

Price Reduction Based on Percentage of Local Agriculture Product: Example D

In this example, the school needs to procure apples, cherries, and pears. The school decided to use “*geographic preference*,” which is allowable for unprocessed locally grown and raised agricultural products. When developing the solicitation document the decision to use geographic preference was based on the following concerns and considerations;

- Due to large out of state producers putting competitive pressure on local producers to sell at or below cost, the school decided it could afford to pay a little extra if needed for locally grown apples.
- Also, the local school board was concerned about the carbon footprint for shipping the apples hundreds of miles for such a small purchase.
- Although it was not mandatory, teachers and nutritional staff from the school’s food service department wanted to work together to educate students on how apples are grown and it would be nice if a producer would be able to do a presentation.

Based on the above concerns and considerations the school developed the following “3 bids and a buy” bid and evaluation matrix for procuring apples:

Multiple Products: Apples, Cherries, and Pears	Producer A	Producer B	Producer C
If awarded the contract producer agrees to: • F.O.B. to school address; Price includes delivery charges. • Pricing good for school year (Sept. 2012 – June 2013) • Orders will be placed every two weeks starting Sept. 2012 • School estimates they will order about 500 carton tray packs during Sept. 2012 – June 2013. • Payment will be made 30 days after receipt of invoice.	Yes	Yes	Yes
Producer available for presentation - not mandatory.	Yes	Yes	Apples and Cherries: No Pears: Yes
If awarded the contract producer will provide <u>APPLES</u> : • Package: cartons tray pack, • Variety: RED DELICIOUS, • Grade: U.S. Extra Fancy, • Item size 64 case count, • Appearance: Fine appearance • Estimated quantity to be purchased: 150 cases	Yes	Yes	Yes
If awarded the contract producer will provide <u>CHERRIES</u> :	Yes	Yes	Yes

Multiple Products: Apples, Cherries, and Pears	Producer A	Producer B	Producer C
<ul style="list-style-type: none"> · Package: 18 lb cartons bagged, · Variety: MARKED SWEETS, · Grade: U.S.One, · Item size: 11 1/2 row sz & lgr, · Estimated quantity to be purchased: 10 cartons 			
If awarded the contract producer will provide <u>PEARS</u> :	Yes	Yes	Yes
<ul style="list-style-type: none"> · Package: 36 lb cartons tight fill, · Variety: BARTLETT, · Grade: U.S.One, · Item size: 90 case count · Estimated quantity to be purchased: 50 cases 			
Total Geographic Preference	Yes	Yes	Apples and Cherries: No
	30 miles	40 miles	450 miles
			Pears: Yes
			50 miles
Apples: Offeror Price (Per carton tray pack)	\$32.00	\$31.50	\$30.50
Total Geographic Preference (4% reduction in case price):	-\$1.28	-\$1.26	\$0.00
Evaluated Price:	\$30.72	\$30.24	\$30.50
Estimated quantity to be purchased:	150 cases	150 cases	150 cases
Extended Cost	\$4,608.00	\$4,536.00	\$4,575.00
Cherries: Offeror Price (18 lb cartons bagged)	\$61.00	\$59.00	\$60.00
Total Geographic Preference (4% reduction in case price):	-\$2.44	-\$2.36	\$0.00
Evaluated Price:	\$58.56	\$56.64	\$60.00
Estimated quantity to be purchased:	10	10	10
Extended Cost	\$585.60	\$566.40	\$600.00
Pears: Offeror Price (Per 36 lb cartons tight fill)	\$30.50	\$32.00	\$30.00
Total Geographic Preference (4% reduction in case price):	-\$1.22	-\$1.28	-\$1.20

Multiple Products: Apples, Cherries, and Pears	Producer A	Producer B	Producer C
Evaluated Price:	\$29.28	\$30.72	\$28.80
Estimated quantity to be purchased:	50 cases	50 cases	50 cases
Extended Cost	\$1,464.00	\$1,536.00	\$1,440.00
Total Extended Costs	\$6,657.60	\$6,638.40	\$6,615.00
Awarded Contract To:			X

Notes: All producers were responsive and responsible producers.

- Producer C was not able to provide local apples and cherries but was able to provide local pears (even without geographic preference for apples and cherries producer C was the most competitive producer)
- Producer C was awarded the contract for purchasing apples, cherries, pears based on lowest cost after geographic preference was applied.
- Producer C will be paid;
 - Apples: \$32.00 per carton tray pack as agreed to in the offer.
 - Cherries: \$61.00 Per 18 lb cartons bagged as agreed to in the offer.
 - Pears: \$30.50 Per 36 lb cartons tight fill as agreed to in the offer.
- All producers were notified of the outcome of the procurement.