more time to generate their bids, longer than the traditional 5-6 day range. Can this be changed to 8-10 business days?
 - AMS will consider this when developing the regular purchase schedule for next year; although, bonus buy solicitations often require a quicker turnaround timeframe.

Inspections and Specifications

- AMS SCI Division recently conducted an informal checkloading study to determine the rate of non-conformances caught and corrected through the AMS checkloading procedure. The study indicated that 38 percent of 2,046 loads included in the review had some type of non-conformance/deficiency noted during the inspection. These deficiencies/non-conformances cost vendors money (returned trucks, re-inspections, late rejections, etc.) and late deliveries.

Questions/Comments from this Session:

- 1) What product categories were included in the study?
 - A variety of canned and frozen products.
- 2) Can vendors see their own data?
 - CPS will work with SCI Division to see if this is possible.



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- Be aware that much would not be documented because it was corrected as a result of the checkloading procedure, thereby allowing the load to leave the dock.
- 3) There is disharmony in procedures among different USDA inspection offices and it is difficult to get a straight answer.
 - It is essential that all inspections are uniform and follow the written procedures. If you believe there are inconsistencies, we encourage you to contact Al Hoover, at the SCI Division national office via email at Albert.Hoover@ams.usda.gov.
- 4) The New York inspection office does not allow for case stamping when checkloading, which causes late deliveries or trouble in getting an available USDA inspector.
 - Case stamping is permitted; contact the [regional SCI Division office](#).
- 5) It is valuable for vendors to see their data or the Purchase Order (PO) information for their product.
 - The USDA inspector should make that option that available to you; contact the [regional SCI Division office](#).
- 6) Would SCI Division consider allowing for a third-party certification or some sort of waiver for checkloading?
 - Checkloading is required in the AMS Master Solicitation for Commodity Procurements and must be done by USDA personnel; however, AMS is considering third-party certification as an alternative to USDA inspection.
- 7) The timeframe for a vendor to receive a COL is taking much longer than expected, (8-10 weeks). Is there a specific timeframe that vendors should receive this information?
 - A vendor should generally receive a COL in 1-2 days. If it takes 8-10 weeks, please contact the inspector's supervisor or DC office.
- 8) When invoicing, if I have a COL, and the GR is different, which document is used for payment?
 - The Goods Receipt.
- 9) There is a disparity with regards to dry packaged beans and amount charged for inspection service.
 - USDA's Grain Inspection, Packers and Stockyards Administration conducts the inspection service for dry beans, and twages/billing vary from those charged by AMS for fruit and vegetable inspection services. If you have questions, please contact Ed Stallman at Edward.R.Stallman@usda.gov (701) 772-3371, or Andy Greenfield at Andrew.S.Greenfield@usda.gov (202) 720-0277.
- 10) With regards to the checkloading study, how accurate are the discrepancies that were noticed, in particular with product being short on cases.
 - The benefit of checkloading is catching certain problems before the product is sealed on the truck, such as miscounts. There are out-of-the-ordinary occurrences. Also, SCI Division is aware that certain products require a more specific study.
- 11) With regards to checkloading, has USDA considered a score card that shows the vendors past performances and this may be used in lieu of checkloading?
 - AMS will review using past performance in checkloading.
- 12) Is there a control model describing how product should be loaded into a trailer?

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- The contract requires that the vendor load the product in a manner that will protect it during transportation. How product is loaded is not determined by the USDA inspector.
- 13) There have been some concerns with overweight loads—AMS-CP has a standard weight requirement for shipping, and the USDA inspector should ensure the product meets weight.
 - Some specifications have truckload weight requirements, while others are based on case counts. In either case, it is the vendor's responsibility to ensure that the product meets specification requirements. If it is a specification requirement that causes trucks to be overweight, affecting interstate transport, please make AMS aware of the specifics.
- 14) USDA Inspection invoices lack per diem and rates and do not pass the vendor protocol for invoices.
 - SCI Division inspection offices have the detailed information to show these costs. If you have questions, please contact the appropriate [SCI Division office](#).
- 15) There has been a shortage of USDA inspectors. Is there any information with regards to more inspectors or plans to improve availability?
 - Availability of USDA inspectors must be arranged with the field office and far enough in advance to properly schedule an inspector. Please address your concerns with the appropriate [SCI Division office](#) to work through scheduling issues, or contact Al Hoover at the SCI Division national office, via email Albert.Hoover@ams.usda.gov.
- 16) USDA Fresh Products Inspectors often do not have the Purchase Orders (POs).
 - All USDA Inspectors should be provided a copy of the POs; if there are any issues, please contact Nate Tickner at Nate.Tickner@ams.usda.gov or 202.690.0603.
- 17) Low-sodium beans--it is time consuming and costly to send samples from every lot to lab.
 - In order to help companies mitigate lab testing costs, by SCI Division policy, companies may conduct their own sodium testing.
 - There have been delays in receiving lab results for sodium testing on canned beans. Could we explore less frequent testing or have inspectors confirm formulation has not changed? AMS will review and consider this option.
- 18) For quarterly solicitations of canned fruit and vegetables, is a 14-day hold period still necessary?
 - Yes, the hold period is to ensure the product was properly processed before it is delivered. The Food and Drug Administration guidelines require a 10-day hold. AMS goes above and beyond that requirement, and that can be used as a marketing tool. The 14-day hold serves as a very inexpensive verification of the company's processing methods versus the cost of sampling.

Bonus Buys

Questions/Comments for this session:

- What is the normal turnaround time for a bonus buy?

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- Bonus buys, or Surplus Removal purchases, are usually completed very quickly, in a couple of weeks, in order to have a rapid effect on the market. This is, of course, dependent on USDA being provided all required information to conduct proper market analysis.
- Will an Invitation for Bids (Solicitation) be put out for the bonus buys?
 - A solicitation is issued inviting competitive offers from approved vendors. AMS uses both Invitations for Bids (IFBs) and requests for proposals (RFPs) for bonus buys, depending on the products and the specific situation.

Pilot Project for the Procurement of Unprocessed Fruits and Vegetables

- 2) This pilot is a separate program and not a contracting activity.
- 3) The term “unprocessed” is defined in the regulations and includes a wide range of products. For more information, please see the regulation or the information on the [AMS website](#) about the program.
- 4) Vendors must be approved by AMS specifically for the program, although AMS expects that many vendors approved for the commodity purchase programs already meet the requirements.
- 5) This pilot is a way to facilitate “local” purchases; however, local purchases are not required by USDA. The participating States may decide whether or not to use geographic preference under the program.

Questions/Comments from this session:

- 1) What is the time period or the amount that will be spent on this project?
 - There was no time period mentioned in the Farm Bill. The dollar or volume of product will be determined by the States and schools (i.e., entitlement dollars they choose to set aside for the project).
- 2) Will there be direct delivery to schools?
 - It depends on size of the schools and district participating, but direct delivery is likely and is one of the flexibilities afforded by the pilot.
- 3) Will there be distribution to a warehouse?
 - This, too, will depend entirely on the recipient and what works for them.
- 4) Since the project begins early next calendar year, can schools use their remaining entitlement for school year 2015 (SY 15)?
 - Yes, although it will likely be very small in amount for SY 15.
- 5) How will payment be made?
 - Payment will be made in WBSCM, but there will be no WBSCM invoice.
- 6) There were several challenges in the Michigan/Florida (MI/FL) pilot; did that affect the planning of this pilot?
 - Yes. The biggest issues with the MI/FL pilot were limitations brought on by Federal contracting requirements. The new pilot project does not involve Federal contracts.
- 7) Does a distributor have to name their supplier?
 - It would depend on the company, but yes, at some point it would have to be identified. USDA also plans to conduct audits and traceability.



- 8) For the definition of “local,” do States decide how they want their product identified?
 - o There is no Federal definition of the term “local.” Participating States would define it, and choose whether to require it. If they prefer to receive “local,” FNS regulations on “geographic preference” must be followed.

Additional Comments

- FNS: For vendors, please comment on the Proposed Distribution and Control of Donated Foods Rule (amends 7 CFR Part 250). This proposed rule will revise and clarify requirements to ensure that USDA donated foods are distributed, stored, and managed in the safest, most efficient, and cost-effective manner, at State and recipient agency levels. The comment period closes January 20, 2015. The link to the proposed rule is: http://www.fns.usda.gov/sites/default/files/fdd/Donated_Foods_AE29_Proposed_Rule_10_22_14.pdf

DAY 2 - LIVESTOCK, POULTRY, AND AQUATIC PROGRAMS

Beef Products

- What can USDA do differently to get the products and volume needed? Why don't vendors bid or why aren't there more vendors? Below are comments from three vendors.
 - o Microbiological Testing: There is too much scrutiny over microbial testing. Food Safety Inspection Service (FSIS) uses AMS test results any way they wish, which can cause hardship for vendors. It's not worth dealing with.
 - o Timing: USDA's trying to buy too much at one time. If the volume was spread out over the year, USDA could get a lot more product.
 - o Price/Supply: Supply was there early in the year but due to price ceiling it wasn't purchased. “USDA is trying to outguess the industry” and when USDA doesn't buy, the supply is sold elsewhere. Companies like McDonalds and Walmart buy regardless of what's going on in market, not just “fair weather” like USDA.
 - o Small business set-asides: USDA waited too long to open the beef program up to large businesses. The small businesses could not begin to meet the demand; USDA should have opened to large companies sooner, gone “full and open.”
 - o Forecast demand: Vendors/suppliers could participate more if they knew what the demand was going to be in advance.
 - o Schedule: The coarse ground should be solicited first, then fine ground, with fresh bulk last.
- Any thought about improving efficiency when there is both a USDA auditor and resident USDA grader at a facility?
 - o AMS, Livestock Poultry and Seed's Quality Assessment Division is looking into cross-utilization and other methods of gaining efficiency with the field staff.
- A canned meat supplier expressed that they may have difficulty finding domestic beef suppliers for their beef stew/chili products due to the new FSIS zero-percent tolerance guidelines.



- This is in response to the zero-percent tolerance AMS requires for effective stunning under its Animal Health and Welfare (AHW) guidelines. The further-processor was concerned that its raw material supply could be instantly shut off if there was a stunning infraction upstream.
- The new requirement itself was not as much of a concern as how it was going to be implemented. If an egregious act was associated with the stunning or absence/failure of a back-up plan happening expeditiously, then there would be a problem. Conversely, if a methodical, systematic approach is employed to manage these instances, then the contractual circumstances are minimal.
- Can we do longer than one year contracts? More performance-based contracts?
 - AMS is reviewing contracting methods for all products.
- If there is only one grader available for the entire week, it causes shipping issues.
- Forecasting is an issue that needs to be addressed (kill date versus pack dates; the time period is limited on supplies).
- Commodity liability cost: what happens when products are lost or missing?
- Advance Shipment Notices (ASN) creation: The Web-Based Supply Chain Management (WBSCM) Technical Refresh created more difficulties.
- Graders need to be available at the time of shipment and during food defense audits.
- What makes the USDA a good customer? Being committed to the supplier.
- Are new regulations coming forth for E. coli testing in raw ground beef?
 - AMS is updating the Federal Purchase Program Specifications for Ground Beef Items. Coarse Ground Beef that is purchased to be used by further processors to produce raw end items will continue to be sampled and tested for pathogens and indicator organisms. The revised specification will have a separate item listed as Coarse Ground Beef for Further Processing Into Fully Cooked Items. These Fully Cooked items will be sampled and tested for indicator organisms but not for pathogens. The recommendation to do so was made by the National Advisory Committee for the Microbiological Criteria for Foods and by the National Academies.
- Why does new raw material need to be cooled?
 - For meat and poultry raw materials, it is critical to use proper time and temperature controls to hold raw materials in excellent condition from time of harvest until the raw material is further processed into the finished product. Cooling or refrigeration is a key component of reducing bacteria growth and maintaining raw products in excellent condition.

Turkey and Turkey Products

- What can USDA do to better position ourselves as a customer of choice for the turkey industry?
 - Work with Industry organization (National Turkey Federation), get them on board to boost USDA's presence as a reliable, long-term customer of the industry. For example, the turkey products showcase last summer was a good idea.

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- The school ordering, consolidation then purchasing “roll up” method is antiquated--look at how commercial purchasing takes place.
- Have a longer-term view on procurements--find out how much each company can commit and get that committed. Right now, everyone is bidding their leftovers.
- Providing an accurate forecast will improve vendor participation- for example, a known demand for turkey roasts by delivery period; also project several years and go long-term. On short-term, have more realistic forecast for orders.
- Vendors are concerned over comments that USDA might reduce purchases of bulk turkey for processing because of the lack of bids on “brown box” (direct delivery) products. These are two different organisms, entirely different departments within a company.

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