

[Approximately 9 minutes of this conference call dialogue, during which callers joined the conference call and were requested to mute their phones, has been omitted from this transcript.]

Nate Sudbeck: Okay. Thank you for everybody for joining on this call.

Before I begin I would like to let you all know that this call is being recorded. And, also, in addition to that, could you please mute your line until the end.

Now, how to do that, you just press Star-6. So that way we can eliminate any background (unintelligible). And to unmute it at the end, you will just press Star-6 again. Just to let you know.

Okay. So, joining with me I have Ken Petersen who is the Chief of the Audit Services Branch of Specialty Crops and Inspection Division. He is going to assist me in answering any technical questions regarding food safety and food defense.

So, just the order of this call, how it's going to go; I'm just going to give a brief overview as far as the authority and purpose of this pilot project, and then we will go on to the eligible vendor requirements based upon that sheet that was sent out and is on the Web site as well.

And then we will cover the application process and checklist and how each step should be conducted and submitted.

Then we will go over the application form as well as the self-certification forms that were attached along with the eligible vendor requirements. And then at the end we will discuss delivery and payment process.

And, finally, at the end you all can unmute your phones and we will have a question and answer session.

Now, be mindful that this is a pilot project so whatever questions that we do not have an answer to we'll record those. (Unintelligible) as well as the one that we did have (unintelligible) to. Just to let you know. Okay?

So, the Pilot Project for the Procurement of Unprocessed Fruit and Vegetables is authorized by the 2014 Farm Bill to develop additional opportunities for schools to purchase unprocessed fruits and vegetables with entitlement funding.

Now unprocessed means the food handling and preservation techniques that have not changed the inherent character of the fruit or vegetable. For example, these could be refrigerating, freezing, chopping and drying. Now, canned and other heat-preserved fruits and vegetables are not considered unprocessed and will not be accepted under this program.

So as far as state selection goes there will be up to eight states in each of the five following regions -- Pacific Northwest, Northeast, Western, Midwest, and Southern Region. The selection of the pilot states will be based on the quantity and variety of local fruit and vegetable growers per capita, the commitment to farm-to-school efforts, the quantity of school food authorities, various population sizes, and geographic location.

Now those applications that are due from the state should be received no later than September 30, 2014 to FNS. Just to give you all a basis as far as what's being selected and how they're being selected off of.

So, an approved vendor can deliver to another state that is outside of their state their plant is based out of. So I'll give you an example. This is just an example. So if you are a vendor in Oregon, you want to deliver to California, that is something that is allowed with this program.

So moving on, we're going to cover the eligible vendor requirements. Now a lot of these requirements are based off of that sheet that was sent out and is also on our Web site. I'm going to emphasize and elaborate on those requirements and provide some additional information to that.

So first we have self-certification requirements.

A vendor has to be compliant with all applicable federal, state, and local laws and regulations. This could be included, but not limited to labor, immigration, health and safety, and environmental laws.

So they also need to possess product liability insurance. Now this is just signing off (what) I'm saying that you possess this liability insurance to cover any legal cost or other liabilities that could result from claims or lawsuits related to supplying the products you are proposing to supply. And this proof of insurance must be supplied upon request to USDA personnel.

We also have a domestic origin certificate that will be accompanied with these self-certification documents. And anything new and an addition to what you're seeing on the eligible vendor requirements document page will be posted to the webpage as well as sent out as an update.

So requirements that need supporting documentation. First we have domestic sourcing. A domestic origin product traceability plan must be submitted along

with the domestic origin certificate. This plan should be able to show one step forward and one step back as far as traceability of the product.

Now, in addition to that, we want to address comingling of domestic products. For example, fresh cut products cannot be comingled amongst foreign and domestic. Just so you're clear on that.

So food safety assessment. An eligible vendor must have an integrated food safety program that verifies everything from the farm to the pack house or warehouse. And each operation has to undergo a food safety audit verification.

Now, acceptable audits for those can include audits conducted by USDA, AMS, Specialty Crops Inspection Division -- SCI Division for short -- or an audit conducted by an accredited certification body against one of the recognized schemes benchmarked by the Global Food Safety Initiative -- GFSI.

Now food safety plan. This should basically describe what you're doing to ensure food safety to your products that you're proposing. This plan must be submitted - application.

In addition to the food safety plan, (you're) also required to submit all necessary GHP and GAP certificates depending on the scope of business. Obviously if you're a grower you're not going to submit a GHP certificate. And in case you don't know what that means it's good handling practices.

So we have food safety plan, GHP/GAP certificates. Now, there is also a HACCP plan for fresh cut products. That stands for Hazard Analysis Critical Control Point.

Vendors supplying fresh cut fruits and vegetables must source or produce products under a written HACCP-based food safety system. A copy of this HACCP plan must be submitted with the application.

The lowest three entities comprise of the food safety assessment. That should be submitted with your application.

Next we're going to move on to food defense.

Food defense assessment. This means if an eligible vendor has or uses a processing warehouse facility used to minimally process...

[Conference Line Recorded Message Omitted]

Nate Sudbeck: Is everyone still there?

Man: Yes.

Nate Sudbeck: Okay. Sorry, I have some technical difficulties there.

The last what I was saying was regarding the food defense assessment. I'm going to repeat myself. If an eligible vendor has or uses a processing warehouse facility used to minimally process, hold or store products prior to delivery, then you must have an integrated food defense plan in place. A copy of this food defense plan must be submitted with the application.

Woman: Hi.

Nate Sudbeck: Now, if you're using suppliers and subcontractors, those eligible vendors who are using them must supply all their certificates and meet the above requirements that I just mentioned.

So below that on the same sheet, there is a matrix titled Vendor Requirements Chart. Now this is laid out depending on your scope of business so you can tell what exactly is required as far as self-certification and what is required as far as (hiding) documentation.

That gives you an idea what type of business you are. If you are a grower, distributor, food hub, wholesaler or processor, what is required of you based on these requirements listed.

Okay? So, we're going to move on to the application process and checklist.

So each one of these things are - is something that you're going to have to either fill-out, submit or self-certify. Not all of these apply - may not apply to you so if you see it saying if applicable that means depending on your scope of business it will apply to you.

So first what you're going to have to do is be - have an active status and register in SAM. That stands for system for award management.

Now this is the official U.S. government system that consolidated CCR which is Central Contractor Registration, ORCA which is Online Representations and Certifications Application, and EPLS which is Excluded Parties List System. SAM compiled all of these capabilities to this one system.

So to be a federal contractor, you must have registered in this system. And it's a self-registration.

So any questions or answers, that Web site has guides and webinars that are available at all times. And there is no fee to register for this site either.

So in addition to that, for an eligible vendor they must complete a WBSCM vendor registration form. Now that was in the documents that were sent out and also is on our Web site as well or AMS Web site.

So this WBSCM registration form should be submitted to the email address provided on the form. So just be aware of that.

So in addition to that we're going to go to attachment A which is the application form.

This form is going to be filled out by (unintelligible). Now the main thing that we want to highlight is that your name, address, phone number, email address and Web site -- which is optional -- will be on the approved vendor list at the Web site. So that is what the states or SDAs or SFAs will see in order to contact you for products. So you must list the products that you plan on supplying.

Now, we're looking for general product categories not specific. For instance a good example of a product category can be fresh cut leafy green or lettuce or apple, fresh cut (apples). So we just need to identify whether it's regular fresh, fresh cut, or frozen.

Okay? So we do not need a product description like green leaf lettuce 24 count or red delicious apples 138 count. So please refrain from providing those product descriptions.

And as on that sheet you're also signing that you agree to all the terms and requirements listed in the application.

So moving on to the self-certification document.

This is just - as I mentioned before this is complying with all federal, state, and local government regulations. So you just need to print and sign your name, the company and the title of the representative who is signing.

So in addition to that you also have a domestic origin certification which this was not sent out with the eligible vendor requirements document, but you will see that here very soon, sent out, as well as posted on the webpage.

Now to make sure you're receiving all of the notifications and announcements regarding this pilot project webpage, please make sure you get on the AMS listserv. And there is a link on the pilot project webpage as far as how to subscribe to receive all documents and announcements for this program.

And when you're submitting these documents, I would just like to highlight that for the audits and plan for this pilot project that pertain your business, please watermark or stamp those documents confidential prior to submission. Again, please watermark or stamp those documents that you submit with the application confidential. Okay?

So we're going to move on to delivery and payment. So delivery is very general. Delivery schedules and appointment shall be coordinated with the State Distributing Agencies or School Food Authorities. So those are who you'll be coordinating with to set up deliveries as far as destination.

In terms of payment, in order for an eligible vendor to be paid, they must submit a report that details what was delivered that previous month. We are going to send out a spreadsheet that details what should be in this report, but in summary it's just going to entail the vendor name, the destination, the city and state, product description, quantity, and extended cost. Now details regarding this shall be forthcoming.

So I'm just going to let everyone know that they can unmute their phones pressing Star-6 and we will begin the question and answer session. So feel free, one at a time, ask away.

Man: Nate, is the funding - will there be incremental funding for this program or will it have to come from existing entitlement dollars?

Nate Sudbeck: Can you repeat that question?

Man: Yes. Will this pilot program - will there be incremental dollars available or will this - will the school districts had to use their existing entitlement funds?

Nate Sudbeck: That would be more of a question for FNS.

Christina Conell: Yes. (We're here) on the line. I'm happy to answer that. This is Christina Conell from FNS. And, yes, you'll be using existing entitlement funds. There are no additional dollars available.

Man: Thank you.

Man: Are you only looking for locally grown products for this solicitation?

Nate Sudbeck: That is an opportunity that we are looking for locally grown products, but we are not limited to that.

Woman: So the schools will be contacting the vendors directly? Is that how that will work?

Nate Sudbeck: Correct.

Man: When will all of the states that will be a part of the pilot be identified and then how will a notification be provided when they are selected?

Christina Conell: This is Christina from FNS. We have to - applications from states are due September 30 and we anticipate selecting states by the end of the calendar year. And so we'll obviously notify the state agencies first and then I anticipate probably doing some - a more public announcement after that as well.

Man: What is the estimated timeframe for a product to begin shipping?

Nate Sudbeck: That would be 2014-2015 school year. So approximately January.

Man: Local in January.

Man: So a question related to that. What is the - is there a requirement for vendors to supply throughout the year or is it going to be just a partial - just a seasonal local supply?

Woman: That's something that the relationship between your SFA or SDA and you will have to determine. You may have to go through the State or the School Food

Authorities procurement process in order to get a contract to deliver to them. That will differ depending on each SFA and state (district).

(Linda): And you're saying that the reporting is going to happen monthly to AMS. So when states or SFAs are doing a procurement what should they be putting in for the payment? Net 45? And in their procurement document, what are they going to say? That a portion of the produce that they're purchasing will be paid from them directly and a portion will be paid from AMS?

Nate Sudbeck: No. The payment terms upon receipt of the state report will be net 10 day according to PACA.

(Linda): Right. But you're...

((Crosstalk))

Christina Conell: (Linda), I think I understand your question. It's Christina.

So, I think what (Linda) is asking, when a state or a school district is putting out their procurement they need to put in their qualification when the vendor is going to be paid and so it's their - so if something is delivered in the first week of the month and the state isn't, you know, they're not required to report until the end of the month or whatever schedule we set up, that could be net 45 days. But, you know, hopefully it will be less depending on when it's delivered.

You know, I think that's something that will - I think 45 - 30 and 45 days is probably what you should anticipate or what a vendor should be notified of. Like Nate said, as soon as USDA receives that report the vendor will receive

payment within ten days - about ten days of (inserting) until we receive that report.

For the kind of how vendors are being paid, that's going to depend on what type of procurement you're doing. And so, if the school district is doing a procurement solely for this pilot, then I think you can say that that only AMS is going to pay. If you're kind of tagging on this pilot to a commercial procurement as well, you know, I think you can change the language to say, "Yes, some portion of the payment will be coming from the school district and some portion of the payment is coming from USDA."

(Linda): But a school can't split their procurements. So if they're commercially procuring produce they can't split it and just have this pilot or are you saying they can?

Christina Conell: They can for this pilot.

(Linda): They can split their procurement?

Christina Conell: Yes.

Woman: I think you got to say that again. They can split their procurement?

Christina Conell: So, for the purposes of this pilot since it's kind of a specific instance and there's justification for a reason why they're splitting it there's, you know, you can say you're wanting to target local products or you're interested in, you know, using entitlement dollars through this pilot. So that can be used as justification to kind of use a separate procurement from your regular produce contract.

A school or your state may choose to do it together or you may choose to do a separate procurement. And this pilot gives a perfectly reasonable justification for splitting that procurement out.

Woman: The schools are struggling just to get regular procurement done. Now it has to actually go into a second procurement.

Christina Conell: Yes.

Woman: Okay.

Man: Who does the vendor submit the application information to? To someone within the state who then consolidates enough applies or does it go to the USDA and...

Nate Sudbeck: So the vendor application goes to USDA. And on that application the web address to send that to is on there. It's fvpilotproject@ams.usda.gov.

Man: So, am I assuming based on interest within a state that would - then the USDA would award the state based on how many people are...

Christina Conell: The state selection is happening separately from the vendor qualifications.

Woman: I do have a question regarding the pilot program. It says for school year 2014 to 2015 and you're saying you would probably begin shipping January of 2015. And when would that end? January of 2016?

Christina Conell: So we're selecting states to kind of - to begin the pilot in school year '14-'15 and we anticipate the pilot lasting for additional school years so we don't have an end date in mind. And guys I want to answer the question, since there is not

a contract being held I think the vendor is being approved for the duration of the pilot and we don't know - we don't necessarily have an end date for the pilot.

Woman: Is there a publicly available list of states applying or will there be?

Christina Conell: I don't know about that. I don't think that we anticipate...

((Crosstalk))

Christina Conell: ...kind of publishing the list. At this point we haven't received any applications. I don't think that we would necessarily release who applies. I would say that we'll probably say the number states that apply, but I'm not sure we talked about that yet.

Woman: Have you had a lot of states express interest? Because I'm sitting in a position where as a multistate operator where this program is incredibly fascinating and it sounds like a great thing for this district and yet I don't know if the states are going to get ahead so that the local district would be able to participate.

Christina Conell: Yes, we've had a lot of interest. Answering...

Woman: Okay.

Christina Conell: ...question kind of nonstop. So, I don't know what that's going to translate to in terms of number of applications.

Woman: Okay.

Woman: Well states can't - what happens for - how are states going to know what vendors are out there and how often are vendors going to end up on the Web site because why would a state go through the entire process of applying if there's no vendors approved for their area?

Christina Conell: And that is why we are accepting applications prior to the states application deadline so that they can get an idea. Also, I would like to go ahead and clarify that the local procurement is an option for the school district in the states that are selected but is not a requirement. So, if you are doing business in a state that is not selected, you can still work with a state that is selected to get a contract and make deliveries that are not necessarily local. But they must be domestic.

So the two are not mutually exclusive. If you are doing business in a state that's not selected, it does not preclude you from participating in this program.

Woman: So you're saying maybe if there's something in New Orleans that's just over the Texas border and Texas had an approved vendor who is, you know, reasonably near and they could pick it up that would be acceptable.

Christina Conell: Yes. Even...

((Crosstalk))

Christina Conell: Even on a larger...

((Crosstalk))

Christina Conell: If a school does not want to include the local preference in their (unintelligible) they - and that is in New Orleans they could get produce from

Florida or Michigan. Like I said, local is a preference they may add, but it's not a requirement. And every state has a different definition of local anyway.

Woman: Can I (tract) everybody up here for a second? If Florida wins the pilot and Texas doesn't, a school from Texas can't participate...

Christina Conell: No. A school from Texas can't participate but a vendor who is - has product from Texas can deliver to Florida.

Woman: So they can do that now.

Christina Conell: Yes, that's correct.

Let's be really clear because I think we have - obviously we have state agencies. I'm sure we probably have schools or stakeholders and vendors on the phone so I think I'm the (culprit) of this so let's be really clear of what we're talking about who because I was just confused there as well.

Okay. Vendors on the eligible vendor list do not have to make deliveries within the - I'm sorry. Do not have to have a facility in the eight states that are chosen. The only school district that can - that will be participating in the pilot will be in those eight chosen states.

So for...

Woman: Okay.

Christina Conell: ...example, if Florida is chosen to participate in the pilot and they would like to get products from a vendor - from Michigan, they can do so. If they would

like to include their local preference in their procurement they can do that as well.

Woman: So basically what you're saying is any state that is approved as a pilot can use any vendor that's on the approved list.

Christina Conell: Correct.

Nate Sudbeck: That's correct.

Woman: Bingo.

Woman: Okay.

Christina Conell: Thank you.

Woman: As long as they properly procure it.

Man: If you're already doing commodity processing as a vendor, are you automatically on the approved list?

Nate Sudbeck: No. You still have to submit an application.

Woman: What is the deadline to submit an application?

Nate Sudbeck: What was that?

Woman: Deadline.

Woman: September 30.

Woman: Is there a deadline to submit the application?

Nate Sudbeck: No. We're beginning to accept applications. We sent out September 1. That's not to say that, you know, we're rejecting applications before then.

Christina Conell:: Yes. Let's be clear, again. For vendor eligibility there is no deadline, for a state to submit an application to FNS the deadline is September 30 -- since we have both parties on the call.

Woman: So one more question, please.

I have product that as far as domestic will end in 2014 December. So for my product that will begin again in August of 2015 I can wait to submit that May of 2015?

Nate Sudbeck: Yes.

Woman: So this...

Woman: But wait a minute though. I don't understand that because the school district if approved - a state agency that's approved for this pilot they would have to have some kind of documentation procurement wise so that - wouldn't it be better for vendors to be on the list early so that whenever somebody is doing a procurement either state agency or an SFA, they're awarding to vendors that are on the approved list. We can't award to somebody that's not on the approved list if we're a pilot state.

Woman: You also can't buy from them if they have - don't have products yet.

Woman: That's correct.

Woman: But you should be on the list already. Because we can't select you - if you're a vendor we can't select you if you're not on the list.

Christina Conell: These GAP audits are done at the time of harvest so the vendor - the eligible vendor list will be an ongoing. We'll be accepting applications on an ongoing basis depending on when the certificates are received and the harvest is done.

So, yes, I do think that it's in the vendor's best interest to get on that list as soon as they can in order to be a part of the state procurement. But, again, the GHP/GAP audits are done at the time of harvest.

Woman: And can we just clarify the - all farms it has to be GAP certified?

Ken Petersen: I'm sorry. Could you repeat the question?

Woman: Can you just clarify that all of the farms, all the produce have to be from GAP-certified farms?

Ken Petersen: Correct. Any product that you're delivering to the school under this pilot must be sourced from a farm that has undergone the appropriate audit.

(Fondo): how many years is the pilot program going for? I'm hearing here the '14, '15 year, but I've also heard FNS say that they would expect to continue it. So, is the pilot a one year program?

Woman: (Fondo), we did not specify an end date for the pilot.

Man: So if a state - multiple states want to get approved, if they don't get approved this first year they can't get in in 2015-'16 because we've already closed all the pilot for them to...

Christina Conell: Yes. We anticipate selecting states right - you know, this year for the duration of the pilot and we don't know how long that pilot will be. And I think the only thing that we're kind of foreseeing about like kind of switching states in and out is this, you know, there's a state here or there that can't seem to get the pilot off the ground or having some sort of technical difficulties, then I think we would, you know, change a state in or out, but we don't anticipate at this point kind of doing another application process to either a new state or a change state. We only have authority at this point to operate the pilot for - between five and eight states.

Man: From the vendors' perspective, is this a competitive bid? Is there a minimum dollar amount per delivery? And is a vendor required to make delivery if the quantity is too small?

Christina Conell: That will all depend on the procurement with the SFA or SDA.

Woman: Yes.

Woman: I'm sorry. Could you repeat that, please?

Christina Conell: The terms of delivery, et cetera, will be determined by the procurement that is done by the SFA or SDA. The School Food Authority or (School) Distributing Agency.

Woman: Thank you.

Woman: Can you go back to the GAP certification for the farmers because that should be part of the procurement also, correct? So, for certification is only for a season then we should not be doing - for a pilot state we should not be doing a procurement for more than when the certification is approved for.

How will we know when vendors are dropped - if a vendor gets dropped off the list for whatever reason for not providing documentation or they lose their GAP certification? How are you going to ensure that states are - or SFAs are not procuring product not knowing because then we're a month into it or 45 days into it not realizing that that vendor is no longer approved.

Christina Conell: The list should definitely be checked prior to awarding the procurement. We will have to determine a notification process for the situations of the removal.

Woman: But how long is a certification good for? Because that will dictate how long a procurement should be for.

Nate Sudbeck: One year.

Christina Conell: One year from the day they're placed on the list.

Woman: The GAP certification or the - that's what I'm trying to get to. If I'm GAP - if a farmer is GAP certified for...

Woman: For one year.

Woman: For one year, from when? From when they apply. So their certification could expire by the time January 2015 comes up even though they're approved?

Woman: On the audit it shows the date of the certification and that's good for one year from that point. So when states or SFAs are doing procurements they have to ask for the GAP certification form?

Ken Petersen: Part of the vendor approval process is that we are vetting to make sure that their supplier list has - we check that supplier list against the GAP certificates that they're sending in. And, you know, it's up to the vendor to make sure that their suppliers are maintaining their GAP certification.

Woman: But if a state or an SFA procure - is working directly with the farmer that's approved on the list, how are we going to know when that certification expires because our procurement document should not be longer than their certification.

((Crosstalk))

Woman: ...that they're going to reapply the following year and make that part of your contract with them.

Christina Conell: AMS will maintain the list. So we will be the ones - as Ken said, vetting and verifying the documents and the suppliers and the certificates. So if they're on the list they're eligible.

The eligibility period of time will be one year from the date that they are placed on the list. So our eligible vendor list is going to have either an expiration date or a date that they were placed on the list. And then, it is incumbent upon the vendor to - if they would like to continue participating to submit all of their documents, again, prior to their expiration date from that list.

Woman: I get the list, but I'm talking about the actual GAP certification because that is a requirement for AMS to pay the vendor.

Christina Conell: Right. We will maintain that information.

Woman: And because there's a long gap between the time that it's procured and the time that it's reported to AMS you will guarantee to pay for products if a vendor is no longer on the list because somebody is going to be responsible for that product.

Woman: Deliveries have been made...

((Crosstalk))

Nate Sudbeck: For deliveries are already made.

Man: I have a question. Aside from the requirements for the vendors - approved vendors, what are some of the criteria for choosing the pilot locations?

Christina Conell: Can you repeat that question?

Man: The application, for example, you know, the requirements for the vendors, do you have any criteria, for example, size of the - obviously the supply, the vendor (has supply) or (unintelligible) quality, you know, those kind of requirements. Are there any kind of criteria in choosing the pilot locations?

Nate Sudbeck: No.

Man: So you're saying, yes, it's just a random selection of pilots?

Christina Conell: Are you asking about states or vendors?

Man: States.

Christina Conell: The states are submitting an application and FNS will review those applications and make their selection.

Are there any other questions about vendor requirements?

Woman: Here's a question. I'm curious whether the large vendors who currently are supplying as part of their GAP or GFSI audit one of the requirements is that all of their suppliers whether procuring are also GAP certified. I believe we have some suppliers now who are procuring products from smaller to or not necessarily GAP. That wouldn't just create a - sort of a level of assurance between the large growers or the small growers and the large vendors?

Ken Petersen: Any product that's supplied under this pilot program has (unintelligible) from grower that has GAP certification.

Man: Other FNS criteria for - within a state selection in a region.

Woman: The regions were defined in the Farm Bill. They don't match other FNS region and so we are - we have not defined what those regions are going to be at this point. We're looking to see what the interest is in the applications. And all the application requirements can be found on the FNS Web site.

Man: So what's the criteria for selection of that state?

Woman: Yes. All of that information can be - I don't know. I want to go into it (unintelligible) on this call. The Farm Bill is pretty prescriptive in how it

should be selecting states so it ask that we select states that have a variety of different growers, their commitment to farm-to-school efforts and kind of a diverse set of districts and states so we can set the pilot in different areas and all of those requirements and how the selections will be made is outlined and a request for application is on the FNS Web site.

Woman: Can you clarify which documents need to be watermarked?

Nate Sudbeck: All documents.

Ken Petersen: Any of your plans submitted. So your safety plan, your food defense plan, anything that is proprietary to your company or your suppliers.

Woman: Could I go back to vendor requirements for submitting reports to AMS for payment?

Woman: Of course.

Woman: Yes. I was thinking I heard that the vendor must also be reporting each month directly to AMS...

Nate Sudbeck: That's correct.

Woman: ...what was shipped the previous month and so forth?

Nate Sudbeck: Yes.

Woman: Okay. And then in addition the state would be reporting to AMS as well?

Nate Sudbeck: And FNS. Yes.

Woman: And FNS. Okay.

Thank you.

Woman: For the vendor standpoint does USDA come in to your facility to verify compliance to the certification before shipment and then also where the specification is found.

Nate Sudbeck: No, we do not. And Ken can elaborate on that.

Ken Petersen: Yes. As part of the vendor approval process, you know, the initial application will be reviewed and a determination will be made whether to place vendors on the list based on the initial review. But there will be some level of verification of approved vendors that is yet to be vetted out, but we will be coming at you to verify vendors throughout the year.

Christina Conell: So we will not be inspecting individual deliveries. And as far as specification AMS is not - as AMS is not doing the procurement we do - are not purchasing to a specification. Again, that will be laid out in the SFA or SDAs procurement process.

Man: In a world where pensions...

Woman: So (unintelligible) are potentially to commodity, if (unintelligible) specification for (unintelligible) like potatoes - commodities, it potentially with a state would be very similar for this program.

Man: (Unintelligible) question?

Woman: Because I couldn't get through. It's not working right. People were talking.

Nate Sudbeck: We can hear you.

Christina Conell: Like I said the requirements of the actual product being delivered will be up to the SFA and SDA procurement. I'm not familiar with what their specifications may have.

Woman: I just have a question about this kind of information getting out again later. As a state agriculture agency representative on the call today I did not do a big push to get vendors on here because if our state is not included then they - many of the ones that I would do outreach to would not be going out of state. Will this opportunity be available, again, once the states are announced?

Christina Conell: Yes, we do plan on doing future calls, visits, webinars, et cetera. There will be additional outreach activities. Yes.

Man: If you offer minimally processed items like a cut apple, is there a microbial testing requirement? How would that...

((Crosstalk))

Ken Petersen: Yes. And knowledgeable vendor requirements under the food safety assessment it list out under the HACCP plan that you have to have a microbiological testing program and it specifies what you need to test for.

Man: Can our test results submitted to AMS, the state, anybody?

Nate Sudbeck: That would be a company with the application submitting to AMS and that particular email address is on the application.

Ken Petersen: To answer your question, the actual test results that's your business and you need to make a determination of product safety based on your test results. We would verify that when we come out and look at your facility, but you do not need to submit those test results as part of your application.

Man: The updated firsthand information.

Ken Petersen: You are asking for micro testing on finished product?

Man: Yes. Finished (packed in) products.

Woman: But you don't have to submit the microbiological testing results, do you?

Ken Petersen: You'll have to submit the test results as part of the application process.

((Crosstalk))

Woman: Thank you.

Ken Petersen: (Unintelligible) having a HACCP plan that you do microbial lab (trickle) testing.

Man: Yes.

Man: On the microbiological testing it doesn't specify in Point B if it has to be on a lot per lot basis or if it can be random or how are you guys handling that?

Man: That's up to you and your business practices.

(Dan Hoover): This is (Dan Hoover). Wouldn't that be covered in the HACCP plan?

Man: Yes.

Woman: Nate, if there are any other questions as we're compiling the documents to submit, should we contact your office or is there another office we should contact?

Nate Sudbeck: Can you repeat the question? I'm sorry.

Woman: If there's any questions that I may have as I'm compiling all these documents and certificates and HACCP programs, if I have any questions, should I contact you or is there someone else I should contact?

Nate Sudbeck: You should contact me, Nate Sudbeck. And my contact...

Woman: Okay.

Nate Sudbeck: ...information is on the webpage...

Woman: Yes.

Nate Sudbeck: ...as well as the application that was sent out.

Woman: Okay. Thank you.

Nate Sudbeck: Are there any other questions?

Man: I have a question. We are vendors, a processor that has facilities in two different states depending on season. Should we be filing it separately or

should we just file - we have facilities in both - and Arizona. Should we just pick a state or file separately when we put our application in?

Nate Sudbeck: You're a vendor, correct?

Man: That is correct. We're vendors, but we have facilities depending on the season in both Arizona and California.

Ken Petersen:: Just put them on the application and say you'd be sourcing or shipping products out of both locations.

Man: So just list that on the app. Okay.

Okay, that answers my question. Thank you.

Man: How is pricing of the product determined?

Christina Conell: Again, the pricing of the products would be determined through the SFA or SDA procurement. The SFAs and SDAs can procure with any of the vendors that are on the eligible vendor list, but they still must do their own procurement.

So you submit your document to us to become an eligible vendor. States or SFAs or SDAs will then select from that list for their contract for price delivery specifications, quantity, all of that.

Woman: So they will be getting prices from different vendors for whatever product?

Nate Sudbeck: Yes.

Woman: And so...

Man: Is it a fixed price to determine the contract or it can be adjusted?

Christina Conell: That is something you'll have to work out with the SFA and SDA procurement.

Man: Thank you.

Man: Just a follow on...

((Crosstalk))

Man: It's totally up to the SFA or SDA who they choose to procure with. It's not dependent on price. It's totally up to them as far as preference?

Nate Sudbeck: Yes. As far as what they put in their procurement document.

Christina Conell: Yes, but it's still a competitive procurement. So they're not...

((Crosstalk))

Christina Conell: ...just going to go to you on the list and give you a contract. And SFA or the SDA is going to do a competitive procurement where price will be a factor and other criteria may also be a factor if they choose to do an (RFC).

Woman: So it's not a blind bid to them?

Man: It's more like a best value tradeoff?

Christina Conell: It's going to depend. Each SFA may do it differently. We're not prescribing a specific type of solicitation mechanism that they'll use. They could use an invitation for bid or request a proposal. If it's a small amount they may even use the informal procurement method. Each FSA will probably approach it a little bit differently.

Woman: On the SFA level, am I clear - I just want to be clear on how it's funded. It will not affect their (POW) or entitlement or anything for the following year to use these funds this year and it has to be then (unintelligible)? And they're not going to need to be able to move over entitlement funding or our (DOD) funding or anything like that?

Christina Conell: I'm sorry. Can you say that again?

Woman: Okay. So, this program, this pilot program from a funding perspective is - an FSA will order in produce and then report out the invoices and then they would be reimbursed. It does not affect long term or in current year any other USDA food funding?

Christina Conell: That is correct. Yes. How you stated that, that's correct. But like I said, this pilot we do anticipate it going on for additional year so schools, you know, next they're going to - state agencies, they're going to tell FNS how much entitlement they expect SFAs to spend during this current school year and then we're going to work with them, again, next summer and ask how much entitlement they want to set aside for the next school year. And we haven't - we do anticipate being able to make changes to that allocation. We haven't necessarily determined at what point throughout the year we'll make those changes, but there will be some flexibility.

Woman: But as of right now they're not going to need to go into, you know, one of their surveys and setup a dollar amount like they did with (DOD Flash).

Man: That's (fixed), yes.

Christina Conell: No. Yes, we don't have a system like that really setup at this point.

Woman: Okay.

Christina Conell: You know, once the states are - excuse me. We know that the timing of this isn't great since most states have put in the vast majority of their orders at this point. But we'll be - once states are selected we'll be working closely with those states to figure out how much entitlement they will be able to use for this fiscal year.

Woman: Okay.

Woman: If a state is approved as a pilot state, will they be able to add and remove SFAs during the course of the pilot?

Christina Conell: Yes, to some extent. We know that stuff are going to need to happen. The thing that I'm weary of - kind of saying, yes, a blanket we have too at this point as I don't want to say to come in with an application and say, "You know, we're going to work this pilot in 100 school district," and then all of a sudden say, "Oh, just kidding. We're only doing five or one or two." So I think, you know, obviously changes are going to be - need to be made.

And especially if the pilot lasts for a several years, you know, we'd love for it to expand. But I think the answer is yes, but we don't want to kind of be duping applications (unintelligible).

Woman: I was thinking the other way around. To ask for five and then you're in the pilot for five years and you want to grow it. As a state agency you want to grow it each year.

Christina Conell: You know, I think we're open to that.

Nate Sudbeck: Are there any other questions regarding vendor eligibility requirements?

Stewart Jacobson: Yes. My name is (Stewart Jacobson). I'm with Arizona Department of Agriculture. And my question is about the GHP/GAP programs it is eminent at - if a company wants to be involved in your program -- the pilot program -- they have to have a food safety assessment. And the GHP/GAP will - will GHP/GAP would be sufficient for this? Is there any time limit that the program has to be involved with the company or as long as they're certified that's good enough?

Ken Petersen: Well, any of the approved vendors would have to go through an annual recertification process that we would need to verify that they are continuing to maintain their GAP certification. And if they don't then they would be taken off of the list once their eligibility expires.

Man: I understand that part. My question is, if they're certified today can they enter tomorrow or do they have to work the program - work their GHP/GAP program for six months or are they - as long as they're certified they're good to go.

Ken Petersen: Certified they're good to go.

Man: Thank you, sir.

Nate Sudbeck: Are there any other questions?

Woman: Hello?

Hello?

Christina Conell: We're here.

Ken Petersen: Hello.

Woman: Oh, yes. My question is, if I'm a farmer and I deliver to the schools, is it required -- whether it's a vendor or a farmer -- that they be - schools get deliveries in refrigerated trucks?

Christina Conell: That will depend on the product and also the contract with the school.

Woman: Okay.

And my other question is, when you're an approved vendor and there's one item that 25 vendors are pricing, how do you determine will be the better price?

Christina Conell: The school district or the state agency doing the procurement, in their solicitation they're going to outline how this will be evaluated. So, again, that's probably going to be different for each solicitation that's done.

Woman: Okay. Thank you.

Nate Sudbeck: Thank you all for your time. If you have any other questions that you think of later on, feel free to contact me.

Thank you.

Woman: Will...

((Crosstalk))

Man: Thank you.

Woman: Is this call being recorded? I'm late. I'm sorry I'm late. That I can listen to it?

Nate Sudbeck: We had some transmission issues (unintelligible)...

((Crosstalk))

Woman: I can hear you.

Woman: Hello? Hello?

Woman: Hello?

Woman: Hey, Nate?

Nate Sudbeck: Yes?

Woman: Is there a way I can get a recording of the call?

Nate Sudbeck: Yes. We had some technical issues in the middle of the call so I have to check on that to see if the recording went through.

Woman: Okay.

Woman: Hello?

Woman: Yes?

Woman: I'm late too. I just want to know the contact information for all the questions.

Nate Sudbeck: the contact information is on the webpage. You can feel free to contact me, Nate Sudbeck at 202-720-3052.

Woman: 202-720-3052?

Nate Sudbeck: Yes.

Woman: Thank you.

Nate Sudbeck: All right.

Thank you, guys.

Recording: Your conference is ending now. As requested by the host, please hang up.

END