

PINCO: LEAD AGENCY PERFORMANCE SUMMARY 2015-16

Submitted by: Joseph Cook, PINCO Chairman Date: June 10, 2016

In conformance with PINCO JPA Section Seven, Subsection Six

Submitted respectfully to PINCO Executive Committee, PINCO Member Representatives

PINCO's Joint Powers Agreement affords its Member Districts quality USDA Foods at great savings. PINCO Staff and I, in my designated role as lead agency, work with Districts year-round in the budgeting and management of their USDA entitlement in addition to maintaining a certified year-round USDA Certified/Compliant Receiving Agency/Distribution Center. Listed below are highlights of our past operational year:

- **Website-** After losing Host support services in May of 2015, PINCO received technical assistance through a Member District to keep PINCO's website operating. Upon direction of Membership, Lead Agency contacted School Nutrition & Fitness.com (SN&F) to develop a website and provide on-going host services. Kristi McKnight was integral in transitioning the data transfer, reporting and formatting to the new platform which went "live" in January after working with demo-runs where Members could use the website on a trial basis. Member Districts have expressed satisfaction with the progress made to this point and continue to provide SN&F with input to have the reporting and navigation tools meet their needs.
- **Strength in Negotiation-** After awarding its Purchased Items to Districts bid to Sysco Foods of Ventura, both PINCO and Sysco discovered significant pricing errors. While the errors did not challenge the integrity of the bid award, some Member Districts raised question in Sysco's ability to request renegotiating pricing on key items. PINCO legal counsel investigated and determined negotiation was in PINCO's best interest. In the end, we were able to agree on pricing with usage thresholds that still gave Member Districts competitive pricing and allowed PINCO and Sysco Foods of Ventura to re-establish the healthy relationship enjoyed by all parties. Moving forward, the Lead Agency and Member Districts learned a lot through this process of review and analysis, and I believe the experience will assist in shaping future bid language and the award process.

- Disruptions in Supply Chain- The Nation's Poultry industry was hit hard in 2015-2016 by an Avian Flu epidemic. This flu-wave wiped out egg and turkey inventories and production causing the USDA to cancel its schedule of commodity delivery to PINCO of these two critical commodities. We were able to secure "commercially purchased" eggs with competitive pricing from our vendor but still had to re-order as much as 10% of the cooperative's original USDA entitlement purchase in November. The Lead Agency received valuable input by Members in meetings and E-correspondence to determine appropriate alternate products. PINCO Staff submitted an order of commodity items that worked for Member Districts in their menu pattern and scheduled delivery of these commodities helping to keep inventories flowing through the end of the 2015-2016 school year and opening of 2016-2017.
- Chicken Recall- In late April, PINCO was notified by USDA and Pilgrim's Pride of a wide spread Level One recall. This recall involved many Chicken items under agreement with the manufacturer. Don Vegas was, and continues to be PINCO's "point-man" in the recall process. Don has done an outstanding job communicating the steps outlined by the vendor and USDA in proper identification, reporting, disposal and crediting to ensure the quickest recovery possible. In less than one month, PINCO reported and disposed of over 4,000 cases of product with the USDA and Pilgrim's Pride. As of this summary, Pilgrim's Pride has developed a report of credited pounds that PINCO Staff will work from to make sure every Member District receives proper crediting prior to first orders being submitted for the 2016-2017 school year. Throughout the process the Lead Agency received praise from CDE, USDA and Pilgrim's Pride in PINCO's in-front approach with the recall process; the accuracy in our recording and management of our inventories and distribution made this a much easier process than for other distributors with even less recalled product. It is also noted that the service center did an outstanding job in communication with Member Districts and in providing all required documentation to the manufacturer and USDA.
- In my role as PINCO's Chairman, I have the opportunity to sit on the Food Distribution Program Advisory Committee with CDE and the Receiving Agency Sub-committee with the American Commodity Distribution Association. Stakeholders and representatives from all links in the USDA supply chain are so impressed with PINCO's operation; in its efficiencies, communications and adherence to adopted governing policies. Commitment to professionalism is seen every day from PINCO's staff. Lead Agency and PINCO Staff have sustained and even lowered on-going administrative costs to Member Districts in the past year while ensuring fiscal and procurement fidelity over a 16.5 million dollar operating budget in 2015-2016.

Over this past year, PINCO has managed inventories averaging 120,000 cases monthly on behalf of its Members and will receive and deliver over 1.3 million cases of USDA, commodity processed and commercial foods to over 280 locations.

- The Road of Opportunity is wide open for PINCO in 2016-2017. The Lead Agency is working with PINCO's Executive Committee and JPA/Policy Subcommittee to establish training workshops throughout the upcoming year. The goal with this training is for PINCO Staff to teach/share Member's best practices with others in utilization of the Service Center with greater understanding of PINCO's financial reporting. With the goal of promoting cooperation and effectiveness in meetings and communications, PINCO will also schedule Brown Act and Parliamentary procedures in future training and workshop sessions.

In summary, I am proud to serve as PINCO's Chairman and am excited about our future and the direction we are heading! We have a rich tradition of service which has benefitted all member districts. Our core mission has been, and is to acquire commodities at the best value for the best products we will serve to our students. It is very gratifying to know that we set the foundation for learning for our students as we provide a nutritious meal at the lowest cost. With thousands of appetites satisfied, learning can occur that will change our world as tomorrow's leaders, innovators, and creators have passed through our lunch lines.

Encl.: Attachment A

	Meets Standards	Below Standards	Comment Section
Accounting			
Budget Approval	X		Adherence to Governing Board/LACOE/Audit Standards and Timeline
Overage Approval 10%	X		No issues identified.
Marketing Fund Maintenance	X		LA manages balance and advises Members in expense options.
Independent Audit Distribution	X		Available upon request.
Twice Yearly Fiscal & Inventory Report	X		LA follows all SOP in mid & end of year financial reporting as required.
General Fund Maintenance	X		LA maintains GF balance and revises budget at 1st & 2nd Interim if needed.
Establish Fund Balances per District	X		LA follows JPA formula to establish and maintain Member fund balance(s).
Limit Purchases Per Fund Balance	X		LA adheres to JPA Policy regarding fund balance and Member purchasing.
Maintain 30 day Invoice Payment	X		No issues identified.
Purchase Orders	X		Approved by LA, Governing Board and LACOE following required timelines/protocol.
Vendor Discounts	X		Early payment discounts amounted to \$28,275.00 in 2015-2016*.
Document Maintenance	X		All documents filed per Ed Code and established business/industry practice.
Bids/Contractors			
Write Specs	X		LA follows all Ed Code and legal requirements.
Prepare Bids	X		Collaboration with Bid Sub-committee Members in PINCO's best interests.
Provide Accurate Usage Figures	X		Usage/Volume numbers contained in bids reflect Member purchases.
Award Bids	X		Bids are awarded based on Best Value Scoring matrix.
Spec Sheets	X		All spec and data used in Bid/Award process are required in PINCO Response to Bid.
Nutritional Review by RD	X		Provide Members with updated specs and EPDS for all awarded PINCO/SYSCO items.
Pinco Food Show	X		Well organized and attended. Great media coverage for PINCO. Good feedback on food.
Comply with Federal & State Regulations	X		LA as well as CDE and other Agencies are developing new procurement guidelines.
Commodities			
Executed Assignments of Fair Shares	X		LA maintains USDA Foods assignment based on Member's TLS contribution.
Eligible to Receive	X		LA complies with RA USDA guidelines at all storage facilities as required.
Ordering, Receiving, Storing and Distributing	X		LA adheres to SOP with USDA/CDE Policy including commodity storage timelines.
Report Losses	X		As necessary following SOP in USDA/Manufacturer recalls, internal losses and crediting.

Pinco Lead District Evaluation
2016

ATTACHMENT "A"

	Overtime/Extra Time	X		Closely monitored; following all Governing District Policy.
	Salary Transparency	X		As required through Governing District.
	Training	X		Training provided as required for position(s) as well as toward PD requirement.
	Evaluate Employees	X		LA follows all Governing District procedures/timelines in presenting evaluations.
	Commodity Management	X		LA and PINCO Staff excel in USDA Foods compliance and management.
	Inventory	X		No issues raised by Members or through audit process.
	Record Keeping/Internal Controls	X		On-going.
	EPDS- End Product Data Sheet			RA - Receiving Agency
	JPA- Joint Powers Agreement			RD - Registered Dietician
	LA- Lead Agency			SOP- Standard Operating Procedure
	LACOE- LA County Office of Education			TLS- Total Lunches Served
	PD- Professional Development (per USDA)			* Dollars saved determined by vendors giving early payment discount