



#111621-USF for K12

The Prime Vendor Lead Agency Award is a best value program that offers off invoice discounts and rebates for program utilization and performance. No fees to participate.

This program leverages aggregated purchases totaling more than \$2.9 billion annual foodservice spend from thousands of members operating in education, healthcare, corporate, and municipality trades. This program not only factors in the volume of your organization but adds that to the largest national volume scale optimizing your pricing and enhanced qualitative offerings.

This program offers access to nationally contracted food and supply products through the US Foods contract with Vizient. Firm pricing on many contracts for the school year and choice in product selection provides you with unparalleled value.

The financial value of this program is realized by members at the time of invoice in the form of discounts and rebate credits. This value is immediate, truly reducing food cost at the time of delivery, no waiting for rebate checks.

Program Discounted Manufacturer Agreements Key Benefits

- Financial Value is OFF INVOICE Upfront Savings
- 350+ Manufacturer Agreements covering many nationally branded products you are familiar with
- More than 50,000 contracted products with savings on average of 18-20%
- The negotiated pricing insulates participants against market swings with inflation protection. The contracts provide price protection, often firm pricing and pre-negotiated price increase caps helping to hedge against un-sustained price increases and inflation swings.
- The program offers product and brand choices, and you determine quality, price and value that is best for your operation and menu

A US Foods representative will work with you to identify your specific requirements and review the options available to meet your goals and priorities. Upon request, US Foods will provide a competitive analysis of your particular requirements for both service and pricing. This analysis would be based on the agency's current purchasing method compared with the structured and measurable pricing available.

US Foods Pricing Model:

US Foods applies a Delivered Price Plus Markup Methodology (commonly referred to as Cost Plus % or fee per case markup). All products purchased by participating Sourcewell members are covered by a firm markup by category. US Foods calculates the price at which we sell each product under this RFP to Sourcewell members, with either a fee per case or a percentage mark up.

Changes in Cost Indices:

For customers requiring a fee per case markup, the fee will be reviewed on an annual basis and will be adjusted to reflect changes in the Consumer Price Index (CPI-U) and other relevant industry factors. We understand and will comply with the Sourcewell guidelines for price change communication.

Operational incentives for Drop Size and Prompt Payment are applied off-invoice as a line-item deduction off the total invoice.

Pricing for K12 includes a Volume incentive through a reduction in the fee per case measured on average volume performance outlined in the tiers below:

Annual Volume
\$1,000,000 - \$2,000,000
\$2,000,000 - \$3,000,000
\$3,000,000 - \$5,000,000
\$5,000,000 +

Prompt Pay Incentive:

US Foods offers Sourcewell members a Prompt Pay off invoice incentive. This incentive can be applied off invoice in the form of a line-item deduction off the total invoice. The payment incentives listed below would be applied as a percentage to each invoice as earned and are evaluated on a quarterly basis. A program upcharge for DSO performance of 31 days+ would be reflected as an increase in the applicable program fee per case schedule.

Prompt Payment	Incentive %
0-3 days ACH	0.60%
4-8 days	0.30%
9-15 days	0.20%

Average Delivery Size: This incentive is calculated by applying each delivery location's average delivery size over a period of one quarter, based on purchasing practices for the previous quarter. This incentive is reflected as a line-item deduction from the total amount on the invoice.

Average Delivery Size	Incentive %
\$3,000 - \$3,499	0.15%
\$3,500 - \$3,999	0.25%
\$4,000 - \$5,499	0.35%
\$5,500 - \$6,999	0.50%
\$7,000 - \$10,999	0.65%
\$11,000 - \$15,999	0.95%
\$16,000 +	1.20%

New Customer Rebate:

US Foods offers a rebate to any new member that elects to transition from another distributor to US Foods under the terms and conditions of an awarded agreement. The New Member Rebate will be calculated at .85% of total purchases for the first twelve (12) months starting from the date of the first delivery. This is paid as a credit memo in two 6-month intervals.

US Foods Exclusive Brand (EB) Product Rebate:

Rebate of 1% on all USF exclusive brands that are not VMA contracted, paid directly to members bi-annually as a credit memo on each customer number.

Minimum Order:

Minimum order of \$600 per delivery

**see contract for full details.*

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