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RESEARCH BRIEF  
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# The State of Good Food Purchasing in 2022

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What's working and what isn't in  
public food purchasing

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# Why Look at Bay Area Food Purchasing?

Across the Bay Area, public institutions including schools, jails and hospitals are working to align their spending with the five core values of the Good Food Purchasing Program, procuring food that is local, sustainable, fair, humane and healthy. This is not always simple. For example, the most recent assessments of food purchasing by nine Bay Area institutions show that less than 19% of \$35 million is spent on local food. This is especially jarring since California grows more than a third of the country's vegetables and two-thirds of its fruits and nuts. This disparity in production and local purchasing highlights a gap in the connection between supply and demand.

To address this gap, SPUR, in collaboration with the Center for Good Food Purchasing, a national nonprofit supporting values-based procurement in public institutions, launched the San Francisco Bay Area Local Food Purchasing Collaborative. The collaborative is built around the Good Food Purchasing Program, which helps public institutions assess what food they are currently buying and identify ways to better align food purchases with the five core values of the program.

Before embarking on improvements to regional food purchasing, the collaborative had to understand the current state of food purchasing in the Bay Area. To get a full view, the project team (including SPUR, the Center for Good Food Purchasing and four technical assistance partners — Impact Justice, Health Care Without Harm, the California Department of Agriculture's Farm to School Network and the SF Market) completed interviews with institutions already participating in the Good Food Purchasing Program. This landscape analysis reflects the qualitative information gleaned from the program's nine participants: the Alameda County Probation Department, Alameda County Sheriff's Office, Berkeley Unified School District, Laguna Honda Hospital, Oakland Unified School District, San Francisco Sheriff's Office, San Francisco Unified School District, West Contra Costa Unified School District and Zuckerberg San Francisco General Hospital.

The qualitative data in this report are meant to complement the quantitative data included in the Bay Area Good Food Purchasing Dashboard.<sup>1</sup> Together, they lay the foundation for collaboration toward building a more resilient, sustainable and equitable regional food system.

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<sup>1</sup> The Center for Good Food Purchasing, "Bay Area Good Food Purchasing Program Dashboard," [https://public.tableau.com/app/profile/lam6045/viz/BayAreaGoodFoodPurchasingProgramDashboard\\_16545507604980/Dashboard?publish=yes](https://public.tableau.com/app/profile/lam6045/viz/BayAreaGoodFoodPurchasingProgramDashboard_16545507604980/Dashboard?publish=yes)

# Bay Area Procurement Landscape Overview

Public institutions provide meals to the Bay Area’s most under-resourced residents. By offering communities a framework, tools and support for holistic, systemwide approaches to purchasing better food, the Good Food Purchasing Program helps increase access to healthy meals for low-income children and families served by public institutions while supporting local suppliers. Understanding institutions’ procurement and operational practices, challenges and opportunities will ground the work of the San Francisco Bay Area Local Food Purchasing Collaborative for the duration of the project.

## Meal Program Overview by Sector

Public institutions in the Bay Area are serving up to three meals a day with supplemental snack or retail programs to augment their offerings. Food service operations range from full scratch cooking (incorporating whole, fresh ingredients rather than pre-assembled or processed meals) to contracts with food service management companies that manage all food-related activities from menu planning to execution.

### Schools and Early Education

There is a high diversity of food programming in place at those schools participating in the Good Food Purchasing Program in the Bay Area, with offerings that can include breakfast, lunch (via the National School Lunch Program),<sup>2</sup> snacks, summer meals and dinner (via the Child and Adult Care Food Program).<sup>3</sup> Three of the four participating school districts run full scratch operations, supported by central kitchens and on-site finishing kitchens, with one district combining a small scratch cooking program with a heat-and-serve prepared-food vendor.

### Health Care

Both participating facilities serve short-term, acute patients as well as a combination of long-term and mental health in-patient residents, providing 100% of the nutrition for the people in their care — including breakfast, lunch, snacks and dinner — through on-site scratch cooking. The facilities also provide a cafeteria for visitors and staff.

### Corrections

The three correctional facilities currently participating in the program serve breakfast, lunch and

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<sup>2</sup> U.S. Department of Agriculture, Food and Nutrition Service, “Feeding the Future with Healthy School Lunches,” March 2019, <https://www.fns.usda.gov/nsjp>

<sup>3</sup> California Department of Education, “Child and Adult Care Food Program,” <https://www.cde.ca.gov/ls/nu/cc/#:~:text=The%20Child%20and%20Adult%20Food.and%20snacks%20that%20are%20served>

dinner to their residents and, like the participating health care facilities, are responsible for 100% of the nutrition for those residents. Adult facilities supplement their meal program with items for purchase at commissaries. Juvenile facilities develop their lunches in keeping with the National School Lunch Program standards and serve snacks in addition to three meals per day. All meals are provided by food service management companies.

## Procurement Mechanisms and Contract Terms

Institutions participating in the Bay Area collaborative use a variety of procurement tools to purchase food and food services including:

- Requests for Proposals, especially for complex contracts such as food service management or meals prepared by a third party off-site
- Invitations for Bids for commodities, less complex contracts or opportunistic buying on the open market
- Informal purchasing (purchasing under \$250,000) and micro-purchasing (purchases under \$10,000)

For institutions working with food service management companies, the contracts tend to be for long periods, five years or more. In contrast, contracts for single food groups or commodities often cover one year with the option for annual renewal.

Sector-specific procurement tools also exist. Schools have access to commodity entitlements, foods procured by the U.S. Department of Agriculture (USDA) provided to schools at minimal cost, to supplement their purchases.<sup>4</sup> Corrections facilities are more likely to participate in centralized procurements through the U.S. General Services Administration, whereas health care facilities often coordinate with municipal departments of health and/or group purchasing organizations (GPOs) that do collective purchasing for a network of institutions or facilities. The GPO for health care institutions in the Bay Area collaborative is Vizient.

## Infrastructure

Food distribution and preparation is an infrastructure-heavy endeavor. Across the collaborative's more than 230 facilities, there are six central kitchens and several hundred finishing or reheating facilities to meet the demands of the communities served. While there is some on-site storage, significant centralized storage and warehousing is lacking, and as a result, frequent small deliveries are required, increasing costs and limiting the collaborative's ability to work with smaller suppliers or those with limited logistical capacity. Several institutions in the collaborative are undergoing infrastructure evaluations to determine future investments and operational updates.

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4 U.S. Department of Agriculture, "USDA Foods in Schools/Child Nutrition USDA Foods Program," January 2020, <https://www.fns.usda.gov/usda-fis/usda-foods-schools-fact-sheet>

## **Investment**

Investments in maintenance, training and professional development are key components to successfully leveraging infrastructure and running efficient, cost-effective operations. Public institutions in the Bay Area are supporting their staff and operations through a combination of state and federal reimbursements; municipal, district or county-level funding, such as soda tax revenue; profit from prepared meals and concessions; and a combination of federal, state and private grants.

## **Supportive Policies**

Institutions, cities and counties with good food purchasing policies can leverage policy language to reinforce their commitment to values-based procurement in their solicitations. Currently, the Oakland Unified School District Board of Education, Alameda County Board of Supervisors, City and County of San Francisco Board of Supervisors and San Francisco Unified School District Board of Education have all adopted good food purchasing policies. These policies work in tandem with federal, state and local laws to advance good food purchasing. For more information on additional supportive policies for values-based procurement in the Bay Area, see Appendix A.

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# Bay Area Institutional Challenges and Opportunities

Participating institutions identified the following challenges and potential opportunities for implementing rigorous values-based procurement in the Bay Area.

## Supply-Side Partnerships

Across the country, institutions are struggling with supply chain challenges and product availability, and the Bay Area is no exception. Despite a concerted effort, in 2022 institutions are finding it difficult to source and secure the products that they want at an affordable price. Even when products are available, order fulfillment is often unreliable due to labor and transportation challenges along the supply chain.

### Strategies

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The collaborative has identified the following strategies to address the challenges noted above:

- Develop a regional list of good food vendors.
- Identify one or more prepared-meal suppliers that can cook from raw ingredients.
- Overcome market barriers through strategic, aggregated demand for products and ingredients.
- Participate in collective advocacy to increase:
  - The supply of local and values-aligned products through the Department of Defense's Fresh Fruit and Vegetable Program contracts
  - Supply chain transparency and availability of values-aligned products through the USDA
  - Supplemental food purchases

## Investment in Built and Soft Infrastructure

Investment in built infrastructure can support transitioning an institution from meals prepared by a third party off-site to scratch or semi-scratch cooking, allowing greater flexibility in procurement. Such investments could also increase storage capacity, creating greater economies of scale when ordering, which could decrease prices and address the current logistical challenges (and cost) of making small deliveries to hundreds of sites — often a barrier to entry for small and midsize suppliers.

The need for investments in soft infrastructure, or people power, is also clear. Food service operations are significantly short-staffed. For most, this has been an ongoing challenge that is

greatly exacerbated by the current labor shortage, which has driven wages up. Higher wages create a noted benefit for workers but put a strain on operational budgets that have not kept pace. For institutions operating within the National School Lunch Program, federal reimbursement rates do not account for regional variances in labor costs. In high-cost regions like the Bay Area, this means that the reimbursements do not cover the true cost of production. Institutions also note the need for dedicated support to implement procurement policy, including educating their food service management vendors about their procurement priorities, and for rigorous contract management to support implementation.

## Strategies

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The collaborative has identified several strategies for addressing the challenges noted above:

- Undertake a regionwide infrastructure assessment that includes:
  - Support for institutions to do cost-benefit evaluations of various operational models, such as reheating prepared meals versus on-site production
  - Guidance on how to increase kitchen, distribution and warehousing capacity
- Support strategic regional investments in infrastructure
- Offer culinary and procurement training for staff

## Supportive Policies

Lastly, budgeting, procurement and vendor approval processes are bureaucratic and time-consuming, making it an ongoing challenge for institutional buyers to secure the funds and prioritize values-aligned suppliers and products.

## Strategies

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The collaborative has identified several strategies for addressing the challenges noted above:

- Leverage state or local incentive programs, or other funding mechanisms, to increase food purchasing budgets.
- Enlist state or local support to cover the true cost of production, including competitive wages for food service staff.
- Ensure better-quality products and supply chain transparency through commodity entitlements in the National School Lunch Program.
- Identify alternative purchasing mechanisms — such as commodity letters of credit or cash in lieu, which allow schools to receive additional funding to buy food instead of accepting foods donated by the USDA — to leverage federal commodity support for local or values-aligned spending.

# Conclusion

While many of the potential solutions to challenges named in this procurement landscape analysis are beyond the scope of this project, the Bay Area Local Food Purchasing Collaborative has brought together the partnerships and expertise to test and evaluate some of these strategies, including:

- Leveraging purchasing data, a regional dashboard and Good Food Purchasing Program assessments to support regional food purchasing goals, policymaker engagement and broad community engagement and communications
- Developing a regional list of good food providers
- Aggregating demand for specific products or suppliers across the collaborative to increase economies of scale and overcome market barriers
- Building supplier engagement opportunities to deepen partnerships between buyers and suppliers
- Holding peer-to-peer discussions on infrastructure priorities, including those institutions currently engaged in strategic assessments, to identify common needs and opportunities to collaborate in the short or long term
- Offering collective training and/or sector-specific training for food service staff regarding good food purchasing and values-based procurement
- Identifying local and state policy priorities to support values-based procurement and coordinating with other regional and statewide equity-focused and community-driven food and agriculture advocacy efforts

By identifying and addressing roadblocks to good food purchasing, the Bay Area Local Food Purchasing Collaborative intends not only to accelerate institutions' good food procurement but also to create a model for scaling locally informed, values-based food purchasing in other regions across the country.

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# Appendix A

## Good Food Purchasing Supportive Policies

### Supportive Policies for the Bay Area Local Foods Purchasing Collaborative

The policy ecosystem of a region impacts an institution’s ability to prioritize social and environmental values in their solicitations and contracting process. Determining the ecosystem requires a consideration of federal, state and local policies — deferring to the most restrictive thresholds, definitions or indicators among them.

In California, the definition of “best value” allows institutional buyers to use considerations other than cost — such as life-cycle costs, experience and past performance — into account when awarding contracts. While we have not seen a robust application in food procurement, there is pilot-level precedent for best-value procurements in the construction sector. This foundational policy helps lay the groundwork for building values into solicitations.

In addition, several specific policies at the municipal and statewide levels can be applied in support of the Good Food Purchasing Program’s value categories. While the following is not an exhaustive list, it includes highlights within each value category.

### Local Economies

California maintains the largest micro-purchasing threshold (\$10,000) and simplified acquisition threshold (\$250,000) possible, which is advantageous for purchasing from small, midsize and local suppliers. Furthermore, California has emerged as a pioneering leader in the national Farm to School movement. Governor Newsom’s 2020 Budget Act allocated \$1.5 million in permanent funding for the California Farm to School Program and \$8.5 million in one-time funding to pilot the California Farm to School Incubator Grant Program, administered by the California Department of Food and Agriculture. In 2021, investment in this grant program increased to \$60 million, and the School Meals for All legislation provided every student in California with free school meals. See the California Department of Food and Agriculture’s report on the Farm to School Program for a timeline and more details.<sup>5</sup>

### Environmental Sustainability

California also has rigorous environmentally preferable purchasing allowances (including the CalRecycle Environmentally Preferable Purchasing Program) that have been applied to food purchases. The City of San Francisco, Alameda County and Santa Clara County all have sustainability

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<sup>5</sup> California Department of Food and Agriculture, *Planting the Seed: Farm to School Roadmap for Success*, February 2022, [https://www.gov.ca.gov/wp-content/uploads/2022/02/Farm\\_To\\_School\\_Report\\_20220222-small.pdf](https://www.gov.ca.gov/wp-content/uploads/2022/02/Farm_To_School_Report_20220222-small.pdf)

or climate action plans in place that reference food procurement and specific carbon and water footprint reduction metrics.

## **Valued Workforce**

The state allows local agencies to determine responsible bidder qualifications, which may be an opportunity to prescreen potential vendors for their prioritization of worker well-being. San Francisco and Alameda counties both have sweat-free policies in place that empower institutions to use their purchasing power as leverage to help improve conditions for sweatshop workers.

## **Animal Welfare**

California institutions are uniquely poised to prioritize animal welfare in their procurements due to Proposition 12, the Farm Animal Confinement Initiative, which will establish minimum space requirements for farm animals raised in California and for purchases made by California institutions, regardless of production location.

## **Nutrition**

To ensure high-quality nutrition, all California schools have wellness policies and are required to follow federal nutrition guidelines to earn reimbursement through the National School Lunch Program and School Breakfast Program. While there is no national policy that informs food quality in correctional facilities, California policy states that incarcerated individuals shall be provided with a wholesome, nutritionally balanced diet that meets the Recommended Dietary Allowances and Dietary Reference Intakes. Through Title 22 of the California Code of Regulations and Title 42 of the Code of Federal Regulations, health care facilities are required to meet the nutritional needs of patients, residents or clients through appropriate menus developed in accordance with physicians' orders and the Dietary Reference Intakes established by the Food and Nutrition Board of the Institute of Medicine in a way that fulfills population-specific dietary requirements and special needs.



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