

**U.S. Department of Agriculture  
Farm Service Agency  
Supporting Statement**

**OMB No. 0560-NEW (0560-0258)**

**Purpose:** This is a request for a new Information Collection Package. The information collection is needed in the evaluation of freight bids in connection with the procurement of commodities for donation overseas. This information is submitted by ocean carriers, or their agents, and collected by the Kansas City Commodity Office (KCCO). A proposed rule with a 60-day comment period regarding this information collection was published in the Federal Register on December 16, 2005 (70, FR 72717). The Final Rule was published on 2/12/06 at 72 6450, which indicated that OMB has approved this ICR and assigned it as 0560-0258.

**Background:** The Kansas City Commodity Office (KCCO), within the Farm Service Agency (FSA), U.S. Department of Agriculture (USDA) procures agricultural commodities on behalf of the Commodity Credit Corporation (CCC) for donation overseas under various food aid authorities. Currently, KCCO follows a two step ocean freight bid evaluation process in connection with the purchase of these commodities. This two step process has been in place for many years and is exceedingly cumbersome and time consuming. Additionally, the process does not guarantee that commodities will be purchased and shipped on the basis of lowest landed cost.

CCC is proposing to replace this two step process with a more unified one step bid evaluation process. This unified one step bid evaluation process or, the procurement of commodities using firm, fixed ocean rates to determine lowest landed cost, would be the most efficient method of procurement. This unified one stop bid evaluation process would apply to processed and bulk commodities and should help reduce ocean freight costs considerably.

**1. Circumstances making collection of information necessary:**

7 CFR Part 1496, Procurement of Processed Agricultural Commodities for Donation Under Title II, Pub. L. 480. The Kansas City Commodity Office (KCCO), within the Farm Service Agency, U.S. Department of Agriculture, procures agricultural commodities on behalf of CCC for donation overseas under various food aid authorities. These authorities include Title II of the Agricultural Trade Development and Assistance Act of 1954 (Pub. L. 480), which is administered by the U.S. Agency for International Development (USAID), and the Food for Progress and the McGovern-Dole International Food for Education and Child Nutrition Programs, which are administered by the Foreign Agricultural Service within USDA. Currently, KCCO follows a two-step ocean freight bid evaluation process in connection with the purchase of commodities for these programs. CCC is replacing this two step process with a more unified one step bid evaluation process. This unified one step bid evaluation process or, the procurement of

commodities using firm, fixed ocean rates to determine lowest landed cost, would be the most efficient method of procurement. This unified one stop bid evaluation process would apply to processed and bulk commodities and should help reduce ocean freight costs considerably.

**2. How, by whom, and for what purpose is information used:**

The respondents are mainly Ocean carriers and/or their Agents.

The revisions to 7 CFR, Part 1496 in the proposed rule will adopt new procedures to be used by the Commodity Credit Corporation (CCC) in the evaluation of bids in connection with the procurement of commodities for donation overseas. The KCCO is now in the process of updating its computer bid valuation systems that would accommodate a more unified one- step bid evaluation. Freight invitations would require bids to be submitted through a web-based system called Freight Bid Entry System (FBES). The new procedures would apply to processed and bulk commodities and cover the assistance programs identified above. Under the proposed system, KCCO would issue invitations for commodity bids and Cooperating Sponsors or USAID would issue separate invitations for freight offers at approximately the same time. After commodity offers are received, KCCO would evaluate the offers on the basis of lowest-landed cost by a comparison with offered freight rates. KCCO would award the commodity bid on that basis and notify the Cooperating Sponsor of the bid accepted. Offers of commodities and freight would be invited on a “bid-point” basis, *i.e.*, a point where the transfer of care and custody of the commodity from the vendor to the ocean carrier takes place.

**3. Use of information technology:**

The respondents will submit the required information electronically through a web-based called Freight Bid Entry system (FBES). Thus, this information collection is in full compliance with e-Gov Act which requires all Federal Government Agencies to use improved Internet-based technology to make it easy for citizens and businesses to interact with the government and streamline citizen-to-government communications.

**4. Efforts to identify duplication:**

To the best of our knowledge, similar information is not collected by any other government office. These collections are necessary to support the procurement of agricultural commodities for donation. The information required is available only from participants, and is not accessible by KCCO unless provided by participants from their private records.

**5. Methods to minimize burden on small business or entities:**

Since the information requested is readily available from participants’ records, these

collections do not impose a special burden on small businesses or entities.

**6. Consequences if information collection were less frequent:**

Information collection is required to procure and transport agricultural commodities. Without this information, KCCO could not meet program needs.

**7. Special circumstances:**

1. Requiring respondents to report information to the agency more often than quarterly; **Submitted monthly, but more often when a special invitation is needed.**
2. requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; **The information collected is a result of the respondents program participation to an invitation for freight offers. Competitive offers are usually due within seven to ten days after issuance of the invitation.**
3. requiring respondents to submit more than an original and two copies of any document; **No**
4. requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years; **No**
5. in connection with a statistical survey that is not designated to produce valid and reliable results that can be generalized to the universe of study; **No**
6. requiring the use of statistical data classification that has not been reviewed and approved by OMB; **No**
7. includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; **No**
8. requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law; **No**

**8. Federal Register Notice, summarization of comments and consultation with persons outside the agency:**

The collection of comments is consistent with guidelines contained in 5 CFR 1320.8(d). A proposed rule with a 60-day comment period regarding this information collection was published in the Federal Register on December 16, 2005 (70, FR 72717). No comments were received.

KCCO made efforts to consult with persons outside the agency to obtain their comments on the frequency of collection, the clarity of instructions and their entering of data into FBES. The ocean carriers/agents contacted were unable to respond until they are able to test FBES. We contacted:

Potomac Marine One Wales Alley Alexandria, VA. Keith Powell 703-519-7200	Potomac Marine One Wales Alley Alexandria, VA. Michael Wardian 703-519-7200	Potomac Shipping International LLC. 10600 Arrow Head Drive Fairfax, VA. Fred Haden 703-591-9771 Ext: 104
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**9. Explain any decision to provide any payment or gift to respondents:**

Respondents will not receive any payment or gift.

**10. Confidentiality provided to respondents:**

Confidential business related information is collected. Some users provide us with their cell phone number, which is used when business related problems arise after normal business hours. All data collected is handled according to KCCO procedures in accordance with the Privacy Act and the Freedom of Information Act.

**11. Questions of a sensitive nature:**

We are not asking questions of a sensitive nature.

**12. Estimates of Burden:**

See attached FSA-85-1. The total reporting burden is 24 hours. The estimated cost to the public is \$624.00 (24 x \$26.00) (hourly rate of the steamship lines employee who enters the required information).

**13. Total annual cost burden to respondents or record keepers:**

There are no capital/start up costs.

**14. Estimates of annualized cost to the federal government:**

The estimated annual cost to the Federal government is: \$183,336.  
This figure consists of: Production Operations \$122,224 and Support Staff \$61,112.

**15. Reasons for changes in burden:**

This is a new collection of information resulting in a program change of 24 hours.

**16. Tabulation, analysis, and publication plans:**

Order and Purchase Award information are available on the internet. USAID or the grantee organization, or its shipping agent, will be notified of the vessel freight rate used in determining the commodity contract award.

**17. Reasons display of expiration date of OMB approval is inappropriate:**

The agency is seeking approval to not display the OMB expiration date associated with this information collection because FSA/KCCO needs to do application programming in FBES to include the expiration date which changes every three years.

**18. Exceptions to 83-1 certification statement:**

The Agency is able to certify compliance with all provisions under Item 19 of OMB Form 83-1.

**19. How is this information collection related to the Customer Service Center?  
Will this information be part of their one stop shopping?**

This information collection is not related to the USDA Customer Service Center. Our customers are steamship lines and/or their respective agents. Our customers have direct contact with KCCO.