

PSP

March 17, 2011

NOTICE TO THE TRADE - DeCA NOTICE 11- 52

SUBJECT: DeCA Brand Name Fresh Turkey Parts Merchandising Program

The purpose of this Notice to the Trade (NTT) is to announce the Defense Commissary Agency (DeCA) is seeking to establish a new merchandising program for brand-name fresh turkey parts for the CONUS commissaries. This merchandising program is designed to obtain the best possible value for our patrons with regard to brand-name fresh turkey parts. This program will enable DeCA to promote competition among turkey suppliers, standardize pricing in geographical areas, and increase fresh turkey parts category sales over previous years.

The Marketing Business Unit (MBU) will be accepting presentations from potential suppliers on April 6-7 for the following three marketing sales areas: (1) Central, Northeast, (2) Southern, Midwest, and (3) Southwest, Northwest, Alaska, Hawaii. Please note that Europe, Far East, Cuba, and Puerto Rico commissaries are excluded from this program. Specific store locations by marketing area are provided at attachment 1.

All presentations will be conducted at the DeCA Headquarters, located at 1300 E Avenue, Fort Lee, Virginia 23801-1800. Offerors may make presentations on any or all of the three marketing areas and subsequently, may be selected for more than one marketing sales area. All presentations will be videotaped and will not exceed 1 hour in duration. Each vendor will be given 15 minutes before and after the presentation to prepare and clear the room.

Please note this is not a formal solicitation: the end result of this process will result in a merchandising agreement, which is not governed by the Federal Acquisition Regulation. Industry is also hereby informed that the government is not liable for any expenses incurred in the preparation or the conducting of these presentations.

The current merchandising program for these same products will expire on July 31. The new merchandising program will consist of a base period of performance of year, commencing August 1, with the potential for two 1-year renewal options. However, the decision to exercise renewal options is the unilateral right of the government, and will be based upon such things as supplier performance, strict adherence to the mandatory requirements, and other criteria specified in this NTT. Failure to strictly adhere to these requirements may adversely affect the renewal of the option years.

The fresh turkey parts mandatory requirements are provided at attachment 2. If you cannot meet the mandatory requirements as noted in this attachment; you should not schedule an appointment for a presentation. When submitting your proposal, the offeror should ensure each specific element listed in the mandatory requirements is addressed in their

presentation. Failure to comply may adversely affect the offeror's standings among other competitors. To facilitate identification of each element, the offeror's proposal must mirror the order of the elements listed in the mandatory requirements.

The program will consist of “core items”, which all stores will stock, and a number of “discretionary items” which will be stocked based on store size. The percentage of fresh poultry allocated space is currently being analyzed. Specific guidance will be provided prior to the August 1<sup>st</sup> startup, of the new merchandising agreement.

There will be a total of 12 core items sold in DeCA commissaries CONUS wide, but there will only be 8 core items stocked in each of the marketing sales areas. These 8 core items will vary between respective marketing areas and/or regions. The specific core items, estimated tonnage, and core item’s RSL code for each marketing area are shown at attachments 3, 4 and 5. **Please note that the core items will be used for evaluating your offers.**

Also shown on attachments 3, 4, and 5 for each of the marketing areas is the Daily Urner Barry Prices for raw turkey parts that were effective as of March 15<sup>th</sup>. The Daily Urner Barry base prices have been filled in for you on the attachments. All potential turkey suppliers shall use the Urner Barry raw turkey parts prices as their base selling price for each core item.

All suppliers must submit a price (special factor) on all core items for the base period and the two 1-year renewal option periods, in order to be considered for the award. Special factors are firm-fixed prices that are added to the Daily Urner Barry Prices as published by Urner Barry Publication, Inc, to calculate your total unit price for each core item. The special factor reflects the supplier’s profit, overhead, distribution cost, transportation, etc.

Attachments 3, 4, and 5 have three separate spreadsheets; one for base period and one for each of the renewal option years. Each supplier shall enter a special factor for each core item in the column titled ‘special factor’ for each marketing sales area that they are presenting. The Daily Urner Barry Price plus the special factor will equal the supplier’s unit price for the respective core item. See the example below:

CORE ITEMS (CE)	POUNDS	RSL	DAILY UB PRICES		SPECIAL FACTOR	OFFEROR'S UNIT PRICE
			MON 3/1/11			
			EAST	MW		
Turkey, Ground (85% lean)	7582	K1	\$1.32	\$1.32	\$0.33	\$1.65

The supplier’s special factors should reflect the base period of performance of 1 year and the two 1-year renewal options. Therefore, adequate planning should be exercised prior to submission of the supplier’s special factors to account for any contingencies, such as increased grain costs, fuel costs, processing cost, distribution costs, etc. The special factors submitted by the supplier are not subject to revision.

The supplier’s unit price must be sent via electronic data interchange (EDI) to DeCA prior to price quote deadline dates. This Daily Urner Barry Price plus the special factor will

establish the selling prices for each core item for a twice a month pricing period; either for the 1st - 15th or 16th to the end of the month. The EDI price quotes for 1st - 15th of the month shall be transmitted by the close of business on the 10th day of the previous month. The EDI prices effective from 16th to the end of the month must be transmitted by close of business on the 25th day of the previous month. The Daily Urner Barry Price and the supplier's special factor must reflect the net selling price per pound. Urner Barry prices will not be rounded. The final selling price should be rounded upward to the nearest whole cent. Listed below are the turkey parts core items for this program:

**CORE ITEMS:**

- Turkey, Ground (93 percent lean)
- Turkey, Ground (85 percent lean)
- Turkey, Ground Breast (99 percent lean)
- Turkey, Burger Patties
- Turkey, Italian Dinner Mild Sausage (80 percent lean)
- Turkey, Wings
- Turkey, V Wings Bone-In
- Turkey, Drumsticks
- Turkey, Ground White
- Turkey, Italian Dinner Hot Sausage (80 percent lean)
- Turkey, Necks
- Turkey, French Cut Roast

All offerors should include in their presentations a complete list of all discretionary items currently sold in retail as well as the prices offered to DeCA. **The discretionary items will not be part of the evaluation process.**

All suppliers must submit a special factor on all discretionary items offered to DeCA. The special factor will be added to the Daily Urner Barry Prices to calculate your total unit price for each discretionary item. The Daily Urner Barry Price and the supplier's special factor must reflect the net selling price per pound. Discretionary and new items must be approved through presentations to the MBU category manager, and once approved, will become a part of the merchandising agreement. The special factor used in the presentation for discretionary items will not be subject to revision.

Class 1 stores will stock 4 core items and may stock up to 2 additional discretionary items for a total of 6 items. Class 2 stores will stock 6 core items and may stock up to 4 additional discretionary items for a total of 10 items. Class 3, 4, and 5 stores will stock the 8 core items and may stock up to 6 additional discretionary items for a total of 14 items. Commissaries are encouraged to purchase any of the discretionary items that are authorized.

All suppliers shall provide promotions based on 1st - 15th and 16th through end of month for the base period. There shall be a minimum of 2 Vendor Price Reductions (VPRs) on each core item during the year. All suppliers must offer a promotion on turkey drumsticks during July 1st -15th and November 16th through the end of month; and a promotion on turkey wings on March 16th - 31st. **The Base Period VPRs will be part of the grading criteria and the**

**supplier shall annotate on attachment 6 (VPR Promotional Sheet) the “VPR’s cents off” for each core item.** This attachment shall be included in your presentation proposal. The offeror(s) selected will be required to provide VPRs for the renewal option years.

Selection Process: An evaluation committee will select a brand-name fresh turkey parts supplier from the companies making presentations for each respective marketing sales area, based on the criteria set forth herein this NTT.

The evaluation committee will use specific grading criteria to evaluate each presentation. The primary grading criteria consisting of: (1) Every Day Low Price and (2) Voluntary Price Reductions will be applied to core items. However, as a brand name selection program, additional consideration may be given to such things as brand name recognition, product and packaging differentiation, and point of sale material.

Within 8 calendar days after all presentations are completed, all participating parties will be sent a letter announcing the selection of the supplier for each marketing sales area. A debriefing sheet will be forwarded with this letter. A NTT announcing the results will also be completed and placed on the American Logistics Association Bulletin Board. The final notification letters and the NTT will be forwarded to all participants simultaneously.

Reclama Process: All unsuccessful offerors will be permitted an opportunity to submit a request to reconsider the Agency’s decisions. However, all reclaims must be in writing and must be received within 7 calendar days of the date of the notification letters to suppliers. All reclaims must be sent to: Defense Commissary Agency, ATTN: MBU (Mr. LaRue Smith), 1300 E Avenue, Fort Lee, Virginia 23801-1800. The MBU will provide a written response within 7 calendar days of receipt of the reclama.

File Maintenance: All companies that are not selected under this program as a turkey parts supplier and have core or discretionary items that are currently within DeCA’s system will be “P” coded for phase out 30 days prior to commencement of the new program. After 30 days, these core and discretionary items will be deleted.

All appointments must be made no later than March 22<sup>nd</sup> by contacting Ms. Gloria Hill at (804) 734-8000, extension 4-8278 or gloria.hill@deca.mil. My point of contact for this action is Mr. LaRue Smith, Category Manager, at (804) 734-8000, extension 4-8255, or larue.smith@deca.mil.

//signed//  
Christopher T. Burns  
Director of Sales

Attachments:  
As stated