

Questions/Comments for Web Page:

Acronyms Used:

BPA – Blanket Purchase Agreement

DeCA – Defense Commissary Agency

DFARS - Defense Federal Acquisition Regulation Supplement

DNAD – Determination of Nonavailability Domestic Product

DSCP – Defense Supply Center Philadelphia

DSO - Defense Subsistence Office

DVD - Direct Vendor Delivery of product from the firm that holds the contract. Product does not go through a consolidator/warehouse.

FAR - Federal Acquisition Regulation

IQC - Indefinite Quantity Contract

MPG - Military Produce Group, Inc.

PBO - Produce Buying Office

PPV - Produce Prime Vendor

PV - Prime Vendor

USDA - United States Dept. of Agriculture

4&11 – funds used by States to purchase produce for the USDA School Lunch Program that allows them to buy any product, foreign or Domestic.

Caution: Answers are based on information that we have at this time; any questions where answer changes, will be annotated with asterisk (*)

All similar questions were combined and one answer is provided. If you feel your question was not answered adequately, please see the Q&A section under the Produce Prime Vendor Website;
<http://www.dscp.dla.mil/subs/produce/pv/index.htm>

SOCIOECONOMIC QUESTIONS:

Q. What are criteria for being considered a Small Business vs. Large? Is it still 500 employees?

A. DSCP expects to use the Produce Wholesalers/Dealers and its associates - the size standard is 500 employees. While there is a separate standard for growers, we don't expect to use that standard. If you need further assistance, please contact your local SBA representative.

Q. Will these solicitations be open to Large Business? Does this mean small business will be cut out? Does this not reduce competition from Small Business? Should the "micro" small business align themselves with Large Business Prime Vendors?

A. The initial solicitations will be small business set-asides.

Q. Will there be any preference given to small disadvantaged businesses?

A. That has yet to be determined.

Q. Can small business sub-contract with large business?

A. Subcontracting with large business is allowable for processes such as transportation, storage, EDI capabilities, etc. When a small business is awarded a contract under a total small business set aside, that small business must provide produce from a small business, unless there is a waiver of the Non-Manufacturer Rule.

Q. Let's say we do get a proposal from a partnership of small vendors and another from large business- would greater consideration go to the partnership of small businesses?

A. If the requirements are issued under a small business set-aside, large businesses will not be allowed to submit offerors.

NEW BUSINESS MODEL:

Q. Customers say costs are too high? Who are these customers? We have talked about costs, who is talking about costs DSCP or customers? We have a mandate for change- what brought that about?

A. All three of our customer segments are looking to reduce their cost of doing business. Since DSCP is providing products to these customers, it looks to us to reduce our cost to them. A major contributing factor for food is the overhead from DSO/PBO present organization of field offices.

Q. What changes will customer see?

A. DSCP will ensure that the changes to the customers are minimal.

Q. Has DSCP already made up its mind on how contracts are to be done?

A. Although DSCP has a plan in mind, it is not set in stone – that is why we conducted the roundtables to solicit ideas that you may have – your ideas may indeed be the process we choose and we sincerely would like to hear your views. The roundtables are also a means to conduct market research on some of the procurement issues that DSCP will face with implementing the resulting strategy.

Q. Will all DSOs/PBOs close? If so when? We have heard that some DSO people will remain in field – is this correct?

A. At this time that is the overall plan. Planned closings will be determined by answer we receive from DeCA. DSCP Produce Unit has recommended that 10-20 people remain in field to work mainly with the USDA and Troop Issue. We would also task them with doing spot checks on the PPV. This is undecided at this time.

Q. Would it help if I wrote my Congressman about all this?

A. That is of course a personal decision on your part, and as a Federal Agency we can not comment on this.

Q. What is concept? Does DSCP envision a full line food service provider for troop, schools and a retail outfit for the DECA portion? Is the Prime Vendor program in Food Service the same as what you are proposing? About 5-6 years ago the business in Hawaii, troop PV was started back then - Is this the same program today? Hawaii was just troop (DeCA was split out). We are adding troop/DeCA together here, correct? Define what DSCP means by full service distribution center?

A. The Food Service PV is long term contract awarded to full line institutional food distributors providing chill, freeze and dry goods – main customer is Troop Issue. The PPV will be a long term contract awarded to a full line produce provider for produce items only. The PPV will be responsible for the procurement, storage, and delivery of produce, merchandising services, store demonstrations and road shows. The programs are similar; however, PPV will attempt to utilize the small business produce industry to the maximum extent possible.

Q. Understand that USDA is opposed to this whole plan. Is this true?

A. DSCP will meet with USDA in the near future; explain existing plans; get their reaction to it; and proceed from there. At this time, this question cannot really be answered.

Q. Entertaining any use of DSCP Produce field personnel to develop program we are discussing today (get their input)?

A. All interest parties have and will have an opportunity to provide input.

Q. When we lost Naval Training Center Great Lakes- was that outside our network? What were the circumstances? Earlier mentioned Naval Training Center Great Lakes- if current new model does not work out, isn't there a greater chance of more customers leaving?

A. The Naval Training Center, Great Lakes was simply cited as the largest military customer in the US, which stopped buying food from DSCP as of October 1, 2004. Obviously this large Navy customer made an assessment that it was in its best interest to leave DSCP. Are there risks associated with any new model? Absolutely, but with proper market research and planning there is every reason to believe that the new model will be a success.

DeCA RELATED QUESTIONS:

Q. If you keep DeCA and they decide to leave, how much notice will we be given? How does this impact me if we are in middle of contract?

A. Everything will be done to avoid these worse case scenarios.

Q. Have been told that MPG does not comply with Buy American, etc.? Have been told that MPG is buying different specifications than DSO's buy?

A. As a re-sale operation, DeCA is exempt from this statute. In terms of MPG using different specifications, that is our understanding as well.

Q. When will all this be decided? (if DeCA leaves or stays)

A. We have been advised that decision has been directed to be made by DeCA by mid-September of 2005.

Q. We have been told that DeCA fully intends to pull away.

A. This is still undecided at this time.

Q. Merchandising at store level has been a huge issue in the past. DECA has been looking at more of such and Small Business has been instrumental. How is this going to be handled?

A. If DeCA goes on its own, it will address their requirements. If DeCA stays with DSCP, we will have to come to an agreement as to how these services will be handled, most probably by the PPV and/or DeCA personnel.

CONTRACT CONCERNS:

Q. When will zones/areas be given to us? When they are, will these be put out in solicitations for comment? What timeframe are we looking at on determining zones/regions? Will DSCP be posting any preliminary figures on what zones will look like? DSCP will be issuing potential volumes for these regions/zones? Are they (vendors) going to know zones before they go into solicitation? On zones- are they going to be customized due to different characteristics for each zone? The South West region is huge- do we have a plan to shape zones in this area to help firms compete better? Salt Lake City in the North West region up to Alaska is too far for one region! Sheer magnitude of some customers- Los Angeles school district is beyond even a Sysco to handle, how are we going to handle that combined with troop, DECA, etc. What is our definition of viable competition as regarding zones?

A. We expect to publish the proposed zone on this website by mid-Oct.

Q. What other duties will vendors/contractors be required to do?

A. All duties will be spelled out in the solicitation but in general the contractor will receive orders, buy product, stage and deliver and invoice. Any other services that would be required will be outlined in the solicitation.

Q. Is there an area where the new requirements (contracts) are now taking place?

A. No, this will be a new acquisition strategy incorporating the good from prior efforts and other changes either designed to make the process better and or to conform to the federal rules on large purchases.

Q. Because vendors attended this meeting-will they automatically get updates arising from this conference?

A. Yes. We will update this website and provide e-mail updates in addition to working with larger trade groups.

Q. Can vendors form co-ops? Suggestion to form partnerships/combines, etc. - have we considered how payments will be made? With partnerships do we envision full line provider getting contracts?

A. Yes, but be careful as a co-op may be determined to be a large business. Payments will be up to the offering entity. Payments will be made by EFT to an account at a financial institution.

Q. When will these solicitations be on the street? Can you share any more details on timeframe to get new awards in place? Is there any consideration of doing 12 month awards until then?

A. This is dependant on DeCA decision. We are planning on October, November 2005 issuance, but again this is not set in stone. We are still hoping for alternate suggestions from vendors – if adopted this may very well change these dates further.

Q. When we award these contracts, are there performance evaluations set for vendors to rate how they are performing under the contract? When will technical requirements become available? How will I get orders?

A. There will be reports, controls and assessments of performance. The technical requirements for the solicitations will be available when the solicitations are issued. Customers will submit order directly to you electronically.

Q. Will we be allowed to DVD?

A. There will be no constraints on this – up to PPV to decide best logistical approach. We would of course expect PPV to do periodic checks on these vendors.

Q. Understand that USDA is opposed to this whole plan. Is this true?

A. DSCP will meet with USDA in the near future; explain existing plans; get their reaction to it; and proceed from there. At this time, we can not really answer this question.

Q. What is your idea of a long term contract?

A. Most likely a one year firm award with 4 option periods. We are open to suggestions on what this 'time' award should be, i.e. would an 18-month contract be better with option periods?

Q. How long from when I submit billing to you would I expect to be paid?

A. If the invoice is good and the customer receipt is timely, payment will be in 10 or 15 days.

Q. Can we set up our own delivery times?

A. We expect delivery time windows to be established with the customers

Q. Where do we find information on FAR and DFARS?

A. The FAR website is <http://farsite.hill.af.mil/Vffar1.htm>. The DFARS website is <http://farsite.hill.af.mil/vdfar1.htm>.

Q. In fixed price distribution fee- are we going to consider putting in a provision to allow surcharge increases for fuel increases? Currently in troop solicitations we allow variable pricing for different commodities/customers. Are we going to continue that for new contracts?

A. Any adjustment for fuel would have to operate for both increases and decreases. At this time, it would be up to the offerors. Yes, we plan some time of variable pricing either per commodity or customer, or both.

Q. Question on customers on troop side, one stop/one truck from customers- how are we going to handle that? Surprised we have not mentioned security-trucks, lots, inspections- where does security come into this new program?

A. Security or force protection will be addressed in the RFP and in the offeror's proposals.

Q. Troop issue has IQC; can they have a BPA also? If they cannot provide under IQC, can they then use a BPA to provide?

A. We do not to use dual contracting instruments. We only intend to have an IQC.

Q. Will DSCP have a local rep to do quality checks/inspections, etc.? Without having people in field and making changes to catalog don't we envision problems with this situation? Comment – losing buyers/chiefs etc. in regards to quality assessments is "Suicide."

A. Catalog changes are not made independently by the contractor or PV must still get input from K.O. Although we will no longer have DSO/PBO personnel in field, we are relying on vendors to set up their own quality assurance controls. Additionally, relying on feedback from customers including VETCOM and possibly the USDA.

Q. What about bundling? Explain.

A. Bundling refers to a concern that contracts are considered too large to allow affected small business participation.

Q. From presentation, eliminating BPA's and going to large purchases- are we planning to whittle down the number of vendors to help control costs?

A. At the prime contract level there will be fewer firms. If you include prime and subcontractors there may not be a sign of significant change.

Q. Does DeCA not realize the savings we provide?

A. Our analysis shows that DECA does realize there are savings.

Q. In determining what company we deal with, current company does DECA, troops, schools, etc.- schools are difficult to support with odd sizes, breakdown cases, etc.- how are schools going to be handled- large companies may not want to go to "38" different drop off points and small business may not be capable?

A. One of our challenges

Q. On questionnaire- can they take back to office? Who will be POC for more information about program?

A. Most did take questionnaire back to their office. The PPV web page will continue to be a focal point.

BUY AMERICAN ACT AND BERRY AMENDMENT:

Q. DSCP should be able to put together a schedule of what is available at certain times of the year from which industry can use as a starting point or do we expect industry to start from scratch?

A. We expect to work with industry. What we need more is industry support to change Berry to the extent necessary.

Q. On Berry Amendment- if raw material comes from foreign source and processed in U.S. –does Berry apply?

A. If the item in this case is processed, then it would be domestic, but it could be foreign in accordance with the Buy American Act (BAA).

Q. In one of PV's audits, if 51% of processing cost is domestic then it is considered a domestic product?

A. This refers to the BAA definition of foreign versus domestic.

Q. Interested in comment about Chilean grapes then tough luck, what happens if sailor wants bell peppers, from Mexico etc. in December?

A. If we don't get relief from Berry/ BAA, the sailor does not get Mexican peppers in accord with the statute.

Q. Based on what we are saying-grapes, zucchinis, bell peppers, cucumbers coming from Mexico in Jan., etc. - do we have to get a waiver every time products come from a foreign source before they can supply?

A. We expect to seek relief on a class - permanent basis.

MISCELLANEOUS:

Q. Is this happening in other areas as well? Meats, bakery, dairy, etc.?

A. To some degree, prime vendor happened in these areas sometime ago.

Q. Is there documentation/studies as we move to PV in other markets of the impact on cost savings?

A. Until our acquisition strategy is further along, such assessments are problematical. We do know that there are millions of dollars in personnel/infrastructure savings.

Q. Curious about western response to our pitch v. what feedback we received in Philly/Denver?

A. The feedback was essentially the same at all round tables.