



Contracting Tips for Purchasing Meals/Food During COVID-19

The COVID-19 pandemic has brought unprecedented challenges to SUAs, AAAs and local nutrition providers who deliver services to vulnerable older adults. Congregate meal sites have closed as a result of social distancing and these older adults are now served by home delivered meal programs. Home delivered meal programs have adjusted their service provision methods and operations as a result of COVID-19. Providers are now sourcing shelf stable and frozen meals to manage increased clients, social distancing, fewer employees and volunteers along with tireless work schedules.

Meals can be sourced through a foodservice distributor or providers may choose to solicit contracted pricing themselves. Either way, negotiating the best price for the highest quality meal is the goal. Foodservice distributors can be a good source of information around availability of meals in the marketplace. They offer time-savings with their knowledge and access. A group purchasing organization (GPO) can also be helpful in assessing the marketplace for meal availability and negotiating a best price with the vendor and foodservice distributor. A GPO realizes savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors and other vendors.

Maximizing the contracting process is important to secure quality meals product at the most competitive price. Consider the steps below when sourcing shelf stable or frozen meals through a foodservice distributor or supplier(s).

1. Know your clientele.

It is important to understand the food preferences of your client base. COVID-19 has caused congregate meal sites to close and these clients have been added into home delivered meal programs. Consider cultural and ethnic food preferences of these new clients. Gain insight into preferences by requesting client preference surveys, taste test results, client satisfaction surveys and/or comment cards from congregate and home delivered clients. Be sure and source meals that will be acceptable to all.

2. Understand the quantity needed.

Determine how many shelf-stable or frozen meals are needed each day and for the time period. Provide meal suppliers with the quantity needed to avoid possible shortages. Because COVID-19 has increased the number of people requesting service, use the most recent participation figures to project the quantity needed.

The [Red Cross guidance](#) for emergencies states a two-week food supply should be maintained at home. Strategies should include supplying seniors with foods that can help them stay in place and helping them stock their pantries/freezer.

If a large number of meals are to be delivered at the same time to a participant, consider the weight of the package and the ability of the individual to lift, store the food properly, especially those with disabilities and activities of daily living (ADL) impairments. [Click here for considerations when reviewing policies surrounding home delivered meals.](#)

If your quantity is not large enough for an independent bid, consider consortium buying. Consortium buying is made up of two or more individuals or companies that work together to negotiate a best price. Consider local hospitals or nursing homes or even casinos and restaurants.

Join forces and leverage buying power. If you do not have the benefit of other local purchasers, consider “big box” stores or ordering on-line. If you contract with a caterer for your food/meals, ask them to source the meals for you using their purchasing power to gain the most competitive price.

Another option for small order quantities is a group purchasing organization (GPO). GPOs negotiate pricing, terms and conditions with food manufacturers and foodservice distributors in favor of the customer. For example, the minimum dollar order amount purchased under a GPO contract may be lower than if purchased independently. As long as a customer meets the minimum order (\$350), the foodservice distributor will deliver the product to wherever the customer is located. Ask your foodservice distributor for recommendations on available GPOs.

The SUA may also negotiate contracts on the state level that allows for individual AAAs or local nutrition service providers to make purchases on a local level. The SUA also may procure items on a statewide level and permit AAAs the option of whether or not to receive items through the SUA’s procurement and OAA funding is allocated through the approved Intrastate Funding Formula. SUAs may not require AAAs or local nutrition service providers to purchase meals from a state contract but permit the AAAs the option of whether or not to receive these items.

3. Determine nutritional requirements for the meals.

Meals purchased with supplemental funding under the [Families First Coronavirus Response Act](#) and the [Cares Act](#) are not required to meet DRIs and DGAs; however, ACL encourages the use of DRIs and DGAs to maintain health and manage chronic disease. The Cares Act made this exemption applicable to regular OAA as well during the course of this public health emergency. One-third of the daily calorie requirement is still required under Families First and the Cares Act. Attention to nutrient content (ex. protein, added sugar, sodium) is important for immune function and to manage underlying conditions (ex. diabetes, hypertension, heart disease). Short term utilization of meals may not have a detrimental effect, but long-term utilization may undermine disease management.

4. Prepare meal specifications.

The purpose of a [specification](#) is to provide a description and statement of the requirements of a meal, components of a meal and the capability or performance of a meal. Specifications ensure the identity of meals purchased and allow meals to be purchased from different suppliers on the basis of specifications only. Descriptions include quality, size, weight, count and other quality factors for the particular item.

5. Research possible vendors.

Use the internet to your advantage and gain as much information as you can. Search for vendors and look at customer reviews. Reach out to other programs and ask them who is supplying their meals. Ask detailed questions around the quality of the meals, vendor's service, deliveries, etc.

6. Send a Request for Proposal (RFP) to vendors.

Prepare a formal RFP to selected vendors. Include meal specifications/description, nutritional requirements, pack size and estimated quantities. There are two ways to calculate your contract price: meal cost plus a fixed price or meal cost plus a percentage. The cost per percentage is a strategy where the price increases in proportion to the cost. The cost-plus fixed price is the meal cost plus a flat fee. The cost-plus percentage should be avoided because the amount you pay a vendor will increase as food prices increase, meaning you could be charged higher than the fixed price method.

7. Evaluate food/meal quality.

Request samples of the meals to evaluate [quality](#). Ask suppliers to ship in sample meals. Source the highest quality meals in your price range. Ask suppliers for names of current customers. Contact customers and ask questions about quality, delivery, and other pertinent questions.

8. Negotiate Pricing

Negotiate directly with vendor and secure a fair and agreeable price for meals. Use the tips below to secure the best price.

- Make the bulk of purchases through one vendor.
- Leverage order sizes (larger for better pricing), payment terms and number of deliveries per week for the best price. For example, purchasing \$5,000 worth of product one time a week will net a lower price than two separate orders of \$2,500 each.

9. Vendor Selection

Consider the extent to which the potential vendor will be able to meet the quality, service and cost expectation of your foodservice needs. Request a virtual tour or photos of the vendor's manufacturing facility, distribution center and delivery vehicles, if possible. Continue to monitor quality to ensure vendor has a long-term commitment to providing safe, quality meals. Questions to help determine the selection of a safe vendor include:

- Does the vendor have a Hazard Analysis Critical Control Point (HACCP) system in place?
- Will the vendor allow you to set delivery times?
- Can the vendor provide references?
- What do customers write in reviews?
- Is the vendor cooperative if you refuse products because of food safety concerns?
- Can the vendor provide you with outside storage for the meals for a fee or are they willing to lease a refrigerator-freezer truck on-site for meal storage?

Establish a good relationship with the supplier. Suppliers want to help their customers. They can also be a great resource as they are aware of products, recalls and the newest opportunities and trends. The relationship between a program and vendor must be one of mutual cooperation and trust.

10. Prepare a written agreement.

Documentation of the agreement between the supplier and buyer is critical. Prepare a written agreement such as a contract, memo of understanding, or a purchase order (PO) to ensure specifics of the sale. Work with your local or state legal team or someone who has experience in this area. A purchase order is a legally binding document between a supplier and a buyer. Both documents should detail the items the buyer agrees to purchase at the negotiated price. All additional terms of the sale should be included to prevent possible misunderstandings in the future. Two agreements should be signed electronically, and both the supplier and the buyer keep a copy.

Monitor vendor, products and pricing for continued success. Monitor deliveries to ensure product specifications and pricing are maintained. Set-up calendar reminders for period quality and pricing checks.