



Rice Handling from a Warehouse Perspective

July 18, 2024



AGENDA

- History of Rice Drying in California
- FGIS oversight and control
 - CDFA to Cal Agri
- Warehouse grading procedures
- CWA Standard Operating Procedures (SOP)
- Settlement upon shipment



History

- Prior to the late 1940's, all rice was dried in 100 lb sacks at the farm or at commercial locations with each farmer stenciling their names on the bags. (exception was the Cerati Dryer in East Nicholas).
- The commingling of rice in commercial drier/warehouses didn't start in earnest until around 1950. This allowed for more efficient receiving and expanded daily totals.
- The need to for accurate grading by grower lot was central to the commingling process to protect the quality for each grower
- The commercial drier/warehouses are the intermediary and the need for a grading mechanism between the warehouses and the mills became necessary
- Originally, it was each warehouse handling that between each mill. Then a CWA SOP was developed that at first allowed for variances of 2 lbs on head and 1 on total. This was eventually replaced with a zero variance allowed and a quality settlement process developed.



History

- Because of this, the need for consistency on both inbound and outbound is imperative for settlement purposes
- The Federal Grain Inspection Service (FGIS) is charged with maintaining official grading standards for Rice. It oversees the delegation and designation of state and private entities that provide official service on behalf of the USDA. This designation was given to the CDFFA, which handled the grading for decades on rice. However, due to inconsistencies and departmental cost increases, CWA asked for proposals by private companies to take the designation.
- The industry switched to a private company in 2005 – California Agri Inspection Co, Ltd (Cal-Agri).



History

- Around 2005/2006, the GrainCheck grading machine was released, and this resulted in consistency and repeatability of grading, along with good turn-around time. The industry was happy on all sides.
- In the last few years, the lack of replacement parts for the Grainchecks, Cal Agri was having problems keeping them operating and FGIS had not approved a successor machine
- Last year, a new machine was approved by FGIS and was implemented from C-Grain. This is machine that can analyze almost to whole kernel due to the unique mirror design. Each kernel is reviewed and an accurate grade can be achieved.
- This again has led to stability in grading both on the incoming weight and the out going weight.



Warehouse Grading

- From Grower sampling of incoming loads, the lot is dried and a submitted sample is sent to Cal-Agri for an independent grade.
- After all lots are graded, the warehouse has a composite grade for the warehouse which is its obligated grade. Growers market their rice to various mills and marketers this average grade is split up between all of those entities.
- As shipments are made, there will always be differences on the grade comparisons.
- At the end of the crop year, the warehouse must “Settle Up” with each mill and marketer for the quality they “bought” versus what was delivered.



CWA Standard Operating Procedure

- The Warehouse industry came up with some Standard Operating Procedures to handle the business between the warehouse and the mill/marketer.
- This SOP covers official moisture meters, quality matters, shipment procedures and grading. It also provides for a year end settlement procedure on the quality differences on shipped rice.
- All settlements are to zero using the Crop FSA Loan rate.

MILL:	MILL						
Variety:	MED		Crop Year:	2012			
Initial Pool Yield:							
	0.7312						
Total							
	0.6858	X	9.72	=	6.6659		
Head			CWA Factor		Head Value		
	0.0454	X	6.03	=	0.2737		
Broken			CWA Factor		Broken Value		
			132,082.98	X	6.9400	=	\$ 916,655.88
			Initial Pool Quantity		Total Value		Initial Pool Value

Delivered Pool Yield:							
	0.7257						
Total							
	0.6602	X	9.72	=	6.4171		
Head			CWA Factor		Head Value		
	0.0655	X	6.03	=	0.3949		
Broken			CWA Factor		Broken Value		
			132,082.98	X	6.8100	=	899,485.09
			Delivered Pool Quantity		Total Value		Delivered Pool Value

If the Delivered Pool Value is more than the Initial Pool Value, the difference is OWED to the Warehouse.

If the Delivered Pool Value is less than the Initial Pool Value, the difference is OWED to the Mill.

			Quality Settlement Due Warehouse:			\$	-
			Quality Settlement Due Mill:			\$	17,170.79



Quality Workshop

Thank You