



United States
Department of
Agricultural

Selling Agricultural Commodities to the Government

User's Guide



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PREFACE

The procurement policy of the Government is to stimulate competition among prospective contractors and to award contracts on a competitive basis according to the policies and procedures set forth in the Federal Acquisition Regulation (FAR) and the Agriculture Acquisition Regulation (AGAR). The Government also strives to ensure that small, small disadvantaged, veteran-owned, service-disabled veteran-owned, HUBZone, and women-owned small business concerns receive a fair and equitable share of the contracts awarded by the Government.

This User's Guide has been prepared to describe what USDA's Farm Service Agency, Commodity Operations, procures and how all prospective contractors can participate. The information contained in this guide is designed to encourage participation in these programs and advise small business concerns of special opportunities available to them.

USDA prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program (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 or TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

Part 1 ORGANIZATION

1.A United States Department of Agriculture (USDA)

USDA programs help to alleviate poverty, hunger, and malnutrition throughout the nation and around the world. USDA strives to improve and maintain farm income and to develop and expand markets for U.S. agricultural products domestically and abroad.

1.B. Commodity Credit Corporation (CCC)

CCC is a wholly owned Government corporation within USDA created to stabilize, support, and protect farm income and prices. CCC provides funding for farm programs and for the acquisition, storage, and disposal of agricultural commodities. CCC has no employees of its own. Storage of price support commodities, acquisition of commodities for domestic and export food distribution programs, and disposal activities for price supported commodities are carried out primarily by the personnel of the Farm Service Agency. U.S. agricultural commodities purchased through CCC help alleviate hunger on a global as well as domestic basis.

1.C. Farm Service Agency (FSA)

"A customer-driven agency with a diverse and multi-talented work force, dedicated to achieving an economically and environmentally sound future for American Agriculture."
FSA Vision Statement

Stabilizing farm income, helping farmers conserve land and water resources, providing credit to new or disadvantaged farmers and ranchers, and helping farm operations recover from the effects of disaster are the missions of the U.S. Department of Agriculture's Farm Service Agency (FSA).

FSA was set up when the Department was reorganized in 1994, incorporating programs from several agencies, including the Agricultural Stabilization and Conservation Service, the Federal Crop Insurance Corporation (now a separate [Risk Management Agency](#)), and the Farmers Home Administration. Though its name has changed over the years, the Agency's relationship with farmers goes back to the 1930s.

Today FSA's responsibilities are organized into 5 areas: Farm Credit, Farm Programs, Commodity Operations, Management, and State Operations. More information and history can be found at: <http://www.fsa.usda.gov/pas/aboutus.htm>

1.D. Kansas City Commodity Office (KCCO)

KCCO has specific responsibility to acquire, handle, store, and dispose of commodities held by CCC. KCCO procures commodities through purchases under the Milk Price Support Program and from commercial stocks to fill requests from the Food and Nutrition Service (FNS), Foreign Agricultural Service, and the U.S. Agency for International Development (USAID). It also contracts for service to process and/or repackage commodities. It administers contracts awarded by the Agricultural Marketing Service for shipments of meats, poultry, fruits, and vegetables for domestic food distribution programs administered by the FNS. KCCO works closely with contractors and distributing agencies for storage and shipment of food for domestic and international feeding programs.

1.E. Kansas City Finance Office (KCFO)

KCFO issues payments to producers, contractors and processors for the satisfactory delivery of commodities.

Part 2 **FOOD ASSISTANCE PROGRAMS**

2.A. Commodities for Domestic Food Distribution Programs

FNS administers domestic food distribution programs. FNS provides guidance and coordinates its activities with state agencies which are responsible for distributing commodities within each state. KCCO coordinates with FNS to purchase and supply commodities used in a variety of programs including the National School Lunch Program, the Summer Food Service Program, the Child and Adult Care Food Program, School Breakfast Program, Food Distribution on Indian Reservations as well as feeding programs for low income older Americans, pre- and post-partum women, and children.

For more information concerning commodities for domestic food distribution programs contact:

Kansas City Commodity Office
Dairy and Domestic Operations Division
Mail Stop 8718
P.O. Box 419205
Kansas City, MO 64141-6205
Phone: (816) 926-6124
FAX: (816) 823-4195



Domestic Feeding Program Commodity Requirements, which include commodity specification, packaging and marking requirements, are available at:
<http://www.fsa.usda.gov/daco/CommRequirements.htm>.

2.B. Processed and Packaged Commodities for Export Programs

KCCO procures and supplies commodities on behalf of USAID and USDA's FAS for overseas humanitarian and developmental use under Titles II and III of P.L. 480, Food for Progress, Section 416(b), and Global Food for Education Initiative. Cooperating sponsors include private voluntary organizations such as CARE and Catholic Relief Services as well as the United Nation's World Food Program, which distributes many of the commodities overseas.

For more information concerning commodities for export programs contact:

Kansas City Commodity Office
Export Operations Division
Mail Stop 8738
P.O. Box 419205
Kansas City, MO 64141-6205
Phone: (816) 926-6707
FAX: (816) 926-6767



Export Donation Program Commodity Requirements, which include commodity specification, packaging and marking requirements, are available at:
<http://www.fsa.usda.gov/daco/CommRequirements.htm>.

2.C. Bulk Commodities for Export Programs

Bulk Commodities Division (BCD) markets and manages cotton, grain, oilseeds, rice, peanuts and sugar inventories which are owned by CCC. BCD regularly analyzes the location, condition, and quantity of these stocks. BCD administers agreements for storage under the Uniform Grain and Rice Storage Agreement (UGRSA), the Cotton Storage Agreement (CSA), Peanut Storage Agreement (PSA) and Sugar Storage. In accordance with program objectives and authorized directives, BCD determines and posts applicable county prices and acquires, sells, exchanges or otherwise disposes of grain, oilseeds, sugar, peanuts, cotton and rice. BCD prepares and issues Invitation for Bid (IFB) for the purchase and sale of assigned commodities. It coordinates ocean freight bookings for bulk grain donation programs.

For more information, contact:

Kansas City Commodity Office
Bulk Commodities Division
Mail Stop 8748
P.O. Box 419205
Kansas City, MO 64141-6205
Phone: (816) 926-6437
FAX: (816) 823-1804



Requirements for bulk commodities for Export Donation Programs, which also include packaging and marking requirements, are available at:

<http://www.fsa.usda.gov/daco/CommRequirements.htm>.

2.D. Quantities and Purchasing Frequency

Commodity purchases are based on program needs and the availability of funds authorized by Congress. Export purchases are made monthly. Domestic purchases are made quarterly. Dairy cheese and infant formula purchases are made once a year. In a typical year, approximately \$2 billion is spent by USDA in support of both international and domestic food assistance programs.

Part 3 THE ACQUISITION PROCESS

3.A. Qualifying as a Prospective Contractor

A prospective contractor shall be qualified prior to submitting offers in response to the IFB or requests for proposals. An interested prospective contractor shall fully complete and provide all materials required by the qualification requirements. Applications may be submitted at any time. The qualification requirements are available at: <http://www.fsa.usda.gov/daco/qualifications.htm>.

3.B. Additional Information about the Procurement Process

Procurement and related public information about KCCO's Master Solicitation for Commodity Procurements (MSCP), IFBs, USDA Commodity Requirements, and contract awards are available at: www.fsa.usda.gov/daco/default.htm.

To subscribe to receive IFBs, contract awards, and other contract-related information, access the internet at: <http://www.fsa.usda.gov/daco/subscribe.asp>. Enter your e-mail address and select the appropriate mailing list. Indicate whether you want to receive one e-mail daily containing all releases or to receive an e-mail immediately whenever a release is posted to the website. Procurement mailing lists are currently available for:

- Bulk Commodities Information
- Export Information
- Dairy Information
- Domestic Information

Other lists provide subscribers information on other KCCO programs.

3.C. Master Solicitation for Commodity Procurements (MSCP)

The MSCP is used for the solicitation of bids and award of contracts for various commodities under domestic and international food assistance programs administered by KCCO. KCCO will periodically issue IFBs requesting particular commodities be procured. Each IFB will contain a web link to the MSCP.

Bidders are required to read the MSCP, IFB, and USDA Commodity Requirements to understand the solicitation, evaluation and award process for commodity acquisitions. The MSCP will be updated as necessary to incorporate changes in law, regulation, and acquisition policies and procedures. Bidders should not assume that a copy of the MSCP, once downloaded, will remain in effect indefinitely. The MSCP is subject to change. The effective date at the top of the MSCP document will govern which version of the MSCP is applicable to a particular IFB. The MSCP is available at: <http://www.fsa.usda.gov/daco/CommRequirements.htm>.

3.D. USDA Commodity Requirements

USDA commodity requirements document provides a particular commodity group's specifications, packaging, and marking requirements. All pertinent commodity requirements documents are provided to prospective bidders through the IFB issued by KCCO, and upon contract award, the commodity requirements document applicable to the commodity purchased is incorporated as part of the contract terms and conditions.

USDA commodity requirements for all commodity groups are available at:
<http://www.fsa.usda.gov/daco/CommRequirements.htm>.

3.E. Invitation for Bid (IFB)

KCCO issues IFBs to all qualified contractors inviting bids to sell commodities to USDA. Information contained in an IFB includes but is not limited to commodity group, quantities, shipping periods, due dates for submission of bids, and other information not contained in the MSCP or USDA Commodity Requirements. IFBs are available electronically through the internet.

- Bulk Grain Invitations: <ftp://165.221.16.16/public/grain/default.htm>
- Dairy Invitations: <ftp://165.221.16.16/public/dairy/default.htm>
- Domestic Invitations: <ftp://165.221.16.16/public/domestic/default.htm>
- Export Invitations: <ftp://165.221.16.16/public/export/default.htm>

3.F. Receipt of Offers

Bids are due in KCCO by the exact time and date specified in the IFB. After a prospective contractor becomes qualified, additional information will be provided explaining the bid system:

- Domestic Electronic Bid Entry System (DEBES)
- Export Bid Entry System (EBES)
- Long Term Contracting System (LTCS)
- Facsimile for BCD

3.F.1 Domestic Offers

Offers for domestic commodities (including commodities destined for Puerto Rico, Virgin Islands and Trust Territories) are submitted on a free on board (f.o.b.) destination basis. The price offered by the supplier includes commodity, packaging, and transportation costs to the final destination. Each offer must include the method of transportation, i.e., rail or truck. Offers are evaluated for conformance to the terms of the IFB, MSCP, USDA commodity requirements, and lowest available price.

3.F.2 Export Offers

The commodity bridgepoint offers product(s) free along side (f.a.s.), f.o.b. for bulk shipments, plant, or intermodal bridgepoint to various U.S. destinations, coastal ranges, and ports. The f.a.s. offer price includes the cost of the commodity, inland freight to the port, and all applicable port charges. KCCO determines the available ocean service and applicable ocean freight rates during the time the solicitation is open and enters the basic background information into its computer files for analyzing bids and determining the lowest-landed cost. Prospective contractors shall use the most advantageous port or range of ports in order to offer their lowest-landed cost. However, prospective contractors are encouraged to make offers at various ranges, ports, and f.o.b. points. The contractor is liable for delivery as prescribed in the contract.

3.G. Contract Acceptance Terms

USDA will evaluate offers in response to a solicitation without discussions and will award a contract to the responsive, responsible offeror whose offer conforming to the solicitation will be most advantageous to the Government considering price and other price-related factors, if applicable.

3.H. Contract Terms and Conditions

The contract between the Government and the contractor will consist of (1) the IFB, (2) the MSPC, (3) the USDA Commodity Requirements, and (4) the offer. Any inconsistencies in the contract can be resolved by giving precedence in the following order:

1. The Invitation for Bids
2. Solicitation provisions
3. Contract clauses
4. USDA Commodity Requirements
5. Other documents, exhibits, and attachments

3.I. Subcontracting Opportunities

Being a prime contractor to the government is only one strategy for pursuing contract opportunities. Small business concerns (SBC) can also become subcontractors to Government prime contractors. FAR Subpart 19.7 requires that all prime contracts over \$550,000 awarded to large businesses have a subcontracting plan maximizing the use of small business subcontractors. SBC may be awarded a subcontract. SBC can contact other entities (large or small), to take advantage of potential subcontracting opportunities with KCCO qualified vendors. Refer to the lists of qualified vendors at:

<http://www.fsa.usda.gov/daco/qualifications.htm>


Additional subcontracting resources are available at: <http://web.sba.gov/subnet>


3.J. General Contracting Information


KCCO generally uses sealed bid method (FAR Part 14) for the procurement of commodities. IFBs are available electronically on the FSA website and via an e-mail subscription.


Part 4 CHECKLIST FOR CONTRACTORS


Prospective contractors can ensure that their offers move through the acquisition process smoothly and successfully by following this checklist:


-  **Read Solicitation Documents Carefully**


Offerors are expected to adhere to all instructions and specifications set forth in the IFB, MSCP, and USDA Commodity Requirements. The solicitation package will indicate where to obtain additional information. If in doubt about the meaning of any part of the solicitation package, contact the contracting officer (CO) identified in the IFB.
-  **Prepare Your Offer Accurately**

An offer is a response to a solicitation that, if accepted, would bind the offeror to perform the resultant contract. Responses to IFBs are offers called “bids” or “sealed bids.”
-  **Include All Your Costs**

Be sure to include all costs required to meet the terms and conditions of the contract, e.g., labor, overtime, packaging, markings, enrichments, transportation, inspection, etc. It is extremely important to consider these costs when preparing your offer.
-  **Submit Your Offer on Time**

Offers shall be submitted as prescribed in the IFB. Your offer shall be received no later than the time set for bid opening. Otherwise, it will not be considered.
-  **Get It in Writing**

Do not begin to work or provide any materials, equipment, or services based on an oral request unless you are provided a contract number and are certain that you are dealing with a CO or a contracting officer representative (COR). Wait until you have received written notice, i.e., a properly executed contract document from the CO, before starting work or incurring any cost.
-  **Read Your Contract**

Your contract explains your obligations and rights. It protects both you and the Government.
-  **Comply with the Terms of the Contract**

The IFB, MSCP, and USDA Commodity Requirements precisely describe the properties or materials, quality, quantities, delivery schedules as well as other specifications and requirements in which you shall comply.



Consult with the CO or the COR

Make sure you are dealing with a CO or COR. Any questions arising related to your performance under the contract should be discussed with the CO or COR.



Deliver on Schedule

Plan your production schedules to meet the shipment or delivery dates specified in the contract.



Know the Payment Procedures; Bill Accurately

Government regulations protecting you as a taxpayer require that you submit a bill that is accurate in all respects. Errors in billing may delay payments. Become familiar with the provisions of the Prompt Payment Act (FAR Subpart 32.9).

Part 5 SMALL BUSINESS CONCERNS

It is the policy of the Government that a fair portion of the purchases and contracts for supplies and services will be set aside for:

- Small business
- Service-disabled veteran-owned small business
- HUBZone small business
- Small disadvantaged business

Generally, a firm is considered small if it is independently owned and operated, is not dominant in the field of operations in which it is bidding, and can further qualify under the criteria set forth in the Small Business Administration's (SBA) small business size standards regulation (13 CFR 121.601). These criteria include number of employees, annual receipts, affiliates, and other applicable factors. A small business concern which meets the criteria prescribed in the regulation may represent or self-certify that it is a small business for the particular contract involved. Small disadvantaged and HUBZone small businesses shall be certified by SBA.

If yours is a small business concern, take advantage of the special opportunities that are provided for you to compete on contracts. A purchase which is restricted to small business bidders is identified as such in the IFB. Refer to FAR Part 19 for detailed information on the set-aside programs.

Small firms owned and controlled by eligible disadvantaged individuals will be assisted in their efforts to become independently competitive. For more information on this program, visit the SBA's website at: www.sba.gov.

5.A. 8(a) Business Development/Small Disadvantaged

Section 8(a) of the Small Business Act, 15 U.S.C. 637(a), authorizes the SBA to enter into contracts with contracting agencies and then to subcontract the actual performance to certain small business concerns. Section 8(a) contracting procedures are covered under FAR Subpart 19.8. Whenever the SBA certifies that a small socially and economically disadvantaged business concern is competent to perform a particular contract that is being considered, the CO and SBA shall negotiate an agreement on all the terms and conditions of the contract including price. Then the SBA with the assistance of the CO negotiates placement of the subcontract with the eligible concern. During contract performance, the contracting agency directly administers the subcontract and makes payment directly to the 8(a) subcontractor. SBA's criteria for participation in the 8(a) program are described at 13 CFR 124.103, which states:

In order to be eligible to participate in the section 8(a) program, an applicant concern shall be one which is at least 51% owned by an individual(s) who is a citizen of the United States (specifically excluding a resident alien and who is determined to be socially and economically disadvantaged by SBA.)

To participate in the program, an individual shall be both socially and economically disadvantaged. By law, socially disadvantaged individuals include Black Americans,

American Indians, Spanish Americans, Asian Americans, Eskimos and Aleutians. The economic disadvantage determination requires SBA to examine the applicant's net worth and access to capital markets, etc. The SBA's goal is to assist socially and economically disadvantaged people establish businesses, and, through the award of contracts, become viable and competitive. The 8(a) business development website is available at: www.sba.gov/8abd/.

5.B. Women-Owned

On May 18, 1979, Executive Order 12138 was signed, creating a National Women's Business Enterprise Policy. This policy prescribed arrangements for developing, coordinating, and implementing a national program for women-owned business enterprises. More specifically, each department and agency within the Executive Branch was directed, within the constraints of statute authority and as otherwise permitted by law, to take appropriate action to facilitate and strengthen woman business enterprises and to ensure women's full participation in the enterprise system. This policy is contained in FAR Subpart 19.9. The Women's Business Center website is available at: www.onlinewbc.gov/.

5.C. HUBZone

The purpose of the program is to provide federal contracting opportunities for qualified small business concerns located in distressed communities in an effort to promote private sector investment and employment opportunities in these communities. Fostering the growth of federal contractors in these areas and ensuring that these contractors become viable businesses for the long term will help to empower these areas while not adversely affecting recent efforts to streamline and improve the federal procurement process. After determining eligibility, the SBA lists qualified contractors on its website, which is available at: www.sba.gov/hubzone/.

5.D. Service-Disabled Veteran Owned

A veteran-owned small business concern in which (1) not less than 51% is owned by one or more veterans as defined at 38 U.S.C. 101[(2)], or in the case of any publicly owned business, not less than 51% of the stock of which is owned by one or more veterans; or (2) the management and daily business operations are controlled by one or more veterans. Information about these programs is available at: www.sba.gov/vets/.

Part 6 GLOSSARY OF COMMONLY USED TERMS

Agriculture Acquisition Regulation (AGAR) is USDA's supplement to the FAR. The AGAR is available at: <http://www.usda.gov/procurement/policy/agar.html>.

The Agricultural Marketing Service (AMS) is the USDA agency that facilitates the strategic marketing of agricultural products in domestic and international markets while ensuring fair trading practices and promoting a competitive and efficient marketplace. AMS constantly works to develop new marketing services to increase customer satisfaction. Additional information about AMS is available at: <http://www.ams.usda.gov/>.

Contract is the document that includes various commitments that obligate the Government to an expenditure of appropriated funds.

Contracting Officer (CO) is the designated individual within the contracting agency who has been formally appointed to plan, administer, and terminate a contract.

Contracting Officer Representative (COR) is the designated individual, who is appointed by the CO, to assist in administering a contract.

Contractor is a person, firm, corporation, or other legal entity obligated under the contract with the Government.

Domestic Delivery Orders (D/O's): KCCO is responsible for contract administration, which includes issuing the Notice to Deliver (N/D) and providing commodity transportation support.

Domestic Electronic Bid Entry System (DEBES) is the automated bid entry system for commodities procured by the Dairy and Domestic Operations Division. Once a prospective contractor is qualified to submit offers on domestic and/or dairy commodities, it will receive a contractor identification number and access to DEBES. DEBES allows for bid entry, modification, withdrawals of bids, and price adjustment.

Export Bid Entry System (EBES) is the automated bid entry system for commodities procured by the Export Operations Division. Once a prospective contractor is qualified to submit offers on foreign food aid, it will receive a contractor identification number and access to EBES. EBES allows for bid entry, modification, withdrawals of bids, and price adjustment.

The Food and Nutrition Service (FNS) is the USDA agency that increases food security and reduces hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthy diet, and nutrition education in a manner that supports American agriculture and inspires public confidence. KCCO procures most of the dairy and dry packaged commodities used in FNS's domestic food distribution

programs. Additional information about FNS is available at:
<http://www.fns.usda.gov/fns/>.

The Foreign Agricultural Service (FAS) is the USDA agency that works to improve foreign market access for U.S. products. This agency operates programs designed to build new markets and improve the competitive position of U.S. agriculture in the global marketplace. Additional information is available at: <http://www.fas.usda.gov/>

Federal Acquisition Regulation (FAR) is the system established for the codification and publication of the uniform policies and procedures for acquisition by all executive agencies. The FAR is issued as Chapter 1 of CFR 48. The FAR is available at: www.arnet.gov/far.

Long-Term Contracting System (LTCS) is an automated system for long-term contracts such as cheese. The LTCS contains features that are unavailable within DEBES.

Lowest-landed cost is the lowest combined cost of commodity and ocean freight to deliver a commodity to an overseas destination while adhering to cargo preference statutes and regulations.

Most Advantageous to the Government is the offer that best complies in all respects with the IFB and has the lowest cost to the government when considering price and other related factors.

Responsible Prospective Contractor is the contractor that has adequate financial resources or the ability to obtain such resources required during the performance of the contract, can comply with the required or proposed delivery or performance schedule, has satisfactory records of performance and a satisfactory record of integrity and business ethics, and is otherwise qualified and eligible to receive an award.

Responsive Offeror is the offeror that complies in all material aspects of the IFB. It offers to provide goods or services needed in accordance with the specification and delivery schedules set forth in the IFB. It contains no restrictions or qualifications beyond those permitted in the solicitation.

United States Agency for International Development (USAID) is an independent agency that provides economic, development and humanitarian assistance around the world in support of the foreign policy goals of the United States. KCCO procures most of the food aid commodities used in USAID's programs.