

UNITED STATES
DEPARTMENT OF
AGRICULTURE

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

Dairy Product Price Support Program

Purchase Announcement

Dairy 7

Terms and Conditions

2010 and Subsequent Years

(Supersedes Announcement Dairy 6, April 7, 2006)

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=pas-da>



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Dairy Product Price Support Program

Purchase Announcement

Dairy 7

Terms and Conditions

2010 and Subsequent Years

1. GENERAL

- A. Under this Announcement the Commodity Credit Corporation (CCC) will purchase, at announced prices, in accordance with the Dairy Product Price Support Program (DPPSP): bulk dairy products -- salted butter; Cheddar cheese packed in barrels or blocks, and non-fortified and fortified spray process nonfat dry milk (NDM).

B. DEFINITIONS

The definitions given for the following words and phrases shall apply whenever these words and phrases are used in this document and any other document which becomes a part of a contract in which any of the provisions of this Announcement are incorporated, unless otherwise specified in the Announcement:

- (1) "Accepting Official," means a person with the authority to enter into, administer, and/or terminate this Announcement and make related determinations and findings on behalf of Agency.
- (2) "Agency," means the Commodity Credit Corporation (CCC).
- (3) "Agency head" or "Secretary," means the Secretary of Agriculture, Chairman of the Commodity Credit Corporation, or a representative thereof unless otherwise specified.
- (4) "Agricultural commodity," means a raw agricultural commodity or a product thereof.
- (5) "Business day," means a day of the week, excluding Saturday, Sunday, and Federal holidays. Unless otherwise specified, any other reference to days is on a calendar basis.
- (6) "Causes," as used in the phrase "causes beyond the control and without the fault or negligence" means, but is not restricted to, acts of God or of the public enemy, acts of the Agency in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; however, in every case the failure to perform must be beyond the control and without the fault or negligence of the party to this Announcement seeking excuse from liability.
- (7) "The commodity," means the agricultural commodity delivered or to be delivered to Agency by Offeror or the serviced commodity produced or to be produced by Offeror from the agricultural commodity delivered by Agency to Offeror.
- (8) "Commodity Office," means the Kansas City Commodity Office (KCCO), the Farm Service Agency (FSA) or such other office as may be specified in this Announcement.

- (9) "CCC," means Commodity Credit Corporation, a wholly owned corporation of the United States (U.S) within the Department of Agriculture (USDA).
- (10) "Contract," means the Offeror's offer, Agency's acceptance, this Announcement, the applicable terms and conditions and other documents incorporated by reference.
- (11) "FSA," means the Farm Service Agency of USDA.
- (12) "Finance Office" means the Financial Services Center, Fund and Commodity Management Office (FSC-FCMO), as specified in this Announcement.
- (13) "Offer," means the offer to sell the commodity to CCC.
- (14) "Offeror," means the person, firm, corporation, or other legal entity obligated by the purchase agreement with CCC. The product must not have been sold before to another party and the offeror must be the manufacturer of the dairy product offered or a marketing cooperative for the manufacturer.
- (15) "Section," means one of the Sections of this document.
- (16) "United States" or "U.S.," means the 50 States of the United States of America, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.
- (17) "WBSCM" means USDA's Web Based Supply Chain Management computer system which, upon implementation, shall be used by the contractor and the Government for applicable contract transactions, as determined by the Government. USDA will provide the system at no charge for appropriate use by the contractor. WBSCM terminology, requirements, and processes shall automatically apply to the contract, as applicable. In the event of a conflict between WBSCM and Commodity Credit Corporation (CCC) terminology, CCC terminology shall take precedence.

C. Packaging and Marking Specifications

The Appendix to this Announcement contains the detailed packaging and marking specifications and other requirements applicable to the product delivered under this Announcement.

D. Price

- (1) Announced prices may be obtained at: <http://www.fsa.usda.gov/daco/dairy.htm>
The announced price for cheese will be adjusted for moisture content according to the percentage of composite moisture, as evidenced by grading certificates issued in accordance with Section 6, Inspection, of this Announcement, and the USDA Moisture Adjustment Price Chart Formula (100% - % moisture x base price) divided by 61%; the result is rounded to the nearest fourth digit to the right of decimal. Fifth digit of 5 or more is rounded up, 4 or less is rounded down.
- (2) An Offeror may not submit prices that vary from the announced purchase price. Such offers will not be considered.

E. Offered Lot Quantities

- (1) Offers shall cover identifiable lots, and, if the offer is accepted by CCC, the identifiable lots offered shall be delivered with the following carlot limits per lot net weight:

Commodity	Minimum Pounds	Minimum Kilograms	Maximum Pounds	Maximum Kilograms
Butter	38,500	17,464	148,150*	67,200
Cheese	38,500	17,464	160,000*	72,575
Nonfat dry milk	80,000	36,288	150,000	70,307

- * Offerors shall offer butter and cheese in multiples of 38,500 to 41,000 pounds (lbs.) to minimize transportation and warehousing charges.
- (2) Butter, cheese, and NDM offers shall be stated in whole lbs or kilograms (kgs). Any fraction of a pound (lb.) or a kg in total net weight of lot shown on a grading certificate will be omitted if less than one-half lb. or one-half kg and increased to the next full lb. or kg if one-half lb. or one-half kg or more.
- (3) Offerors are responsible for the timely request of Dairy Grading Branch (DGB) Dairy Programs (DP) Agricultural Marketing Service (AMS) USDA take-off certificates.
- (4) No variation in the quantity of any item called for by the offer will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in manufacturing processes, and then only to the extent, if any, specified elsewhere in this Announcement.

2. **SUBMISSION OF OFFERS**

A. How to Submit Offers

- (1) Offers, modifications, withdrawals, and cancellations shall be submitted by one of the following methods:
- (a) Email with an electronic signature. Place in the subject line “Offer under Purchase Announcement Dairy 6 (Name of product stated as Butter, Cheese, or NDM);”
 - (b) Facsimile (FAX) to (816) 926-6381. Place in the subject line “Offer under Purchase Announcement Dairy 7 (Name of product stated as Butter, Cheese, or NDM);”
 - (c) Express or regular mail, and/or hand delivered. Place the notation “Offer under Purchase Announcement Dairy 7 (Name of product stated as Butter, Cheese, or NDM),” in the lower-left corner of the envelope.
- (2) Offers, modifications, withdrawals, and cancellations of offers may be submitted via e-mail or fax at the Offeror's risk. CCC will not be responsible for any failure attributed to the transmission or receipt of e-mail or fax changes including, but not limited to, the following:
- (a) Receipts garbled or incomplete;

- (b) Availability or condition of the receiving e-mail or fax equipment;
 - (c) Incompatibility between the sending and receiving equipment;
 - (d) Failure of the Offeror to properly identify the information;
 - (e) Illegibility of the information; and
 - (f) Security of data.
- (3) Each prospective offeror shall register in the Central Contractor Registration (CCR) system at <http://www.ccr.gov>. The CCR requires a one-time business registration with mandatory annual updates. The CCR allows a prospective contractor to control the accuracy of its own business information. There is no fee to register in CCR. The data from registrations will be used for procurement and payment purposes.

B. Where and When to Submit Offers

- (1) Offers, modifications, withdrawals, and cancellations of offers shall be submitted:

By e-mail: DPPSP.kcco@usda.gov
By fax: 816-926-6381
By Mail: Kansas City Commodity Office
USDA-CCC-FSA
P.O. Box 419205
Kansas City, MO 64141-6205

Hand delivered: Kansas City Commodity Office
USDA-CCC-FSA
6501 Beacon Drive
Kansas City, MO 64133-4676

- (2) If an offer is sent by e-mail or fax, the date and time of receipt will be the date and time recorded by the Kansas City Administrative Office (KCAO) Communication Center's equipment.
- (3) If an offer is sent by express or regular mail and/or hand delivered, the date and time of receipt will be recorded by the KCAO mailroom's date and time stamp.
- (4) An offer resulting from acceptance of the offer by CCC may be cancelled at any time by either CCC or the Offeror without any obligation to the Offeror or to CCC if delivery has not been made as specified in Section 8, Shipment and Delivery - Transfer of Title of this Announcement.

C. What to submit

- (1) To submit an offer, each Offeror shall submit the Dairy Bulk Offer Form, Exhibit A of this Announcement. The Dairy Bulk Offer Form may be obtained at:
<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=pas-da>
- (2) To submit a cancellation of an offer, each Offeror shall submit the Cancellation Request

Form, Exhibit B of this Announcement. The Cancellation Request Form may be obtained at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=pas-da>

(3) Reproduction of the forms is permissible.

3. ACCEPTANCE OF OFFERS

- A. Acceptance of offers by CCC will be made by e-mail, fax, or mail within two business days following receipt of offers. The date of acceptance by CCC will be the contract date.
- B. Offers, modifications, withdrawals, and cancellations shall be submitted and received Monday through Thursday. All submissions shall be received by Thursday, 5:30 p.m., Central Time. In the event such submissions are received on a Friday or a non-work day when KCCO is officially closed, offers will be accepted on the next succeeding business day.
- C. Any qualification or condition in, or added to, the offer may make it ineligible for consideration.

4. PROVISIONS OF ANNOUNCEMENT

- A. The contract consists of:
 - (1) This Announcement including Exhibits A and B, and the Appendix.
 - (2) Offer
 - (3) CCC's acceptance of offer.
- B. If the provisions of the Appendix are not consistent with the provisions of this Announcement, the provisions of the Announcement will prevail.
- C. No amendment of the offer is valid or enforceable unless such amendment is in writing and executed by CCC. No other determination or opinion shall be an interpretation.

5. COMMODITY SPECIFICATIONS

A. Domestic Origin

(1) For purposes of this section, the following definition applies:

"Produced in the U.S." means manufactured, processed, or otherwise prepared for sale or distribution, from components originating in the U.S. Components originating in the U.S. which have been exported, and subsequently imported into the U.S. will not be considered as having been produced in the U.S.

(2) The Offeror shall maintain records to verify that during the delivery period, at the point of packaging or, at the point of delivery to CCC, the product, containers, and packaging were in compliance with the requirements of this Section.

(3) CCC will randomly conduct domestic origin compliance reviews to determine if the product, containers, and packaging delivered to CCC was produced and manufactured in the U.S. from materials produced and manufactured in the U.S. Upon request, the Offeror shall

submit documentation substantiating compliance to CCC 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. Regulatory Requirements

Except as otherwise required by this Announcement, the dairy products delivered to CCC shall comply with all applicable Federal, State, and local mandatory requirements and regulations relating to the preparation, processing, packaging, labeling, storage, and distribution. The products shall comply with applicable provisions of the Federal regulations issued pursuant to the Federal Food, Drug, and Cosmetic Act, the Fair Packaging and Labeling Act, and regulations promulgated thereunder. The production and finished products shall conform to the following Code of Federal Regulations (CFR) Standards of Identities and U.S. Standards for Grades, and butter defined in the standard provided by Act of Congress on March 4, 1923: Current Good Manufacturing Practice in Manufacturing, Packing, or Holding Human Food (21 CFR Part 110); Milk and Cream (21 CFR Part 131); and Cheeses and Related Cheese Products (21 CFR Part 133). The CFR Standards of Identities for products may be obtained at: <http://www.gpo.gov/nara/cfr/cfr-table-search.html>. The statute defining butter (21 U.S.C. 321a) may be obtained at: <http://www.gpoaccess.gov/uscode/>. The DGB-DP-AMS-USDA, U.S. Standards for Grades of Butter; U.S. Standards for Grades of Cheddar Cheese; U.S. Standards for Grades of Bulk American Cheese; and U.S. Standards for Grades of NDM (Spray Process) may be obtained at: <http://www.ams.usda.gov/standards/standair.htm>.

C. Product Production Requirements

The butter, cheese, and NDM offered to CCC shall have been manufactured in the U.S. from cow milk that was produced in the U.S., shall be located in the U.S. when offered to CCC, and shall not have been previously owned by CCC.

Prior to submission of offer, the dairy products shall be manufactured in dairy plants on which USDA inspection and grading services are performed under 7 CFR Part 58 - Grading and Inspection, General Specifications for Approved Plants and Standards for Grades of Dairy Products and are [Dairy Plants Surveyed](#) and Approved for USDA Grading Service, by the DGB-DP-AMS-USDA and are on the eligible list of that service, which may be obtained at: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRD3641022&acct=grddairy>

Visual aids and standards applicable to each dairy product are available from DGB-DP-AMS-USDA.

(1). Butter Requirements

Factor Items	Butter Requirements
Butter	<ul style="list-style-type: none"> • Cream shall not have been neutralized and shall have an acid degree value (ADV) of 1.5 or less. • Each container shall be one-solid block with acceptable body and color. The filled butter block will have no voids (e.g., holes, hand prints, or deep crevices) with all corners filled (minimal rounding of edges is acceptable). Liners will completely cover filled butter block. Photographic images of acceptable and unacceptable samples and DA Instruction 918-PS are available from DGB-DP-AMS-USDA. • Will be subject to a keeping quality test of 7 days incubation of 72°F (22.2°C) to be performed by DGB-DP-AMS-USDA at the time of grading. • Shall be U.S. Grade A or higher as evidenced by a grading certificate issued by DGB-DP-AMS-USDA. • Shall not contain more than 2% common salt. • Shall not contain starter distillate or diacetyl. • Shall not be more than 60 days old on the date it is offered to CCC.
Butter Offeror shall comply with these analyses	<ul style="list-style-type: none"> • Coliform count Not more than 10 colony forming units (CFU) per gram • Yeast and mold count Not more than 20 CFU per gram
Butter location and storage at time of sampling, offer, and delivery	<ul style="list-style-type: none"> • The location of the butter shall have adequate facilities for inspection and grading. • Butter shall be located in a freezer or a cooler that is maintained at no higher than 40°F (4.4°C). • Until delivery to CCC, the butter shall remain in the same storage facility, temperature, and condition as at the time of sampling. • For delivery requirements, refer to Section 8. Shipment and Delivery – Transfer of Title, A (3) (f) of this Announcement.
Butter DGB-DP-AMS-USDA Inspection and Grading	<ul style="list-style-type: none"> • Refer to Section 6. Inspection of this Announcement for Inspection and Grading Requirements. • The DGB-DP-AMS-USDA grading certificate shall not be more than 30 days old on the date the commodity is offered to CCC.
Butter Offeror shall furnish a manifest for each lot	<ul style="list-style-type: none"> • Offeror shall furnish to the grader or sampler a manifest for each lot showing the name and location of manufacturing plant or assigned State and plant number as reported by AMS for such plant in “Dairy Plants Surveyed and Approved for USDA Grading Service.” • Churn number, milkfat content of each churning, date of manufacture, number of containers in each churning, marked net weight per container, and total number of containers in the lot.
Butter Offeror shall comply with these requirements	<ul style="list-style-type: none"> • The grades of all butter churns shown on a grading certificate for salted butter shall be of the same grade, i.e., U.S. Grade AA or U.S. Grade A. • Grading certificates for butter shall show dates of manufacture. • Each lot of butter will be divided for grading into churnings. • The churning size offered for grading will be determined by the Offeror but shall not exceed 9,072 kgs (20,000 lbs). • Churning designation shall be changed when milk or a cream supply tank is changed. • Butter shall be at least 48 hours old at the time of grading. Grading certificates for butter shall show percent milkfat.

Factor Items	Butter Requirements (continued)
Butter churning(s) not meeting the Specifications of this Announcement	<ul style="list-style-type: none"> • Any churning of butter not meeting the Specifications, of this Announcement shall be removed promptly from the offered lot. Smaller carlots than specified minimums shown in Section 1, E, General, of this Announcement may be accepted by CCC if they are within acceptable minimum weight tolerances for shipment by the appropriate carrier. • For any carlots having churning(s) removed, the Offeror shall certify on the invoice that the churning(s) not meeting the Specifications of this Announcement have been removed, and provided that the shortage is caused by one of the following situations: <ul style="list-style-type: none"> • When churnings of butter shall be removed because samples failed the required 7-day keeping quality test, or does not meet the specification of this Announcement. • When churnings of butter shall be removed because milkfat content is below 80 percent.
Butter test weight shortages	<ul style="list-style-type: none"> • Carlots with occasional test weight shortages may be accepted at the discretion of CCC.

(2). **Cheese Requirements**

Factor Items	Cheese Requirements
Cheese	<ul style="list-style-type: none"> • May be colored or uncolored; if colored, shall be even medium yellow-orange. Indicate whether white (no color added) or colored (color added). • The surface shall be free of mold. • No vat(s) may have a pH value higher than 5.40. • Coliform count not more than 100 colony forming units (CFU) per gram. • No lot may contain cheese having a variation of over 30 days in dates of manufacture. • Cheese shall be aged at a temperature above 35°F (1.7°C). The aging temperature shall not exceed 45°F (7.2°C) prior to inspection. • Cheese shall be at least 10 days old when inspected and graded. • Cheese shall not be more than 60 days old on the date it is offered to CCC.
Block Cheddar Cheese	<ul style="list-style-type: none"> • No vat(s) may contain more than 38.5% moisture. • Shall be U.S. Grade A or higher as evidenced by a grading certificate issued by DGB-DP-AMS-USDA.
Barrel American Cheese	<ul style="list-style-type: none"> • May contain a reasonable amount of whey on the surface of the cheese and the liner. “Reasonable” means droplets but less than flowing whey on the surface cheese or the interior of the liner. • No vat(s) may contain more than 36.5 percent moisture. • Shall be U.S. Extra Grade as evidenced by a grading certificate issued by DGB-DP-AMS-USDA.
Cheese DGB-DP-AMS-USDA Inspection and Grading	<ul style="list-style-type: none"> • Refer to Section 6, Inspection, of this Announcement for Inspection and Grading Requirements. • The DGB-DP-AMS-USDA grading certificate shall not be more than 30 days old on the date the commodity is offered to CCC.

Factor Items	Cheese Requirements (continued)
<p>Cheese location and storage at time of sampling, offer, and delivery</p>	<ul style="list-style-type: none"> • The location of the cheese shall have adequate facilities for inspection and grading. • Cheese shall be located in a cooler which is maintained at no higher than 45°F (7.2°C). • Until delivery to CCC, the cheese shall remain in the same storage facility, temperature, and condition as at the time of sampling. • For delivery requirements refer to Section 8., Shipment and Delivery – Transfer of Title, A (3) (f) of this Announcement.
<p>Cheese Offeror shall comply with these requirements</p>	<ul style="list-style-type: none"> • Offeror shall furnish to the grader or sampler a manifest for each lot showing the name and location of manufacturing plant or assigned State and plant number as reported by AMS for such plant in “Dairy Plants Surveyed and Approved for USDA Grading Service.” • Date of manufacture and identification for individual vats, number of containers and marked net weight, moisture test, and pH value for each vat, and total number of containers and marked net weight of the lot. • The manifest shall also show the weighted average percentage of moisture of the lot. • The average moisture shall be computed by multiplying the number of lbs. in each vat by its percentage of moisture, adding the results, and dividing the total by the total number of lbs. (as shown by marked net weights) in the lot.
<p>Cheese vat not meeting the Specifications, of this Announcement</p>	<ul style="list-style-type: none"> • Any vat of cheese not meeting the specifications, of this Announcement shall be removed promptly from the offered lot. • Smaller carlots than specified minimums shown in Section 1 E, General, Offered Lot Quantities of this Announcement may be accepted by CCC if they are within acceptable minimum weight tolerances for shipment by the appropriate carrier. • For any carlots having a vat removed, the Offeror shall certify on the invoice that the vat not meeting the specifications of this Announcement has been removed, and provided that the shortage is caused when USDA laboratory results have determined that the product does not meet the specifications of this Announcement.
<p>Cheese test weight shortages</p>	<ul style="list-style-type: none"> • Carlots with occasional test weight shortages may be accepted at the discretion of CCC.

(3). Nonfat Dry Milk Requirements

Factor Items	Nonfat Dry Milk Requirements												
<p>Nonfat Dry Milk (NDM) non-fortified and fortified NDM</p>	<ul style="list-style-type: none"> • Shall not exceed 3.5 percent moisture; • Shall not be more than 60 days old on the date it is offered to CCC; • Shall be U.S. Extra Grade as evidenced by a grading certificate issued by DGB-DP-AMS-USDA; • Non-fortified NDM will be analyzed for heat treatment classification and the results of the whey protein nitrogen (WPN) test shown on the grading certificate; • Salmonella shall be none detected by test. 												
<p>NDM fortified with Vitamins A and D</p>	<ul style="list-style-type: none"> • Vitamins A and D shall be added in such a manner as to ensure even distribution of the Vitamins at the rate of approximately 3,000 International Units (IU) of Vitamin A and 600 IU of Vitamin D. • The fortified NDM shall be fortified with Vitamin A within a range between 2,000 and 4,200 IU and Vitamin D within a range between 400 and 800 IU per 100 grams of NDM. • The Vitamins shall be added at a sufficient level to allow for loss in Vitamin potency in fortification. • The Offeror shall obtain a certification from the Vitamin supplier (which the Offeror by delivering the fortified NDM, warrants to be correct) that the supply of Vitamins delivered to the NDM processor have been tested and found to be substantially without flavor 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 methods prescribed in USP XIX. 												
<p>Fortified NDM moisture discount</p> <p>(No moisture discount will be given for non-fortified NDM)</p>	<ul style="list-style-type: none"> • Fortified NDM in any sublots which otherwise meets the specifications of this Announcement, but which has a moisture content in excess of 3.5 percent but not more than 4.0 percent, will be accepted at the following discounts. <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Moisture content (percent)</u></th> <th style="text-align: left;"><u>Discount per lb (cents)</u></th> </tr> </thead> <tbody> <tr> <td>3.6</td> <td>1.0</td> </tr> <tr> <td>3.7</td> <td>1.4</td> </tr> <tr> <td>3.8</td> <td>1.8</td> </tr> <tr> <td>3.9</td> <td>2.2</td> </tr> <tr> <td>4.0</td> <td>2.6</td> </tr> </tbody> </table>	<u>Moisture content (percent)</u>	<u>Discount per lb (cents)</u>	3.6	1.0	3.7	1.4	3.8	1.8	3.9	2.2	4.0	2.6
<u>Moisture content (percent)</u>	<u>Discount per lb (cents)</u>												
3.6	1.0												
3.7	1.4												
3.8	1.8												
3.9	2.2												
4.0	2.6												
<p>NDM location and storage at time of sampling, offer, and delivery</p>	<ul style="list-style-type: none"> • The location of the NDM shall have adequate facilities for inspection and grading. • NDM shall be located in clean dry storage at time of sampling or grading and at the time of offering for sale to CCC. • Until delivery to CCC, the NDM shall remain in the same storage facility, temperature, and condition as at the time of sampling, except for NDM that requires repackaging subject to USDA inspection. 												

Factor Items	Nonfat Dry Milk Requirements (continued)
NDM DGB-DP-AMS- USDA Inspection and Grading	<ul style="list-style-type: none"> • Refer to Section 6, Inspection, of this Announcement for Inspection and Grading Requirements. • The DGB-DP-AMS-USDA grading certificate shall not be issued more than 30 days before date of offer, except that for NDM offered on the basis of the sampling report, the quality, weight, and packaging of each lot will be evidenced by a grading certificate issued by DGB-DP-AMS-USDA not more than 12 days after the date offer.
NDM Offeror shall furnish a manifest for each lot	<ul style="list-style-type: none"> • Offeror shall furnish to the grader or sampler a manifest for each lot showing the name and location of manufacturing plant or assigned State and plant number as reported by AMS for such plant in “Dairy Plants Surveyed and Approved for USDA Grading Service.” • Sublot number, date of manufacture for each sublot, number of containers in each sublot, marked net weight per container, total number of containers, and marked net weight of the lot. • Report if the carlot contains NDM reprocessed because of prior Salmonella positive test results.
NDM at the time of sampling	<ul style="list-style-type: none"> • If NDM is not packaged in containers which conform to the specifications in the Appendix and, therefore, shall be packaged in such containers after date of sampling, all such packaging and related operations shall be conducted in facilities approved by AMS and will be subject to inspection during packaging by a representative of AMS. • All fees and charges related to such inspection will be paid by the Offeror.
NDM Offeror shall comply with these requirements	<ul style="list-style-type: none"> • Grading certificates for NDM delivered to CCC shall show the dates of manufacture. • Each lot of NDM offered to CCC will be divided for grading into sublots. • The sublot size offered for grading will be determined by Offeror but shall not exceed 10,000 kgs (22,046 lbs). • Where holding bins are used to accumulate the NDM during processing and the NDM is packaged at the end of each run, no sublot may include NDM from more than one day’s production run.
NDM sublot not meeting the Specifications of this Announcement	<ul style="list-style-type: none"> • Any sublot of NDM not meeting the Specifications of this Announcement shall be removed promptly from the offered lot. • Smaller carlots than specified minimums shown in Section 1 E, General, Offered Lot Quantities of this Announcement may be accepted by CCC if they are within acceptable minimum weight tolerances for shipment by the appropriate carrier. • For any carlots having a sublot removed, the Offeror shall certify on the invoice that the sublot not meeting the Specifications of this Announcement has been removed, and provided that the shortage is caused when USDA laboratory results have determined that the product does not meet the specifications of this Announcement.
NDM test weight shortages	<ul style="list-style-type: none"> • Carlots with occasional test weight shortages may be accepted at the discretion of CCC.

D. Failure of The Commodity To Meet Requirements and Specifications of This Announcement

- (1) Offeror shall be liable for failure of the commodity to meet all of the requirements and specifications of this Announcement, including those with respect to packages and containers, subject to the other provisions of this Section.
- (2) If Agency discovers on or after delivery that all or any part of the commodity (including packages and containers) did not meet the requirements and specifications of this Announcement at time of delivery, Agency shall have the right:
 - a. to accept or retain the entire quantity and hold Offeror liable for the damages sustained, as determined by Agency, or
 - b. to reject the entire quantity or to reject a portion thereof and accept or retain the remainder. Agency may at its discretion terminate the contract with respect to the quantity rejected or permit Offeror to replace all or part of the quantity rejected with a quantity of the commodity that does conform to all contract requirements and specifications of this Announcement and, in either circumstance, hold Offeror liable for damages sustained, as determined by Agency. To "reject" means to refuse to accept on delivery or, after delivery and acceptance, to notify Offeror of revocation of the acceptance, in whole or in part. In either event, Offeror shall be held liable for all damages sustained, as determined by Agency.
- (3) Any quantity rejected may be returned to Offeror, destroyed (if unfit for human consumption), or disposed of for the account of Offeror in accordance with applicable health and sanitation laws and regulations. Any rejection of a quantity of the commodity delivered by common carrier shall be made by the office of Agency which issued the shipping instructions. Consignee may inform the carrier or Offeror of rejection of a quantity of the commodity delivered by contract carrier or by Offeror's own trucks. Offeror will be advised of Agency's election under (2) b. of this Section either at the time of rejection or within a reasonable time thereafter.
- (4) Inspection, checkloading, issuance of inspection or checkloading certificates, shipping instructions, or bills of lading, any payment by Agency, or the receipt of a commodity shall not constitute a waiver of Agency's rights under this Section.
- (5) The rights and remedies of Agency provided in this Section are not exclusive or in derogation of any other rights and remedies provided by law or this Announcement.

6. INSPECTION

- A. Inspection shall be performed by DGB-DP-AMS-USDA. Procedures to be followed and a schedule of fees for these services may be obtained by contacting AMS. Certificates issued by AMS is evidence of the quality, weight, and packaging of the commodity provided to CCC under this Announcement. AMS shall grade NDM and test for salmonella. Samples for grading shall be furnished by the Offeror without cost to CCC. All grading fees and charges will be paid by the Offeror. Commodities produced in a plant found during inspection to be using unsatisfactory manufacturing practice, equipment, or facilities, or to be operating under unsanitary conditions may not be offered.

- B. The procedures and inspection guidance in 918-I, Instructions for Dairy Inspection and Grading Service, section H.16 allows for the applicant to present a plan that would allow the Offeror to provide samples under a Sampling Control Plan (SCP) which an applicant may voluntarily present to the DGB-DP-AMS-USDA. Upon acceptance of the SCP by the DGB-DP-AMS-USDA, the applicant will be permitted to present samples for official inspection and grading purposes, which were assembled without a DGB-DP-AMS-USDA inspector witnessing the selection and without the selection of random verification samples required in Section H.10 at the time of grading.
- C. The commodity cannot be shipped until the containers, labels, and markings meet the Acceptable Quality Level (AQL) of the U.S. Standards for Condition of Food Containers (7 CFR Part 42). Notice by AMS that a lot scheduled for shipment does not meet the AQL constitutes rejection of such lot. Except with respect to shipments which do not meet the AQL standards, the Offeror may ship the commodity prior to receipt of the inspection results if the Offeror assumes all risks and liabilities.
- D. If the commodity fails to meet the specifications of one or more factors on the first inspection, the Offeror may arrange for an appeal inspection of the commodity at origin or a subsequent point of delivery. 7 CFR Part 58, issued under the Agricultural Marketing Act of 1946, as amended, with respect to appeal inspections, will be met. At the option of the Offeror, rejected lots may be reworked by correcting packaging deficiencies, removing unsatisfactory containers, and other similar actions. Reworked lots may be resubmitted for AMS re-inspection. For purposes of payment the latest inspection will prevail.

7. LIABILITY

- A. It is the Offeror's responsibility to ensure that at the time of delivery the dairy commodity meets the specifications contained in Section 5, Commodity Specifications of this Announcement. The inspection and grading certificates are not conclusive as to performance of that responsibility. Any subsequent retesting or regrading which establishes that a lot, or any part of a lot, did not meet the commodity specifications of Section 5 of this Announcement at the time of delivery, will result in the entire lot being rejected to the Offeror. The Offeror is liable for all incurred charges up to the date of rejection. CCC's payment for the rejected commodity with additional charges shall be promptly refunded to CCC. If not refunded within 10 days from the date of rejection, interest at the rate per annum specified in the Monthly Sales List in effect at the time of rejection by CCC will be paid by the Offeror from the date of rejection by CCC until the refund is received by CCC.
- B. Lots of butter which downgrade on the first regrade due to a whey flavor within 180 days of delivery will be rejected to the Offeror, and the Offeror will be liable for all incurred charges as of the date of rejection including storage, handling, and transportation charges.

8. SHIPMENT AND DELIVERY – TRANSFER OF TITLE

A. KCCO will issue shipping instructions within 7 business days after date of acceptance of an offer. Offeror will deliver, as directed, the identical commodities offered within 7 business days after receipt of shipping instructions. If delivery is not made within 7 business days, Offeror must notify CCC and advise CCC of Offeror's intentions for delivery. Delivery will be directed by CCC in accordance with following provisions:

(1) CCC-Approved Warehouse

(a) If the commodity, at the time it is offered for sale to CCC, is in a CCC-approved warehouse, delivery will be made at CCC's option:

- 1) In-store with applicable storage charges through date of delivery to CCC and in-and-out handling charges prepaid by Offeror; or
- 2) Free on board (f.o.b.) with the mode of conveyance (railcars, trucks, or marine containers). This is also known as f.o.b. origin.

(b) When CCC exercises its option to require delivery in-store, the Offeror shall promptly submit the invoice package and supporting documentation through the WBSCM system. Storage and in-and-out handling charges prepaid by the Offeror shall accrue to the benefit of CCC.

(2) Manufacturer's Plant or Non-Approved Warehouse

(a) If the commodity is in the Offeror's plant or in a non-CCC-approved warehouse, delivery shall be made f.o.b. with the mode of conveyance at CCC's option.

(3) CCC's Option, f.o.b. Railcars, Trucks, or Marine Containers

(a) When CCC exercises its option to require delivery f.o.b. railcars, trucks, or marine containers, Offeror shall pay all necessary dunnage and bracing charges. Sample and reserve sample containers shall be loaded in the doorway of the conveyance. The sample containers shall be clearly identified to each lot when shipping more than one lot per conveyance. When delivery by rail is requested and Offeror's plant is not serviced by a railroad, transportation and other charges necessary to place the product f.o.b. railcars will be for the account of Offeror, and CCC will reimburse Offeror for such costs up to \$0.45 per gross hundredweight for the first 10 miles and \$0.02 per gross hundredweight for each additional 5 miles or portions thereof. Such reimbursement shall not exceed the amount as would be calculated based upon the distance from Offeror's plant to the closest available rail shipping point. (A maximum of 30 miles, unless approved in advance by CCC.)

(b) Commodity delivered f.o.b. trucks or marine containers shall be loaded and braced in accordance with good commercial practices. Commodity delivered f.o.b. railcars shall be loaded and braced in accordance with the provisions of the American Association of Railroads Loading Pamphlets applicable to such commodity. The quantity on the bill of lading shall be the same as the total net weight on the grading certificates, except when the number of containers shipped is less than the number of containers on such certificates.

- (c) The Offeror shall not load a railcar, truck, or marine container that is not in clean and serviceable condition. Damage to the dairy product resulting from loading dairy products in a railcar, truck, or marine container in other than clean and serviceable condition shall be for the account of the Offeror.
- (d) The consignee's receipt is evidence of the conditions of loading, bracing, and the quantity of the commodity loaded and shipped.
- (e) 1) (a) If CCC orders the commodity shipped by rail and rail transportation is not available due to causes beyond the control and without the fault or negligence of the Offeror, including freight embargoes, strikes, floods, and/or acts of God, but excluding the fact that the plant or warehouse is not serviced by a railroad, the Offeror shall so notify CCC and may request authorization to ship the commodity by truck (either the Offeror's own or contract carrier), to a destination specified by CCC.
 - (b) CCC, at its option, may authorize the Offeror to ship the commodity by truck that is either the Offeror's own or that of a contract carrier to a destination specified by CCC.
- 2) Offeror shall pay trucking charges if the shipment is by contract carrier and CCC will reimburse the Offeror for the cost incurred for such transportation. In no event will reimbursement exceed the rates CCC regularly pays for similar services. If Offeror uses its own trucks, CCC will pay Offeror for such transportation services at rates not in excess of the lower of the rates CCC regularly pays for similar services, or the rates customarily charged by the Offeror for similar services of commodity transported, whichever is lower. Date of delivery of commodity transported by the Offeror's own truck or contract carrier will be the date the product is accepted at specified destination points by the consignee, and the consignee receipt is used, at which time title to the product and risk of loss will pass to CCC.
- (f) Protective Service (Butter and Cheese) - The Offeror shall specify on the bill of lading or other shipper/carrier documentation, the following as applicable to truck or rail:

Non-frozen commodity - load only in mechanically refrigerated means of transportation. Maximum temperature inside the conveyance shall be 35°F (1.7°C) before loading, while en-route, and until unloading begins.

Frozen commodity - load only in mechanically refrigerated means of transportation. Maximum temperature inside the conveyance shall be 0°F (-17.8°C) before loading, while en-route, and until unloading begins.

(g) Security Seals – Suppliers of commodities, products, and services shall be responsible for placing a seal on all doors of each transportation conveyance upon completion of loading or servicing. The seal numbers shall be entered on the bill of lading, which must be signed or acknowledged by the carrier or its agent. Seals shall be uniquely numbered, barrier-type, and meet the American Society for Testing and Materials (ASTM) Standards. Seals shall be a minimum 1/8-inch diameter cable, high security bolt, or equivalent. Offerors may obtain additional information on ASTM Standards at www.astm.org.

B. Transfer of Title and Risk of Loss

Except as specified in Section 7.A. and Section 8.D., subject to the rights of rejection as provided in Section 5 and Section 6.D. of this Announcement, transfer of title and risk of loss to any commodity offered under this Announcement will pass to CCC on the date of delivery.

(1) F.o.b. Origin Delivery

With respect to f.o.b. origin deliveries, the date of delivery is the date provided by the carrier on the bill of lading when the carrier accepts the commodity. In cases where shipments are made under the provisions of Section 8.A. (3) (e) 1) above, the date of delivery is the date the product is accepted at specified destination points by the consignee.

(2) In-Store Delivery

With respect to in-store deliveries, the date of delivery is the date of transfer from Commodity Vendor to CCC as shown on B/L. Forward or postdating the delivery date is a serious violation that may result in criminal prosecution.

C. Dairy products delivered in good condition shall be evidenced by signed and dated consignee's receipt, a warehouse receipt, dock receipt, or other similar documents acceptable to CCC, and shall be retained by the Offeror.

D. Offeror may deliver butter, NDM and cheese prior to the receipt of the laboratory tests required by Section 5 of this Announcement, if Offeror assumes all risks and liabilities which arise with respect to the failure of the commodity to meet specifications. If for instance, the test results for milkfat or keeping quality for butter and coliform for NDM are not satisfactory as determined by AMS, CCC will reject the commodity in accordance with Section 5D. If test results are satisfactory to CCC, and the commodity is accepted, the Offeror is relieved of additional liability.

9. LOSS DUE TO DETERIORATION OR SPOILAGE

Offeror shall reimburse Agency for all losses due to deterioration or spoilage sustained by Agency for which Offeror is responsible, but only if such losses are discovered by such date as may be stated in the terms and conditions, or a reasonable time, as determined by Agency, after delivery if no such date is stated. Offeror agrees to reimburse Agency for such losses within 10 days after date of billing by Agency. That part of the commodity as to which Agency makes a claim based on deterioration or spoilage shall be held by Agency subject to disposition instructions of Offeror (unless the nature of the deterioration or spoilage is such as to require condemnation and destruction as determined by Agency or its authorized representative) but need not be held by Agency in excess of 30 days after Agency sends notice of such claim to Offeror. In lieu of reimbursing Agency, Offeror may replace the deteriorated or spoiled commodity with an equal quantity of commodity which conforms to all contract requirements and specifications of this Announcement, if such replacement is agreed to by Agency.

10. ASSIGNMENT OF FUNDS

- A. No assignment by Offeror shall be made of the contract, or of any right thereunder, except that Offeror may assign the proceeds of the contract to a bank, trust company, or other financing institution, including any Federal lending agency, or to a person or firm that holds a lien or encumbrance at the time of assignment, and, subject to the prior approval of the Accepting Official, assignment may be made to any other person or firm: Provided, that such assignment shall be recognized only if and when the assignee thereof files with Agency written notice of the assignment together with a signed copy of the instrument of assignment, in accordance with the instructions on Form CCC-251, Notice of Assignment: And provided further, that any such assignment shall cover all amounts payable and not already paid under this contract, shall not be made to more than one party and shall not be subject to further assignment, except that any such assignment may be made to one party as agent or trustee for two or more parties participating in such financing. The instrument of assignment may be executed on Form CCC-252, Instrument of Assignment.
- B. The Offeror shall not furnish or disclose to any assignee under this contract any classified document or information related to work under this contract until the Accepting Official authorizes such action in writing.
- C. Forms relating to assignments may be obtained from the Accepting Official, or the Offeror may use the forms mentioned in A, of this Section, or may use its own forms providing they are in a format basically consistent with the prescribed form and contain essentially the same provisions.

11. SETOFF

- A. Subject to the provisions of paragraphs 11 B respecting assignments and 11 C respecting liens, of this Section if Offeror is indebted to Agency, the amount of such indebtedness may be set off against the proceeds of the contract. If Offeror is indebted to the U.S. for taxes and notice of lien has been filed in accordance with the provisions of the Internal Revenue Code of 1954 (26 U.S.C. 6323) or any amendments thereof or modifications thereof or Notice of Levy has been served on USDA in accordance with the provisions of the Internal Revenue Code (26 U.S.C. 6331) against money payable to Offeror, or if Offeror is indebted to any other Agency of the U.S., the amount of such taxes or debt may likewise be set off; and, if Agency is CCC, such setoff shall be in accordance with 7 CFR Part 1403.
- B. Where an assignment has been made as provided in Section 10, the following provisions with respect to setoff shall apply:
1. Notwithstanding the assignment, Agency may set off:
 - (a) Any amounts due Agency under the contract;
 - (b) Any amounts for which Offeror is indebted to the U.S. for taxes for which a notice of lien was filed or a Notice of Levy was served in accordance with the provisions of the Internal Revenue Code of 1954 (26 U.S.C. 6323), or any amendments thereto or modifications thereof, before acknowledgement by Agency or receipt of the notice of assignment; and
 - (c) Any amounts, other than amounts specified in (a) and (b) of this subparagraph 1 due Agency or any other Agency of the U.S., if Agency notified the assignee of such amounts to be set off at the time acknowledgement was made of receipt of notice of such assignment.
 2. Any indebtedness of Offeror to any Agency of the U.S. which cannot be set off under subparagraph 1 of this paragraph may be set off against any amount payable under the contract which remains after deduction of amounts (including interest and other charges) owing by Offeror to the assignee for which the assignment was made.
- C. Any amount due prior lien holders who have not executed a waiver shall be deducted prior to setoff of any indebtedness referred to in paragraph A of this Section. If a waiver of lien has been executed, and if the holder of the lien is named by Offeror as payee on invoices or as assignee of claims for monies due under the contract to Offeror, any indebtedness to any Agency of the Agency under any transaction not under the contract may be set off against any amount due and payable under the contract which is in excess of the amount of such invoices or assignment.
- D. Setoff as provided in this Section shall not deprive Offeror of any right it might otherwise have to contest the justness of the indebtedness involved in the setoff action either by administrative appeal or by legal action.

12. INVOICES, PAYMENT AND PAYMENT OF INTEREST

- A. Invoices for payment for the commodity and inspection results must be submitted through the WBSCM system and be supported by the original (official) inspection certificate, if applicable, and either a copy of commercial bill of lading signed by the carrier's agent or, in lieu thereof, a copy of a consignee's receipt evidencing delivery. Invoices for reimbursement of transportation and protective service charges, if any, must be submitted to the Freight Settlement and Invoicing Branch, Contract Reconciliation Division, KCCO, P.O. Box 419205, Stop 8758, Kansas City, MO 64141, and must be supported by the original or a copy of carrier's receipted freight bill or invoice. If shipment is by contract carrier, the Offeror's invoice must also be supported by a copy of the contract between the Offeror and the truck or rail line showing the schedule of rates, or a copy of the motor or rail carrier's published rates.
- B. Invoices for payment of freight charges, billed by the transportation companies, must be submitted to the Freight Settlement and Invoicing Branch, Contract Reconciliation Division, KCCO. Invoices must contain the applicable purchase order number to be considered a proper invoice.
- C. When the total quantity to be invoiced includes a fraction of a lb, the fraction should be omitted if less than one-half lb and raised to the next full lb if one-half lb or more. Only whole lbs should be shown on the invoice. Offeror may include more than one shipment on any invoice.
- D. It is mutually agreed and understood that in submitting an invoice, the Offeror thereby certifies that all requirements of the contract have been satisfied. Submission of an invoice when all contract terms and conditions have not been satisfied may subject Offeror to civil and criminal penalties as provided in Titles 15, 18, and 31 of the U.S. Code. The Agency will make payment to the Offeror (or the assignee if an assignment is made pursuant to Section 10) of any amounts due with respect to each shipment invoiced.
- E. The payment is due after receipt by the Commodity Office, of a properly prepared invoice with the required supporting documents: within 10 days on purchase contracts for the acquisition of dairy products OR, within 30 days on all other contracts including processing contracts where Agency-owned commodities are processed into end products.
- F. If payment is not made within the specified number of calendar days following receipt of a proper invoice, then interest will be paid on the unpaid amount. Interest will accrue beginning on the first day after the payment due date through the date the Agency issues a check or otherwise delivers payment. Interest will be added to the amount payable on the invoice.
- G. Interest will be paid at a rate of interest that is equal to the rate of interest established by the Secretary of the Treasury for payment of interest penalties under the Prompt Payment Act. Interest is computed using the rate in effect on the day the agency first accrues an obligation to pay interest. Interest in the amount less than \$1.00 (one dollar) will not be paid.
- H. If a gross billing weight is shown in the offer and is to be considered in determining which offers are most advantageous to Agency, and if the gross billing weight as shown in the offer differs from that shown on the carrier's bill of lading, the Agency will require payment by Offeror for any excess transportation charges based upon the weight differences. Any savings will accrue to Agency.

I. Invoices shall be mailed to:

Financial Services Center
Fund and Commodity Management Office
Invoice Payment Group, Beacon Facility, Stop 8578
P.O. Box 419205
Kansas City, MO 64141-6205

For express mail:

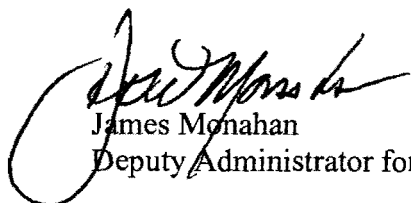
Financial Services Center
Fund and Commodity Management Office
Invoice Payment Group, Beacon Facility, Stop 8578
9240 Troost Ave.
Kansas City, MO 64131-3055

- J. Debt Collection - 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 may be made directly to a financial banking institution. To receive payments electronically, Standard Form 3881, (ACH) Offeror/Miscellaneous Payment Enrollment Form shall be completed. The Standard Form 3881 may be obtained at: <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=pas>

13. **INQUIRIES**

Inquiries pertaining to this Announcement should be directed to:

Kansas City Commodity Office
Domestic Procurement Division
P.O. Box 419205, Stop 8718
Kansas City, Missouri 64141-6205



James Monahan
Deputy Administrator for Commodity Operations

See Reverse for Privacy Act, Public Burden and Nondiscrimination Statements.

KC-327 Dairy 7A
 (07-01-10)

U. S. DEPARTMENT OF AGRICULTURE
 Farm Service Agency
DAIRY BULK OFFER FORM

FAX No. 816-926-6795

Contracting Officer
 USDA-FSA-Commodity Operations-KC Organization
 Procurement Division, Stop 8718
 Dairy and Multi-Food Branch
 P.O. Box 419205
 Kansas City, Missouri 64141-6205

FOR COMMODITY OPERATIONS USE ONLY	
VDR/PL	_____
COMP/K	_____
PRICE	_____
WHSE	_____

1. Offer is subject to the terms and conditions of Announcement DAIRY 7
2. Product: Butter Cheese Nonfat Dry Milk (NDM)
3. Total net quantity offered: _____ pounds.
4. Type: _____ Pack: _____ Color (Cheese): _____ Tare Weight: _____
5. Is product kosher certified? Yes No Was NDM made from Grade A milk? Yes No
6. Indicate if NDM product has been reprocessed because of prior positive salmonella: Yes No
7. Location of product when inspected by USDA: Offeror's plant CCC-approved warehouse Non-CCC-approved warehouse
8. Type of warehouse applicable product is stored in: Cooler Freezer Dry
9. Name and location of plant/whse.: _____
10. Truck shipping point: _____
 (Name) (Address) (City/State/ZIP)
- 10a. Rail shipping point: _____
 (If different than truck) (Name) (Address) (City/State/ZIP)
- 10b. Mileage distance: _____ 10c. Serving Railroad(s): _____ 10d. Switching Railroad: _____
 (Refer to Block 10 Instructions)

Certificate Number 11.	Grade 12.	No. of Containers 13.	Net Weight 14.	NDM Heat Treatment 15.	NDM Bag Manufacturer 16.	Storage Paid Thru Date 17.	Whse. Storage Lot No. 18.	Manufacture Date(s) 19.

20. Full business name of offeror, complete address, telephone, FAX number, and Email:

- 20a. Name, complete address, telephone, FAX number, and Email of person to receive "Notice to Deliver" if other than person submitting offer:

By signing the offer, the offeror understands that any fraudulent certification or misrepresentation in this offer will render offeror subject to criminal prosecution and civil frauds liability.

21. SIGNATURE	21a. TITLE	21b. DATE
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See Reverse for Privacy Act, Public Burden and Nondiscrimination Statements.

KC-327 Dairy 7A (REVERSE)
(07-01-10)

U. S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

INSTRUCTIONS FOR DAIRY BULK OFFER FORM

1. Offer is subject to the terms and conditions of Announcement DAIRY 7;
2. Identify appropriate box of product being offered;
3. Specify total net quantity in whole net pounds of the product offered;
4. Specify the type, pack size, color (cheese), and tare weight. Marked net and tare weight per container of the product offered. NDM offered on basis of the sampling report. (The number of containers may be estimated.);
5. Specify yes or no if product is kosher certified; and specify yes or no if NDM was made from Grade A milk in a plant certified under the Procedures of the National Conference on Interstate Milk Shipments ("NCIMS") as a Grade A plant;
6. Specify yes or no if NDM has been reprocessed because prior test results of product were positive for salmonella;
7. Identify the product location when inspected and graded by Dairy Programs (DP), Agricultural Marketing Service (AMS), U.S. Department of Agriculture (USDA).
 - a. Offeror's manufacturing plant;
 - b. CCC-approved warehouse - (a warehouse approved by CCC and under contract with CCC for storage of the product being offered);
 - c. Non-CCC-approved warehouse - (a warehouse not approved by CCC and not under contract with CCC for storage of the product being offered);
8. Identify the appropriate box whether product is in a cooler, freezer, or dry space warehouse at the time of submitting the offer;
9. Specify the name and location of the warehouse and processing plant;
10. Identify the name and location of the shipping point if different from the plant, railroads serving the shipping point, and the railroad switching shipping point. If shipping point is on a team track, offer shall identify location and distance from plant and shall contact KCCO, Traffic and Contract Administration Branch to verify agreement on mileage prior to use of the team track locations and submission of freight invoices;
11. Specify grading certificate number for each carlot offered, except for NDM, the sampling and test weight report number (sampling report number may be used);
12. Specify the applicable grade shown on each grading certificate;
13. Specify number of containers per grading certificate. NDM offered on basis of the sampling report. (The number of containers may be estimated.);
14. Specify quantity in net pounds or kilograms as evidenced by the total net weight on each grading certificate or on the NDM sampling report. Butter and NDM will be offered in 25-kilogram containers. Cheese will be offered in 40-pound blocks and 500 pound barrels with weight marked as pounds. (Weight marked as metric weights are optional.);
15. NDM - Identify spray process heat classification whether high, medium, or low heat (each offered carlot shall involve the same heat classification);
16. NDM - Identify name of the bag manufacturer;
17. Specify date through which storage has been paid by the offeror if the product offered is stored in a CCC-approved warehouse;
18. Specify CCC-approved warehouse product storage lot number;
19. Specify the product date(s) of manufacture for each lot;
20. Provide full business name of offeror, complete address, telephone and FAX number, and Email. Show name, address, telephone, and FAX number, and Email of person to receive the "Notice to Deliver," if other than the person submitting the offer.
21. Signature and title of person submitting the offer, and the date, or name and title of person authorized to execute an offer on behalf of the offeror.

PRIVACY ACT AND PAPERWORK REDUCTION ACT STATEMENTS

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to evaluate offers submitted by an offeror under the dairy product price support program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-3, Consultants File. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for evaluation of offers submitted by an offeror under the dairy product price support program.

The information collection is exempted from the Paperwork Reduction Act, as it is required for the administration of the Food, Conservation and Energy Act of 2008 (see Public Law 110-246, Title I, Subtitle F - Administration).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

NONDISCRIMINATION STATEMENT

The U.S. Department of Agriculture (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 and 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 toll-free at (866) 632-9992 (English) or (800) 845-6136 (Spanish) or (800) 877-8339 (TDD) or (866) 377-8642 (Federal-relay). USDA is an equal opportunity provider and employer.

NOTE: The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

See Reverse for Privacy Act, Public Burden and Nondiscrimination Statements.

KC-327 Dairy 7B (REVERSE)
(07-01-10)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

INSTRUCTIONS FOR DAIRY BULK CANCELLATION REQUEST FORM

1. Specify the full company name of business canceling product.
2. Specify the City and State of the business canceling product.
3. Provide name of company's contact person.
4. Provide telephone number and email address of company contact person.
5. Specify the Announcement under which the product was purchased (e.g., "Dairy 7").
6. Specify the total amount of product to be canceled.
7. Specify the commodity type that is to be canceled.
8. Specify the Pack size of the product that is to be canceled.
9. Specify the reason for cancellation of the product.
10. Specify the Contract number under which the product was purchased.
(One Contract number per page is requested.)
11. Specify the Certificate number under which the product was purchased.
12. Specify the Notice to Deliver number which was assigned by Commodity Operations-KC Organization to Contractor.
13. Specify the Net Weight as evidenced by each grading certificate requesting to cancel.
14. Signature, title of person, and date submitting the request to cancel the product or the name and title of person authorized to execute a request on behalf of the requester.

PRIVACY ACT AND PAPERWORK REDUCTION ACT STATEMENTS

The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to request cancellation of certificates offered to an offeror under the dairy product price support program. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-3, Consultants File. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for cancellation of certificates offered to an offeror under the dairy product price support program.

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**UNITED STATES
DEPARTMENT OF
AGRICULTURE**

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

APPENDIX

PACKAGING AND MARKING SPECIFICATIONS Dairy Product Price Support Program

Purchase Announcement

Dairy 7

Terms and Conditions

2010 and Subsequent Years

(Supersedes Announcement Dairy 6, April 7, 2006)

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=coop&topic=pas-da>



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APPENDIX
Packaging and Marking Specifications
Dairy Product Price Support Program
Purchase Announcement
Dairy 7
Terms and Conditions
2010 and Subsequent Years
(Supersedes Announcement Dairy 6, April 7, 2006)

PART 1. BASIC PROVISIONS

1.1 PURPOSE

This Appendix sets forth the packaging and marking requirements, container specifications, and procedures for the approval of containers and packaging materials used to package bulk dairy products that the Commodity Credit Corporation (CCC) purchases at announced prices in accordance with the Dairy Product Price Support Program (DPPSP).

The requirements and specifications in this Appendix supersede all other documents issued by CCC or any Agency of the United States Department of Agriculture (USDA).

Any future changes to these requirements and specifications will be issued periodically in the form of amendments to the Announcement

1.2 USDA RESPONSIBILITIES

- A. The Deputy Administrator for Commodity Operations (DACO), USDA-Farm Service Agency (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 in accordance with the:
 1. Specifications in this Appendix.
 2. U.S. Standards for Condition of Food Containers (7 CFR 42.101-143) except bulk butter and rindless block cheese. The U.S. Standards for Condition of Food Containers may be obtained at:
http://www.access.gpo.gov/nara/cfr/waisidx_00/7cfr42_00.html.
 3. AMS Procedures 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 NEW PACKAGING

- A. To request approval of new containers or packaging materials, 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.
- B. The supporting evidence must show that the proposed container or packaging material will perform as well as the currently specified packaging.
- C. In response to requests, DACO will do one or more of the following:
 - 1. Authorize the use of the container or packaging material, in writing, based on the information submitted.
 - 2. Request that samples of the container or packaging material be sent for evaluation to a package research.
 - 3. Require test shipments of filled containers.

1.4 INQUIRIES

Direct inquiries concerning the packaging specifications or the approval of containers to:

USDA/FSA/DACO
Commodity Operations Division
Office of the Director
1400 Independence Avenue, S.W., Stop 0553
Washington, D.C. 20250-0553
ATTN: Packaging Specialist

1.5 QUALITY CONTROL

To verify that containers or packaging materials continue to meet the applicable construction and performance specifications approved by DACO, the steps listed below are in effect.

- A. At the Offeror's plant, AMS will select random samples of the container or packaging material 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 packaging and shipping.
- E. Containers or materials found to be in noncompliance may be rejected by CCC.
- F. All samples will be held at the laboratory for future reference and will be examined, as deemed necessary, to determine compliance.
- G. CCC will hold its Offerors responsible for any damages resulting from the use of packaging found to be in noncompliance.

1.6 LIABILITY

In accordance with Section 5.D of Announcement Dairy 7, CCC's Offerors shall be liable if containers or packaging materials do not meet contract requirements.

1.7 GENERAL SERVICES ADMINISTRATION (GSA) FEDERAL SUPPLY SERVICE

Federal specifications and standards may be obtained at:
<http://apps.fss.gsa.gov/pub/fedspecs>.

PART 2. GENERAL REQUIREMENTS

2.1 CONTAINERS AND MATERIALS

- A. All containers and packaging materials shall be:
 - 1. Constructed as specified in this Appendix, including any amendments to this Appendix and any referenced specifications set forth in such documents.
 - 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) as outlined in the Code of Federal Food, Drug, and Cosmetic Act as amended and either regulated under 21 CFR Parts 170 through 186 (which may be obtained at: http://www.access.gpo.gov/nara/cfr/waisidx_05/21cfrv3_05.html) the subject of an effective Food Contact Notification (a list of which may be obtained at: <http://www.cfsan.fda.gov/~dms/opa-fcn.html>), or covered by a Threshold of Regulation Exemptions (a list may be obtained at: <http://www.cfsan.fda.gov/~dms/opa-torx.html>).
- B. All food processing and packaging operations shall be performed in a manner to

ensure safety.

- C. Filled containers must be safe for individuals coming in contact with them during handling, stacking, and storage operations.
- D. Reference to the weight capacity of a container, e.g., 25 kgs (55.115 lbs.) bag, shall mean a container which will hold 25 kgs (55.115 lbs.) of product.

2.2 CERTIFICATION OF CONFORMANCE

- A. AMS is required to determine that the Offeror has a manufacturer's Certification of Conformance (COC).
- B. The COC must certify that all containers or packaging materials furnished for each contract meet the requirements of this Appendix.
- C. The COC is to be provided by the container or packaging material manufacturer.
- D. The COC shall read:

"This container is constructed in compliance with CCC packaging requirements."
or
"This packaging material is constructed in compliance with CCC packaging requirements."
- E. The COC may be printed on each individual container, or it may be provided in writing for review by AMS. When printed on the container, the COC shall be printed as small as possible, yet legibly.

PART 3. CONTAINER AND PACKAGING REQUIREMENTS

SECTION 1. BUTTER

3.1.1 PACKAGING

- A. Bulk butter shall be packed 25 kgs (55.115 lbs.) net weight in corrugated fiberboard shipping containers conforming to the Uniform Freight Classification (UFC) 6000-M Rules and Regulations, Rule 41, as amended. The edge crush value for the corrugated fiberboard shall be a minimum of 32 lbs. per inch of width. The containers shall be single wall, regular slotted containers. The UFC 6000-M, Rule 41, may be obtained at: <http://www.narps.net/RAILINC-National-Trfs-UFC%206000.htm>
- B. Shipping containers shall meet the following requirements:
 - 1. Inner flaps may be of full length and meet in the center when closed or may be economy length not less than 3 inches from the scoreline.
 - 2. Ends shall be attached to the body by means of hot-melt adhesive.

3. Staples or wire stitching are not permitted.
4. Closure and sealing of outer flap shall be in accordance with UFC 6000-M, Rules and Regulations, Rule 41, as amended, using 2 inch (minimum width) tape running full length of the seam and extending over ends not less than 2 1/2 inches.
5. The closure flaps shall not project over the side or end edges and the application of tape shall be such to prevent lifting of free edges or corners of outer flaps on filled containers.
6. Each box shall be provided with a liner of vegetable parchment paper as specified in Part 3., 3.1.2, A. of this Appendix or polyethylene bag or wrapper as specified in Part 3., 3.1.2, B. of this Appendix.
7. When parchment paper is used, the inside surfaces of container shall be coated scoreline to scoreline with sufficient paraffin (of not lower than 128°F (53.3°C) melting point), polyethylene paraffin combination, polyethylene, or similar materials to prevent absorption of moisture by the fiberboard. The container flaps need not be coated. All coating must meet FDA requirements for contact with butter.
8. Coating of containers lined with a polyethylene bag or wrapper is not required.
9. The polyethylene wrapper shall be inserted in such a manner as to completely encircle the inside of the box. The wrapper shall be of sufficient length and width to provide a fold top and bottom and an overlap on the side, all of which completely covers the butter.

3.1.2 LINERS, WRAPPERS, AND BAGS

- A. Vegetable parchment liner of not less than 27 lbs. basis weight per ream (500 sheets 24" x 36"). The liner shall:
 1. Be sufficient length and width and so placed in the containers that all surfaces of the butter shall be completely covered.
 2. Be treated by being held completely immersed in a 15 percent salt solution at the boiling point for 30 minutes.
- B. Polyethylene bag or wrapper shall be fabricated from material meeting the requirements of Commercial Item Description, CID A-A-3174, as amended, and shall not be less than 1.25 mils in thickness. The CID A-A-3174 may be obtained at: <http://apps.fss.gsa.gov/pub/fedspecs/>.

SECTION 2. BLOCK CHEESE

3.2.1 PACKAGING

- A. Rindless Block. Cheddar cheese in blocks of approximately 40 lbs. (18 kgs), as specified, shall be prepared according to this paragraph.
- B. Wrappers shall be applied to each block by means of vacuumizing or heat-shrinking in order to securely close and permanently exclude air between the wrappers and cheese.
- C. Wrappers shall be sealed under a minimum of 20 inches of vacuum.
- D. Wrappers and their application to the product shall be in accordance with the requirements contained in U.S. Standards for Grades of Cheddar Cheese.
- E. Wrappers shall be accompanied by a C.O.C. as outlined in Part 2., 2.2 of this Appendix.
- F. Block cheese wrappers shall be constructed in accordance with the following performance requirements:
 - 1. If applicable, the liner/wrapper must pass the appropriate end test as listed in 21 CFR Parts 170 through 186.
 - 2. The maximum oxygen permeability at 73°F (22.8°C), 50 percent relative humidity shall be 1 cc/100in²/24 hours when tested in accordance with ASTM D3985, as amended.
 - 3. The maximum moisture vapor transmission at 100°F (37.8°C), 90 percent relative humidity shall be less than 1 gram (g)/100in²/24 hours when tested in accordance with ASTM F1249, as amended.
 - 4. The cheese shall be packaged and/or treated to inhibit mold growth on the cheese for a minimum of 2 years when stored by CCC at 32°F (0°C). Method and material shall meet FDA guidelines for the product.
 - 5. The wrappers must not tear, rip, or puncture during filling and handling operations.

3.2.2 PACKING

- A. Cheddar cheese packaged in blocks of approximately 40 lbs. (18 kgs) as specified in Section 3.2.1.A, shall be packed in corrugated fiberboard shipping containers conforming to the UFC 6000-M, Rules and Regulations, Rule 41, as amended. The edge crush value for the corrugated fiberboard shall be a minimum of 32 lbs. per inch of width. The containers shall be single wall, regular slotted containers.
- B. Liners. All containers shall have a reinforcing inner liner. If the block cheese does

not fully fill the container and the wrapper requires continuous pressure, fiberboard filler pads shall be used to ensure proper pressure. The liner shall:

1. Have sufficient rigidity with a deflection of not more than 1/4 inch to support a load of 1,000 lbs. when exposed to normal commercial handling, curing, and storage conditions.
2. Have a deflection under 2,500 lbs. minimum compression tests of not more than 1/4 inch when 7 inches in height; and 3/8 inch when 10 inches in height. Scores and gaps shall provide a 90 degree corner fold to fit the block of cheese snugly.
3. Be of the one piece construction and either:
 - a. Corrugated fiberboard of 275-lb minimum test; A or C flute, with flutes running in the vertical direction once the container is filled, single or double-wall; have a 33-lb corrugating medium and all components thoroughly impregnated (not coated) with a wax composition to add strength to the liner.
 - b. Wood veneer, faced on each side with kraft linerboard with the wood grain in the vertical direction once the container is filled.

3.2.3 CLOSURE

Closure of fiberboard shipping containers shall be in accordance with Part 3., 3.1.1, B., 1-5 and 9 of this Appendix, except short flaps may be on the outside.

SECTION 3. BARREL CHEESE

3.3.1 PERFORMANCE REQUIREMENTS FOR BARREL CHEESE

- A. Barrels shall be constructed to protect the cheese during transportation, storage, and handling for a minimum of 2 years. The containers shall be strapped or designed to:
 1. Prevent bulging.
 2. Keep covers on until the cheese reaches its final destination.
- B. Approximately 500 lbs. (227 kgs) of bulk Cheddar cheese shall be packed in fiber drums. Containers shall be filled as much as possible to eliminate headspace. Construction shall be according to this subparagraph.
 1. Round Fiber Drum. Round fiber drums shall be constructed according to Federal Specification PPP-D-723, Type 1, Grade B, which may be obtained at: <http://apps.fss.gsa.gov/pub/fedspecs/>.
 - a. Sidewalls shall consist of kraft linerboard that has a minimum thickness of 0.090 inches convolutely wound using sodium silicate adhesive or equivalent.

- b. Top and bottom headings shall consist of kraft linerboard that has a minimum total thickness of 0.220 inches. Plies shall be firmly glued together.
- c. Covers shall be coated, waxed, or laminated to reduce the possibility of absorption of free flowing whey during production, packing, and storage of cheese.
- d. An opening in the top cover is permitted in order to allow for further drainage of free flowing whey.
- e. As shown in FIGURE 1, CLOSED DRUM CONTAINER of this Appendix, the covers shall have 2 notches approximately 1 3/4 inches by 2 inches for the strapping clip.
- f. Top and bottom covers shall be secured to the body with 1/2 inch wide flat steel strapping.
- g. Strapping shall be applied straight and sufficiently taut to embed into edges of the drum but not to the extent of cutting, tearing, or otherwise damaging the drum.
- h. Strapping shall have a minimum breaking strength of 300 lbs. per square inch (psi).

2. Requirements for Plastic Barrel Cheese Liners and Facer Sheets.

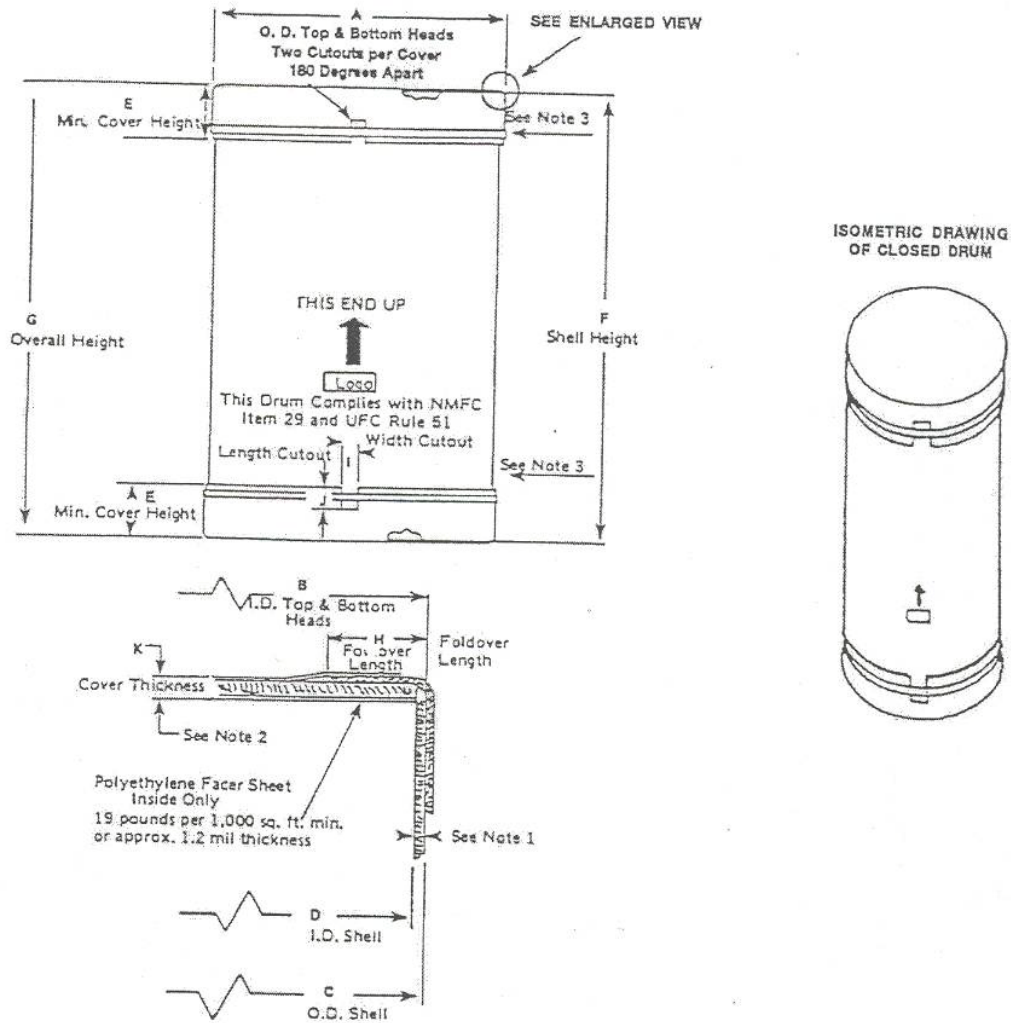
- a. Liners shall be accompanied by a C.O.C as outlined in Part 2. 2.2, of this Appendix.
- b. The liners shall conform to the contour of the container and be of sufficient length to be completely folded over the cheese.
- c. A facer sheet (cylindrical disc), constructed of the same material as the plastic liners, shall be placed over the entire top surface of the cheese before the liners are folded over after filling.
- d. The cheese shall be packaged and/or treated to inhibit mold growth on the cheese for a minimum of 2 years when stored by CCC at 32°F (0°C). Method and material shall meet FDA guidelines for the product.
- e. Barrel cheese liners and facer sheets shall be constructed in accordance with the following performance requirements:
 - (1) If applicable, the liner/wrapper must pass the appropriate end test as listed in 21 CFR Parts 170 through 186.
 - (2) The maximum oxygen permeability at 73°F (22.8°C), 50 percent relative humidity shall be 1 cc/100in²/24 hours when tested in accordance with ASTM D3985, as amended.

- (3) The maximum moisture vapor transmission at 100°F (37.8°C), 90 percent relative humidity shall be less than 1 g/100in²/24 hours when tested in accordance with ASTM F1249, as amended.
- (4) The liners must not tear, rip, or puncture during filling and handling operations.

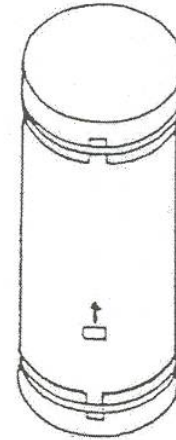
Note: Facer sheets are not required for barrel cheese which is vacuumed packed. The liners for barrel cheese which are vacuum packed must be heat sealed. All other requirements for liners must be adhered to.

FIGURE 1

CLOSED DRUM CONTAINER



ISOMETRIC DRAWING OF CLOSED DRUM



NOTES:

- 1 Sidewall - Mullen Test - 1000 PSI
- 2 Top & Bottom - Thickness - 200 PT - Mullen Test - 1300 PSI
- 3 Drum Secured Using 1/2" Wide Metal Strapping Around Top and Bottom Covers

	A	B	C	D	E	F	G	H	I	J	K
23	23 9/16	23 13/16	23 3/4	23	5 Min.	33 3/4	34 3/4	1 1/2	1 3/4	2	.220
21 1/2	21 31/32	21 13/16	21 3/4	21 1/2	5 Min.	38 3/4	39 3/16	1 1/2	1 3/4	2	.220

SECTION 4. NON-FORTIFIED AND FORTIFIED NONFAT DRY MILK

3.4.1 PACKING (MULTIWALL PAPER BAGS)

- A. This Section covers the packing of nonfat dry milk (NDM) in 25 kgs (55.115 lbs.) multiwall paper bags and in containers produced in accordance with a performance test criteria.
- B. Bags shall be manufactured to provide a tight seal designed to remain closed throughout the distribution system. Adhesives used in manufacture of bags must meet all Food and Drug Administration requirements for safe use in food packaging. Starch-based adhesives are not to be used anywhere in the manufacture of nonfat dry milk bags.”
- C. Bag designs in use for dairy packaging: Pinch top, block bottom bag; Pinch top, pinch bottom, flat tube bag.

3.4.2. CONSTRUCTION

The bag shall be constructed of a minimum of three walls of flat or extensible kraft paper and an inner polyethylene liner. Total basis weight of the walls for paper shall be a minimum of 180 lbs. when flat kraft is used and 160 lbs. when extensible paper is used. The outermost ply shall be of wet-strength paper in accordance with UFC Rule 40, Section 10, Table B, as amended. The bag shall meet the following requirements.

- A. Closed by expelling as much excess air as practical;
- B. Maximum average water-vapor transmission of the film at 90 to 95 percent relative humidity at a temperature of 100°F (37.8°C) plus or minus 5°F (-15°C) shall be 0.45 gram per 100 square inches in 24 hours.
- C. Longitudinal seam of the outer wall of the bag shall be glued so that there is no more than 3/16 inch of unglued edge on the outer surface of the bag. A complete seal of the seam is recommended.
- D. Inner polyethylene film facing the product must be a loose-inserted minimum 3.0 mil (guaranteed) low-density food grade liner.

3.4.3 CLOSURES

- A. Bag designs shall meet the following specifications:
 - 1. Bottom and top of the 25 kgs (55.115 lbs.) bag shall be closed to provide a tight seal using hot-melt or thermoplastic adhesive applied along the top edge of the long side of the bag extending downward at least 1-3/8 inches. The fold line of the field closure shall be 1-3/4 inches plus or minus 3/8 inch below the top edge of the long side of the bag.
 - 2. The outer wall of the bag shall be stepped at bottom and top fold over flap beyond all inner walls in order to provide a positive seal over the ends of the inner walls.

3. The Bag Closure Guide Location (BCGL) bars must be plainly visible, approximately one inch in length, printed in two parallel rows evenly spaced over the entire width of the bag. The BCGL bars are to be used as visual quality control verification once the bag is filled and sealed. Visually identifying two bars or no bars on the bag would indicate a bag closure failure. Visually identifying one row of bars would indicate a proper bag closure. This does not relieve the supplier from meeting all other closure requirements as outlined in this Announcement. See Figure 2 below:

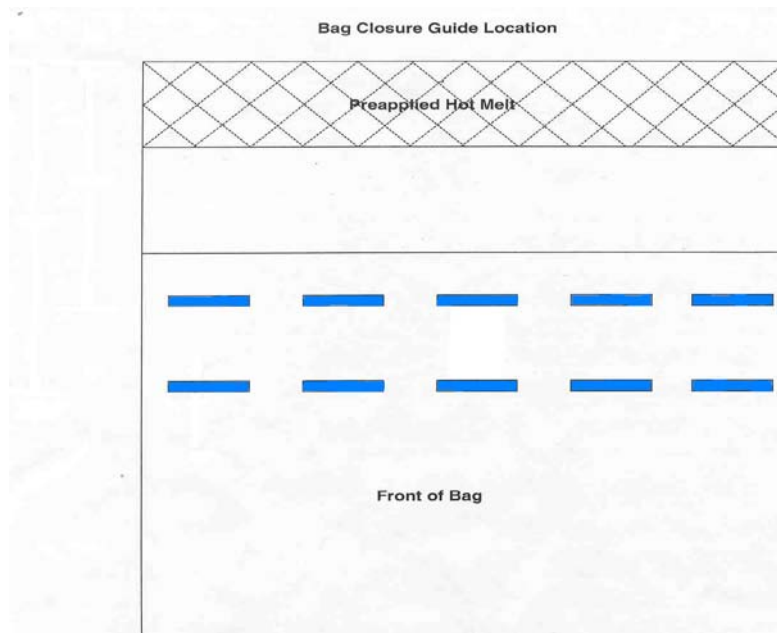


Figure 2
Bag Closure Guide Location Diagram

3.4.4. PERFORMANCE CRITERIA FOR CONTAINERS

As an alternative to the 3-ply multiwall bag as specified above, 25 kgs (55.115 lbs.) of milk may be packed in bags which will meet the following performance standards for impact resistance.

A. Construction.

1. Any bag construction consisting of one or more plies of material (including but not limited to paper, synthetics, plastic films, woven and non-woven fabrics, etc).
2. The bag shall be capable of being printed with the information required and capable of retaining a minimum 3.0 mil (guaranteed) low-density food grade polyethylene liner as specified for multiwall paper containers in Part 3. Section 4., 3.4.2., D. of this Appendix.
3. Closure of the liner after filling shall be as specified for multiwall paper bags as in

Part 3. Section 4, 3.4.2 of this Appendix.

B. Test Requirements.

1. Ten filled and sealed bags must each survive a single drop test on the butt and side, on a shock machine which produces for each test a velocity change of 195 inches per second using shock duration of .002 seconds without loss of product.
2. Test shall be conducted under standard conditions of temperature (73.4°F plus or minus 1.8°F) (23°C plus or minus 1°C) and relative humidity (50% plus or minus 2%).
3. Filled bags must be placed in the conditioned atmosphere for sufficient time before the tests are conducted for the bag materials to come to equilibrium.

C. Special Considerations.

1. Bags submitted under this performance specification will be expected to perform as well as those under the specification for 3-ply multiwall bags with respect to closures, palletization, resistance to snags, tears, and insect infestation, and retention of printed information.
2. Test Laboratories. Independent or private laboratories known to be capable of conducting the shock machine test described in Part 3. Section 4, 3.4.4, B, 1. and C of this Appendix are as follows:

3. Review Test Labs

(1) PIRA International
1287 Reamwood Avenue
Sunnyvale, CA 94089
(408) 734-9724

<http://www.pira-international.com/Home.aspx>

(2) PIRA International
6539 Westland Way
Suite 24
Lansing, MI 48917
(517) 322-2400

<http://www.pira-international.com/Home.aspx>

(3) Michigan State University
School of Packaging
East Lansing, MI 48917
(517) 355-9580

<http://www.packaging.msu.edu/>

(4) Rutgers University Center
for Engineering
617 Brett Road
Piscataway, NJ 08854
(732) 445-3224

http://catalogs.rutgers.edu/gene-rated/nb-grad_0507/pg24361.html

(5) Ten-E Packaging Services, Inc.
1666 County Road 74
Newport, MN 55055
(651) 459-0671

<http://www.ten-e.com>

PART 4. SAMPLING AND MARKING SPECIFICATIONS

- A. At the time of sampling and offering, the commodities must be packaged in bulk containers conforming with specifications set forth in this Appendix, except that NDM offered on the basis of a sampling report must be packaged in containers meeting the U.S. Standards for Condition of Food Containers at the time of sampling and must be packaged in containers conforming with specifications in this Appendix, at time of delivery. (Note: As an exception, vent holes may be placed in bags of NDM provided the bags construction has been authorized in writing by DACO.) Non-fortified and fortified NDM must be packaged in 25 kgs (55.115 lbs) capacity multiwall paper bags. Each carlot must contain only one type of NDM. Butter must

be packaged in 25 kgs (55.115 lbs) corrugated fiberboard containers. Cheese must be packaged in approximately 40 lbs (18 kgs) blocks and 500 lbs (227 kgs) barrels.

All commodities except cheese (cheese is optional) will have the metric weight marked as the prominent weight on the containers with appropriate lbs. marked as a secondary weight.

B. Markings

1. Butter - Offeror must clearly print, lithograph, inkjet, stamp, or stencil with indelible waterproof ink, the following on each container before sampling:
 - a. Name of product.
 - b. Name and location of manufacturing plant or assigned State and plant number as reported for the plant by AMS in "Dairy Plants Surveyed and Approved for USDA Grading Service."
 - c. Churning-number.
 - d. Box serial number, in order of production.
 - e. Marked net weight in kgs and lbs.
 - f. Month, day, and year of manufacture.
 - g. AMS certificate number.
2. Non-fortified and fortified NDM that requires repackaging under inspection and which is offered under a sampling report, markings may be applied to containers after the time of sampling but prior to delivery. Offeror must clearly print, lithograph, inkjet, stamp, or stencil with indelible waterproof ink, the following on each container before sampling:
 - a. Name of product.
 - b. Heat treatment classification (only non-fortified NDM). However, heat treatment classification markings may be applied at time of shipment, to be in accordance with Whey Protein Nitrogen test result by AMS.
 - c. Name and location of manufacturing plant or assigned State and plant number as reported for the plant by AMS in "Dairy Plants Surveyed and Approved for USDA Grading Service."
 - d. Month and year of manufacture.
 - e. BCGL Bars shall be printed on the front panel of all multiwall paper bags. The bag manufacturer is responsible for proper placement of the BCGL bars (see Figure 2 in Section 3.4.3 of this Appendix).

- f. Manufacturer's lot and subplot number.
 - g. Bag serial number, in order of production.
 - h. Marked net weight in kgs and lbs..
 - i. Non-fortified NDM made from Grade A milk in a plant certified under the National Conference of Interstate Milk Shippers as a Grade A plant may be labeled "Grade A" with markings of sufficient size to stand out prominently.
 - j. AMS certificate number.
3. Cheese - the Offeror must clearly print, lithograph or inkjet with waterproof ink the markings on a pressure-sensitive label which cannot be removed without damaging the container the following:
- a. Name of product.
 - b. Name and location of manufacturing plant or assigned State and plant number as reported for the plant by AMS in "Dairy Plants Surveyed and Approved for USDA Grading Service".
 - c. Month, day and year of manufacture.
 - d. Vat or manufacturer's lot number.
 - e. Box or barrel serial number, in order of production.
 - f. Marked net weight in lbs. (Additional marking in metric weights are optional.)
 - g. Containers for barrel cheese must be marked "THIS END UP" with an arrow pointing to the end opposite the filling end.
 - h. AMS certificate number.
- C. The wrappers on block cheese may be marked with the name and location of the applicable plant or assigned State and plant number as reported for the plant by AMS in "Dairy Plants Surveyed and Approved for USDA Grading Service, " and the month, day, and year of manufacture, and vat number.
- D. Individual containers of block cheese must not weigh less than 40 lbs. (18 kgs) and not more than 44 lbs. (20 kgs) net.
- E. Commercial markings in addition to the markings outlined in this Appendix are permissible.
- F. Cheese made from unpasteurized milk that is required to be cured at a temperature of 35°F (1.7°C), or above, for at least 60 days, must be labeled in accordance with FDA regulations, including 21 CFR 101.100 f.1.2.3.

- G. For barrel cheese, the filling end must be inverted and become the bottom for shipping and storage.

- H. The AMS grading certificate number or AMS takeoff grading certificate number, when applicable, (both referred to as “certificate number”) shall be applied to each commodity container at the expense of Offeror. The lot’s final certificate number issued by AMS, i.e., takeoff certificate number, shall be the only certificate number marked on the commodity containers of the lot offered and delivered to CCC. At Offeror’s option and risk, the certificate number may be applied to each commodity container at time of packaging. To obtain a series of certificate numbers for application at time of packaging, contact DGB-DP-AMS-USDA.