

For: State and County Offices

FSFL Requirements for Butter, Cheese, Eggs, and Yogurt Storage and Handling

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

State and County Offices have received several inquiries from producers about FSFL eligibility for butter, cheese, eggs and yogurt. The Food, Conservation, and Energy Act of 2008 gave the Secretary the discretionary authority to add other commodities for FSFL eligibility. Using this authority, the Secretary added butter, cheese, eggs, and yogurt as eligible commodities for FSFL's on August 17, 2015.

All FSFL eligible borrower requirements apply to producers of the new eligible commodities. See Notice:

- FSFL-121 for the complete list of new eligible FSFL commodities
- FSFL-125 for general eligibility requirements
- FSFL-126 for CCC-185, CCC-185-1, and CCC-185-D.

Policies and procedures included in this notice are effective immediately.

B Purpose

This notice provides:

- policies and procedures for butter, cheese, eggs and yogurt cold storage and handling
- authorization to State and County Offices to accept CCC-185's (dated 1-11-16)
- eligible components, equipment and structures.

Disposal Date	Distribution
September 1, 2016	State Offices; State Offices relay to County Offices

1 Overview (Continued)

C Contact

State specialists with questions about this notice shall contact Toni Williams by either of the following:

- e-mail at **toni.williams@wdc.usda.gov**
- telephone at 202-720-2270.

2 Storage Need Requirements for Butter, Cheese, Eggs, and Yogurt

A Determining the Storage Need

For a producer to be considered eligible for an FSFL for butter, cheese, eggs and yogurt, COC **must** determine the producer owned or has leased the producing animal, hen, or other egg laying species or livestock for at least 30 calendar days.

The eligible producer's individually packaged or bulk butter, cheese, eggs and yogurt products are eligible for storage.

Applicants **must** show a need for the storage capacity as determined by the following formula and information in this paragraph.

Perishable commodities and their quality can only be maintained for a limited period of time. Cold storage facilities can extend this period of time, but in **no** case will a cold storage facility maintain the quality of the perishable commodities for longer than 1 year.

The storage capacity need will be determined based on production for 1 year.

2 Storage Need Requirements for Butter, Cheese, Eggs, and Yogurt (Continued)

A Determining the Storage Need (Continued)

County Offices may determine the need for cold storage by using verifiable information to determine a 3-year average that may include, but is **not** limited to:

- actual yields per producing animal and/or livestock, hen, quail, turkey, or other egg laying fowl or species
- actual production records
- records of sales, volume sold, or other business records can be reviewed to determine the cold storage need
- production shares as part of a community-supported agriculture business.

A COC-determined reasonable yield projection may be used instead of an average for any of the following:

- newly acquired farms
- eligible commodity being produced for the first time
- cases where disasters adversely affect the average production.

Note: In most instances, using the producer's actual yield and production records for the eligible commodity provides better information for calculating the producer's cold storage need.

For questionable situations, State Offices shall contact Toni Williams by e-mail at **toni.williams@wdc.usda.gov**.

B Determining the Capacity of the Proposed Structure

The capacity of the proposed structure can be obtained from the manufacturer of the cold storage facility. When determined necessary and upon request, the applicant shall provide this information to the County Office.

3 Types of Structures and Equipment Eligible for Butter, Cheese, Eggs, and Yogurt Storage

A Eligible Structures

FSFL-financed structures must be used for the purpose for which constructed, assembled, or installed for the entire FSFL term.

Cold storage facilities, with a useful life of at least 15 years, and eligible for FSFL's include the following:

- a new facility of wood pole and post construction, steel, or concrete suitable for storing the eligible commodities produced by the producer
- new walk-in prefabricated, permanently installed cold storage coolers that are suitable for storing the producer's eligible commodity.

FSFL eligible cold storage structures must be built:

- of such quality that the structure can be insured
- to protect the eligible commodity from contaminants
- to support local climate conditions for the area.

Cold storage facilities must be built according to acceptable design guidelines from the manufacturer, NIFA or land-grant universities.

B Eligible Components

Eligible permanently affixed equipment necessary for butter, cheese, eggs and yogurt FSFL may include the following:

- baggers
- boxers
- cement flooring
- ice machines
- circulation fans
- drying tunnels
- dumpers

3 Types of Structures and Equipment Eligible for Butter, Cheese, Eggs, and Yogurt Storage (Continued)

B Eligible Components (Continued)

- conveyors
- filler tanks
- freezers
- hydro-lifts
- hydro-coolers
- hoppers
- graders
- sizers
- refrigeration units
- electrical equipment, such as lighting, motors, and wiring integral for the proper operation of the cold storage facility
- roller spray units
- sorting bins/tables
- washers
- weight graders.

Notes: The area of a structure required to house eligible handling equipment is eligible, in addition to the cold storage space.

All eligible components financed with FSFL funds must be insured.

If there are components and/or equipment not listed, contact Toni Williams according to subparagraph 1 C for further guidance.