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Institutional Purchases of Locally Produced Foods

University of North Dakota Dining Services

Interview with Orlynn Rosaasen, Director and Mary Urbanski, Assistant Director

Case study by

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Abstract

State higher educational institutions could be major purchasers of locally produced foods. This study investigates the extent to which the University of North Dakota Dining Services is involved in such purchases. Because of budget and labor considerations, all North Dakota University System (NDUS) institutions use one prime vendor. The vendor's contract allows the NDUS to purchase up to five percent of food locally. The University of North Dakota (UND) purchases bakery, dairy, pasta, and potato pasta products from local or regional vendors under this contract. Mary Urbanski, assistant director, worked previously at the University of Northern Iowa, which participated in a local purchasing program. She encountered three major problems with local purchasing: consistency in quality, quantity, and delivery. The dining services director may be able to provide opportunity for more local purchases if the producers were organized into a cooperative. Such a cooperative could secure a prime vendor contract with the NDUS institutions' dining services if it would be price competitive, would guarantee consistency in quality and quantity, would be licensed, bonded and inspected, and would guarantee delivery.

Introduction

Educational institutions are increasingly encouraged by state business leaders to support economic development efforts in addition to their role of encouraging the intellectual development of the state's young people. One way to promote economic development is through the process of import substitution — using locally produced items rather than those purchased from out-of-state firms. Import substitution serves three economic development goals: 1) it ends the capital leakage from the state; 2) it develops local markets for farmers' alternative crops, and thereby reduces the loss of small family farms; and 3) it encourages local, value-added processing of locally produced foods and provides local employment in the food industry. Realizing such goals, however, requires recognition of the limitations and obstacles that state institutions must overcome, such as cost, convenience, labor, delivery, quality, and quantity considerations. It points out the contradictory nature of policies that require state educational institutions to pursue economic development while making its practical pursuit almost impossible.

Description of UND Dining Services.

UND Dining Services serves approximately 5,000 meals a day, seven days a week, 34 weeks a year, for a total of 1.2 million meals in an academic year. Dining Services operates three production centers and three snack bars. It has 110 full-time staff and 200 part-time student staff. Five years ago, Food Services of America (FSA) in Fargo, ND entered into a prime vendor contract with UND and the other NDUS institutions which required them to purchase 95 percent of their foods through FSA. This prime vendor contract's pricing is based on location and volume, with UND and NDSU receiving the most favorable pricing due to advantages in their respective cities. Excluded from that contract are breads and dairy products

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which UND orders from a local bakery (Holsum) and a local dairy (Minnesota Dairy or Land O'Lakes) and for specialty and small lot purchases for catered dinners or emergency orders UND places with local vendors.

Selection of Foods and Menu Preparation

Students play an active role in providing information to Dining Services in menu planning and in entrée selection. Dining Services has a student advisory committee comprised of representatives of each residence hall. The committee's task is to solicit feedback and information from the students via the residence hall government in each residence complex. The committee brings the feedback to Dining Services each week. According to Rosaasen, sometimes this process works very well and sometimes very little information is provided.

The menu planning process is developed through students. That process starts in February when Dining Services invites students to the United Products Show in Minneapolis, MN. Thirteen students made the trip in early 2000. Their mission was to taste food products and discuss the product list and their preferences with the director or the dietician. They meet with vendors and manufacturers to discuss product specifications and determine how the delivery process works. After they return to UND, the students hold a food fair in April in the Wilkerson Dining Center to display the products they have chosen. Other students may sample and evaluate the foods themselves. Products that do well in the taste tests are added to the product list. They eliminate products that, according to internal tracking, have not been favorably received.

Some of the new products are pre-processed foods and others are foods that need to be processed. Dining Services orders relatively few pre-cooked items, although they realize that some students like pre-processed items. For example, Rosaasen said they could cut and bread their own chicken strips, but the strips would not have the flavor profile to which students are accustomed.

Nutrition has become a greater concern than it was in the past. Rosaasen said that Dining Services has not had the resources to do nutrition profiles. Although they have a computer program to provide nutritional content of their meals, it is obsolete. They recently purchased a new computer program that drives all their ordering and forecasting. Part of the new program is for nutritional accounting which will be operational in Fall 2000. The program will provide each dining center with the nutritional information for all foods on the daily menu.

Dining Services is developing menus in Summer 2000 that will include Healthy Choices. Rosaasen believes they had Healthy Choices available previously, but communication to the students was inadequate. Students would see three entrees and soup in the printed format, but would not see the other items available to them. With the new program, Healthy Choices will be incorporated into the menus and nutritional information. When menus are printed, items that fit in the Healthy Choice categories will be designated. Dining Services has not determined if they will use the American Heart Association or the American Diabetics Association guidelines. They will be implemented by the staff dietician who works with the Dining Center staff. Rosaasen says that the staff attempts to meet the new USDA guidelines of five fruits and

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vegetables a day, but whether students choose to eat them is another matter.

Dining Services takes precautions to ensure that their meat cooking methods minimize the possibility of contracting bacteria disease from insufficiently cooked meats. Pre-processed meats like hamburgers have healthy sticks on them to indicate when they are cooked to the required temperature. When listeria outbreaks occurred in the past, Dining Services ended cooking medium or medium rare hamburgers to order. Additionally, they maintain records of all salad bar products.

They found that their students' taste preferences do not differ much from those of students elsewhere. They could not identify any unique regional variation in taste preferences. Dining Services has found that using products that meet students' tastes and preferences has reduced the number of complaints. Rosaasen said he had been with the department for six years and has seen many changes in menu selections. When he first started, there was usually one entrée and a salad bar, and they received many complaints. Over time, they expanded menus to include two entrees, a vegetarian entrée, a deli bar with two or three meat spreads like tuna, chicken, or ham, burgers and chicken breast sandwiches cooked to order, specialty bars like Mexican, Pacific rim, or pasta, three soups, and three pizza selections. Complaints disappeared. Currently, their only complaint comes when students do not find their favorite cereal among the 25 that are stocked.

Rosaasen says that students are becoming somewhat more aware of the nutritional content of what they choose and have been requesting nutritional information for several years. With the new software and resources to provide that information, Dining Services will have data to determine whether students respond accordingly in their eating habits.

Extent of Purchasing of Locally-Raised or Processed Foods

Under the five-percent exclusion in their prime vendor contract, UND Dining Services is able to purchase some regionally raised or processed foods. They order potato products from Simplot, milk and dairy products from Minnesota Dairy or Land O'Lakes, pasta from Dakota Growers Pasta Co., and breads from Holsum Bakeries. For special events, they order bison roasts or burgers from a local bison producer.

Obstacles to Purchasing Locally-Raised or Processed Foods

The prime vendor contract is probably the major obstacle to purchasing locally-raised or processed foods. Another obstacle is that foods purchased locally or regionally must be from licensed, inspected, and bonded vendors. Meats must be processed in USDA-inspected plants. Fresh produce must be purchased through approved vendors. All vendors must be bonded so that suppliers assume the risk if delivery problems or food safety issues arise.

Rosaasen stated that dealing with a prime vendor reduces problems with quantity, quality, and delivery. Another advantage of dealing with a prime vendor is that it reduces labor costs for Dining Services. Some tasks they formerly did for themselves are now done for them by the prime vendor or the vendor's suppliers. For instance, Dining Services formerly had five people who processed fresh vegetables. Delegating those tasks to the prime vendor has allowed Dining

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Services to eliminate five jobs. Since 1997, Dining Services has had difficulties recruiting qualified workers in a very tight labor market, especially for low pay, entry-level positions. The extent to which Dining Services can delegate low-skill, low-pay jobs to the prime vendor allows it to concentrate its recruiting and retention efforts on higher skilled positions. Lettuce now comes pre-chopped, and carrots, broccoli, and cauliflower are pre-processed.

Issues to Consider in Purchasing Locally-Raised or Processed Foods

Mary Urbanski, assistant director of Dining Services, was formerly at the University of Northern Iowa (UNI). They had an active, grant-funded local purchase program in conjunction with Mercy Hospital and Rudy's Tacos. Three coordinators were hired to seek local producers, investigate their capacity, sign contracts, and ensure delivery. They sought producers involved in commercial pick-your-own operations who made deliveries to grocery stores. The producers grew sweet corn, orchard products, potatoes, cucumbers, and tomatoes. During the first year, they purchased tomatoes and sweet corn; by the third year they expanded their order to include fresh, seasonal produce from small producers in the area. Urbanski noted that one of the major problems with local purchasing locally was delivery. They had to rely on suppliers' deliveries to the Dining Services because they did not have people to make trips to the farms, some of which were 60 miles away.

Other major problems noted by Urbanski were consistency in quality and quantity. Sometimes UNI was unable to use much of the produce delivered to them because of its poor quality. For example, when UNI placed an order for 20 flats of strawberries, the company had difficulties recruiting enough temporary laborers to pick the strawberries for delivery within a certain time frame to guarantee freshness and quality.

Another related problem described by Urbanski pertained to the existing relationships between UNI and other suppliers. They needed to maintain those relationships to ensure delivery of produce in the winter months or when the local suppliers could not make delivery. UNI had a bid system rather than a prime vendor contract which allowed leeway to work with local producers. UNI used local suppliers for seasonal produce beginning in the spring and extending through the fall. In the summer, UNI ordered tomatoes and sweet corn from local suppliers, and in the fall it ordered potatoes and apples from them. They found that students did not like the apples because they were familiar with Red Delicious apples and were unfamiliar with other varieties.

Price and service competitiveness is an issue for local purchasing. NDUS has rigid guidelines which have been price driven. Local suppliers must be competitive in terms of price. Local suppliers must also be competitive in the value-added services they would provide. The prime vendor provides Dining Services with hot chocolate dispensers, hot cheese dispensers, and other pieces of equipment that Dining Services does not have to purchase. This equipment comes with the products. The prime vendor installs and maintains the equipment; they replace it when it wears out or breaks down. Without the prime vendor contract, Dining Services would need to purchase that equipment.

Rosaasen said that if a group organized local producers statewide into a cooperative that

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could guarantee consistent quality, quantity, and delivery together with bonding, licensing, and inspection, they may be interested in working with them on a prime vendor contract. Such an effort, however, would have to work with the NDUS since all the state institution's dining services are under the same prime vendor contract.

Urbanski mentioned that students are becoming concerned about the use of pesticides, and a sizeable minority is interested in pesticide-free foods. Rosaasen did not believe that they could get a guarantee from the prime vendor that their produce is pesticide free. He is concerned that local producers would have to use pesticides approved for use on foods for human consumption. Since most of the fresh produce that Dining Services gets from the prime vendor is from California, he hopes someone in California is monitoring the use of approved pesticides.

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For Further Reading¹

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¹ Most of the readings listed on this page pertain to food procurement by institutions, however relatively little has been written on procurement of locally-produced foods.