

STATE OF OHIO
DEPARTMENT OF ADMINISTRATIVE SERVICES
GENERAL SERVICES DIVISION
OFFICE OF PROCUREMENT SERVICES
4200 SURFACE ROAD, COLUMBUS, OH 43228-1395

MANDATORY USE CONTRACT FOR: EGG PRODUCTS, PROCESSED USING USDA COMMODITY BULK LIQUID WHOLE EGGS

CONTRACT No.: OT901008

EFFECTIVE DATES: 09/01/07 to 06/30/10
Renewal through: 06/30/12 *

The Department of Administrative Services has accepted bids submitted in response to Invitation to Bid No. OT901008 that opened on 03/23/07. The evaluation of the bid response(s) has been completed. The bidder(s) listed herein have been determined to be the lowest responsive and responsible bidder(s) and have been awarded a contract for the items(s) listed. The respective bid response, including the [Terms and Conditions for Bidding, Standard Contract Terms and Conditions, and Supplemental Contract Terms and Conditions](#), special contract terms & conditions, any bid addenda, specifications, pricing schedules and any attachments incorporated by reference and accepted by DAS become a part of this Requirements Contract.

This Requirements Contract is effective beginning and ending on the dates noted above unless, prior to the expiration date, the Contract is renewed, terminated or cancelled in accordance with the Contract Terms and Conditions.

This Requirements Contract is available to the Department of Education, Office for Safety, Health and Nutrition, 25 South Front Street, Third Floor, Columbus, OH 43215, as applicable.

Agencies are eligible to make purchases of the listed supplies and/or services in any amount and at any time as determined by the agency. The State makes no representation or guarantee that agencies will purchase the volume of supplies and/or services as advertised in the Invitation to Bid.

SPECIAL NOTE: State agencies may make purchases under this Requirements Contract up to \$2500.00 using the state of Ohio payment card. Any purchase that exceeds \$2500.00 will be made using the official state of Ohio purchase order (ADM-0523). Any non-state agency, institution of higher education or Cooperative Purchasing member will use forms applicable to their respective agency.

Questions regarding this and/or the Requirements Contract may be directed to:

Russell Perry, CPPB
russell.perry@das.state.oh.us

This Requirements Contract and any Amendments thereto are available from the DAS Web site at the following address:

<http://www.ohio.gov/procure>

* indicates Contract Renewal through 6/30/12

Signed: _____
Robert Blair, Director Date

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AMENDMENTS TO CONTRACT TERMS AND CONDITIONS: The following Amendments to the Contract Terms and Conditions do hereby become a part hereof. In the event that an amendment conflicts with the Contract Terms and Conditions, the Amendment will prevail.

DELIVERY AND ACCEPTANCE: Purchase orders for any item(s) listed in a contract awarded pursuant to this bid will be placed directly with the successful contractor by the using agency. Product will be processed and delivered within one (1) month (per one [1] truckload of commodity) of receipt of commodity or as mutually agreed by the contractor and the Department of Education and, in accordance with Article S-2 of the Supplemental Contract Terms and Conditions. Deliveries shall be made to the following Ohio sites. The delivery location will be noted on the purchase order issued by the participating agency. All shipments are to be one stop composite truckloads, with the exception of the final delivery, which may require a partial load to each site at no additional charge to the state. Unloading is by appointment only. The contractor shall contact the cold storage facilities to make an appointment for unloading prior to loading for shipment. The percentage of total product to be delivered to each location is also provided. The state reserves the right to add, delete, or change distribution centers and/or percentage of usage during the course of the contract. Acceptance (transfer of title) will occur upon the inspection and written confirmation by the ordering agency that the supplies delivered conform to the requirements set forth in the Contract. Unless otherwise provided in the Contract, acceptance shall be conclusive except in regards to latent defects, fraud, or such gross mistakes as amount to fraud.

<u>CITY</u>	<u>WAREHOUSE</u>	<u>PERCENTAGE OF PRODUCT</u>
Dayton, Ohio	Terminal Cold Storage	50%
Obetz, Ohio	VPA Cold Storage	25%
Cleveland, Ohio	SYSCO Foodservice	25%

TRANSPORTATION CHARGES: Any item(s) ordered from a contract awarded pursuant to this bid shall be shipped F.O.B. destination, freight prepaid to the three (3) cold storage facilities in the state of Ohio listed above. Commodity will be delivered to the contractor by the USDA, F.O.B. Destination.

PAYMENT: Shall be in accordance with Article III.B. of Contract Terms and Conditions with the following exception: Payments will be due on the 90th calendar day rather than the 30th calendar day.

DOCUMENTATION

1. The bidder should submit a narrative of their processing and fabrication procedures as part of the bid response for product to be produced under this contract. The processing and fabrication procedures are to describe the product and the exact method of processing.
2. SPA Ohio (State Participation Agreement): If the successful contractor has in place a national agreement with the USDA, they shall complete and sign a SPA Ohio (State Participation Agreement) prior to the inception date of any ensuing contract. The agreement will be provided by the Department of Education, Office for Safety, Health, and Nutrition and is the authority to process USDA commodity foods and adherence to its contents is mandatory. Failure to complete and return this document prior to inception date of any ensuing contract may result in immediate cancellation from contract. The SPA Ohio (State Participation Agreement) may be reviewed at the Ohio Department of Education's web site: at the following url:

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=487&Content=21647>

Should the successful contractor not currently have in place a national agreement with the USDA, either a national or state master agreement will be required. As part of this process, the successful contractor shall furnish to Department of Education a surety bond obtained only from a surety company listed in the U.S. Department of Treasury Circular 570, "Surety Companies Acceptable on Federal Bonds", an irrevocable letter of credit, or an escrow account. Such bond, letter of credit, or escrow account shall be made payable to the Department of Education. The bond shall guarantee that the processor shall faithfully account for, return, or pay for all of the commodity food received or carried forward, in accordance with the processing agreement.

Inventory protection is required by the Department of Education prior to the delivery of commodity food to the processor. The minimum amount of the bond, letter or credit or escrow account, shall be determined by: value of the commodity food plus value of commodity food on order minus anticipated usage rate during the processing Agreement period. The bond shall remain in effect until all commodity food is properly accounted for, paid for or returned in accordance with the processing agreement. Liability for loss is provided in Article 18 of the processing agreement.

3. Quality Control/Total Quality Control: Prior to contract inception, the contractor shall submit to the DOE, OSHN a narrative of the quality control or total quality control program at the processing plant. The narrative of the quality control or total quality control program is not to be submitted as part of the bid response.
4. Nutritional Analysis: As part of the bid response, the bidder should submit a nutritional analysis for all finished products proposed to be processed for the Department of Education, Office for Safety, Health, and Nutrition.
5. Certification: The bidder should submit a certification, on company letterhead and signed, from the processor's Quality Assurance department, that the product samples meet specifications contained in this Invitation to Bid (ITB).

Documentation listed above that is designated to be submitted with the bid response may also be requested during bid evaluation. Documents will be requested during evaluation and a deadline of seven (7) calendar days provided for submission. Failure to provide documents requested by the deadline provided will deem the bid not responsive.

PRODUCT SAMPLES: If requested during the bid evaluation, two (2) samples of each product offered is required. A sample shall consist of one (1) case of each product. Product samples shall be submitted within ten (10) calendar days to the address shown below. Samples shall bear required labeling and markings. Each sample shall be identified as to content, processor, bid number, and bidder's company name. All samples shall be produced subsequent to the date of release of this ITB. Bench top samples or R & D samples are not acceptable.

Office for Safety, Health, and Nutrition
c/o VPA Cold Storage
4465 Industrial Center Drive
Obetz, OH 43207
Telephone: (614) 409-0124
Attn: J.R. Green

One (1) case of each product shall be used for sample evaluation and the other case of each product shall be used to verify actual processed product received during the term of any ensuing contract. Evaluation of samples may include, but is not limited to: appearance, color, aroma, flavor (taste), and texture. The samples may be analytically tested. Samples will not be returned. Failure to submit samples as specified, when requested during the bid evaluation, will deem the bid not responsive.

EVALUATION: Bids will be evaluated in accordance with Article I-17 of the "Instructions, Terms, and Conditions for Bidding". In addition, the bid will be evaluated according to the fee per pound for processing the specified finished product. There will be a taste test of the samples submitted to determine acceptability. There will be, at a minimum, a five (5) member panel composed of members of the Office for Safety, Health, and Nutrition staff and members of the Ohio Commodity Advisory Board. Samples will be evaluated for taste, texture, eye appeal, aroma, and color. If product is deemed unacceptable as a result of the taste test, no further consideration for award shall be given. If the product sample submitted for the taste test exceeds the specifications, as stated in the bid, and is presented as being the end product for the entire contract, then the sample shall be the standard for the entire contract with anticipated yields as projected and costs as stated.

CONTRACT AWARD: The contract will be awarded to the lowest responsive and responsible bidder meeting all bid specifications and requirements by low lot total. Lot total will be determined by multiplying the unit price for each item by the minimum yield per truckload of commodity for the item and then multiplying that figure by the number of truckloads of commodity to be processed annually to obtain a line item extended price. It is anticipated that equal amounts of the commodity will be processed into each of the three (3) end products. The line item extensions will then be added to obtain a lot total. Failure to bid all items may result in the bidder being deemed not responsive.

USAGE REPORTS: Every six (6) months the contractor must submit a report (written or on disk) indicating sales generated by this contract. The report shall list usage by customer, by line item, showing the quantities/dollars generated by this contract. The report shall be forwarded to the Office of Procurement Services, 4200 Surface Road, Columbus, Ohio 43228-1395, Attn: Elizabeth Lind.

SPECIFICATION

I. SCOPE AND CLASSIFICATION

A. Scope

The purpose of this bid is to obtain a contractor to process United States Department of Agriculture (USDA) commodity liquid whole eggs into precooked scrambled eggs, precooked grilled egg patties, and precooked cheese/egg omelets for the Ohio Department of Education (DOE), Office for Safety, Health, and Nutrition (OSHN). It is anticipated that approximately 144,000 lbs. of liquid eggs will be made available by the USDA to the state of Ohio annually and that the listed amount will be processed during any ensuing contract (equal amounts of commodity for each of three (3) end products). Product is anticipated to become available in August, 2007. The quantity specified is based on anticipated product availability from the USDA and the state of Ohio is not obligated to request processing in these amounts or any other quantities. Liquid whole eggs will be delivered to the contractor in tankers and the contractor shall process product and deliver finished product to the three (3) cold storage facilities specified herein. Bid pricing (price per pound of finished product) shall include all transportation charges and any other costs associated with providing the specified product. Any contract issued pursuant to this bid shall be for a period of thirty-four (34) months, from September 1, 2007 through June 30, 2010.

B. Classification

1. Eggs, Scrambled, Precooked, Frozen
2. Egg Patties, Grilled, Precooked, Frozen
3. Omelets, Colby Cheese, Precooked, Frozen

II. REQUIREMENTS

A. Commodity Description

1. Bulk liquid whole eggs (without color stabilizer)
 - a. Class: Bulk liquid eggs complying with 9 CFR, Part 590
 - b. Style: Whole, liquid, fresh chilled
 - c. Weight Range: 40,000 lb. insulated tankers
 - d. U.S. Grade: Commercial consumer Grade AA or A
 - e. Type: Pasteurized, liquid whole eggs
 - f. The liquid whole eggs are to be delivered to the processing plant at an internal temperature of not higher than 40 degrees F. (4.4 degrees C.).

SPECIFICATION (Cont'd.)

B. End Product Description

1. Eggs, Scrambled, Precooked, Frozen

<u>a. Ingredients</u>	<u>Formulation</u>
Whole Eggs	85.00% minimum
Skim Milk	5.00% maximum
Modified Food Starch	<2.00%
Salt	<2.00%
Xanthan Gum	<2.00%
Pepper Flavoring	<2.00%
Citric Acid	<2.00%
Natural and Artificial Flavors	<2.00%

b. Using USDA commodity bulk eggs, the contractor shall formulate a precooked scrambled egg product that provides for each one (1) ounce serving a one (1) ounce equivalent meat alternate for the National School Lunch Program (NSLP). The precooked scrambled egg product shall consist of USDA commodity bulk eggs, skim milk, modified food starch, spices, and other ingredients per the formulation. Combine pasteurized whole eggs, skim milk, modified food starch, salt, xanthan gum and flavorings until blended. The following ingredients shall not be used: peanut oil, palm oil, coconut and cottonseed oils. Egg mixture shall be cooked until of a crumbled texture typical of scrambled eggs is achieved. Once cooked, the scrambled eggs shall be immediately frozen.

2. Egg Patties, Grilled, Precooked, Frozen

<u>a. Ingredients</u>	<u>Formulation</u>
Whole Eggs	70.00% minimum
Water	22.00% maximum
Dry Whole Milk	5.00% maximum
Soybean Oil	5.00% maximum
Salt	<2.00%
Xanthan Gum	<2.00%
Citric Acid	<2.00%

b. Using USDA commodity bulk eggs, the contractor shall formulate a precooked scrambled egg patty that provides a minimum of one (1) meat alternate for the National School Lunch Program (NSLP). The precooked scrambled egg patty shall consist of USDA commodity bulk eggs, water, modified food starch, salt, and other ingredients per the formulation. Combine pasteurized whole eggs, water, dry whole milk, soybean oil, salt, and xanthan gum in mixing tank until blended. The following ingredients shall not be used: peanut oil, palm oil, coconut and cottonseed oils. Grilled egg patty shall be cooked by dry heat until bottom of patty is lightly browned. Cooking shall be finished with steam heat. The minimum weight of each egg patty shall be 1.25 ounces. Once cooked, the grilled scrambled egg patty shall be individually quick frozen (IQF).

SPECIFICATION (Cont'd.)

3. Omelets, Colby Cheese, Precooked, Frozen

<u>a. Ingredients</u>	<u>Formulation</u>
Whole Eggs	65.00% minimum
Colby Cheese	10.00% minimum
Water	8.00% maximum
Dry Whole Milk	<2.00%
Soybean Oil	<2.00%
Modified Food Starch	<2.00%
Salt	<2.00%
Xanthan Gum	<2.00%
Citric Acid	<2.00%

- b. Using USDA commodity bulk eggs, the contractor shall formulate a precooked Colby cheese omelet that provides a minimum of two (2) meat alternates for the National School Lunch Program (NSLP). The omelet shall consist of USDA commodity bulk eggs, Colby cheese, water, dry whole milk, soybean oil, modified food starch, salt, and other ingredients per the formulation. Combine pasteurized whole eggs, water, milk powder, modified food starch, soybean oil, salt, and xanthan gum in mixing tank until blended. The following ingredients shall not be used: peanut oil, palm oil, coconut and cottonseed oils. The omelet shall be cooked by dry heat until bottom of patty is lightly browned. Cooking shall be finished with steam heat. Colby cheese stick shall then be inserted and the omelet folded. The minimum weight of each Colby cheese omelet shall be 2 ounces. Once cooked, the Colby cheese omelet shall be individually quick frozen (IQF).

C. Preparation and Processing

1. All preparation and processing described herein shall occur subsequent to the date of award. The product shall be produced, processed, and stored in plants operating under the supervision of the contractor.
2. No monosodium glutamate may be used in the processing of these products.
3. The end product shall be frozen to a temperature of 0° F. or lower within seventy-two (72) hours of the beginning of the freezing process.

D. Quality Control

The contractor shall make available, at the request of the DOE, OSHN, laboratory test results for each finished good item produced from liquid whole eggs. Samples may be randomly drawn by the OSHN from a current production lot or shall be a reference sample maintained by the processor.

Minimum bacteriological standards shall be:

1. Standard Plate Count: Less than 350,000/gm
2. Coliform: Less than 500 gm
3. Staph: Coagulase Positive – Less than 100/gm
4. Salmonella: Negative in 25 gm
5. Clostridium Perfringens: Less than 60/gm

All costs for testing shall be the responsibility of the contractor. Failure to meet the specification requirements will invalidate the awarded contract and will result in the contractor being liable for any financial losses incurred by the state of Ohio.

SPECIFICATION (Cont'd.)

E. Packaging

1. Eggs, Scrambled, Precooked, Frozen: Individual poly bags with a weight of five (5) pounds per bag. Each case shall have four (4) five (5) pound bags per corrugated fiber master carton.
2. Egg Patties, Grilled, Precooked, Frozen: Shall be packed IQF in poly bags with a net case weight not to exceed twenty-five (25) pounds.
3. Omelets, Colby Cheese, Precooked, Frozen: Shall be packed IQF in poly bags with a net case weight not to exceed thirty (30) pounds.
4. General
 - a. All packaging and packing materials must be new and clean, and must not impart objectionable odors or flavors to the product.
 - b. Bags shall be securely closed. Metal wire ties, metal clips, paper-coated wire ties, or staples shall not be used for sealing plastic-film bags.
 - c. Staples shall not be used as a final case closure. Case closure shall be accomplished by taping, strapping, or gluing. All boxes within the delivery unit of an individual product shall be of a uniform size and weight.
 - d. Boxes shall be full telescope RSC design. Fiberboard shall be testing not less than 250 lbs. No holes in boxes are permitted.

F. Labeling

1. The contribution value of a serving to the NSLP pattern, the nutrition analysis, and the reheating and serving size information shall be printed on the outside of the master case or may be included as an insert in each master case.
2. Product may have an approved CN label and name and location of the processor. Each container shall bear the net weight of the case, the date of manufacturing/processing, the ingredient statement in order of predominance, and recommended storage instructions.
3. Printed, stamped, and stenciled labeling and marking information on shipping containers must be water-fast, non-smearing, of a contrasting color, clear, and readable.
4. Cooking instructions shall be included with each case and a copy sent to the DOE, OSHN prior to initial shipment of all products.

G. Palletizing

Shipments shall be palletized according to standard industry practices and shall conform to the following:

1. Manufacturers standard 40" x 48" partial 4-way shipping pallets are acceptable.
2. Maximum Height: 7'6" (including pallet)
3. Maximum Weight: 3,500 lbs. (including pallet)
4. Pallets are to be securely banded or shrink wrapped.
5. The cost of palletizing must be included in the unit price.

Pallet exchange is satisfactory with all warehouses.

SPECIFICATION (Cont'd.)

H. General Information

1. The delivered product shall comply with all applicable federal and state mandatory requirements and regulations relating to the preparation, packaging, labeling, storage, distribution, and sales of the product within the commercial marketplace.
2. All commodities and services to be furnished hereunder shall conform to the specifications as noted herein. All product shall be processed in the United States.
3. If laboratory analysis is done in accordance with Article S-15 of Supplemental Contract Terms and Conditions, the laboratory analysis will be predicated upon the formulation specified herein.
4. Guaranty: By the signature affixed on page 1 of this bid, contractor guarantees that, as of the date of delivery to the State or the State's agent, the product(s) offered is (are) not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act ("the ACT"), and not an article which may not, under the provisions of section 404, 505, or 512 of the Act, be introduced into interstate commerce.
5. The processor will maintain records to insure traceability of commodity eggs from receipt at processor's plant to delivery to the designated warehouses.

I. Documentation: The following documents should be submitted with the bid response:

1. A narrative of processing and fabrication procedures for each end product, as specified on page 3
2. A nutritional analysis for each end product, as specified on page 4
3. A Quality Assurance certification that samples submitted meet bid specifications, as specified on page 4
4. A copy of the bidder's current Workers' Compensation certificate (Ohio bidders only), as specified in Article S-12 of Supplemental Contract Terms and Conditions
5. A certificate of insurance, reflecting coverage of the types and levels specified, with the endorsements listed, as specified in Article S-13 of Supplemental Contract Terms and Conditions
6. A completed Declaration Regarding Material Assistance/Non-Assistance to a Terrorist Organization form (DMA), as specified in paragraph D. of page 2 of the bid

Documents not submitted with the bid response will be requested during the bid evaluation and a deadline of seven (7) calendar days will be provided for submission. Failure to provide documents by the deadline provided during the bid evaluation will deem the bid not responsive.

III. CONTRACTOR'S RESPONSIBILITIES

In addition to those responsibilities specified above, the contractor shall be responsible for the following:

A. Receiving Information:

The contractor shall be responsible from

1. Completing and filing with the OSHN overage, shortage, and damage reports.
2. Obtaining signed receipts (original bills of lading) from carriers of commodity foods.
3. Mailing all delivery receipts and receiving reports to the OSHN no later than the following business day after receipt.

SPECIFICATION (Cont'd.)

- B. Prime Contractor Responsibilities: The prime contractor will be required to assume responsibility for all contractual activities offered in this agreement, whether or not that contractor performs them. Further, the state will consider the prime contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated contract. If any part of the work is to be subcontracted, the contractor shall provide a list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted and descriptive information concerning subcontractor's organizational abilities. The state reserves the right to approve subcontractors and to require the primary contractor to replace subcontractors found to be unacceptable. The contractor is totally responsible for adherence by the subcontractor to all provisions of the contract. Any changes in subcontractors must be approved by the state, in writing, prior to such change.
- C. Accounting Records: The contractor and all subcontractors shall maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and other procedures specified by the state of Ohio. Financial and accounting records shall be made available upon request to the state of Ohio, its designees or the Ohio Auditor of State at any time during the contract period and any extension thereof for three (3) years from expiration date and final payment on the contract or extension thereof.

PRICE SCHEDULE

ITEM ID	END PRODUCT (PROCESSED AS SPECIFIED)	COMMODITY WEIGHT PER TL (TANKER)	MINIMUM YIELD * OF END PRODUCT PER TL (TANKER) OF COMMODITY	FEE FOR PROCESSING (PER LB. OF END PRODUCT)
3844	Eggs, Scrambled, Precooked, Frozen	48,000 lbs.	49,775 lbs.	\$ 0.805 per lb.
3843	Egg Patties, Grilled, Precooked, Frozen	48,000 lbs.	71,165 lbs.	\$ 0.789 per lb.
9538	Omelets, Colby Cheese, Precooked, Frozen	48,000 lbs.	76,881 lbs.	\$ 1.381 per lb.

Case Weight: 20.0 lbs. – Scrambled Eggs

23.44 lbs. – Egg Patties

18.9 lbs. – Omelets

* Minimum yield under this contract is the pounds of end product returned to the state of Ohio on weight of commodity product.

CONTRACTOR, TERMS AND DELIVERY:

141612
Milton G. Waldbaum Company
301 Carlson Parkway, Suite 400
Minnetonka, MN 55305

Remit To:

P.O. Box 98378
Chicago, IL 60693

CONTRACTOR'S CONTACT: Mr. James Ruhling *

CONTRACTOR'S IT/MIS CONTACT: Mr. Joe Silva

BID/CONTRACT NO.: OT901008-1 (06/30/11)

TERMS: Net 90 Days

DELIVERY: 30 Days ARO

Telephone: (412) 793-7601
Fax: (763) 413-7294
Email: James. Ruhling@michaelfoods.com

Telephone: (952) 258-4016

* Indicates an updated contractor contact

SUMMARY OF AMENDMENTS

Amendment Number	Revision Date	Description
2	07/01/11	12 month mutual renewal
1	07/01/10	12 month mutual renewal and contact updates