

UNITED STATES
DEPARTMENT OF
AGRICULTURE

COMMODITY
CREDIT
CORPORATION

KANSAS CITY
COMMODITY OFFICE
P.O. BOX 419205
KANSAS CITY, MO 64141-6205

EFFECTIVE: August 16, 1999

ANNOUNCEMENT FMP1

**FORTIFY AND REPACKAGE
CCC-OWNED
NONFAT DRY MILK
FOR USE IN EXPORT PROGRAMS**



TABLE OF CONTENTS

FORTIFY AND REPACKAGING NONFAT DRY MILK

Page

1. GENERAL	1
2. ELIGIBILITY OF OFFERORS	2
3. SUBMISSION OF OFFERS	3
4. ACCEPTANCE OF OFFERS	4
5. PROVISIONS OF CONTRACT	4
6. NAICS CODE AND SMALL BUSINESS SIZE STANDARD	5
7. RESPONSES TO ILLEGAL OR IMPROPER ACTIVITY	5
8. PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT	7
9. REPACKAGING AND FORTIFICATION SPECIFICATIONS	8
10. INSPECTION	11
11. SHIPMENT AND DELIVERY.	12
12. BASIC OF SETTLEMENT	13
13. PERFORMANCE SECURITY	.13
14. LIQUIDATED DAMAGES	13
15. INVOICES AND PAYMENT	14
16. INQUIRIES	14
CERTIFICATIONS, REPRESENTATIONS, AND WARRANTIES	APPENDIX 1
PACKAGING AND MARKING SPECIFICATIONS	APPENDIX 2
OFFER FORM	.APPENDIX 3



ANNOUNCEMENT FMP1 FORTIFY AND REPACKAGE CCC-OWNED NONFAT DRY MILK FOR USE IN EXPORT PROGRAMS

1. GENERAL

A. Invitation for Offers

- (1) The Commodity Credit Corporation (CCC) will from time to time issue an invitation for offers under this announcement to fortify with Vitamin A and D and repackage CCC-owned nonfat dry milk (NDM) for use in export programs.
- (2) The invitation will specify the office to which offers are to be submitted, the closing time for receipt of offers, and provisions applicable to the proposed procurement which are in addition to or different from those set forth herein.

B. Terms and Conditions

- (1) Provisions of "General Terms and Conditions For the Procurement of Agricultural Commodities or Services," USDA-1, Revision No. 2, as amended (USDA-1), are incorporated as specified in Section 5 of this announcement.
- (2) Offerors are cautioned to read all terms and conditions of USDA-1, this announcement, the appendixes to this announcement, and the invitation.

C. Basis of Offer

- (1) Prices shown in offers must be for each net pound of fortified and repackaged nonfat dry milk delivered to CCC by the contractor either f.o.b. origin, cars or trucks at CCC's option, or in-store, at the points of delivery named in the invitation. CCC will furnish shipping instructions to contractors and pay carriers directly for transportation and other related services. When shipment by rail is requested, transportation and other charges necessary to place the fortified and repackaged CCC-owned nonfat dry milk f.o.b. cars at railroad siding designated in offer or at the nearest railroad shipping point if none is designated in the offer will be for the account of the contractor.

- (2) In formulating the offer price, the offeror should consider the cost of fortifying and repackaging, and securing inspection of the NDM in accordance with the specifications of this Announcement.

D. Certifications, Representations, and Warranties

Appendix 1 to this announcement contains certifications, representations, and warranties that must be certified and submitted annually to CCC prior to or with an offer. In addition to an annual submission, offerors must submit an updated Appendix 1 as changes in the certifications, representations, and warranties submitted to CCC occur throughout the year.

E. Packaging and Marking Specifications

Appendix 2 to this announcement contains the detailed packaging and marking specifications, and other requirements, applicable to the product delivered under this announcement.

F. Offer Form

Appendix 3 to this announcement contains the offer form.

2. ELIGIBILITY OF OFFERORS

To be eligible to submit an offer under this announcement, the offeror must:

- A. Submit a completed "Solicitation Mailing List Application" (Standard Form 129) to the contracting officer prior to a first offer.
- B. Offeror must complete all portions of form SF-129, except Item 18, and include the following additional information for:
 - (1) Item 8. Identify all affiliates including any parent company. Provide full name and main office address. A "parent" company is one that owns or controls the activities and basic business policies of the bidder. An "affiliate" is defined on the back of the form.
 - (2) Item 10. Identify the commodities/products the offeror is interested in supplying.
 - (3) Items 19 and 20. Must be an officer of the company.
- C. Offerors must resubmit form SF-129 as necessary when the information requires updating.
- D. Affirmatively demonstrate responsibility as defined in Federal Acquisition Regulation (FAR) 9.104-1. CCC may request a pre-award survey to be conducted by the Defense Contract Management Command for the purpose of evaluating the offeror's ability to perform the contract.
- E. Meet the definitions of a dealer or manufacturer as defined below. **Brokers are ineligible to submit offers.**
 - (1) Manufacturer, means a person that owns, operates, or maintains a factory or establishment

that produces on the premises the materials, supplies, articles, or equipment required under the contract and of the general character described by the specifications.

- (2) Regular dealer, means a person that owns, operates, or maintains a store, warehouse, or other establishment in which the materials, supplies, articles, or equipment of the general character described by the specifications and required under the contract are bought, kept in stock, and sold to the public in the usual course of business.

- F. Maintain a bona fide business office in the United States for the purpose of selling to CCC the product described in this announcement. Additionally, the offeror must maintain an office, employee, or agent for service of process.

3. SUBMISSION OF OFFERS

A. How to Submit Offers

- (1) Offers must be submitted by regular mail, express mail, or hand delivered. **(The invitation will specify the office to which offers are to be submitted).** Offers must include a signed original and one copy of the offer form contained in Appendix 3. Reproductions of the offer form are acceptable.
- (2) Envelopes containing the offers are to be sealed and marked with the name and address of the offeror in the upper left corner. Offers submitted by express mail must be sealed inside a second envelope. All envelopes are to have Optional Form OF-17, Offer Label, filled in and attached or must be plainly marked with the following statement: **"DO NOT OPEN UNTIL PRESCRIBED TIME UNDER ANNOUNCEMENT FMP1, DAIRY INVITATION (Enter Appropriate Invitation Number)."** If overnight/express service is utilized, this statement must be printed clearly on the outer express envelope, not the mailing label.
- (3) Modifications and withdrawals of offers may be submitted by letter, express mail, facsimile, or hand delivered.
- (4) Modifications, and withdrawals of offers, may be submitted via facsimile at the offeror's risk. CCC will not be responsible for any failure attributed to the transmission or receipt of facsimile changes including, but not limited to the following:
 - (a) Receipt garbled or incomplete.
 - (b) Availability or condition of the receiving facsimile equipment.
 - (c) Incompatibility between the sending and receiving equipment.
 - (d) Delay in transmission or receipt of price changes.
 - (e) Failure of the bidder to properly identify the information.

- (f) Illegibility of the information.
 - (g) Security of data.
- (5) Changes by facsimile must contain the required signatures.

B. Where and When to Submit Offers

- (1) Offers, modifications, or withdrawals of offers must be submitted to the Kansas City Commodity Office (KCCO) and received by the date and local time specified in the invitation for receipt of offers. In the event such date falls on a business day when KCCO is officially closed, offers must be received by the specified time on the next succeeding business day.
- (2) If mailed, express mailed or hand delivered, time of receipt will be the time recorded by the Kansas City Management Office (KCMO) mailroom's time stamp.
- (3) If sent by facsimile, time of receipt will be the time recorded by the KCMO Communication Center's equipment.

4. ACCEPTANCE OF OFFERS

- A. CCC will notify successful offerors on the date specified in the invitation. The date of acceptance by CCC will be the contract date.
- B. In addition to the price, factors considered in accepting offers will include the time of shipment, the total cost to the Government to deliver the product to the ultimate destination, and the responsibility of the offeror as demonstrated by prior contract performance.
- C. CCC may accept or reject any or all offers, or portions thereof.

5. PROVISIONS OF CONTRACT

- A. The contract consists of:
 - (1) Contractor's offer.
 - (2) CCC's acceptance.
 - (3) The applicable invitation.
 - (4) This announcement, including Appendixes 1-3.
 - (5) USDA-1, except Articles 50 and 55, 93, and 95 unless otherwise modified.
 - (6) Any "register of wage determinations under the Service Contract Act."

- B. If the provisions of USDA-1 and this announcement are not consistent, the provisions of this announcement will prevail. If the provisions of USDA-1, this announcement, and the invitation are not consistent, those of the invitation will prevail.
- C. No interpretation or amendment of this announcement is valid or enforceable unless such interpretation or amendment is in writing and executed by the contracting officer.

6. NAICS CODE AND SMALL BUSINESS SIZE STANDARD

- A. The North American Industry Classification System (NAICS) code for this acquisition and the small business size standard is:

Commodity	NAICS Code	Corresponding Sic Code	Size Standard (Employees)
NONFAT DRY MILK	311514	2023	500

- B. The small business size standard for a concern which submits an offer in its own name, but which proposes to furnish a product which it did not itself manufacture, is 500 employees.
- C. The U.S. Small Business Administration (SBA) has implemented the Procurement Marketing and Access Network (PRO-Net), which has replaced the former Procurement Automated Source System (PASS). PRO-Net is a procurement related Internet-based electronic search engine for locating small, small disadvantaged, and women-owned small business sources. The PRO-Net Internet address (URL) is (<http://pro-net.sba.gov>). Companies that do not have access to the Internet may register for PRO-Net through your local SBA office. The PRO-Net is a free electronic gateway linked to the Commerce Business Daily, government agency home pages, and other sources of procurement opportunities

7. RESPONSES TO ILLEGAL OR IMPROPER ACTIVITY

- A. Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity

- (1) If the Government receives information that a contractor or a person has engaged in conduct constituting a violation of subsection (a), (b), (c), or (d) of Section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423) (the Act), as amended by section 4304 of the 1996 National Defense Authorization Act for Fiscal Year 1996 (Pub. L. 104-106), the Government may:
 - (a) Cancel the solicitation, if the contract has not yet been awarded or issued; or
 - (b) Rescind the contract with respect to which:
 - 1) The contractor or someone acting for the contractor has been convicted for an offense where the conduct constitutes a violation of subsection 27 (a) or (b) of the Act for the purpose of either:
 - a) Exchanging the information covered by such subsections for

anything of value; or

- b) Obtaining or giving anyone a competitive advantage in the award of a Federal agency procurement contract; or
 - 2) The head of the contracting activity has determined, based upon a preponderance of the evidence, that the contractor or someone acting for the contractor has engaged in conduct constituting an offense punishable under subsections 27(e)(1) of the Act.
- (2) If the Government rescinds the contract under paragraph A. (1) of this clause, the Government is entitled to recover, in addition to any penalty prescribed by law, the amount expended under the contract.
 - (3) The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law, regulation, or under this contract.

B. Price or Fee Adjustment for Illegal or Improper Activity

- (1) The Government, at its election, may reduce the price of a fixed-price type contract and the total cost and fee under a cost-type contract by the amount of profit or fee determined as set forth in paragraph B. (2) of this clause if the head of the contracting activity or designee determine that there was a violation of subsection 27 (a), (b), or (c) of the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 423), as implemented in section 3.104 of the Federal Acquisition Regulation.
- (2) The price or fee reduction referred to in paragraph B. (1) of this clause shall be:
 - (a) For cost-plus-fixed-fee contracts, the amount of the fee specified in the contract at the time of award;
 - (b) For cost-plus-incentive-fee-contracts, the target fee specified in the contract at the time of award, notwithstanding any minimum fee or “fee floor” specified in the contract;
 - (c) For cost-plus-award-fee contracts:
 - 1) The base fee established in the contract at the time of contract award;
 - 2) If no base fee is specified in the contract, 30 percent of the amount of each award fee otherwise payable to the contractor for each award fee evaluation period or at each award fee determination point.
 - (d) For fixed-price-incentive contracts, the Government may:

- 1) Reduce the contract target price and contract target profit both by an amount equal to the initial target profit specified in the contract at the time of contract award; or
 - 2) If an immediate adjustment to the contract target price and contract target profit would have a significant adverse impact on the incentive price revision relationship under the contract, or adversely affect the contract financing provisions, the contracting officer may defer such adjustment until establishment of the total final price of the contract. The total final prices established in accordance with the incentive price revision provisions of the contract award and such reduced price shall be the total final contract price.
- (e) For firm-fixed-price contracts, by 10 percent of the initial contract price or a profit amount determined by the contracting officer from records or documents in existence prior to the date of the contract award.
- (3) The Government may, at its election, reduce a prime contractor's price or fee in accordance with the procedures of paragraph B. (2) of this clause for violations of the Act by its subcontractors by an amount not to exceed the amount of profit or fee reflected in the subcontract at the time the subcontract was first definitively priced.
 - (4) In addition to the remedies in paragraphs B. (1) and B. (3) of this clause, the Government may terminate this contract for default. The rights and remedies of the Government specified herein are not exclusive, and are in addition to any other rights and remedies provided by law or under this contract.

8. PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT

- A. The Government suspends or debar contractors to protect the Government's interests. Contractors must not enter into any subcontract equal to, or in excess of, the small purchase limitation of \$25,000 with a contractor that has been debarred, suspended, or proposed for debarment unless the acquiring agency's head or designee determines there is a compelling reason for such action (FAR 9.405).
- B. The contractor must require each proposed first-tier subcontractor, whose subcontract shall exceed the small purchase limitation of \$25,000, to disclose to the contractor, in writing, whether as of the time of award of the subcontract, the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government.
- C. A corporate officer or a designee of the contractor must notify the contracting officer, in writing, before entering into a subcontract with a party that is debarred, suspended, or proposed for debarment (See FAR 9.404 for information on the List of Parties Excluded from Federal Procurement Programs). The notice must include the following:

- (1) The name of the subcontractor;
- (2) The contractor's knowledge of the reasons for the subcontractor being on the List of Parties Excluded from Federal Procurement Programs;
- (3) The compelling reason(s) for doing business with the subcontractor notwithstanding its inclusion on the List of Parties Excluded from Federal Procurement Programs;
- (4) The systems and procedures the contractor has established to ensure that it is fully protecting the Government's interests when dealing with such subcontractor in view of the specific basis for the party's debarment, suspension, or proposed debarment.

9. REPACKAGING AND FORTIFICATION SPECIFICATIONS

A. Domestic Origin

- (1) The fortified NDM delivered under this announcement must be produced in the United States from ingredients produced in the United States. CCC-owned NDM is deemed to be of domestic origin.
- (2) For purposes of this section, the following definition applies:

"Produced in the United States" means manufactured, processed, mined, harvested, or otherwise prepared for sale or distribution, from components originating in the United States. Components originating in the United States which have been exported, and subsequently imported back into the United States, will not be considered as having been produced in the United States.
- (3) The contractor must maintain records to verify that during the contract shipping period, at the point of packaging or, in the case of bulk commodities, at the point of delivery to CCC, the product was in compliance with the domestic origin requirements of this section of the announcement. (See Article 76 of USDA-1.)
- (4) CCC will randomly conduct domestic origin compliance reviews to determine if the product delivered to CCC was produced and manufactured in the U.S. from materials produced and manufactured in the U.S. Upon request, the contractor must submit documentation substantiating compliance to the contracting officer for review. This documentation may include procurement, production, inventory, delivery, and any other pertinent records. Onsite reviews may also be performed, at the discretion of CCC

B. Repackaging Requirements

- (1) The fortified and repackaged nonfat dry milk delivered to CCC must have been processed in the United States from CCC-owned bulk nonfat dry milk. The plants in which the nonfat dry milk is to be processed must be inspected and approved by the Dairy Grading Branch,

Dairy Programs, Agricultural Marketing Service ("AMS"), USDA, prior to submission of offer.

- (2) The Contractor shall fortify and repackage all CCC-owned bulk nonfat dry milk delivered to them which has been approved for repackaging by AMS. CCC shall be responsible for disposition of any bulk nonfat dry milk not approved for repackaging. All empty bags and any sweepings remaining from the packaging operation shall become the contractor's property.
- (3) Twenty-five (25) kilogram bags not found to fully comply with Appendix 2 upon inspection will be accepted by CCC at a discount of 0.50 cents (1/2 cent) per pound for such quantities of fortified NDM as reflected on applicable inspection certificates and delivered to CCC.

B. Fortification Requirements

- (1) The NDM must be fortified with Vitamins A and D within a range between 2000 - 4200 International Units (IU) of Vitamin A, and not less than 400 or greater than 800 IU of Vitamin D per 100 grams of NDM. The NDM must be fortified with Vitamins A and D by either the wet or dry process in such manner as to ensure even distribution of the vitamins at the rate of approximately 3000 IU of Vitamin A, and 600 IU of Vitamin D per 100 grams of NDM. The vitamins must be added at a sufficient level to allow for loss in vitamin potency during fortification.
- (2) Fortified NDM containing Vitamin A in excess of 4,200 or less 2,000 IU will be rejected, or at the discretion of the Contracting Officer, accepted at a discount.

C. Vitamin Sources for Dry Process Fortification

- (1) The Vitamins must be Vitamin A Palmitate (Retinyl Palmitate) or Vitamin A Acetate (Retinyl Acetate), and Vitamin D₂ (Ergocalciferol, or Activated Ergosterol), or D₃ (Activated 7-Dehydro Cholesterol). The ratio of vitamins added to the NDM must be 5 IU of Vitamin A to 1 IU of Vitamin D. The vitamins must be suitably blended in a bland, dry, edible carrier capable of being readily dispersed when the NDM is reconstituted. Suitable food grade antioxidants to stabilize the vitamins, diluents and carriers, will be used as permitted by the Food and Drug Administration (FDA).

D. Vitamin Sources for Wet Process Fortification

- (1) The Vitamins must be Vitamin A Palmitate (Retinyl Palmitate), and Vitamin D₂ (Ergocalciferol or Activated Ergosterol) or D₃ (Activated 7-Dehydro Cholesterol). The ration of vitamins added to the NDM must be 5 IU of Vitamin A to 1 IU of Vitamin D. A small amount of suitable bland, edible oil, may be used as a diluent and solvent for the purpose of adjusting potency to give not less than one million United States Pharmecopoeia (USP) units per gram. Suitable food grade antioxidant to stabilize the vitamins and food grade emulsifier will be used as permitted by FDA.

E. Regulatory

- (1) The Contractor shall obtain a certification from the vitamin supplier (which the Contractor, by delivering the fortified NDM, warrants to be correct) that the supply of vitamins to be delivered to the NDM processor has been tested and found to be substantially without flavor, readily dispersible and suitable for use in milk products and that the vitamin assays for Vitamin A (palmitate), Vitamin D₂ (Ergocalciferol or synthetic Oleo Vitamin D), and Vitamin D₃ (Activated 7-Dehydro Cholesterol) are not less than the label claim when tested by test methods prescribed in the U.S.P.XIX.
- (2) The fortified NDM delivered to CCC shall comply with all applicable Federal and State mandatory requirements relating to the preparation, processing, packaging, labeling, storage, distribution, and sales of the fortified NDM within the commercial marketplace. Delivered fortified NDM shall conform in every respect to the provisions of the Federal Food, Drug, and Cosmetic Act, and regulations promulgated thereunder, except as otherwise required by this Announcement or the applicable invitation.

10. INSPECTION

- A. The inspection required by Article 54 of USDA-1 will be performed by AMS. Subject to Article 54(o) of USDA-1, the quality (as described in section 9) weight, date(s) of manufacture, and packaging of the product will be evidenced by grading certificates issued by AMS. Contractors are required to notify KCCO immediately of lots that fail to meet contract requirements. Procedures and a schedule of fees for inspection services may be obtained by contacting:

Dairy Grading Branch
Dairy Programs, AMS
Building A, Suite 370
800 Roosevelt Road
Glen Ellyn, Illinois 60137

- B. The contractor must not ship the product unless informed by AMS that the containers and markings meet the Acceptable Quality Level (AQL) of the "United States Standards for Condition of Food Containers" (7 CFR Part 42). Notice by AMS that a designated lot¹ scheduled for shipment does not meet the AQL will constitute a rejection to the contractor. Except with respect to shipments which do not meet the AQL standards, and notwithstanding Article 56(b) of USDA-1, the contractor may ship the product prior to receipt of the commodity testing and analysis results. In this event, contractor assumes all risks and liabilities which arise with respect to the failure of the shipped product to meet contract specifications.
- C. If the commodity fails to meet contract specifications on one or more factors on the first inspection, the contractor may arrange with AMS for subsequent inspections of the product. The inspections may be conducted at origin or a subsequent point of delivery if the provisions of Title 7 CFR §

1

The term "lot" as used in this Announcement means the commodity represented by a specific grading certificate issued by AMS in accordance with paragraph 10.B. of this Announcement.

58.22 through § 58.32 issued under the Agricultural Marketing Act of 1946, as amended, with respect to retest, appeal, and new inspections can be met. At the option of the contractor, rejected lots may be reworked including correcting packaging deficiencies and removing unsatisfactory containers, and such reworked lots may be resubmitted for AMS inspection. When subsequent inspections of the commodity are made, the results of the last inspection will be used as the basis for payment under the contract.

- D. Examination and certification of the product by AMS does not relieve contractor of its responsibility to deliver product which complies with all contractual and specification requirements.

11. SHIPMENT AND DELIVERY

A. Delivery of Bulk NDM by CCC

- (1) Delivery of the bulk NDM by CCC must be, at the option of CCC, either f.o.b. cars or trucks at the contractor's plant(s) or the nearest rail shipping point in accordance with Article 86 of USDA-1, or as agreed to by CCC and the contractor. Upon delivery of the bulk NDM, liability will pass to the contractor in accordance with Article 91 of USDA-1.
- (2) Provided the contractor has furnished performance security in accordance with section 13 of this Announcement, the bulk NDM will be delivered approximately one week before the time of processing of the NDM as indicated by the shipment schedule specified in the contract.
- (3) The contractor must furnish to CCC consignee receipts for the bulk NDM delivered. The grading certificates issued by AMS for the CCC-owned NDM (adjusted for any change in the number of containers shipped for fortifying and repackaging) is evidence of the net weight of the NDM delivered for fortifying and repackaging.

B. Delivery of the Fortified and Repackaged NDM by the Contractor

- (1) Shipment and delivery must be made in accordance with this announcement, and Articles 56 and 64 of USDA-1. The KCCO will issue and mail Form KC-269 (Notice to Deliver) containing shipping instructions before the beginning of each scheduled shipping period. The contractor must deliver the fortified and repackaged NDM in accordance with such instructions. Subject to Article 57 of USDA-1, the contractor will be responsible for the proper loading and bracing of the fortified and repackaged NDM..
- (2) Risk of loss, damage, destruction or deterioration, as described in Article 91 of USDA-1, will pass to CCC on the date of delivery as evidenced by the bill of lading signed and dated by the carrier, or the signed and dated consignee receipt if delivery is to be in-store at the shipping point.

12. BASIS OF SETTLEMENT

- A. In the event that CCC delivers less NDM than the quantity called for in the contract, settlement shall be in accordance with Article 92 of USDA-1.
- B. In the event that CCC delivers more NDM than the quantity called for in the contract the, Contractor shall have the option of either:
 - (1) Fortifying, repackaging and delivering the excess quantity in accordance with the specifications of the contract and at the price per pound specified in the contract
 - (2) Paying CCC for the excess quantity at a fair market price per pound as determined by CCC.
- C. The contractor shall deliver to CCC, f.o.b. cars or trucks a the shipping point (s) specified in the contract, all of the bulk NDM approved for fortification and repackaging. However, the quantity of repackaged NDM shall be not less than 99.25 percent of the quantity of approved bulk NDM delivered by CCC. Contractor shall furnish without cost to CCC a sufficient quantity and quality of NDM to meet any deficiency in excess of 0.75 percent of the total quantity of approved bulk NDM delivered by CCC.

13. PERFORMANCE SECURITY

- A. Contractor shall furnish a surety bond or other acceptable security in accordance with Article 85 of USDA-1. Such security shall be furnished to the Kansas City Commodity Office, payable to CCC, and shall be in the amount which CCC shall prescribe in the acceptance of offers. The security shall be computed on the basis of 35 cents per pound multiplied by the maximum quantity of bulk NDM which the Contractor is expected to have in his possession at any one time, rounded to the nearest \$1,000,000. However, the required security shall be not less than \$25,000.00 nor more than \$250,000.00.

14. LIQUIDATED DAMAGES

- A. Compensation to Contractor for Late Issuance of Notice to Deliver

Liquidated damages for delay in delivery due to late issuance of "Notice to Deliver" (KC-269), will be payable in accordance with Article 65 of USDA-1, and will be at the rate of \$0.10 per 100 pounds (net weight) per day.

- B. Compensation to CCC for Delay in Delivery

Liquidated damages for delay in shipment will be payable in accordance with Article 67 of USDA-1, and will be at the rate of \$0.10 per 100 pounds (net weight) per day.

15. INVOICES AND PAYMENT

- A. Invoicing and payment will be handled in accordance with Article 70, USDA-1. Payment shall be made by CCC to the Contractor for fortification and repackaging at the rates stated in the offer. Subject to adjustments as otherwise provided for in the contract, for each net pound of fortified

NDM delivered f.o.b. cars or trucks at shipping points specified in the contract. Invoices must be mailed to:

Kansas City Management Office
Financial Operations Division, SB-VIPS Stop 8578
P.O. Box 419205
Kansas City, MO 64141-6205

- B The Debt Collection Improvement Act of 1996 amended 31 U.S.C. 3332 to require Federal agencies to convert all Federal payments from checks to electronic fund transfers. Payments are made directly to a financial banking institution. To receive payments electronically, Standard Form 3881, ACH Vendor/Miscellaneous Payment Enrollment Form must be completed. If you have questions or would like this form mailed to you, contact Commodity Financial Operations Division, ICB.

16. INQUIRIES

Inquiries pertaining to USDA-1 and this announcement should be directed to:

Kansas City Commodity Office
Dairy and Domestic Operations Division
P.O. Box 419205
Kansas City, MO 64141-6205

Alan King
Director
Kansas City Commodity Office

UNITED STATES
DEPARTMENT OF
AGRICULTURE

EFFECTIVE: January 1, 2004

KANSAS CITY
COMMODITY OFFICE
P.O. BOX 419205
KANSAS CITY, MO 64141-6205

APPENDIX 1

Representations, Certifications, and Other Statements of Offerors or Respondents for

DAIRY COMMODITY PROCUREMENTS

<http://www.fsa.usda.gov/daco/Announcement/dairy/Appendix1.pdf>



UNITED STATES
DEPARTMENT OF
AGRICULTURE

COMMODITY
CREDIT
CORPORATION

KANSAS CITY
COMMODITY OFFICE
P.O. BOX 419205
KANSAS CITY, MO 64141-6205

EFFECTIVE: August 16, 1999

APPENDIX 2

Packaging and Marking Specifications

ANNOUNCEMENT FMP1 FORTIFY AND REPACKAGE CCC-OWNED NONFAT DRY MILK FOR USE IN EXPORT PROGRAMS



TABLE OF CONTENTS
FORTIFY AND REPACKAGE NONFAT DRY MILK
APPENDIX 2
ANNOUNCEMENT FMP1

<u>PARAGRAPH & TITLE</u>	<u>PAGE</u>
PART 1. BASIC PROVISIONS	1
1.1 PURPOSE	1
1.2 USDA RESPONSIBILITIES	1
1.3 APPROVAL OF ALTERNATIVE PACKAGING	2
1.4 INQUIRIES	2
1.5 QUALITY CONTROL	3
1.6 LIABILITY	3
1.7 GSA REGIONAL BUSINESS SERVICE CENTERS	3
PART 2. GENERAL REQUIREMENTS	4
2.1 CONTAINERS AND MATERIALS	4
2.2 CERTIFICATION OF COMPLIANCE	5
PART 3. CONTAINER AND PACKAGING REQUIREMENTS	6
3.1 25-KILOGRAM MULTI WALL PAPER BAGS	6
3.2 LINER SEALS AND OUTER CLOSURES	6
3.3 PERFORMANCE TEST	7
PART 4. MARKING REQUIREMENTS	8
4.1 GENERAL REQUIREMENTS	8
4.2 ADDITIONAL/SPECIAL MARKINGS	9
4.3 STATE AND PLANT NUMBER	9
4.4 MONTH/YEAR OF FORTIFICATION	9
4.5 LOT CODE/CERTIFICATE NUMBER	9
4.6 EMPTY BAG DIMENSIONS	10
4.7 CERTIFICATION OF COMPLIANCE	10
4.8 CONTAINERS WITH INCORRECT MARKINGS	10

**APPENDIX 2 TO ANNOUNCEMENT FMP1
FORTIFY AND REPACKAGE NONFAT DRY MILK
FOR USE IN EXPORT PROGRAMS**

Packaging and Marking Specifications

PART 1. BASIC PROVISIONS

1.1 PURPOSE

- A. This Appendix outlines the packaging and marking requirements, container specifications, and procedures for the approval of containers and packaging materials used in the fortification and repackaging of CCC-owned nonfat dry milk for under export programs.
- B. This Appendix supersedes all previous packaging requirements and specifications outlined in handbooks, announcements, or notices.
- C. Changes to this Appendix will be issued periodically in the form of amendments to the Announcement. Contractors are advised to ensure that all subcontractors, e.g., container and packaging material manufacturers, are familiar with the requirements on a contract-by-contract basis.

1.2 USDA RESPONSIBILITIES

- A. The Deputy Administrator, Commodity Operations (DACO), USDA-FSA, Washington, D.C., is responsible for approving the use of all containers and packaging materials.
- B. The Agricultural Marketing Service (AMS) is responsible for examining the containers and packaging materials according to the:
 - (1) Specifications in this Appendix.
 - (2) U.S. Standards for Condition of Food Containers.
 - (3) AMS Handbook for Inspection of the Condition of Food Containers.
- C. The Kansas City Commodity Office (KCCO) is responsible for accepting or rejecting commodities, containers, and packaging materials on a contract-by-contract basis

1.3 APPROVAL OF ALTERNATIVE PACKAGING

- A. To request approval of an alternative container or packaging material, commodity suppliers or package manufacturers must submit a written request to DACO, including the package construction specification and any supporting evidence of performance such as:
- (1) Laboratory test data.
 - (2) Reports of field testing.
 - (3) History of successful use in commercial channels.
 - (4) Environmental impact.
- B. The supporting evidence must show that the proposed alternative container or packaging material will perform as well as the container(s) or packaging material(s) currently specified and authorized for use.
- C. The proposed alternative container or packaging material must have an environmental impact equal to or less than the container(s) or packaging material(s) currently specified and authorized for use. DACO will evaluate the total life cycle of the proposed alternative container or packaging material and will consider the environmental impact of each state from manufacture, through its use, to waste management (reuse, recycle, or disposal).
- D. In response to requests, DACO will do one or more of the following:
- (1) Request that samples of the container or packaging material be sent for evaluation to a package testing laboratory designated by DACO.
 - (2) Require test shipments of filled containers.
 - (3) Deny the use of the container or packaging material.
 - (4) Authorize the use of the container or packaging material, in writing, based on the information submitted, environmental impact evaluation, and/or completion of successful testing. The written authorization must be made available to the applicable inspection agency upon request.

1.4 INQUIRIES

Inquiries concerning these specifications or the approval of alternative containers should be directed to:

USDA/FSA/PDD
Contract Management Branch
Stop 0551
1400 Independence Ave. S.W.
Washington, D.C. 20250-0551
ATTN: Packaging

1.5 QUALITY CONTROL

To verify that containers or packaging materials continue to meet the applicable construction and performance specifications approved by DACO, the following steps are in effect under the authority of Article 54 of USDA-1.

- A. At the contractor's plant, AMS will select random samples of the containers or packaging materials intended for use in shipment of the product.
- B. AMS will send the samples to a package testing laboratory designated by DACO.
- C. The number of samples selected and the frequency of laboratory testing will be determined by DACO.
- D. Samples may or may not be evaluated at the laboratory prior to the packaging and shipment of the product.
- E. Containers or packaging materials found to be in noncompliance may be rejected to CCC's contractor.
- F. All samples will be held at the laboratory for future reference and will be examined, as deemed necessary, to determine compliance.

1.6 LIABILITY

In accordance with Article 60 of USDA-1, CCC's contractor will be liable if containers or packaging materials do not meet contract requirements.

1.7 GSA REGIONAL BUSINESS SERVICE CENTERS

For copies of referenced Federal specifications and standards contact:

General Services Administration
Specification Unit
470 E. L'enfant Plaza S.W., Suite 8100
Washington, D.C. 20407
Phone: (202) 619-8925

PART 2. GENERAL REQUIREMENTS

2.1 CONTAINERS AND MATERIALS

- A. Unless otherwise specified, all containers and packaging materials must be:
- (1) Constructed as specified in this Appendix and any referenced specifications, or as authorized in writing by DACO.
 - (2) New and made of components and by processes which will not impart an odor, flavor, color, or other objectionable characteristic to the product being packaged.
 - (3) Constructed to meet the requirements of the Food and Drug Administration (FDA) for safe contact with the packaged product.
 - (4) Constructed from the maximum amount of recycled materials practicable without jeopardizing performance or food safety.
- B. All containers and packaging materials must be manufactured and assembled in the United States. The components that make up the fabricating materials of the containers and packaging materials must be of U.S. origin to the extent that they are commercially available. Questions concerning the availability of a material should be directed to:
- USDA/FSA/DACO/PDD
Contract Management Branch
Stop 0551
1400 Independence Ave. S.W.
Washington, D.C. 20250-0551
ATTN: Packaging
- C. The contractor must maintain records to verify that during the contract shipping period, at the point of packaging, the containers and packaging materials were in compliance with paragraph 2.1.B. See Article 76 of USDA-1.
- D. Filled containers must be safe for individuals coming in contact with them during handling, stacking, and storage operations.
- E. The weight capacity of a container, e.g., 25-kilogram bag, is defined as a container designed to hold 25 kilograms of product.

2.2 CERTIFICATION OF COMPLIANCE

- A. A Certification of Compliance (C.O.C.) must be provided by the container or packaging material manufacturer for each contract.
- B. The C.O.C. must state that all containers or packaging materials meet the requirements of this Appendix.
- C. AMS will determine whether the contractor has obtained a C.O.C. from the appropriate container or packaging material manufacturer.
- D. The C.O.C. must be either printed on each individual container or provided in writing for review by AMS. When printed on the container, the C.O.C. must be as small as possible, yet legible.
- E. The C.O.C. must read:

"THIS CONTAINER IS CONSTRUCTED IN COMPLIANCE WITH DACO PACKAGING REQUIREMENTS"

or

"THIS PACKAGING MATERIAL IS CONSTRUCTED IN COMPLIANCE WITH DACO PACKAGING REQUIREMENTS"

- F. The C.O.C. may be printed in either upper or lower case lettering.

PART 3. CONTAINER AND PACKAGING REQUIREMENTS

3.1 25-KILOGRAM MULTI-WALL PAPER BAGS

- A. Twenty-five kilograms of product must be packed in multi-wall paper bags meeting the requirements of Federal Specification UU-S-48, as amended, Type II, Style A or Type VI, Style B (Pasted Openmouth). The use of recycled materials is not required if performance or food safety is jeopardized.
- B. The bag must have two inner walls of 60-pound nominal basis weight natural kraft paper and an outer wall of 60-pound nominal basis weight wet strength kraft paper in accordance with Uniform Freight Classification, Rule 40, as amended.
- C. The bag must have a inner plastic liner constructed of 4 mil low density polyethylene film. The film liner must:
 - 1. Be loose-inserted,
 - 2. Be the length of the outer multi wall bag plus 8 inches,
 - 3. Have a width capable of encircling the inside of the multi wall bag without stretching or forming excessive folds; and
 - 4. Not exceed a maximum average water vapor permeability of 0.65 grams per 100 square inches in 24 hours at 90 percent relative humidity and a temperature of 100 degrees Fahrenheit plus or minus 5 degrees.
- D. Longitudinal seams of the outer wall of the bag must be glued so that there is no more than 3/16-inch of unglued edge on the outer surface of the bag. The adhesives used in the longitudinal seams must be water proof.
- E. Alternative multi-wall paper bag constructions filled and sealed on automated equipment, including Cap-Sac, Peel-Pak, and Aire-Tite bags, may be utilized provided the constructions has been tested and authorized for use by DACO.

3.2 LINER SEALS AND OUTER CLOSURES

- A. Multi-wall paper bags must be filled in a manner to prevent product from getting between the inner film and the next outer paper ply.
- B. Inner Polyethylene Liners
 - 1. Must have as much excess air expelled as possible immediately prior to sealing.
 - 2. The liner must be: (a) heat-sealed or (b) twisted and folded into a goose-neck position and secured close to the top of the filled product using cotton tape, twine, or any other securing method used in the dry milk industry.
 - 3. The heat-sealing method and equipment utilized must be approved by DACO.

- C. The bottom and top of the 25-kilogram bag must be closed to provide a tight seal using hot-melt or thermoplastic adhesive applied in a single band along the top edge of the long side of the bag and extending downward at least 3/4 inches. The fold line on the bag manufacturer closure end must be 1-3/4 inches plus or minus 1/4-inch. The fold line on the field closure end must be 1-5/8 inches plus or minus 1/4 inch.

3.3 PERFORMANCE TEST

All bags must be capable of withstanding the following performance test for impact resistance:

- (1) Ten filled and sealed bags must each survive a single drop test on the butt or bottom, on a shock machine that produces for each test a velocity change of 195 inches per second using a shock duration of 0.002 seconds without loss of product.
- (2) Testing must be conducted under standard temperature (73.4 degrees F plus or minus 1.8 degrees F) and relative humidity (50% plus or minus 2%) conditions.
- (3) Filled bags must be placed in the conditioned atmosphere for sufficient time before the tests are conducted for the bag materials to reach equilibrium.
- (4) Bags submitted under this performance specification must conform to all other applicable material, construction, and performance specifications.

PART 4. MARKING REQUIREMENTS

4.1 GENERAL REQUIREMENTS

- A. The bags must be marked in the color as specified in the enclosed exhibits. Any markings not shown on the enclosed exhibits must be marked in blue. When printed on the bag, the colors blue and red must match the PMS chart numbers 280 and 200, respectively, to the extent practicable.
- B. All dimensions are approximate. Unless otherwise specified, all characters must be in normal block print.
- C. The letters USA must be Univers black (75) oblique, or Helvetica extra bold with 70% scaling and -70 tracking or equivalent to match the style as shown in enclosed exhibits. The letters USA must be 4-3/4 inches high, and 9-3/4 inches in total width. All other lettering must be in normal block print. The three stripes adjacent USA must be 1-inch high and must extend to the edge of the panel.
- D. The USAID logo must be printed in the same style as shown in the enclosed exhibits. The logo must be 4-5/8 inches high and 3-3/8 inches in width.
- E. The commodity name must be 1-1/4 inch print.
- F. The statement "NOT TO BE SOLD OR EXCHANGED" must be in 3/4 inch print. The contract number and net weight must be 5/8 inch print. For on-line printing purposes, the contract number may appear in any location on the bag, provided the number is conspicuous.
- G. The geometric symbols must appear as shown in the enclosed exhibits.
- H. The markings on the back panel of the bag may be adjusted as necessary in size and location to accommodate an overlap of the paper during manufacturing.
- I. Gussets
 - (1) The geometric symbols must appear in both gussets, adjacent to USA, as shown in the enclosed exhibits.
 - (2) The letters USA must be Univers black (75) oblique, or Helvetica extra bold with 70% scaling and -70 tracking or equivalent to match the style as shown in enclosed exhibits. The letters USA must be 3 inches high and printed in both gussets.

4.2 ADDITIONAL/SPECIAL MARKINGS

The Kansas City Commodity Office will furnish any additional or special markings within two business days after the date of the contract. The procurement of containers should be deferred for at least two business days after the date of the contract.

The following special marking requirements may be requested under the contract:

Special Marking Requirement #1

Omit the letters "USA" and the stripes, the USAID logo, the words "NOT TO BE SOLD OR EXCHANGED," and retain all other markings.

Special Marking Requirement #2

Omit the USAID logo and retain all other markings.

Special Marking Requirement #3

Omit the words "NOT TO BE SOLD OR EXCHANGED," and retain all other markings.

Special Marking Requirement #4

Omit the USAID logo, the words "NOT TO BE SOLD OR EXCHANGED," and retain all other markings.

4.3 STATE AND PLANT NUMBER

The State and plant number must be printed on each shipping container. The State and plant number is assigned by the State and reported by AMS in "Dairy Plants Surveyed and Approved for USDA Grading Service."

4.4 MONTH/YEAR OF FORTIFICATION

The month/year of dry milk fortification must appear on all bags.

4.5 LOT CODE/CERTIFICATE NUMBER

A lot code or official USDA inspection certificate number unique to each lot offered for inspection must be legibly marked on each individual container. Contractors may use any type of lot coding system, provided a unique code is used to identify each lot offered for inspection under a CCC contract. Commodity suppliers must provide AMS inspection personnel, as applicable, with an explanation of the lot coding system utilized.

4.6 EMPTY BAG DIMENSIONS

- A. All bags must be marked with the empty dimensions as follows:

Gusseted Bags

Face Width X Gusset Width X Finished Length

Flat Tube Bags

Face Width X Finished Length

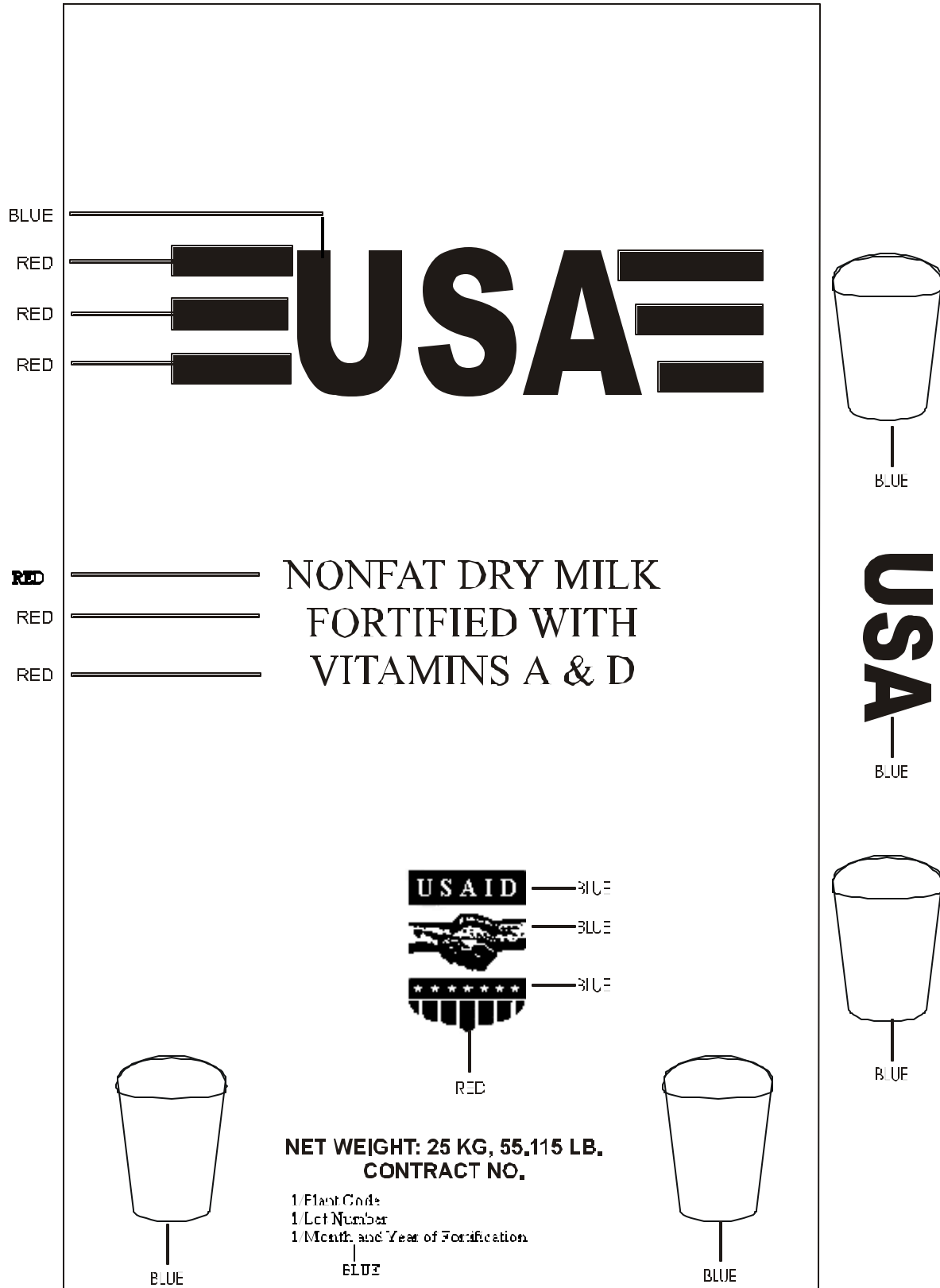
- B. The dimensions may be printed anywhere on the bag, but must be as small as possible, yet legible.

4.7 CERTIFICATION OF COMPLIANCE

A C.O.C. may be printed on each individual container. When printed on the container, the C.O.C. must be applied in accordance with paragraph 2.2 of this appendix.

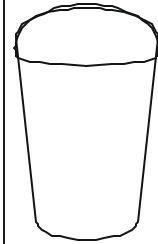
4.8 CONTAINERS WITH INCORRECT MARKINGS

- A. Containers displaying incorrect markings may be used provided that the incorrect markings are obliterated and correct markings are applied in a permanent manner.
- B. The contractor must take necessary action, in accordance with USDA-1, Article 62, to prevent the appearance in commercial or other channels of containers and container materials bearing markings required under the contract, including those held by the contractor or others, e.g., overruns.



1/May appear as shown or on top of the bag

BLUE
RED
RED
RED



BLUE

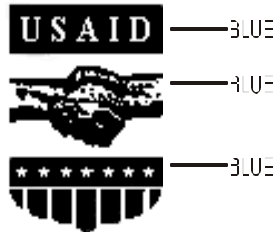
RED
RED
RED

NONFAT DRY MILK
FORTIFIED WITH
VITAMINS A & D



BLUE

NOT TO BE SOLD
OR EXCHANGED

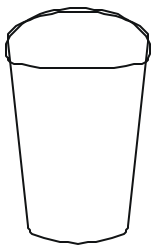


BLUE

BLUE

BLUE

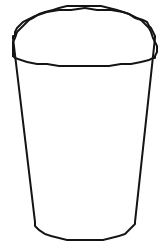
RED



BLUE



BLUE



BLUE

UNITED STATES
DEPARTMENT OF
AGRICULTURE

COMMODITY
CREDIT
CORPORATION

KANSAS CITY
COMMODITY OFFICE
P.O. BOX 419205
KANSAS CITY, MO 64141-6205

EFFECTIVE: August 16, 1999

APPENDIX 3

Offer form

ANNOUNCEMENT FMP1 FORTIFY AND REPACKAGE CCC-OWNED NONFAT DRY MILK FOR USE IN EXPORT PROGRAMS



KC-327-FMP (8-16-99) OFFER FORM	ANNOUNCEMENT NO. <div style="text-align: center; font-size: 1.2em;">FMP1</div>	INVITATION NO. PAGE <div style="text-align: right; font-size: 1.2em;">1</div>
---------------------------------------------------------	----------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------

TO BE COMPLETED BY OFFEROR

VENDOR NAME

Subject to the terms and conditions of this invitation, Announcement FMP1, and USDA-1, Revision No. 2, as amended, the undersigned offers to fortify, repackage, and deliver the following quantities at the price shown below.

1. Fortified Nonfat Dry Milk - Total Maximum Pounds by Shipping Period

Month	First Half	Last Half
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

First Half = 1-15 of Delivery Month
 Last Half = Remaining days of Delivery Month

MAXIMUM QUANTITY OFFERED	MINIMUM QUANTITY OFFERED (Optional)
--------------------------	-------------------------------------

2. Offered price per pound _____ f.o.b. cars or trucks.

3. Name and location of processing plant:

4. Receiving point for NDM:

Truck: _____
 (Name) (Address) (City/State/Zip)

Rail (if different than truck): _____
 (Name) (Address) (City/State/Zip)

Serving Railroad(s): _____ Switching Railroad: _____

5. Delivery point for fortified NDM (if different from receiving point):

Truck: _____
 (Name) (Address) (City/State/Zip)

Rail (if different than truck): _____
 (Name) (Address) (City/State/Zip)

Serving Railroad(s): _____ Switching Railroad: _____

KC-327-FMP (8-16-99) OFFER FORM	ANNOUNCEMENT NO. FMP1	INVITATION NO.	PAGE 2
-----------------------------------------------------	---------------------------------	----------------	------------------

6. Annual Representations and Certifications - Sealed Bidding

The bidder certifies that annual representations and certifications (Check One):

- A. Dated _____ (insert date of signature of submission), which are incorporated herein by reference, have been submitted to the contracting office issuing this solicitation and that the submittal is current, accurate, and complete as of the date of this bid, except as follows (insert changes that affect only this solicitation; if none, so state):

2. Are enclosed.

7. Timely Performance (Check One):

Offeror has has not delivered all products required under contracts with CCC that have a not-later-than date prior to this bid opening.

8. Offeror acknowledges receipt of amendments to invitation by entering the amendment number and date.

AMENDMENT NO.	DATE	AMENDMENT NO.	DATE
AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

Before signing this offer, see Article 6 of USDA-1.

The certifications, warranties, and representations as set forth in this invitation and part C of USDA-1, Revision No. 2, as amended, are hereby made.

IN WITNESS WHEREOF, the undersigned has executed this offer this _____ day of _____ (MONTH-YEAR).

NAME OF FIRM

SIGNATURE

TITLE

Typed Name of the Officer or Employee Responsible for the Offer:

TYPE OF FIRM (Corporation, Partnership, or Sole Proprietorship)

ADDRESS

CITY

STATE

ZIP CODE

E-MAIL ADDRESS

FAX NO.

TELEPHONE NO.

AFTER HOURS CONTACT (Name)

TELEPHONE NO.

KC-327-FMP (8-16-99)	ANNOUNCEMENT NO. FMP1	INVITATION NO.	PAGE 3
OFFER FORM			

PRIVACY ACT AND PUBLIC BURDEN STATEMENTS

The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the information is 7CFR, Chapter 14. The information will be used to evaluate bids to purchase processed commodities. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in nonconsideration. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.

Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0177), Stop 7630, Washington, D.C. 20250-7630.

NONDISCRIMINATION STATEMENT

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.