

UNITED STATES
DEPARTMENT OF
AGRICULTURE

COMMODITY
CREDIT
CORPORATION

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

Date Issued: March 13, 2001

ANNOUNCEMENT KCEC1

EXCHANGE OF COMMODITIES



TABLE OF CONTENTS

	<u>Page</u>
1. GENERAL	1
2. ELIGIBILITY OF OFFERORS	1
3. SUBMISSION OF OFFERS	2
4. ACCEPTANCE OF OFFERS	3
5. PROVISIONS OF CONTRACT	4
6. RESPONSE TO ILLEGAL OR IMPROPER ACTIVITY	4
7. PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT	6
8. COMMODITY SPECIFICATIONS	7
9. DELIVERY	8
10. TITLE AND RISK OF LOSS	8
11. INVOICES FOR PAYMENT	8
12. INQUIRIES	9



ANNOUNCEMENT KCEC1 EXCHANGE OF COMMODITIES

1. GENERAL

A. Invitation for Offers

- (1) The Commodity Credit Corporation (CCC) will from time to time issue an invitation to exchange agricultural commodities owned by CCC for processed commodities.
- (2) The invitation will specify the type of commodities to be exchanged, the specifications, 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, and the invitation.

2. ELIGIBILITY OF OFFERORS

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

A. Meet the definitions of a manufacturer or nonmanufacturer 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) Nonmanufacturer means a person that is primarily engaged in the wholesale or retail trade and normally sells the items being supplied to the general public, and will supply the end item of a small business manufacturer or processor made in the United States, or obtain a waiver of such requirement pursuant to 13 C.F.R. 121.406.

- B. If the commodity to be exchanged:
- (1) Is grain or rice the contractor must have a Uniform Grain and Rice Storage Agreement (UGRSA) with CCC and be on CCC's List of Approved Warehouses.
 - (2) Has been processed the contractor must have a Processed Commodity Storage Agreement (PCSA) with CCC and be on CCC's list of approved facilities, or be a recognized member of the grain industry or processing industry with either direct ownership or control of the facility named in their offer.
- C. Be able to provide negotiable warehouse receipts, KC227's or documentation as prescribed by CCC, made out in the name of CCC for the kind, quality, and quantity issued on the facility named in their offer.

3. SUBMISSION OF OFFERS

A. How to Submit Offers

- (1) Offers must be submitted by regular mail, express mail, facsimile, or hand delivered. **(The invitation will specify the office to which offers are to be submitted)**. Offers must be a signed original offer form. 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 KCEC1, 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, withdrawals of offers, and price adjustments may be submitted by letter, express mail, facsimile, or hand delivered.
- (4) Modifications, withdrawals of offers, and price adjustments 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 Accounting Office (KCAO) mailroom's time stamp.
- (3) If sent by facsimile, time receipt will be the time recorded by the KCAO Communication Center's equipment.

C. Basis of Offer

- (1) An offer must express a quantity per bushel, pound, gallon, etc., required for the delivery of the commodity as specified in the invitation.
- (2) The content of an offer will include:
 - (a) The warehouse code if applicable;
 - (b) The facility location;
 - (c) The quantity, kind, quality, class, and protein (if wheat), or other factor as applicable.

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 quantity, factors considered in accepting offers will include, but not limited to, location, the total cost to the Government including storage rate, 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.
 - (5) USDA-1, except Article 5, 6, 7, 50 and all of Part E.
- 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. 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 the 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 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 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.

7. 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.

8. COMMODITY SPECIFICATIONS

A. Domestic Origin

When CCC takes title to the commodity the following domestic origin requirements apply:

- (1) The product delivered under this announcement must be produced in the United States from commodities produced in the United States.
 - (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.
 - (4) 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)
 - (5) 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. The invitation will specify the quality of the commodity required.
- C. If the commodity is a grain product the definitions, grades, and grading factors used in all determinations under this contract will be those contained in the Official United States Standards for Grains issued by the Federal Grain Inspection Service (FGIS), or recognized trade grading service, and in effect at the time of exchange by CCC.

9. DELIVERY

- A. The commodity offered to CCC for exchange must be delivered from points within the continental United States.
- B. The commodity may be delivered instore at an approved UGRSA or PCSA warehouse, f.o.b. plant, or f.o.b. vessel, or other location as prescribed in the applicable invitation. The contractor must furnish to CCC at the Kansas City Commodity Office within the time specified, the documentation as prescribed in the applicable invitation.

10. TITLE AND RISK OF LOSS

Simultaneous transfer of title of the agricultural commodities exchanged will occur when acceptable documentation as prescribed in the applicable invitation is received by CCC.

11. INVOICES FOR PAYMENT

- A. If the commodity is to be delivered instore, f.o.b. plant, or f.o.b. vessel, the contractor must furnish acceptable documentation for release of the prescribed commodity instore.
- B. All required documentation is at contractor's expense.
- C. Invoicing and payment will be handled in accordance with Article 70, USDA-1. Invoices must be mailed to:

- (1) By regular mail:

Kansas City Commodity Office
Financial Operations Division, ICB
Stop Code 8758
P.O. Box 419205
Kansas City, MO 64141-6205

- (2) Users of various express delivery services:

Kansas City Commodity Office
CRD/FRB
Stop Code 8758
6501 Beacon Drive
Kansas City, MO 64133-4676
(Hours: 7:00 A.M. - 5:00 P.M.)

- D. The Debt Collection Improvement Act of 1996 amended 31 U.S.C. 3332 requires Federal agencies to convert all Federal payment from checks to electronic fund transfers. Payments for the contract and storage may be made directly to a financial banking institution. To receive payments electronically, Standard Form 1199A, Direct Deposit Sign-Up Form and Form W-9, Request for Taxpayer Identification Number and Certification, must be completed. If you have any questions or would like these forms mailed to you, contact Financial Operations Division, ICB.

12. INQUIRIES

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

Kansas City Commodity Office
Bulk Commodities Division
P.O. Box 419205
Kansas City, MO 64141-6205

/s/ George W. Aldaya

George W. Aldaya
Director
Kansas City Commodity Office