

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency

Warehouse Operator's Handbook for
Processed Commodities

Amendment 2

Approved by: Director, Kansas City Commodity Office

/s/ Steve Sanders

Amendment Transmittal

A

Reason for
Amendment

Handbook cover has been updated.

Paragraph 5 A is revised to cover contact information. Paragraph 5 B is removed. Paragraph 5 C is revised and becomes 5 B. Paragraph 5 D is revised and becomes 5 C.

Paragraph 12 A is revised to cover grading certificate number.

Paragraph 12 C is expanded to cover stacking requirements of CCC-owned product and Paragraph 12D is removed. Paragraph 12E and F are renumbered D and E.

Paragraph 14 C is revised to cover pallet and pallets in a stack. Paragraph 14D is revised to remove commodities stored on "dry dunnage." Paragraph 14 E is renamed and added to cover pallet specifications. Paragraph 14 E is renumbered to Paragraph 14 F.

Paragraph 15 F is removed.

Paragraph 23 A is revised to include notes on conveyance seals.

Paragraph 27 B is revised to include note on pallets.

Paragraph 34 B is revised to include information on use of tape to repair packaging.

Paragraph 41 B – F are added to include check loading and self-certification of export and domestic program commodities.

Paragraphs 42 F and G are added to include information on applying seals and minimum seal requirements; Paragraph 42H is the previous Paragraph 42 F.

Paragraphs 43 A revised to include the applying of seal number to each B/L.

Part 8, Care and Handling of Sugar is removed.

5 CCC Contact Points

**A
Contact
Points**

Warehouse operator shall use the following table as a guideline when contacting KCCO, KCFO, AND DACO:

If purpose is to resolve questions on...	THEN contact
financial statement	KCCO, CRD
KC-222	FCMO, IPG
payment of storage charges	
Automated Clearing House (ACH) payment process	
Review of actions and determinations of the Director KCCO	DACO
Other than above	KCCO, DPD

**B
KCCO**

Warehouse operator shall send mail to Kansas City offices at P.O. Box 419205, Stop xxxx, Kansas City, MO 64141-6205. Replace the “xxxx” with the appropriate stop number from the “Stop NO.” column in the following table. When contacting Kansas City by telephone or FAX, use the numbers in the applicable column.

Office	Stop No.	Telephone No.	FAX No.
Kansas City Commodity Office (KCCO)			
Director	8698	816-926-6301	816-823-4034
Deputy Director	8698	816-926-6406	816-823-4034
Domestic Operations Division (DPD)	8718	816-926-6124	816-823-4195
Commodity Management Division (CMD)	8748	816-926-6444	816-823-1804
Contract Reconciliation Division (CRD) Financial Review Branch (FRB)	8758	816-926-6454 816-926-6772	816-926-6511
Warehouse Licensing and Examination Division (WLED)	9148	816-926-6843	816-926-1774
Financial Services Center (FSC)			
Director	8538	816-926-3250	816-823-1181
Fund and Commodity Management Office (FCMO)	8588	816-926-6441	816-926-6347
Invoice Payment Group (IPG)	8578	816-926-6441	816-926-6347

**C
DACO**

Warehouse operators shall send mail to the Washington, D.C., office at 1400 Independence Avenue, SW, Stop 0550, Washington, D.C. 20250.

Office	Stop No.	Telephone No.	FAX No.
Deputy Administrator, Commodity Operations (DACO)			
	0550	202-720-3217	202-720-8055

12 Lots

**A
Lot
Numbers**

Warehouse operator shall:

- follow identity preserved terms of the PCSA to receive, store, and ship purchase lots
- apply the AMS grading certificate number or AMS takeoff grading certificate number as the assigned storage lot number
- assign a lot number to each lot received for storage

Note: Dairy Product Price Support Program, issue 1 lot number per N/D Number. Dairy's will attach the certificate number to each unit.

- mark, label, or tag each storage lot with its assigned lot number to ensure quick identification
- ensure that the assigned lot number agrees with the lot number recorded on KC-269-A, Section II. See Par. 22 for additional information.

**B
Lot
Integrity**

Warehouse operator shall:

- shall maintain lot integrity when receiving, storing, and shipping commodities

Note: Mixing lots is a PCSA violation.

- may receive and ship lots in multiple conveyances.

Note: When unloading multiple conveyances, the warehouse operator shall rejoin lots and place in storage with lot identity preserved.

12 Lots (Continued)

C
Stacking
Requirements

Block piling, in any form, is not permitted.

To make lots available to examiners for inspection, inventorying, identification of product, and insuring pest control measures are in place, warehouse operators must stack CCC-owned products with at least:

- 1 main aisle or walkway of no less than 24 inches.
- 24-inch walkway between every 2 lots.
- 18 inches between walls and product.
- 6 inches clearance between lots to ensure sides of each lot can be view using a portable light.

Note: See Par. 14 C for stacking height of commodity.

D
Storage of Split
Lots

When it is necessary to split a storage lot, the warehouse operators shall identify each portion properly, including the location of the remainder of the lot.

E
Partial Lots and
Sample Units

Warehouse operators must identify any quantity of a lot remaining after shipment of a partial lot with the original lot number.

Note: Retain sample units of a partial lot ordered shipped with remaining balance.

14 Warehousing

A

Basic Requirements

Warehouse operators shall accept and place in storage for CCC's account **only** sound, undamaged containers and commodities.

B

Storing Hazardous Items

Warehouse operators shall store:

- hazardous items away from products owned by CCC
 - hazardous products in a separate building or room that does not share common air space including attic air space with rooms that contain food products
 - any flammable items, or those which materially raise fire insurance rates, in a separate section with UL approved fire doors
 - chemicals, herbicides, insecticides, fertilizers, etc., away from CCC-owned commodities, not in the same room or passageway where CCC-owned commodities are stored.
-

C

Stacking Height of Commodity

Warehouse operators shall:

- ensure that the height of the stack of commodity (canned foods or bags of bulk commodities) does not exceed a height which:
 - permits free and easy inspection
 - permits ready use of fire fighting equipment
 - leaves at least 18 inches of clearance between tops of stacks and sprinkler heads.
 - stack pallets:
 - 3 pallets high or fewer.
-

14 Lots (Continued)

D
Prevention of
Moisture and
Foreign Odors

Warehouse operators shall:

- maintain a dry, even temperature in the warehouse to guard against formation of dew and sweating of containers
 - remove the stretch wrap from pallets prior to placing commodities in storage
 - use fans as necessary to maintain air circulation in storage areas
 - store commodities on pallets to prevent moisture absorption from floors
 - not store/ship CCC-owned commodities near malodorous or other types of harmful products that could contaminate commodities
 - provide air drying and heating equipment to prevent:
 - rusting of canned food containers
 - mold formation on bagged commodities
 - weakening of fiberboard containers due to excessive moisture.
-

E
Pallet
Specifications

Warehouse operators must use pallets on all shipments received for storage. Pallets must be:

- constructed to facilitate the safe handling and transportation of the packaged product, as a unit, without loss or damage
- a #2 with 4-way entry and reversible flush stringer
- suitable for use in the shipment of food product.

Note: There is no pallet exchange on unitized outbound shipments; the pallets will not be returned to the warehouse operator.

See subparagraph 14C for stacking height.

F
Canned Foods,
Glass and Plastic
Containers, and
Metal Drums

Warehouse operators shall store canned foods, glass and plastic containers, and metal drums:

- on end
 - with screw caps, friction covers, or vent plugs up
 - under stable temperatures to prevent sweating of containers.
-

23 Unloading
A
Unloading
Checklist

Warehouse operators shall, before unloading:

- check and record on the KC-269-A (Reverse) the following:
 - condition of seals

Notes: If a shipment arrives without a seal, and the seal number is not recorded on the bill of lading, the receiving warehouse operator must reject the shipment back to the shipping warehouse.

Any shortage will be for the account of the shipping warehouse if the original seals are intact upon arrival.

- seal numbers
- condition of commodity and conveyance
- adequacy of bracing or strapping

Note: If rail shipment, indicate if bracing and strapping meets RailInc/AAR guidelines

- temperature, both inside and outside, at time of opening, when the conveyance is refrigerated

Note: Notify KCCO immediately when the inside temperature of the conveyance is high and the refrigerated commodity is soft.

- record temperature in the warehouse receipt section of KC-269-A according to paragraph 25 C of this part.
-

27 Unitized Shipments

A**Background**

KCCO:

- does not require unitization of dairy products (butter, cheese, and nonfat dry milk) purchased under the Dairy Product Price Support Program
- may request unitizing these products for shipment

Note: Requests for unitizing services will appear on the KC-269-A, Notice to Deliver section, or other written authorization from KCCO.

- will reimburse the warehouse operator at the rate specified on the CCC-29-2 for unitizing services.
-

B**Unitized
Commodities
And Shipments**

Warehouse operators shall:

- place all commodities on pallets and stretchwrap (unitize) for shipment

Exception: Fortified cereals, egg mix, dehydrated potatoes, and dairy products purchased under the Dairy Product Price Support Program.

Note: There is no pallet exchange on unitized outbound shipments; the pallets will not be returned to the warehouse operator.

- contact the person named on the KC-269-A, in the block "For More Info Phone" if additional information is needed.
-

C**KCFO Action**

KCFO will:

- pay for unitizing as part of the commodity purchase cost
 - not pay for pallet shortages.
-

28 – 30 (Reserved)

34 Repackaging Damaged Containers

A

General Information

Units of commodity with damaged outer cases, but sound inner containers, may be repackaged.

Call KCCO immediately when responsible party refuses to make prompt repair of damage.

B

Repackaging Guidelines

To repackage damaged containers, warehouse operators shall:

- set aside the units with damaged outer cases, but with sound inner containers, e.g., bags, cans, boxes, and glass containers
- repair torn outer layers (with inner liners intact) by taping

Note: The tape must be clear or brown in color, pressure sensitive with a high tack aggressive adhesive to ensure the tape remains on the damaged package.

- arrange with the responsible party for the repackaging of sound inner packages into new outer cases as soon as possible
- perform repackaging under supervision of a USDA inspector
- bill all repackaging costs to the responsible party, including storage charges earned while repackaging takes place.
- when the containers are ready for storage, receive into inventory for CCC's account the damaged units held for repackaging

Note: Assign the same lot number to the repackaged units as the undamaged units accepted for storage.

41 Checkloading and Self-Certification

*

B

Checkloading USDA Commodities for Export Programs

All USDA export commodity shipments shall be checkloaded by a USDA warehouse examiner or USDA representative. Check loaders shall:

- examine the condition of bags or containers to be loaded
 - reject bags or containers determined to be unfit or unsound
 - determine the number of bags or containers loaded for delivery upon buyer's conveyance.
-

C

Self-Certification of USDA Commodities for Domestic Programs

Warehouse operators shall appoint a warehouse employee to perform inspection duties of USDA commodities, which KCCO orders shipped for domestic feeding programs. The warehouse employee/inspector shall:

- follow the USDA Guidelines for Performing Loading Inspections shown in subparagraph D.
- complete a Loading Worksheet/Certificate of Inspection for each commodity shipment according to subparagraph E.
- contact KCCO-CMD-SCB when:
 - rejecting lots that do not meet the requirements of Item 2, USDA Guidelines for Performing Loading Inspections.

Note: Do not place rejected lots on the conveyance.

- any type of infestation or potential infestation is noted.

Note: Refer to the Warehouse Operator's Handbook for Processed Commodities for additional information and guidance on mold, infestation, and repackaging guidelines.

- certify, by signing the Loading Worksheet/Certificate of Inspection, that all product(s) loaded has been visually inspected during and prior to loading onto conveyance.

Note: When product(s) remain on pallets, any pallet with hidden damage will be returned to the warehouse operator.

41 Checkloading and Self-Certification

D

USDA Guidelines for Performing Loading Inspections Following is the USDA Guidelines for Performing Loading Inspections.

UNITED STATES DEPARTMENT OF AGRICULTURE GUIDELINES FOR PERFORMING LOADING INSPECTIONS

1. Ensure conveyance is clean and adequate for carriage of food product(s).
2. Check product for:
 - a. stained bags/cartons
 - b. taped bags (ensure inner liner is sound)
 - c. torn bags not taped
 - d. spilled product
 - e. signs of infestation
 - f. mold.

If any of the above conditions is noted, pull the product from the lot; do not place unfit or unsound product onto the conveyance. Immediately notify KCCO-CMD-SCB of the number of units damaged along with the lot number(s).

3. If spilled product, dust, and/or dirt is noted, sweep product containers prior to loading.
4. Ensure product is properly braced to avoid damage during transit.
5. Complete the Loading Worksheet/Certification of Inspection for each commodity shipment.
6. Send completed Worksheet/Certification to KCCO- CMD-SCB.

Notes:

- 1: If product is to remain on pallets for shipment, any pallet with “hidden damage” will be returned to the warehouse operator.
- 2: When any type of infestation or potential infestation is noted, contact KCCO immediately.

41 Checkloading and Self-Certification

E

Completing Loading Worksheet/Certificate of Inspection

Warehouse employee/inspector shall:

- follow the instructions below for completing a Loading Worksheet/Certificate of Inspection.
- complete Items 4 through 13 for each conveyance of the shipment.

Note: Direct questions concerning the Worksheet/Certificate to KCCO-CMD-SCB

- return Worksheet/Certificate to KCCO- CMD-SCB along with bill of ladings and other shipment documents.

Item	Action
1	Enter the company name of the warehouse.
2	Enter the warehouse street address, city, state, and zip code.
3	Enter the KCCO assigned warehouse code.
4	Enter the date conveyance is loaded.
5	Enter the container trailer number.
6	Enter the Notice to Deliver (ND) number.
7	Enter the Lot number.
8	Enter the number of units shipped.
9	Enter the number of damaged units removed.
10	Enter “Yes” if product inspected for mold or “No,” if not.
11	Enter “Yes” if product inspected for rodent contamination or “No,” if not.
12	Enter “Yes” if product inspected for damaged packaging or “No,” if not.
13	Enter any comment related to product inspection or Items 4 through 12.
14 A - C	Item 14A. Enter the printed name of the inspector. Item 14B. Enter the signature of the inspector certifying to the visual product inspection and conveyance loading. Item 14C. Enter the date the inspector signed the worksheet/certification.

F
Example of Loading
Worksheet/Certificate
of Inspection

Following is an example of a completed Loading Worksheet/Certificate of Inspection.

LOADING WORKSHEET/CERTIFICATE OF INSPECTION

WAREHOUSE _____

WAREHOUSE LOCATION/CODE _____

DATE	CONTAINER TRAILER #	ND#	LOT #	UNITS SHIPPED	DAMAGED UNITS REMOVED	PRODUCT INSPECTED FOR MOLD	PRODUCT INSPECTED FOR RODENT CONTAMINATION	PRODUCT INSPECTED FOR DAMAGED PACKAGING	COMMENTS

I CERTIFY THAT ALL PRODUCT(S) LOADED IN THIS CONVEYANCE HAS BEEN VISUALLY INSPECTED DURING AND PRIOR TO LOADING ONTO CONVEYANCE. ANY OBVIOUS OR CONTAMINATED PACKAGING HAS BEEN REMOVED PRIOR TO SHIPMENT.

INSPECTOR NAME

INSPECTOR SIGNATURE _____ **DATE** _____

THIS IS TO CERTIFY THAT THE ABOVE LISTED SHIPMENTS HAVE BEEN VISUALLY INSPECTED PRIOR TO AND DURING LOADING ONTO CONVEYANCE. ANY PRODUCT FOUND AT DESTINATION TO NOT BE IN COMPLIANCE WITH THESE FIGURES WILL BE RETURNED TO THIS COMPANY WITH ALL EXPENSES INCURRED FOR OUR ACCOUNT.

42 Ordering, Selecting, Preparing, Bracing, and Loading of Conveyances (Continued)

**F
Applying Seals to
Conveyances**

Warehouse operators are responsible for:

- placing a seal on the transportation conveyance upon completion of loading
- entering the seal number on the bill of lading, which must be signed by the carrier or its agent

Note: Contact KCCO immediately if the carrier refuses to sign the bill of lading.

- on multi-stop shipments, including additional seals for each stop and indicating those seal numbers on the bill of lading.
-

**G
Minimum Seal
Requirements**

Warehouse operators shall use seals that are:

- sequentially numbered.
- barrier-type:
 - meeting the American Society for Testing and Materials (ASTM) Standards.
 - 1/8-inch diameter cable,
 - high security bolt, or
 - equivalent.

Note: Information on ASTM Standards may be found at www.astm.org.

**H
Loading Stop-Off
Rail Cars**

Warehouse operators shall load stop-off rail cars:

- in accordance with the appropriate RailInc/AAR loading pamphlet for the type of commodity and containers involved
 - by locking car bulkhead doors securely into place, if provided.
-

43 Shipping Documents and Procedures

A

Shipping Documents and Procedures

Warehouse operators shall:

- retain the original KC-269 issued by KCCO
- prepare an outbound straight bill of lading as prescribed on the KC-277 and KC-269

Note: The seal number must appear on the bill of lading, which must be signed by the carrier.

- tack a copy of the loading tally in the doorway of each conveyance shipped
- load any sample containers near the doorway
- when shipping more than one lot in a conveyance, put sets of samples with the applicable lot
- advise KCCO, **before shipping**, when quantity:
 - shipped or transferred differs from quantity ordered out
 - short shipped or transfer was previously reported on WA-570.

Note: See paragraph D for additional information.

- combine two or more lots in one car when so instructed by KCCO
- follow KC-277 instructions carefully

Note: KCCO will specify **stop off** shipments if necessary to ship 1 carload of commodities to two or more destinations.

- when KCCO orders shipment of a partial lot:
 - show the shipping date, quantity shipped, remaining balance, and the billing reference on the lot record
 - retain sample units with remaining balance.

B

Straight Bills of Lading Outbound

Warehouse operators shall promptly send outbound straight bills of lading to:

- KCCO to receive prompt payment of storage charges
 - parties designated in the KC-277.
-