

STATE OF IDAHO
DEPARTMENT OF EDUCATION



**WAREHOUSING AND DISTRIBUTION OF USDA FOODS, AND VENDING, WAREHOUSING
AND DISTRIBUTION OF FURTHER PROCESSED USDA FOODS**

BLANKET PURCHASE AGREEMENT 17-9400

GOOD SOURCE SOLUTIONS, INC. DBA NORTHWEST DISTRIBUTION SERVICES

STATE DEPARTMENT OF EDUCATION
WAREHOUSING AND DISTRIBUTION OF USDA FOODS, AND VENDING,
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1.0 TERMS AND CONDITIONS

- 1.1 Definitions** - For purposes of these STATE OF IDAHO STANDARD CONTRACT TERMS AND CONDITIONS, the following terms have the specific meanings associated with them:
- A. Agreement – Any State written agreement, lease, purchase order, or contract, including solicitation or specification documents and the accepted portions of the submission for the acquisition of property.
 - B. Contractor - A vendor who has been awarded an Agreement.
 - C. State - The State of Idaho including each agency unless the context implies other states of the United States.
 - D. Property – Goods, services, parts, supplies and equipment, both tangible and intangible including, but not exclusively, designs, plans, programs, systems, techniques and any rights and interest in such property.
- 1.2 Termination:** The State may terminate the Agreement (and/or any order issued pursuant to the Agreement) when the Contractor has been provided written notice of default or non-compliance and has failed to cure the default or non-compliance within a reasonable time, not to exceed thirty (30) calendar days, after receipt of such notice. If the Agreement is terminated for default or non-compliance, the Contractor will be responsible for any costs resulting from the State's placement of a new contract and any damages incurred by the State. The State, upon termination for default or non-compliance, reserves the right to take any legal action it may deem necessary including, without limitation, offset of damages against payment due.
- 1.3 Contract Period:** The Contract Period shall be from July 1, 2016 through June 30, 2017.
- 1.4 Renewal Options:** Upon mutual agreement by both parties (unless otherwise modified by a special contract term, condition, or specification), this Agreement may be extended under the same terms and conditions for four (4) one (1) year intervals or the time interval equal to the original contract period.
- 1.5 Changes/Modifications:** Changes of specifications or modification of this Agreement in any particular can be effected only upon written consent of the State, but not until any proposed change or modification has been submitted in writing, signed by the party proposing the said change.
- 1.6 Conforming Goods or Services:** The goods or services shall minimally conform in all respects with the specifications or the State's solicitation documents. In event of nonconformity, and without limitation upon any other remedy, the State shall have no financial obligation in regard to the non-conforming goods or services.

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- 1.7 Official, Agent and Employees of the state not Personally Liable:** In no event shall any official, officer, employee or agent of the State be in any way personally liable or responsible for any covenant or agreement herein contained whether expressed or implied, nor for any statement, representation or warranty made herein or in any connection with this Agreement.
- 1.8 Contract Relationship:** It is distinctly and particularly understood and agreed between the parties hereto that the State is in no way associated or otherwise connected with the performance of any service under this Agreement on the part of the Contractor or with the employment of labor or the incurring of expenses by the Contractor. Said Contractor is an independent contractor in the performance of each and every part of this Agreement, and solely and personally liable for all labor, taxes, insurance, required bonding and other expenses, except as specifically stated herein, and for any and all damages in connection with the operation of this Agreement, whether it may be for personal injuries or damages of any other kind. The Contractor shall exonerate, indemnify and hold the State harmless from and against and assume full responsibility for payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, social security, workman's compensation and income tax laws with respect to the Contractor or Contractor's employees engaged in performance under this Agreement. The Contractor will maintain any applicable workman's compensation insurance as required by law and will provide certificate of same if requested. There will be no exceptions made to this requirement and failure to provide a certification of workman's compensation insurance may, at the State's option, result in cancellation of this Agreement or in a contract price adjustment to cover the State's cost of providing any necessary workman's compensation insurance. The State does not assume liability as an employer.
- 1.9 Anti-Discrimination/Equal Employment Opportunity Clause:** Acceptance of this Agreement binds the Contractor to the terms and conditions of Section 601, Title VI, Civil Rights Act of 1964 in that "No person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance." In addition, "No otherwise qualified handicapped individual in the United States shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance" (Section 504 of the Rehabilitation Act of 1973). Furthermore, for contracts involving federal funds, the applicable provisions and requirements of Executive Order 11246 as amended, Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, Section 701 of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967 (ADEA), 29 USC Sections 621, et seq., the Age Discrimination Act of 1975, Title IX of the Education Amendments of 1972, U.S. Department of Interior regulations at 43 CFR Part 17, and the Americans with Disabilities Action of 1990, are also incorporated into this Agreement. The Contractor must include this provision in

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every subcontract relating to purchases by the State to insure that subcontractors and vendors are bound by this provision.

- 1.10 Save Harmless:** Contractor shall indemnify and hold harmless the State from any and all liability, claims, damages, costs, expenses, and actions, including reasonable attorney fees, caused by or that arise from the negligent or wrongful acts or omissions of the Contractor, its employees, agents, or subcontractors under this Agreement that cause death or injury or damage to property or arising out of a failure to comply with any state or federal statute, law, regulation or act. Contractor shall have no indemnification liability under this section for death, injury, or damage arising out of the negligence or misconduct of the State.
- 1.11 Order Numbers:** Agreement order numbers or purchase order numbers shall be clearly shown on all acknowledgments, shipping labels, packing slips, invoices, and on all correspondence.
- 1.12 Contractor Responsibility:** The Contractor is responsible for delivery of all property included in this Agreement. Further, the Contractor will be the sole point of contact on contractual matters.
- 1.13 Subcontracting:** Unless otherwise allowed by the State in this Agreement, the Contractor shall not, without written approval from the State, enter into any subcontract relating to the performance of this Agreement or any part thereof. Approval by the State of Contractor's request to subcontract or acceptance of or payment for subcontracted work by the State shall not in any way relieve the Contractor of responsibility for the professional and technical accuracy and adequacy of the work. The Contractor shall be and remain liable for all damages to the State caused by negligent performance or non-performance of work under the Agreement by Contractor's subcontractor or its sub-subcontractor.
- 1.14 Risk of Loss:** Risk of loss and responsibility and liability for loss or damage will remain with Contractor until final inspection and acceptance when responsibility will pass to the RECIPIENT AGENCY except as to latent defects, fraud and Contractor's warranty obligations. Such loss, injury or destruction shall not release the Contractor from any obligation under this Agreement.
- 1.15 Assignments:** No Agreement or order or any interest therein shall be transferred by the Contractor to whom such contract or order is given to any other party, without the approval in writing of the Administrator. Transfer of an Agreement without approval shall cause the annulment of the Agreement so transferred, at the option of the State. All rights of action, however, for any breach of such contract by the contracting parties are reserved to the State. (Idaho Code Section 67-5726(1))
- 1.16 Compliance with Law, Licensing and Certifications:** Contractor shall comply with all requirements of federal, state, and local laws and regulations applicable to Contractor pursuant to this Agreement. For the duration of the Agreement, the Contractor shall maintain in effect and have in its possession all licenses and certifications required by federal, state, and local laws and rules.

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- 1.17 Confidential Information:** Pursuant to this Agreement, Contractor may collect, or the State may disclose to Contractor, financial, personnel or other information that the State regards as proprietary or confidential (Confidential Information). Confidential Information shall belong solely to the State. Contractor shall use such Confidential Information only in the performance of its services under this Agreement and shall not disclose Confidential Information or any advice given by it to the State to any third party, except with the State's prior written consent or under a valid order of a court or governmental agency of competent jurisdiction and then, only upon timely notice to the State. The State may require that Contractor's officers, employees, agents or subcontractors agree in writing to the obligations contained in this section. Confidential Information shall be returned to the State upon termination of this Agreement. The confidentiality obligation contained in this section shall survive termination of this Agreement. Confidential Information" shall not include data or information that:
- A. Is or was in the possession of Contractor before being furnished by the State, provided that such information other data is not known by Contractor to be subject to another confidentiality agreement with or other obligation of secrecy to the State;
 - B. Becomes generally available to the public other than as a result of disclosure by Contractor; or
 - C. Becomes available to Contractor on a non-confidential basis from a source other than the State, provided that such source is not known by Contractor to be subject to a confidentiality agreement with or other obligation of secrecy to the State.
- 1.18 Use of the State of Idaho Name:** Contractor shall not, prior to, in the course of, or after performance under this Agreement use the State's name in any advertising or promotional media including press releases, as a customer or client of Contractor without the prior written consent of the State.
- 1.19 Sufficient Appropriation:** Since the State Department of Education is a public agency, the Contract shall in no way or manner be construed so as to bind or obligate the Department or the State of Idaho beyond the term of any particular appropriation of funds by the United States Congress or the State Legislature as may exist from time to time, or State grant of spending authority to the Department regarding federal funds. The source of funds for the Contract is an award of federal funds to the Department. The Department reserves the right to terminate the Contract if, in its sole judgment, the United States Congress or the United States Department of Agriculture withdraws the Department's federal funding or fails, neglects, or refuses to appropriate or to provide sufficient funds as may be required for the Department to continue payments, or the Executive Department or Legislature of the State of Idaho withdraws the Department's spending authority regarding the federal funds required by the Department to continue payments. Such Contract termination shall take effect on thirty (30) days written notice to the Contractor.

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- 1.20 Force Majeure:** Neither party shall be liable or deemed to be in default for any Force Majeure delay in shipment or performance occasioned by unforeseeable causes beyond the control and without the fault or negligence of the parties, including, but not restricted to, acts of God or the public enemy, fires, floods, epidemics, quarantine, restrictions, strikes, freight embargoes or unusually severe weather, provided that in all cases the Contractor shall notify the State promptly in writing of any cause for delay and the State concurs that the delay was beyond the control and without the fault or negligence of the Contractor. The period for the performance shall be extended for a period equivalent to the period of the Force Majeure delay. Matters of the Contractor's finances shall not be a Force Majeure.
- 1.21 Governing Law and Severability:** This Agreement shall be construed in accordance with, and governed by the laws of the State. Any action to enforce the provisions of this Agreement shall be brought in State district court in Ada County, Boise, Idaho. In the event any term of this Agreement is held to be invalid or unenforceable by a court, the remaining terms of this Agreement will remain in force.
- 1.22 Entire Agreement:** This Agreement is the entire agreement between the parties with respect to the subject matter hereof. Where terms and conditions specified in the Contractor's response differ from those specifically stated in this Agreement, the terms and conditions of this Agreement shall apply. In the event of any conflict between these standard terms and conditions and any special terms and conditions applicable to this acquisition, the special terms and conditions will govern. This Agreement may not be released, discharged, changed or modified except by an instrument in writing signed by a duly authorized representative of each of the parties.
- 1.23 Public Records:** Pursuant to Idaho Code Section 9-335, et seq., information or documents received from the Contractor may be open to public inspection and copying unless exempt from disclosure. The Contractor shall clearly designate individual documents as "exempt" on each page of such documents and shall indicate the basis for such exemption. The State will not accept the marking of an entire document as exempt. In addition, the State will not accept a legend or statement on one (1) page that all, or substantially all, of the document is exempt from disclosure. The Contractor shall indemnify and defend the State against all liability, claims, damages, losses, expenses, actions, attorney fees and suits whatsoever for honoring such a designation or for the Contractor's failure to designate individual documents as exempt. The Contractor's failure to designate as exempt any document or portion of a document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any such release. If the State receives a request for materials claimed exempt by the Contractor, the Contractor shall provide the legal defense for such claim.

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- 1.24 Non-Waiver:** The failure of any party, at any time, to enforce a provision of this Agreement shall in no way constitute a waiver of that provision, nor in any way affect the validity of this Agreement, any part hereof, or the right of such party thereafter to enforce each and every provision hereof.
- 1.25 Attorney's Fees:** In the event suit is brought or an attorney is retained by any party to this Agreement to enforce the terms of this Agreement or to collect any monies due hereunder, the prevailing party shall be entitled to recover reimbursement for reasonable attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith in addition to any other available remedies.
- 1.26 Additions to the Contract:** Contractor agrees to serve any new agencies within the contract area which may be approved to receive USDA Foods.
- 1.27 Inspection:** SDE may inspect all warehouse facilities and equipment of each potential contractor prior to the award of the contract.
- 1.28 Guaranteed Delivery:** Failure of the contractor to adhere to delivery schedules as specified or to promptly replace rejected materials shall render the contractor liable for all costs in excess of the contract price when alternate procurement is necessary. Excess costs shall include the administrative costs.
- 1.29 Insurance Responsibility:**

Contractor shall obtain and maintain insurance at its own expense as required herein for the duration of the agreement, and comply with all limits, terms and conditions stipulated. Policies shall provide, or be endorsed to provide, all required coverage. The contractor shall provide certificates of insurance or certified endorsements as applicable for the insurance required. The contractor shall not commence work under this Agreement until satisfactory evidence of all required insurance is provided to the SDE.

All insurance, except for Workers Compensation, shall be endorsed to name the State of Idaho and the State Department of Education as Additional Insured. A certified copy of the endorsement, or complete policy containing the endorsement, shall be provided to the state prior to the commencement of work.

All insurance shall be with insurers rated A-, VII, or better in the latest Bests Rating Guide, and be in good standing and authorized to transact business in Idaho. The coverage provided by such policies shall be primary. Policies may contain deductibles, but such deductibles shall not be deducted from any damages due the state.

By requiring insurance herein, the state does not represent that coverage and limits will necessarily be adequate to protect the contractor, and such coverage and limits shall not be deemed as a limitation on the contractor's liability under the indemnities granted to the state.

Because Contractor is engaged in an independent contracting business and is not an employee or SDE, SDE will not obtain worker's compensation insurance

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for Contractor or Contractor's employees. [Contractor represents that he/she is exempt from Worker's Compensation Coverage and has signed a declaration attached hereto as Exhibit A]. [Contractor shall maintain insurance in the amounts not less than the following: Workers Compensation Insurance in amounts as required by statute in all states in which the contractor performs work, and Employers' Liability with a limit of \$100,000 Bodily Injury by Accident-each Accident, \$100,000. Bodily Injury by disease-each employee, \$500,000 Bodily Injury by Disease-policy limit.]

Commercial General Liability (CGL) with a limit of not less than \$1,000,000 each occurrence, and \$1,000,000 annual aggregate, if defense is outside the limits. If defense is inside the limits, the limit must be \$2,000,000 each occurrence, and \$2,000,000 aggregate.

If necessary, a commercial umbrella or excess policy may be used to meet the limits required, providing the CGL is listed on the underlying insurance in the umbrella or excess policy, and the umbrella/excess policy meets the requirements above for acceptable carriers.

Automobile Liability including owned, non-owned, and hired liability with a limit of not less than \$1,000,000 each occurrence, and \$1,000,000 aggregate.

If necessary, a commercial umbrella or excess policy may be used to meet the limits required, providing the Auto Liability is listed on the underlying insurance in the umbrella or excess policy, and the umbrella/excess policy meets the requirements above for acceptable carriers.

- 1.30 Retention of Documents:** The contractor agrees to retain all books, records, papers and other documents relative to this agreement for three years after final payment. If any audit, litigation or other action involving the books, records, papers or other documents is started before the end of the three year period, they shall be retained until all issues arising out of the action are resolved or until the end of the three year period, whichever is later.
- 1.31 Access of Records:** The State and Federal Government or any of their duly authorized representatives shall have access to any books, documents, papers and records of the contractor which are directly pertinent to this specific contract for the purpose of making audit, examination, exceptions and transcriptions.
- 1.32 Change of Ownership:** The contractor shall notify SDE, 90 days in advance of any change in ownership or operation of the warehouse, carrier service or handling of USDA Foods and Further Processed USDA Foods. The contract cannot be assigned or delegated without the prior written consent of SDE.
- 1.33 Damage of USDA Foods and Further Processed USDA Foods:** The contractor shall be responsible for maintaining quality of the USDA Foods by properly rotating stock, protecting against mysterious loss, water damage, fire, infestations or other loss that a contractor normally protects against.

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- 1.34 Compliance with Environmental Law:** Contractor shall comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 USC 1857(h)) and amendments, Section 508 of the Clean Water Act (33 USC 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR, Part 15), which prohibit the use under non-exempt Federal contracts, grants or loans of facilities. Any violations of the above-mentioned sections shall be reported to the appropriate Federal agency and to the EPA Assistant Administrator of Enforcement.
- 1.35 Compliance with Energy Conservation Plan:** Contractor shall meet the mandatory standards and policies relating to energy efficiency contained in the Idaho State Energy Conservation Plan, issued in compliance with the Energy Policy and Conservation Act (P.L. 94-163) and any amendments thereto.
- 1.36 Debarment and Suspension:** Contractor shall certify on the form provided that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. This form must be included in the proposal package.
- 1.37 Drug-Free Workplace:** If the Federal government requires verification, the contractor must be willing and able to verify that it meets the drug-free workplace requirements set forth in Federal law.

2.0 SCOPE OF WORK

Scope and Basic Requirements: The scope and basic requirements for the contract storage and distribution of USDA Foods and purchasing, warehousing and distribution of Further Processed USDA Foods or schools and other institutions in the State of Idaho are set forth herein.

2.1 Storage and Warehouse Requirements:

Warehouse Requirements:

Contractors must have adequate warehouse facilities available to receive and handle all USDA Foods within the State of Idaho. The warehouse must provide uninterrupted storage service for the entire contract period. Preferential proposal treatment may be given to distributors who can demonstrate the ability to store and transport USDA Foods from one location.

Warehouse Space: The successful contractor must be able to provide the following:

- a. Dry Storage - 400,000 pounds to 1,400,000 pounds.
- b. Freezer Storage - 500,000 pounds to 1,300,000 pounds.
- c. Refrigerator Storage - 40,000 pounds to 400,000 pounds.

The amount of storage space will vary during the year with the highest levels of USDA Foods received during the winter months. If the inventory amounts of USDA Foods exceed the warehouse capacities identified above, the warehouse is responsible to make arrangements for overflow storage at no additional cost to SDE. In the event additional space is secured by the contractor, it shall meet all specifications for warehousing set forth in this contract. Any transportation or transfer charge incurred by the contractor in securing additional storage space shall be at the contractor's expense.

The contractor shall meet all food safety regulations as defined by the Idaho Food Code. SDE reserves the right to inspect and verify any facilities/equipment prior to award.

2.2 Temperature for Storage:

- a. Dry Storage - 45° to 70°F with good ventilation.
- b. Freezer Storage - 0°F or below.
- c. Refrigerator Storage - 35°F normal (range 35°to 40°F).

Each storage area used for this contract shall contain an accurate, operational thermometer. Thermometers shall be checked at regular intervals and

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temperatures documented on a consistent, regular basis. Temperature logs shall be made available upon request by the SDE.

- 2.3 Warehouse Equipment:** Machinery and/or personnel shall be available to handle palletized, slip sheeted, and floor loaded USDA Foods. Forklifts appropriately equipped and in good working order may be necessary. SDE reserves the right to verify any facilities/equipment prior to the award.

The successful contractor must have dock facilities sufficient to handle loading and unloading of USDA Foods from commercial carriers. These facilities must be maintained in good condition to avoid damage to carriers' equipment, USDA Foods, and personnel.

Rail facilities are required but need not be located on the warehouse property. Preference may be given to those distributors having rail facilities onsite. The warehouse is required to provide equipment and personnel to unload railcars. The transfer from railcar to warehouse must be done in a timely manner. The warehouse shall be responsible for charges assessed by the railroad for failure to transfer USDA Foods from the railcar in a timely manner. Any damaged USDA Foods discovered while unloading railcars shall be reported to the railroad prior to removal of the USDA Foods from the railcar. Any losses incurred during transfer are the responsibility of the warehouse.

- 2.4 Inbound Shipments:** Refer to FNS FD 709-5 Instructions (attached). Inbound shipments may arrive by truck, railcar or piggyback. Most shipments received will be between 800 to 1,500 cases per truck and up to 5,000 cases per railcar. SDE requires shipments to be either palletized or slip sheeted for storage. At times, the warehouse may receive a shipment loaded on the floor and will need to unload that shipment by hand. Railcar, piggyback, and truck shipments shall be unloaded at the contractor's expense. All shipments shall be accepted, regardless of the shipping and/or loading method. In the event a railcar is to be partially unloaded, the contractor is responsible for the loading and bracing of the remaining USDA Foods in accordance with the Association of American Railroads Rules. The contractor is responsible for returning and securing all railroad owned security devices removed to complete unloading, securely locking all bulkhead doors, and closing all top hatches and bottom outlets and exterior doors. The contractor may be liable to the railroad for damage to the railcar and its contents.

- 2.5 Inbound Freight:** All freight charges for USDA Foods are prepaid by USDA. Contractor shall receive inbound freight in accordance with acceptable industry practices and shall be responsible for the following:

- a. Confirmation of the case count and ensure that the shipment is in good condition. Contractor is responsible for inspection of the load for condition on arrival and verifying the accuracy of count.

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- b. The contractor shall provide SDE written notification, within two (2) business days, of the following: product name, receipt date, quantity received, and any overages, shortages or damages (OS&D). An OS&D Report (FNS-57) must be filled out and forwarded to SDE.
- c. If concealed damage is found after a shipment has been received by the contractor, SDE shall be notified immediately and a written explanation shall be sent within two (2) business days.
- d. In addition, all documentation of each USDA Foods delivery must be forwarded to SDE within two (2) business days.

2.6 Inspecting the Shipment: The consignee must ensure that the high security seal(s) on the door or other point of entry of the truck or trailer is intact and must make a record of the serial number of the seal. If the high security seal is broken or lacking, or the serial number on the seal does not match the number on supporting documentation (e.g., BOL), the consignee must refuse the shipment and immediately notify the SDA or ITO.

2.7 Food Safety: The warehouse facilities shall be in compliance with the United States Food, Drug and Cosmetic Act and Idaho Food Code. In addition, the contractor shall maintain documentation of a monthly check for rodents and insect infestations by a qualified person and/or company. **The contractor shall not store agricultural items, chemical products, or other products that may be harmful to the quality of the USDA Foods in violation of current Federal and Idaho Codes.**

2.8 Inventory Management: All inventory shall be rotated on a "First In, First Out" (FIFO) basis and in accordance with good warehousing practices. An auditable system shall be initiated to show that this practice is in effect and documented.

2.9 Inventory Reports: Within five (5) working days after the first day of the month, a monthly inventory report shall be provided to SDE specifying case counts for all USDA Foods. The monthly report must include the beginning inventory, amounts received, amounts shipped, and ending inventory.

2.10 Annual Further Processed USDA Foods Audit: On an annual basis, SDE will audit the Further Processed USDA Foods products sold to each recipient agency and the price charged per case. This information must be available to SDE upon request.

2.11 Inspections and Inventories of Warehouse - Inspection of warehouse and inventories of all USDA Foods may be taken at any time during normal working hours (8:00 a.m.-5:00 p.m.) M - F. A complete inventory of all USDA Foods in storage is required by independent inventory personnel according to the federal regulations, 7 CFR 250 et seq. Additional inventories may be conducted on individual items or on the entire inventory at State agency request. If

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discrepancies exist between the SDE inventory records and the warehouse physical inventory, the SDE's inventory will be the only basis for inventory control, and the contractor is responsible for the value of USDA Foods shortages or damages. These USDA Foods shall be replaced by similar USDA Foods or commercially equivalent product. The replacement USDA Foods shall be of equal or better quality. The contractor may choose to reimburse the State for the value of the USDA Foods rather than replace them. The price per container shall be set by the State agency based on the present "wholesale value" from USDA.

After all shortages reported by recipient agencies have been cleared, if the value of overages is found to exceed the value of shortages, no settlement will be required. A written explanation shall be required to show why the discrepancies happened and how it will be avoided in the future.

Book inventory shall be adjusted after settlement to correspond with the physical inventory.

- 2.12 Outgoing Shipments** – There are approximately 185 recipients. In SY 2015, there were 110 school districts, 16 charter schools, 15 private schools, 17 residential child care institutions, 12 summer food service programs that are not a school district, and 15 senior citizen centers. These quantities may vary slightly on an annual basis.

There are ten (10) delivery periods a year between August and May. School districts and Residential Child Care Institutions receive deliveries every delivery period. Senior Citizen centers receive deliveries October through May. Summer Food Programs receive one delivery in May.

The contractor shall be responsible for assembling recipients' orders and loading those orders on the truck(s). All orders shall be palletized. Care shall be taken to minimize damage to the USDA Foods during shipping. Contractor shall be responsible for all damaged USDA Foods in its possession.

The contractor will be responsible for all USDA Foods including the Further Processed USDA Food items at all times during receipt, storage and distribution.

- 2.13 Summer Food Service Program** - The contractor is required to handle Summer Food programs in addition to the normal recipient agencies. These deliveries are to be included with the regular May USDA Foods deliveries. The contractor has the added requirement of allowing recipient agencies to pick up at the warehouse.

2.14 Transportation Requirements:

License Requirement - The contractor is required to obtain and maintain any applicable licenses and permits for the duration of the contract.

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Equipment - The carrier shall have adequate equipment available at the starting date and throughout the duration of this contract to provide safe and sanitary transportation of USDA Foods.

Refrigerated vehicles shall be used to transport frozen foods. The refrigeration unit of the carrier must be capable of maintaining frozen and refrigerated USDA Foods at safe temperatures.

- a. The carrier shall provide a current equipment list to be used in this contract.
- b. Proof of availability of the equipment listed must be given.
- c. The equipment list shall include the following combinations:

Dual compartment delivery vehicles for handling dry and frozen USDA Foods in the same shipment.

Single compartment refrigeration trucks (0° F) for separate or integrated loads of dry or refrigerated USDA Foods.

The number of vehicles required will depend on the size of the trucks, the number of deliveries of each shipment and the extent that USDA Foods are integrated with deliveries of commercial foods.

2.15 Delivery Schedules - The carrier shall have four weeks to deliver each shipment to the recipient agencies throughout the State. The four-week cycle shall fall within a calendar month.

The carrier shall set up a regular delivery route throughout the State so that each recipient will receive their USDA Foods at about the same time during the four-week delivery cycle.

A proposed route and delivery schedule shall be included in the proposal.

The carrier shall call each recipient at least twenty-four (24) hours before delivery to set up a mutually convenient time for delivery. If a carrier is unable to meet the delivery schedule, notification of the change must be given to the recipient agencies by the contractor as soon as it is known that the schedule cannot be met.

2.16 Delivery Time Restrictions - Deliveries shall be made between the hours of 7:00 a.m. and 2:30 p.m. to schools, unless special arrangements are made in advance. Deliveries shall be made Monday through Friday, except school holidays or emergency closure days. All schools delivering from their own central warehouse will not take delivery on their own grocery delivery day. All recipients will not take delivery during lunch service which generally takes place between 11:00 a.m. to 1:00 p.m.

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Other special delivery requirements include: approximately fifty-two recipients have special delivery times such as "deliver only at 8 a.m.; deliver after 3 p.m.; no delivery in the morning or afternoon; deliver at 6:30 a.m., etc."; approximately nineteen recipients require two different drop points; approximately twelve recipients will take delivery only on a specified day of the week; and approximately thirty-four recipients require frozen product and dry product to be delivered on separate pallets.

The contractor and school food service personnel will be requested to arrange a mutually acceptable flexible work schedule so that on the rare occasions, a receiver will be available on days when USDA Foods are scheduled for delivery after cafeteria hours.

2.17 Delivery Responsibility - The contractor maintains responsibility of the USDA Foods until the recipient agency has signed the bill of lading showing receipt.

All USDA Foods are to be delivered in good condition.

The carrier shall not store or load trucks with agricultural items, chemical products or other products that may be harmful to the safety and quality of the USDA Foods in violation of current Federal and Idaho Food Codes.

The contractor is responsible for delivery of USDA Foods only off the end of the truck. Any further placement is between the contractor and the recipient agency.

If a USDA Food is not available at the warehouse because of a late USDA shipment, the contractor is required to keep track of the recipient agencies that were to receive that USDA Food and deliver the USDA Food as soon as possible, but in no event later than one four-week cycle, following receipt of the USDA Foods at the warehouse.

Drivers and helpers shall request an authorized representative of the recipient agency to verify accuracy of items, quantities of each item, total quantities, and conditions of USDA Foods. Each bill of lading must be receipted (signed) by a designated recipient agency representative. Variations from the norm, i.e. shortages, damages, overages, etc., shall be noted on each bill of lading by the designated representative, initialed by both the truck driver and representative.

2.18 Shortages, Overages and Damages - The contractor shall ensure that the USDA Foods loaded on the truck are in good condition.

Any problems with the USDA Foods shall be noted and/or corrected before the truck leaves the contractor warehouse.

At the time of delivery, the recipient agency shall sign a copy of the bill of lading and note any problems found with the USDA Foods.

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The contractor is responsible to correct any damages and shortages noted on the bill of lading.

The USDA Foods are to be replaced at the contractor's expense with equal or greater quality and value. If the item cannot be replaced, the contractor shall pay the State Office the current USDA "wholesale value" of the product.

If an overage is found, the USDA Foods item is to be returned to the warehouse and placed back into State storage.

2.19 Further Processed USDA Foods

The State Department of Education each year signs contracts with private companies for the Further Processing of USDA Foods. The intent is to provide products that are more readily useable at a reasonable prices to the recipient agencies of Idaho, i.e., whole chickens are processed into fajita meat and roasted chicken, canned fruit in #10 cans is processed into shelf stable half cup servings, etc.

The contractor in addition to storage and distribution of Further Processed USDA Foods, will act as purchasing agent on behalf of SDE.

The contractor will be required to perform the following:

- a. Secure adequate credit from designated Nationally Approved Processors. The contractor must purchase shipments of Further Processed USDA Foods. The per case charge must be the same as the End Product Data Schedules (EPDS), but if less, all credits, discounts and rebates must be passed on to the recipient agencies. The EPDS will be provided to you by SDE. The contractor recoups by billing the eligible recipient agencies the per case processing charge (the percentage of gross mark-up per case proposal price). List your proposal percentage of gross mark-up for handling delivery and storage of Further Processed USDA Foods.
- b. The contractor must provide a tracking system for monitoring the sales of Further Processed products. Monthly reports must be sent to the State Office indicating Further Processed USDA Foods products on hand, quantities received and sold and remaining inventory at month end and year-to-date. The contractor shall also provide a monthly report listing all sales, prices charged and sale dates for each recipient agency. This report can be transmitted electronically or manually. Describe your method of collecting, reporting and transmitting data.

2.0 SCOPE OF WORK

- c. The contractor will be fully responsible for the complete inventory of the Further Processed USDA Foods products.
- d. The contractor must provide complete documentation indicating financial strength to support required inventory and receivables, i.e., approximately \$250,000.00 to \$500,000.00 investment in inventory and receivables. Those contractors demonstrating experience in Further Processing of USDA Foods will receive special consideration.
- e. The contractor shall be responsible for hosting up to three Processed USDA Foods Advisory Council Meetings every two years. The Processed USDA Foods Advisory Council Meetings are held to taste, analyze and select Further Processed USDA Foods for the following school year. The location of one of the meetings shall be in the Treasure Valley and a second and/or third meeting shall take place in Northern and/or Eastern Idaho. The meeting time and place shall be scheduled by the contractor and State Agency at a mutually agreeable time and location. Contractor shall provide facility, personnel to prepare and serve the Further Processed USDA Food samples and a lunch for each participant. The contractor shall also agree to receive, store, catalog and transport all product samples prior to each meeting. In January 2015, there were approximately 80 participants at the Treasure Valley meeting and 35 participants at the Eastern Idaho meeting.

2.20 Liaison - The contractor shall assign a(n) employee(s) as a primary contact(s). These person(s) shall be available during normal business hours to advise the State Office of changes or problems.

The(se) person(s) shall notify the State Office of any changes that will affect the operation of the Further Processed USDA Food program within the State of Idaho.

There shall be good communication between the contractor and SDE. The contractor is responsible for lack of communication and for any financial problems that may arise from the lack of communication.

2.21 Paperwork - The contractor may use their own bill of lading but it must reflect the quantity and description of the USDA Foods. Further Processed USDA Food products shown on the bill of lading must also include the base charge per case from the processor and the charge paid by the recipient that includes the percent markup.

The Bill of Lading shall show what each recipient agency is to receive during the four-week cycle and the number of cases.

2.0 SCOPE OF WORK

The contractor shall have the recipient agency sign one (1) copy of the bill of lading at time of delivery and keep this copy on file as proof that the USDA Foods were delivered in good condition.

When a discrepancy is noted by a recipient agency on the Bill of Lading, the contractor will show on a separate billing form the delivery of the USDA food correcting the discrepancy. This form shall be signed by the recipient agency and a copy sent to the State Office.

All discrepancies shall be resolved within sixty (60) calendar days of discovery.

2.22 Termination of Contract - The State Office may terminate this contract at its discretion by giving thirty (30) calendar days written notice to the contractor.

In the event that the contractor terminates this agreement for any reason whatsoever, the State Office requires ninety (90) calendar days written notice prior to termination. The contractor shall be responsible for all costs associated with the transfer of USDA Foods to another location.

2.23 Computers - Any computer programs, software or equipment required by contractor to match present State Office programs or equipment will be the sole responsibility of the contractor. An adequate computer system must be in place at the commencement of the contract, July 1, 2016.

3.0 SOLUTION APPROACH

3.1 Claim Filing Procedures – Inbound shipments

Inbound shipments will be received in accordance with acceptable industry practices and FNS Instructions 709-5.

Northwest downloads USDA expected inbound lists from WBSCM on a monthly basis to issue purchase orders for inbound scheduling and receiving.

All inbound loads will be inspected for appropriate temperature, security seals and product condition. Any security, temperature, dating or out of condition irregularities will be reported immediately to SDE for resolution before the shipment is accepted.

Within 48 hours of receipt all inbound shipment paperwork will be sent to SDE along with information on any discovered, overages, shortages or damaged products refused at the time of delivery.

3.2 Warehousing

Northwest Distribution, located at 1750 W Hwy 52 in Emmett, has 50,000 square feet of frozen, refrigerated and dry storage to store USDA Foods, and has arranged for additional frozen storage at Americold 231 4th Avenue North in Nampa, Idaho. Outsourced storage service will be uninterrupted for the contract period.

Northwest will arrange transfer orders from cold storage to maintain adequate inventory levels at our Emmett distribution facility from which customer orders will be picked, staged and transported.

Refrigeration and equipment are in place to meet the requirements of the RFP. Northwest's history of storage, warehousing equipment and inventory management will continue to meet all of the RFP warehousing specifications.

All State of Idaho products will be stored in segregated areas of the building.

Each of the storage areas contains a thermometer. Temperatures are checked several times daily to insure products are being stored at proper storage temperatures.

Northwest has sufficient dock facilities that provide our warehouse staff the ability to unload inbound shipments while loading outbound shipments. Our facility also includes an on-site rail siding.

3.0 SOLUTION APPROACH

The warehouse facilities are secure and are in compliance with the United States Food, Drug and Cosmetic Act, State food laws and HACCP regulations.

Northwest does not distribute soaps and chemicals so potential contamination of USDA Foods will not be an issue. Chemicals which are used for routine maintenance are stored in an isolated outside storage area.

A third party pest control program is in place and monitored monthly.

3.3 Inventory Management

In addition to the audited year-end inventory, a full physical count will be performed in December or as requested by SDE. Cycle counts are performed monthly throughout the year to insure accuracy of inventory. As necessary, counts will be performed to resolve discrepancies reported by RA's, to resolve discrepancies between Northwest and SDE perpetual inventory or to verify final inventory availability.

Full monthly inventory reports stating beginning inventory, cases received, cases shipped, adjustments and ending balances is provided at the beginning of each month along with the Administrative Fee reconciliation and payment.

As concealed damage is discovered, Further Processed products will be reported immediately to the vendor for vendor credit and both Further Processed and Direct Ship USDA Foods will be reported directly to SDE.

Northwest Distribution Services will make every effort to work with SDE on slow moving inventory and products that are approaching their optimum shelf life.

All stock will be rotated according to FIFO rotation industry standards.

3.4 Distribution

We will adhere to the specifications set forth in the RFP with regards to outgoing shipments.

We have established a Flexible Delivery System in which recipients can request their preferred delivery date and time. Deliveries will be scheduled at the first of the month using this schedule and we make every attempt to accommodate the customer's special requests, including warehouse will calls. This flexible delivery schedule allows for more than one delivery, in most cases, weekly, based on their requirements.

3.0 SOLUTION APPROACH

Once deliveries are scheduled, a copy of the delivery date, time and order is faxed to the recipient after scheduling is completed. One week in advance of delivery, Northwest Distribution will call each recipient to re-confirm the delivery. If a Northwest Distribution delivery is detained for any reason, the customer will be called with the new anticipated delivery time.

A customer can receive delivery more than a once per month providing they meet a 300 pound minimum order of USDA Foods, commercial, or Further Processed USDA Foods combination. Northwest Distribution will make every attempt to accommodate the recipient's changing delivery needs and considerations will be made for those that are unable to meet the 300 pound requirement. Recipient Agencies will be allowed to pick up USDA Foods at the warehouse if requested.

Products will be picked, staged, shrink wrapped and loaded on trailers capable of maintaining frozen, refrigerated and dry USDA Foods at safe temperatures per the confirmed delivery appointments. Trailers are secured before leaving the dock and remain secured throughout the route.

All trailers are clean and maintained on a regular basis as well as equipped with lift-gates and pallets jacks to insure less damage and a more efficient delivery process.

Drivers are dressed in company uniforms and will keep a clean and neat appearance. We realize that our drivers are our greatest asset. Most often the same driver has the same routes which help our service level as they become very familiar of a customer's delivery needs.

3.5 Claim Filing – Delivered Products

Northwest Distribution will assure that USDA Foods are in good condition when they are loaded on the truck.

In the event of a mis-pick or damaged product, product will be brought back to the warehouse and arrangements will be made with the customer for the redelivery of product.

In the event of a shortage, the shortage will be noted on the BOL and arrangements will be made for the redelivery of product.

4.0 PAYMENT TERMS

4.1 Taxes: The State is generally exempt from payment of state sales and use taxes and from personal property tax for property purchased for its use. The State is generally exempt from payment of federal excise tax under a permanent authority from the District Director of the Internal Revenue Service (Chapter 32 Internal Revenue Code [No. 82-73-0019K]). Exemption certificates will be furnished as required upon written request by the Contractor. If the Contractor is required to pay any taxes incurred as a result of doing business with the State, it shall be solely and absolutely responsible for the payment of those taxes. If, after the effective date of this Agreement, an Idaho political subdivision assesses, or attempts to assess, personal property taxes not applicable or in existence at the time this Agreement becomes effective, the State will be responsible for such personal property taxes, after reasonable time to appeal. In no event shall the State be responsible for personal property taxes affecting items subject to this Contract at the time it becomes effective.

4.2 Will Call Delivery Fees: Recipient agencies will have the ability to coordinate will call pickup orders at the contractor's warehouse. These recipient agencies will be charged the same delivery fee for USDA Foods. The recipient agencies will not be charged any additional fees for will call pickup orders.

Recipient agencies that elect to pick up their USDA Foods at the warehouse are subject to storage charges negotiated between the recipient agency and contractor on any USDA Foods still in storage at the warehouse after the last day of the month when the USDA Foods were to be picked up at an earlier date. The State Office shall provide the contractor with this listing.

There shall be no minimum limitation on USDA Food quantity withdrawn and recipient agencies shall be permitted to withdraw USDA Food allotments at any time during regular business hours when authorized by the State Office.

The contractor will collect an additional administration fee of **\$.40 per case** for Direct Ship USDA Foods and **\$.25 per case** for all Further Processed USDA Foods to cover State agency administrative fees. This fee will be paid to SDE on a monthly basis. This figure is based on the number of cases shipped that month as shown by SDE records. The SDE and the contractor will verify the number of cases shipped each month at the time of payment of the administration fee to SDE.

The contractor will credit the fee per case delivery fee to recipient accounts for shortages and damaged USDA Foods. Recipients are required to note shortages and damaged goods on their invoice at time of delivery to receive a delivery fee credit. Shortages and damaged USDA Foods must be shipped the next delivery period and rebilled by the contractor.

With SDE approval, USDA Foods shipments can be held and redistributed to other recipients if the sponsor has not paid invoices 90 days after the delivery date.

4.0 PAYMENT TERMS

Any discrepancy in recipient checks paid to the contractor for the fee per case must be balanced and any overpayments or underpayments reconciled to the recipient's account. If the warehouse and distribution contract is discontinued with the contractor then a check must be issued to the recipients to repay any account balances.

The contractor is responsible for any outstanding subcontractor bills incurred during the duration of the contract.

The contract renewal will justify increases and/or decreases in the case delivery fee rates based on industry cost data, the consumer price index and/or producer price index.

If the contractor returns USDA Foods that it was not able to deliver to a recipient, the USDA Foods are the responsibility of the contractor and are not to be billed to the recipient.

If the contractor has an overage and returns it to the warehouse, the contractor shall return the overage to State storage and no fee shall be assessed to the State.

4.3 Collection of Delivery Fees of Direct Ship USDA Foods: The contractor will invoice and collect a delivery fee from the recipient agencies for the delivery of Direct Ship USDA Foods. The delivery fee per case covers the cost of handling, storage and delivery of USDA Foods. All recipient agencies will be charged an identical delivery fee.

4.4 Collection of Delivery Fees of Further Processed USDA Foods: The Further Processed USDA Foods delivery fee is to be calculated separately. This shall be included as a percentage. SDE will secure annual pricing for the Further Processed USDA Foods and the contractor will purchase the Further Processed USDA Foods products as directed by SDE.

4.5 Unresolved Delivery Discrepancies: The State Department of Education shall bill the contractor for any unresolved delivery discrepancies.

Failure of the contractor to adhere to delivery schedules as specified; shall render the contractor liable for the difference between the "open market" price and the contract price for emergency procurement of USDA Foods by recipient agencies. Delivery schedule is mandatory and failure to deliver may result in contract cancellation.

4.6 Payment Terms: Payment will be made in accordance with Idaho Code 67-2302.

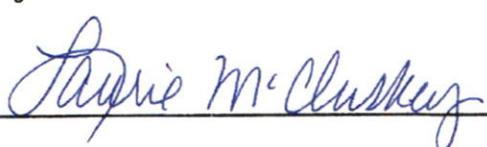
4.7 Payment Schedule:

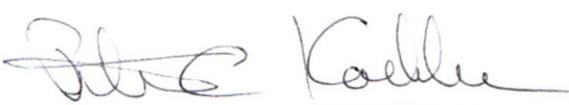
- 18% Mark-up on Further Processed USDA Foods Products
- \$3.52 Flat Fee Cost per case for Storage and Distribution of Direct Ship USDA Foods

5.0 SIGNATURE PAGE

5.1 Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement. Electronic, Facsimile, scanned, or photocopied signatures shall be deemed original signatures.

5.2 Signatures:

Contractor's Legal Business Name	Tax ID#
Good Source Solutions, Inc. DBA Northwest Distribution Services	33-0885546
Contractor's Authorized Representative's Printed Name	Title
Laurie McCluskey	Vice-President
Signature	Date
	4/19/16

SDE Authorized Representative's Printed Name	Title
Peter C Koehler	Chief Deputy
Signature	Date
	4/21/16