C6. SALES PROGRAM

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SECTION 2 - GENERAL PROCESSING

C6. SALES PROGRAM

C6.1. **Introduction**

C6.1.1. General

C6.1.1.1. This chapter provides DRMS procedures for the merchandising, sale and contract administration of surplus, foreign excess and directly and indirectly sold for DOD Personal Property Reutilization and Marketing Program by DRMS.

C6.1.1.2. Additional guidance is located in CORALS User Manual (Conversion of Referral and Local Sales), CORALS National Referral Users Manual, the DNSP and the Financial Tracking System (FTS) Users Manual.

C6.1.1.3. The concept of Central and Satellites (C&S) resources will be allocated where the workload exists. For a complete description of this concept and its workarounds, see Section 4, Supplement 2, Sales Enclosure 1 - SOP for Central/Satellite Workaround Systems Procedures.

C6.1.2. Authorities

C6.1.2.1. Federal Property and Administrative Services Act: The sale of Government property is entered into and administered under the provisions of the Federal Property and Administrative Services Act of 1949, as amended, as implemented by the Federal Property Management Regulation (FPMR)/Federal Management Regulations (FMR). To the extent that a particular matter is not covered in the above, guidance may be obtained from the Federal Acquisition Regulation (FAR). However, except in those instances, in which the FAR specifically provides that the provision is applicable to the disposal of surplus personal property, the FAR is not mandatory and should be used as a guideline only.

C6.1.2.2. Buyer Eligibility: All persons or organizations, other than those specifically mentioned below, are entitled to purchase property. The following are not eligible:

C6.1.2.2.1. Direct Competitive Bid and Negotiated Sales

C6.1.2.2.1.1 Auctioneers and others under contract for the purpose of conducting a specific sale, their agents or employees, and immediate members of their household.

C6.1.2.2.1.2 Military and civilian personnel of DOD or U.S. Coast Guard whose duties include any functional or supervisory responsibilities for or within the DOD Personal Property Reutilization and Marketing Program, their agents, employees and immediate members of their household.

C6.1.2.2.1.3 Any person or organization intending to ship property, directly or indirectly, to a denied area.

C6.1.2.2.1.4 Persons under 18 years of age.

C6.1.2.2.1.5 Individuals or firms who are ineligible as purchasers due to suspension or debarment.

C6.1.2.2.2. Indirect Sales (Commercial Venture, e.g., Usable or Scrap)

C6.1.2.2.2.1 Property or scrap sold by a CV contractor is not Government property. DRMS employees are prohibited from purchasing property from the CV contractor if:

C6.1.2.2.2.1.1 They are SCOs, administrative SCOs, CV contracting officer representatives, or they have any program responsibility for the CV contract;

C6.1.2.2.2.1.2 They had any functional or supervisory responsibility over the disposition of the particular item they are purchasing from the CV contractor; or

C6.1.2.2.2.1.3 They have management responsibility over any DRMS program. FSTs, DRMO Chiefs, Services Managers, Customer Service Reps, etc., are included in this category.

C6.1.2.2.2.2 If there is any question, contact DRMS Legal Counsel.

C6.1.2.2.2.3 DRMS employees, while not restricted from purchasing previously owned Government property (surplus and foreign excess personal property), are cautioned that the appearance of buying property may be misconstrued and are therefore requested to contact DRMS Legal Counsel for guidance.

C6.1.2.2.3. Retail Sales. Retail sales will be open to the general public and to all United States Government personnel except for those military, civilian, and U.S. Coast Guard personnel whose duties include any functional or supervisory responsibility for the DRMO that is holding or sponsoring the sale. In addition, DRMS/DRMO management and supervisory personnel are specifically prohibited from participating in retail sales. This prohibition includes an employee's agent, spouse, minor child, general partner, a member of their immediate household, or anyone who is a relative with whom the employee has a close personal relationship.

C6.1.2.3. Sales Contracting Officer (SCO) Appointments

C6.1.2.3.1. Only a Sales Contracting Officer (SCO) can execute and administer a sale contract. SCOs are appointed in writing by the DRMS Commander as delegated to Director of DRMS-B.

C6.1.2.3.2. SCO appointment authorities are as follows:

C6.1.2.3.2.1 LOCAL UNLIMITED - Conduct local/FST sales; award contracts and perform all contract administration.

C6.1.2.3.2.2 LOCAL UNLIMITED WITH NEGOTIATION - Same as local unlimited, plus authority to negotiate sales within prescribed limits.

C6.1.2.3.2.3 UNLIMITED (All sales) - Conduct, award and administer all DRMS sales.

C6.1.2.3.3. Procedures for processing the appointment

C6.1.2.3.3.1 DRMO Chiefs in overseas locations will forward nominations for an SCO appointment through the Forward Support Team to DRMS-B with a courtesy copy to DRMS-O. Nomination request will contain the following information:

C6.1.2.3.3.1.1 Nominee's full given name, social security number, date of birth, place of birth, series/grade/title, PD number, DSN number, individual office symbol, and other names used and current duty station.

C6.1.2.3.3.1.2 List of nominee's qualifications, i.e., training, experience, etc.

C6.1.2.3.3.1.3 Listing of nominee's past employment (minimum of previous 10 years required).

C6.1.2.3.3.1.4 Explanation of any derogatory information that was/was not contained in OPF and/or security records.

C6.1.2.3.3.1.5 Type of appointment requested.

C6.1.2.3.3.1.6 Date and place SCO class was taken (attach copy of training certification) and/or evidence of a prior SCO appointment.

C6.1.2.3.3.1.7 Nominees must have a position sensitivity of non-critical sensitive. If not, DRMO Chief must request that the nominee position sensitivity be changed to non-critical sensitive.

C6.1.2.3.3.2 DRMS-B will decide whether the individual should be appointed, and either signs an SCO warrant if approved, or notify the requesting official if disapproved.

C6.1.2.3.3.2.1 Requests to change the type of appointment authority will be processed in the same manner.

C6.1.2.3.3.2.2 The requesting official will notify DRMS-B whenever an SCO's appointment is no longer required or valid. The requesting official will also notify DRMS-B of any administrative changes required in the appointment such as change of surname or duty station, in order that a new warrant can be issued.

C6.1.2.3.3.2.3 Individuals nominated for SCO appointment must have completed formal pre-appointment SCO training identified in the DRMS Corporate Training Plan. Appointed SCOs must receive proficiency update training every 3 years.

C6.1.2.3.3.2.4 DRMS-B may revoke a SCO's appointment at any time. Revocation will not be retroactive.

C6.1.2.4. Contract Award Approval Restrictions

C6.1.2.4.1. All SCOs are authorized to make sales contract item awards up to $100,000 (contract sale price) for usable property sold by competitive bid. Award of contracts resulting from competitive bid scrap sales has no limitation.

C6.1.2.4.2. Awards of contracts valued at $100,000 or more can only be made after review by DRMS-BBS.

C6.1.2.4.2.1 Request for review must be supported by the following documents:

C6.1.2.4.2.1.1 Copy of the Invitation For Bid (IFB) and any amendments thereto.

C6.1.2.4.2.1.2 Bid and Deposit Register.

C6.1.2.4.2.1.3 Abstract of Bids or equivalent (except auction sales).

C6.1.2.4.2.1.4 Pertinent copies of SF 114, SF 114a, SF 114B, SF 114 F (sealed bid and negotiated sales).

C6.1.2.4.2.1.5 Copy of the unsigned DRMS Form 1427 (auction, spot and sealed bids).

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C6.1.2.4.2.2 Review will include conformance to regulation, number of bidders solicited, number of bids received, range of bids and explanation of facts if award is proposed to other than the high bidder.

C6.1.2.4.2.3 Approval/disapproval and rationale will be provided in writing. A copy of the request and approval/disapproval will be included in the contract file.

C6.1.2.4.3. SCOs with Unlimited authority must obtain approval from DRMS-BBS or designee, for all negotiated sales with a contract sale price of more than $5,000 but less than $15,000. No approval is required when the contract sale price is less than $5,000.

C6.1.2.4.4. SCOs with Local Unlimited with Negotiation authority need no approval for negotiated sales with a contract price of less than $1,000. However, approval from the Forward Support Team (FST) is required when the sale price will be $1,000 to $5,000 and DRMS-BBS or designee, when over $5,000 but less than $15,000.

C6.1.2.5. Antitrust Advice

C6.1.2.5.1. The sale of any property (including scrap) with an estimated fair market value of $3 million or more, or of any patent, process, technique or invention regardless of cost, requires prior notification of the Assistant U.S. Attorney General, (Antitrust Division, Department of Justice, Washington DC) and the Administrator of General Services (Washington DC).

C6.1.2.5.2. Forward notification through DRMS-B and include the following information:

C6.1.2.5.2.1 Location, acquisition cost and description of property (specify weight if scrap).

C6.1.2.5.2.2 Proposed sale price of property (explain if proposed purchaser was not the highest bidder).

C6.1.2.5.2.3 Method of sale and Invitation for Bid number.

C6.1.2.5.2.3.1 Sealed Bid (specify number of bidders solicited and the bids received).

C6.1.2.5.2.3.2 Auction or spot bid (state how sale was advertised).

C6.1.2.5.2.4 Proposed purchaser’s name and company name (if applicable).

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C6.1.2.5.2.4.1 If a corporation, give name of State and date of incorporation, name and address of each holder of 25 percent or more of corporation stock as well as of each subsidiary and company under common control.

C6.1.2.5.2.4.2 If a partnership, give the name and address of each partner and their other business connections.

C6.1.2.5.2.5 Nature of proposed purchaser's business (indicating whether its scope is local, statewide, regional or national) estimated sales dollar volume (as of latest calendar or fiscal year) and estimated net worth.

C6.1.2.5.2.6 Proposed purchaser's intended use of the property.

C6.1.2.5.3. If the Department of Justice determines that the proposed disposition would tend to create or maintain a situation inconsistent with Antitrust Laws, then the award will not be made to the proposed purchaser. Subsequent action will be determined on a case by case basis with input from the assigned legal counsel.

C6.1.3. Methods of Sale

C6.1.3.1. There are three primary methods of sale -- Competitive Bid, Negotiated and Sale at Firm Fixed Price (Retail).

C6.1.3.1.1. Competitive bid. Competitive bid sales entail the solicitation of bids in free and open competition. There are three types of competitive bids—Auction, Sealed Bid and Spot Bid. All three types can be used to conduct both local sales and national sales; however the terms and conditions differ.

C6.1.3.1.1.1 Auction Sales. Auction sales entail an individual (auctioneer) soliciting bids normally from an audience. The item number is announced and bids are solicited from customers who are allowed to continually increase their bids. When the no further increase occurs, the auctioneer pounds his gavel and the item is considered sold (although technically the item is not sold until the SCO signs the DRMS Form 1427).

C6.1.3.1.1.2 Sealed Bid Sales. Sealed bid sales entail public notice that bids would be accepted for property by a specified date and time in a specified place. Customers are allowed to modify or withdraw their bid up until the time specified for bid opening. Award is made to the highest responsible responsive bidder.

C6.1.3.1.1.3 Spot Bid Sales. Spot bid sales are similar to auctions in that bids are normally solicited from an audience. The item is announced and customers are allowed to submit a written bid for an item on the cards provided. The high bidder is announced and the process repeats for the next item.

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C6.1.3.1.2. Negotiated Sales.

C6.1.3.1.2.1 Property may be sold by this method subject to obtaining such competition feasible under the circumstances when the property has an estimated fair market value not in excess of $5,000 (local) or $15,000 (national) and one of the following conditions are met:

C6.1.3.1.2.1.1 Public exigency may not admit delay incident to advertising. This includes disposals of perishable food or other property which may spoil or deteriorate so rapidly as to require that dispositions or disposals be made immediately for the preservation of human life or the alleviation of human suffering.

C6.1.3.1.2.1.2 Bid prices received after advertising are not reasonable (either as to all or a portion of the property) or bid prices have not been independently arrived at in open competition and it is determined that re-advertising shall serve no useful purpose. Under this condition, all responsible bidders who responded to the previous advertising shall be accorded an opportunity to submit offers for the property.

C6.1.3.1.2.1.3 Disposal is to a state, territory, possession, political subdivision thereof, or tax-supported agency therein.

C6.1.3.1.2.1.4 Public health, safety, or national security shall be promoted; such as when the property is a hazard to health or other property as to require immediate disposition.

C6.1.3.1.2.1.5 Disposal is necessary in the public interest during the period of a national emergency declared by the President or the Congress. The authority of this paragraph shall be used only with respect to:

C6.1.3.1.2.1.5.1 Particular items of personal property identified by the Administrator of General Services.

C6.1.3.1.2.1.5.2 Specifically described category or categories of property determined by the Administrator of General Services during any period fixed by the Administrator but not in excess of 3 months.

NOTE: Declaration of a national emergency alone is not justification for use of this authority. There must be other reasons for making use of negotiation necessary in the public interest.

C6.1.3.1.2.1.6 Property involved is of a nature which, if disposed of by other methods of sale, would cause such an impact on an industry or industries as to adversely affect the national economy, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation.

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C6.1.3.1.2.1.7 Otherwise authorized by Title 40 (Environmental), of the US Code or other law

C6.1.3.1.2.2 For procedures for negotiated sales see Chapter 6.

C6.1.3.1.3. Retail Sale. Retail sale involves the sale of DEMIL A property at fixed prices on a first come first served basis. Retail sale procedures can be found at C6.2 and are limited to overseas locations.

C6.1.3.1.4. Alternative Sales Methods: Alternative sales methods include, but are not limited to, Commercial Venture Sales (CV) including usable property and scrap, Exchange Sale, and other non-traditional sales methods. These sale methods require varying amounts of DRMO involvement based on the terms of sale. Standard Operating Procedures will be issued by the administrating directorate/office.

C6.1.3.1.4.1 <u>CONUS Usable Property Sales - Commercial Venture</u>

C6.1.3.1.4.1.1 The DRMS Sales Office has a Commercial Venture partnership in place, which began in June 2001. A 7-year proceeds sharing, term sales contract for essentially all usable, military, surplus property, DEMIL A, B or Q, to include reimbursable, turned-in to DRMS locations in the United States (to include Alaska and Hawaii), Guam and Puerto Rico.

C6.1.3.1.4.1.2 The present Partnership is with Government Liquidation, LLC; a firm based in Scottsdale, AZ. Government Liquidation is the exclusive partner of the U.S. Department of Defense for the sale of all property covered under this contract. See http://www.govliquidation.com .

C6.1.3.1.4.1.3 Sales include, but are not limited to high-value property, such as aircraft parts, machine tools, hardware, electronics, material handling equipment, passenger and military vehicles, medical, dental and laboratory equipment and boats and marine support equipment.

C6.1.3.1.4.1.4 Property is designated for CV in the DAISY receipt process, based on the FSC and DEMIL Code and accumulation designation and item number. There are 13 items on the sales contract.

C6.1.3.1.4.1.5 Usable property that survives RTD and meets the criteria above will be referred as a Commercial Venture item. Hazardous material, DEMIL required property, property requiring mutilation as condition of sale and scrap is excluded.

C6.1.3.1.4.1.6 Title to the property vests in the purchaser once the property appears on a Delivery Order (DO). DOs are generated by DRMS weekly.

C6.1.3.1.4.1.7 The DRMO CV POC and sales partner perform a joint validation of the DO property prior to signing the DO.

C6.1.3.1.4.1.8 Payment for property on the weekly DOs is based on the item bid percentage and paid on a monthly basis.

C6.1.3.1.4.1.9 Distribution of proceeds to DRMS is based on the contractual 80/20 split.

C6.1.3.1.4.1.10 The sales partner is provided designated storage space within the DRMO.

C6.1.3.1.4.1.11 DRMO will provide one move of the property within to the designated CV storage area.

C6.1.3.1.4.1.12 The DRMO CV POC removes the property from the DAISY accountable record with one XS7 transaction for each item number.

C6.1.3.1.4.1.13 The DRMS Sales Contracting Officer administers the contract. See the Standard Operating Procedures (SOP) for Commercial Venture Transactions at Section 4, Supplement 2 - Sales Chapter, Enclosure 2.

C6.1.3.1.4.2 Exchange or Sale. The Exchange or Sale of non-excess personal property is provided for under FMR 102-39. The authorization to exercise the Exchange/Sale Authority for all DOD components is provided for within the DOD Material Management Regulation DOD 4140.1-R Chapter 6.

C6.1.3.1.4.2.1 Under the Exchange/Sale authority an obsolete item can either be exchanged or sold and the credit or proceeds from the sale is used towards the purchase of the replacement inventory that is similar in purpose or falls within the same Federal Supply Classification (FSC) group.

C6.1.3.1.4.2.2 DRMS sells non-excess personal property for DOD after execution of a Memorandum of Understanding (MOA). The MOA defines responsibilities of each party to the Memorandum, the sales method, advertising, merchandising and associated costs to sell and proceeds distribution.

C6.1.3.1.4.2.3 The DOD component is responsible to create and load the item descriptions into the DRMS EOS web based system. DRMS-BBS consolidates the items into a catalog; applies the correct terms and conditions and produces the catalog. This is done outside the realm of DNSP as EOS is not in this system. DRMS utilizes the contractor Peckham Industries for its catalog distribution; DRMS accomplishes the advertising.

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C6.1.3.1.4.2.4 An appointed Sales Contracting Officer conducts the sale, awards the contracts, distributes the proceeds (normally 88% to the service with the balance of 12% to DRMS), and closes the sale as in other DRMS direct sales.

C6.1.3.1.4.2.5 Exchange or sale property is not excess to DRMS and therefore is not accounted for in DAISY. DRMS does not generally take physical custody of the property. Accordingly, DRMOs have little or no involvement in the management of this program.

C6.1.3.1.4.3 Scrap Venture is a sales program designed to allow the Defense Reutilization and Marketing Service (DRMS) to offer current and future generations of scrap property on a “proceeds sharing” basis. This contract will provide the Contractor exclusive rights to this property (scrap ferrous, non-ferrous, and non-metallic materiel) for a minimum of seven years; subject to the option of both DRMS and the contractor to cancel the contract earlier if the contractor does not achieve an objective minimum performance threshold. DRMS may elect to extend the term to up to 10 years.

C6.1.3.1.4.3.1 The contractor will pay the government a portion of the estimated value to take possession of the property. Once sold, DRMS receives 80% of the proceeds and the contractor keeps 20%.

C6.1.3.1.4.3.2 Property locations where the scrap will be offered include multiple Department of Defense (DOD) installations throughout the United States (including Alaska, but excluding locations in Hawaii, Tennessee, North Carolina and South Carolina).

C6.1.3.1.4.4 Southwest Asia Sales

C6.1.3.1.4.4.1 Only DEMIL A property can be sold at certain sites in Southwest Asia (Bahrain, Oman, Qatar, United Arab Emirates). The military generators are directed to ship DEMIL A property to various sites located in these countries for auctions to be conducted in Arabic and English. The generators use ETIDs to turn-in the property to the Forward Support Team located in Abu Dhabi, United Arab Emirates. The FST scours the generator’s ETID documents to make sure that the property to be received is indeed DEMIL A property. Any property that is non-DEMIL A, is shipped to the DRMO at Camp Arifjan, Kuwait.

C6.1.3.1.4.4.2 Prior to any auctions for DEMIL A property, the SCO must physically inspect the property available for the auction to make sure the DEMIL Codes are correct. Anything non-DEMIL A is quarantined, segregated, and locked and awaiting transportation back to the military generator activity.

C6.1.3.1.4.4.3 Auctions are conducted in Arabic and English. Each auction must receive approval from the host nation. There are at least two DRMS

representatives who attend each auction. The items in the DRMS Form 1427 award documents are individually listed in local currency while the total price is listed in local currency and the U.S. Dollar equivalent. The proceeds are collected by the auctioneer and deposited via wire transfer to a DFAS account in the country where the auction takes place. The FST office does the DD 1131 and sends to DFAS. The FST office also updates FTS/DAISY with the sales prices.

C6.1.3.1.4.4.4 At the DRMO in Kuwait, the sales methods are the same, but also include non-DEMIL A property. With non-DEMIL A property offered for sale, the terms and conditions must include a plan for demilitarization and/or mutilation on site or off site. The plan must be approved by the DEMIL office in Battle Creek.

C6.1.4. Determining the Sales Venue

C6.1.4.1. Property can be sold through a retail store, by local sale, or through national sale. The best sale venue is determined both by policy and by results. In general, property should be sold through whichever venue provides the greatest net proceeds. Low dollar property having only local interest should be sold through local or retail sale.

C6.1.4.1.1. Retail Sale. In general retail sale is for small quantities of low dollar consumer oriented property that would appeal to a broad range of customers. Generally, property must be coded DEMIL “A” and must not be regulated by Federal, state or local environmental laws. See C6.2.4. and Section 4, Supplement 2, Sales Enclosure 3 - Federal Supply Classes Authorized for Retail Sale for exceptions and further guidance.

C6.1.4.1.2. Local Sales. A sale that involves only one DRMO is considered a local sale. Sales that involve many DRMOs are considered an FST sale. Commodity specific sales involving many DRMOs are called Commodity FST sales. Local and commodity FST sales all use the same terms and conditions of sale. Generally, as the geographic scope of the sale broadens, the dollar value and lot sizes increase. Owing to the efficiencies obtained and the buyer interest generated, use local and commodity FST sales instead of local sales, whenever possible. Do not sell environmentally regulated property by local or commodity FST sale. See C6.3 for procedures for these sales.

C6.1.4.1.3. National/International Sale. Property that has national interest will be sold by DRMS-B. All environmentally regulated property, combatant ships, and explosives will be sold through the DRMS Sales Office. See C6.6 for procedures for national/international sales.

C6.1.5. Hazardous Property Sales

C6.1.5.1. General. The sale of hazardous property for legitimate reuse,

reclamation, or recovery is an effective way to reduce disposal costs and provide a waste minimization to our customers. The highest priority in the sale of hazardous property is protection of the environment. The remaining objectives of the DRMS hazardous property sales program in descending order are: minimization of environmental liability; pollution prevention/waste minimization; and revenue generation. Sales of hazardous property will conform to the following:

C6.1.5.1.1. Compliance with Federal, state and local environmental laws is required.

C6.1.5.1.2. Overseas sales of hazardous property must conform to the requirements of this instruction. Host country laws will take precedence when clearly they are more stringent than U.S. standards.

C6.1.5.1.3. Container(s) must be good condition or better (overpacks do not qualify), properly labeled, with a MSDS or waste profile sheet as applicable. A container may be described as in “good condition” if it is not rusted, bent, bulging or dented so as to obliterate the label or to raise doubt about the suitability of the container for transportation.

C6.1.5.1.4. Maximizing sales proceeds, increasing inventory turnover, or meeting any other goals must always remain secondary to selling hazardous property in an environmentally safe and prudent manner.

C6.1.5.1.5. Improper sales of hazardous property can be a significant source of environmental liability. Hazardous property will be sold under strict adherence to policies and procedures contained in this instruction and in Section 2, Chapter 8 - Environmental. The sale of hazardous property under any waiver obtained under the procedures in Chapter 3 of this instruction must comply with all conditions included in the waiver.

C6.1.5.1.6. Prior to removal, buyers will always be given the right to refuse, without penalty, any hazardous property for which they have no need.

C6.1.5.1.7. Prompt action will be taken to terminate sale/delivery of hazardous property to buyers with environmental violations which justify termination.

C6.1.5.1.8. A complete audit trail will be maintained both by the DRMO and by DRMS-B.

C6.1.5.2. Sale Methods. Hazardous property may be sold under the following methods. National sale of hazardous property is the preferred method and shall be considered first. DRMOs will coordinate with DRMS-B to determine the most effective method for selling hazardous property. When quantities, quality, property location, and economic considerations are not conducive for national sale, the other sales methods

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should be considered and pursued.

C6.1.5.2.1. National Sale.

C6.1.5.2.2. Negotiated Sale.

C6.1.5.2.3. Local sale of non-environmentally regulated hazardous property in hazardous FSCs may be sold under the procedures in C6.3

C6.1.5.2.4. Commercially available hazardous property in consumer quantities may be sold on retail sales under the procedures in C6.2.

C6.1.5.2.5. Specific waivers issued by DRMS-B for commercially available hazardous property on local sale other than retail.

C6.1.5.3. Identification/Labeling/Marking. Hazardous property must conform with applicable identification, labeling/marking, and documentation requirements to be eligible for sale. These requirements will vary depending on the type of property being sold and regulatory requirements that apply. More information of these requirements can be found in Section 2, Chapter 8 - Environmental.

C6.1.5.3.1. Identification. Hazardous property being sold must be accurately identified as to its ingredients, which includes the chemical names of the ingredients, hazardous constituents or contaminants and their consideration. Also the manufacturer, distributor, or importer must be known. This applies to either containerized property or bulk property. If a used petroleum product has been received as a hazardous material, the following information is required to offer it for sale: 1) total halogen count; 2) flash point; 3) PCB concentration expressed in PPM (if there is reason to suspect PCB contamination).

C6.1.5.3.2. Labeling/Marking/Tags. Hazardous property must contain all appropriate/required labels, tags, or markings in order to be offered for sale. There are several different regulations that have specific labeling requirements that need to be considered. Assistance in determining labeling requirements can be obtained by contacting DRMS-B. The most common labeling regulations/requirements for DOD property include but are not limited to:

C6.1.5.3.2.1 OSHA hazard communication label is required for hazardous commodities used in the workplace unless exempted from OSHA requirements in 29 CFR 1910.1200. The labeling requirement can be satisfied either by use of the manufacturer's/distributor's label/tag/mark or a DOD label (DOD Form 2521 or 2522). The following items do not require OSHA labeling or an MSDS:

C6.1.5.3.2.1.1 EPA hazardous waste

C6.1.5.3.2.1.2 PCB waste

C6.1.5.3.2.1.3 Wood or wood products

C6.1.5.3.2.1.4 Food, drugs or cosmetics (medical items), as defined by 29 CFR 1910.1200

C6.1.5.3.2.1.5 Articles. Articles are products that have shape or form and are designed to be used for a specific purpose (for example, batteries, compressed gas cylinders, asbestos gloves, most scrap).

C6.1.5.3.2.1.6 Bulk mixed items, such as used petroleum products, spent solvents, etc.

C6.1.5.3.2.2 Consumer Product Safety Act Labeling Requirements. Certain consumer products containing hazardous substances are required to contain labels. The American National Standards Institute (ANSI) has a labeling standard that is used on most commercial products.

C6.1.5.3.2.3 EPA Labeling Requirements: EPA has several labeling requirements depending on the hazardous constituent of the property or item. These include:

C6.1.5.3.2.3.1 PCB label requirements (TSCA) (40 CFR 761.40).

C6.1.5.3.2.3.2 Asbestos label requirements (TSCA) (40 CFR 763.171).

C6.1.5.3.2.3.3 `Pesticide label requirements (FIFRA) (40 CFR 156).

C6.1.5.3.2.3.4 Ozone Depleting Substances label requirements (CAA) (40 CFR 82.100-124).

C6.1.5.3.3. Supporting Documentation. Hazardous materials undergoing sale require a material safety data sheet unless exempted 29 CFR 1910.1200. Hazardous waste requires a hazardous waste profile sheet (DRMS Form 1930 or equivalent).

C6.1.5.4. National Sale. The following hazardous property will only be sold by DRMS-B.

C6.1.5.4.1. All Federal and state regulated hazardous waste.

C6.1.5.4.2. All originally non-hazardous property that has been contaminated with hazardous substances, used hazardous materials, or off-specification hazardous

materials that are still potentially marketable and usable either for its originally intended purpose or another beneficial use.

C6.1.5.4.3. Bulk chemical products.

C6.1.5.4.4. PCP treated property regulated by the state where located or turned in by the generating activity with either “HM” or “HW” in block C of the DTID.

C6.1.5.4.5. Empty containers regulated by 40 CFR 261.7 of 49 CFR 173.29.

C6.1.5.4.6. Property meeting national sales criteria.

C6.1.5.4.7. PCB power distribution equipment.

C6.1.5.5. Prohibited Items. The following HM/HW items are prohibited from sale due to regulatory constraints or the nature of the property or its container. Process directly to ultimate disposal by service contract using Military Service funding.

C6.1.5.5.1. Overpacks. Includes damaged containers that have been overpacked due to leaks, dents, and rust. Exception: Large volumes of DS2 which may be sold only for distillation. DRMS may consider waivers for overpack items which have a reutilization, transfer, or donation requirement or for which an economical, legitimate market exists.

C6.1.5.5.2. Opened, partially used containers including those where the packaging integrity has been violated (Tylenol seal concept). Exception: DRMS may consider waivers for such items which have a reutilization, transfer or donation requirement or for which an economical, legitimate market exists. DRMS may require a lab analysis and/or a hazardous waste profile sheet to accompany the items.

C6.1.5.5.3. Selected PCBs and PCB floor sweeping compounds, such as, PCBs regulated by the Toxic Substances and Control Act, 40 CFR 761.

C6.1.5.5.4. Discharged or expended shelf-life lithium batteries.

C6.1.5.5.5. Suspended pesticides; canceled pesticides with no EPA approved uses; pesticides without Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) labels; and restricted use pesticides bearing the “DANGER” label.

C6.1.5.5.6. Friable asbestos and friable asbestos containing items as defined in 40 CFR 61.141.

C6.1.5.5.7. Chlorobromomethane/bromochloromethane (C/B) liquids and C/B fire extinguishers that have not been drained of all residues and depressurized by removal of the valve assembly.

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C6.1.5.5.8. Chemical defense equipment containing ASC whetlerite charcoal and other chemical defense equipment found at: www.drms.dla.mil/drms/intranet/index.htm /National Sales Description Guidelines (ASC is not an acronym but a specific designator for activated carbon that has been impregnated with type ASC solution which is a mixture of copper chromium and silver).

C6.1.5.5.9. Shelf-life items that exceed the extended shelf life by 12 months except those that can be sold as HW to legitimate recyclers, reprocessors, and/or manufacturers. This is limited to the State of California and any other states with similar restrictions.

C6.1.5.5.10. FSC 6505 condemned drugs or biologicals that are RCRA/State regulated (DRMS accepts accountability, not physical custody, of only non-controlled RCRA/State regulated items).

C6.1.5.5.11. Hardened paints/adhesives/sealing compounds.

C6.1.5.5.12. Paint chips/rollers/brushes/rags/clothing and sludge from paint stripping operations.

C6.1.5.5.13. Spill residues.

C6.1.5.5.14. Rags/cloths/debris contaminated with HM/HW not considered spill residue including filters, lead anodes, clay PBC liners, water purifying salts, ion exchange resin and graphite.

C6.1.5.5.15. Spent blasting media contaminated with HM/HW.

C6.1.5.6. Timing. All hazardous material in unopened, good condition containers, without regulatory constraints should go through screening. Reference Section 4, Supplement 2, - Property Accounting Enclosure 12 for appropriate action/accounting and material screening codes. Hazardous property not falling within those parameters will be written and referred for sale upon receipt unless there is a known or potential RTD requirement. This property will NOT be held.

C6.1.5.7. Inventory Balance and Market Retest. DRMOs shall manage their hazardous property inventories to achieve the maximum amount of property being offered for sale while balancing environmental responsibilities. All legitimate, useable hazardous property received should be considered for sales. Property with no RTD or sales potential can be placed on a delivery order for disposal directly upon receipt. DRMOs shall periodically (e.g. every 12 months) re-evaluate/retest the market for hazardous property going directly to ultimate disposal to determine if any of this property has potential marketability/recycling potential which warrants offering the property for sale again. This should be done by working with DRMS-B to obtain past

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national sales history information on a specific item, contacting local potential markets, or re-offering property for local sales.

C6.1.5.8. Re-Offer. Individual line items of hazardous property will normally be offered for sale only one time. If that effort is unsuccessful, such property will normally be processed for alternate disposal action, e.g., Return to Manufacturer Program or through service contract according to established procedures. Exceptions to this policy are limited to the following situations:

C6.1.5.8.1. Where a known market exists. The known market concept must be addressed in the context of reasonableness and applied with common sense.

C6.1.5.8.2. Where defaults occurred on sales which received responsive bids on identical property from other than the bidder that defaulted.

C6.1.5.8.3. Where continued storage will impose no significant adverse impact on the DRMO/generating activity or host installation.

C6.1.5.8.4. Where the DRMS SALES OFFICE and the DRMO determines that the re-offer of the material will be in the Government's best interest.

C6.1.5.9. See the Standard Operating Procedure for Hazardous Material Sales, Section 4, Supplement 2, Sales Enclosure 4.

C6.1.6. Lotting Property For Sale

C6.1.6.1. Criteria: Lotting is the physical arrangement of property for sale considering the type, condition and value of the property and the commercial market practices commonly followed. Proper lotting encourages prospective buyers to bid on items in which they have a special interest, and it allows them to bid on items in quantities which they can handle most effectively. The following criteria listed in descending order of desirability, should be followed when lotting property:

C6.1.6.1.1. The best lotting criteria is not to lot at all. Offer individual NSNs as separate catalog items whenever practicable. If necessary, hold property for a reasonable period to accumulate a sufficient quantity to offer an individual NSN or to prepare a homogeneous lot of similar NSNs. Widely diversified sales lots require buyers to buy material they do not want. This reduces competition and the return to the Government. Sell property on a "per lot" basis only when it is uneconomical to segregate individual items for sale.

C6.1.6.1.2. Lot Like Property by Manufacturer. Spare parts for industrial equipment, aircraft, construction equipment and materials handling equipment sell best when they are lotted by manufacturer. Offer end-use items for these categories by "each." Many dealers and distributors handle products of a single manufacturer such as

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Clark, Caterpillar, etc. Lotting sale items by manufacturer will attract these specialized buyers.

C6.1.6.1.3. Lot Property by End Item Application. For aircraft parts particularly, the use of Material Management Aggregation Codes (MMAC) and Special Material Identification Codes (SMIC), can assist in identifying an applicable Air Force and Navy aircraft.

C6.1.6.1.4. If the small amount generated preclude lotting by one of these criteria then, and only then, should property be lotted by the less desirable criteria of Federal Supply Class (FSC), Federal Supply Group (FSG). Remember, it is better to lot like items together such as aircraft engine parts (FSG 28) with aircraft fuel system parts (FSG 29), than to lot dissimilar items which are within the same FSG. As a last resort, use suggested listing at Section 4, Supplement 2, Sales Enclosure 5 - Suggested FSG/FSC Lotting Guide.

C6.1.6.2. Itemized Lots. If property cannot be economically offered as a single unit NSN then offer property in an itemized lot whenever possible. An itemized lot provides data on each item in the lot in the item description. When a large volume of low value items, too numerous to list, is received, describe it in general terms as a narrative lot. Narrative lots should be used ONLY AS A LAST RESORT. Offer narrative lots of 5,000 pounds or more by weight; however, smaller quantities may be offered either by lot or by weight.

C6.1.6.3. Conditions. Unused items should be lotted by make or manufacturer, whenever possible. Used and unused property should normally be offered separately. Consider commingling used and unused property only when all other alternatives would result in a substantial loss of proceeds.

C6.1.6.4. DEMIL. Property having different DEMIL codes should not be combined in a lot. Do not mix MLI/CCLI with non-MLI/CCLI. This type of mixing inevitably lowers the desirability of the lot and thereby lowers the proceeds returned.

C6.1.6.5. Lot Size. Combine or group property to suit a cross section of potential buyers. Most usable property can be sold as “each,” divided into sale items to satisfy individual consumers, or grouped into medium-size sale items to attract business customers. When related items are broken down into small items, qualified, tie-in or all-or-none bids may be permitted to increase competition. When all the material in a sale item is unused, same condition and same manufacturer, consider increment bids (sealed bid sales only) so big buyers compete with the middle and small buyers.

C6.1.6.6. Transportation Requirements. Consider transportation requirements (such as the number of railroad cars or other conveyances needed to ship national sales items and the shipping costs involved) when determining lot size and selecting the method of sale.

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C6.1.6.7. Units of Measure. Offer property for sale by units of pounds, kilograms, each, gallons, liters, net tons, gross tons, metric tons, etc., in conformance with trade practices. Where this is impractical and sale must be made by lot, the catalog or IFB will state the approximate material quantity in the lot in easily understandable terms. Keep lot offerings to a minimum. Offer property on a per lot basis only when quantities and dollar values are so small that the administrative cost of segregation and sale as individual items will exceed the anticipated proceeds of sale.

C6.1.6.8. Scrap. Scrap (ferrous, nonferrous and nonmetallic), regardless of quantity, should not be sold by lot. Instead, offer ferrous scrap by the gross ton, nonferrous metals by the pound, paper by the net ton, textiles by the pound and liquids by the gallon. Overseas, as appropriate use the applicable metric unit of measure. A railcar load or barge load of nonferrous scrap may attract national interests, but a truckload of ferrous scrap will usually generate only local interest. Demand for various grades of scrap will vary by location and time of year; consider these factors in determining the optimum lot size to be offered for sale.

C6.1.6.9. Lotting Hazardous Material. Sale items of hazardous material ideally will be lotted as a single commodity by one manufacturer. If hazardous property is lotted for sale, the lot will consist of similar and chemically compatible items within one FSC. Being in one FSC is not, in itself, sufficient criteria for lotting, the items must be similar. Property that is not regulated by DOT will not be lotted with DOT regulated property. All items in the lot should be unused, in good condition and in non-leaking containers. Prior to removal, buyers have the right to refuse, without penalty, any items within the lot for which they have no need. Narrative lots are strictly prohibited.

C6.1.7. Downgrading Property To Scrap

C6.1.7.1. General. DRMO personnel may determine that certain items that have moved into the sales cycle should be downgraded to scrap rather than sold as usual property. See DOD 4160.21-M, Chapter 8. The source document for the downgrade transaction is the Sales Placard or DRMS Form 222, Downgrade to Scrap Request (after End of Screening Date - ESD), depending on the nature of the transaction. Distribution personnel accomplish the Referral for Downgrade action (udaz13) that initiates the downgrade process. This action includes a Downgrade Justification Code indicating the reason for downgrade. This action triggers output of a Downgrade Placard. Warehousing personnel will use the downgrade placard to accomplish the downgrade action. Forward DRMS Form 73 or DRMS Form 222 to FOSO or DRMS-O when approval authority exceeds the DRMO limit.

C6.1.7.2. DAISY Input. To input the downgrade referral transaction, first select *MARKETING* from the DAISY Menu. Then select *REFERRAL PROCESSES*. Finally, select *REFER FOR DOWNGRADE*. Process the referral as follows:

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C6.1.7.2.1. *DTID NUMBER* Field - Enter the DTID Number. After the DTID Number has been entered, the system displays a screen with the basic data on that item.

C6.1.7.2.2. *JUSTIFICATION CODE* Field - Enter the Downgrade Justification Code. After this code is entered and the transaction is saved, the system generates a DWR, Downgrade Request Transaction. The DTID is held in the pending file ("pend" file) until the downgrade has been completed and then the system generates a DWD, Gain from Downgrade.

***NOTE**:* The DWR transaction generates a downgrade placard during the evening batch. If the DWR is input prior to the downgrade placard being generated, a DRMS Form 222 must be used to record the downgrade.

C6.1.7.2.3. Scrap Property Management. Useable items classified as sensitive property and either received as scrap or downgraded to scrap, will be destroyed either by the DRMO before release to a buyer or by the buyer as a condition of sale. Sensitive property is contained in the Critical Federal Supply Classes and Groups referenced in Section 2, Chapter 1 - Logistics.

C6.1.7.2.4. Receipt. Receive as scrap or downgrade only that property which cannot be marketed and successfully sold as usable property. Property marketed and sold as usable property returns greater proceeds than scrap property, which, by definition, is valued only for its material content.

C6.1.8. Withdrawal From Sale

C6.1.8.1. Approval. Withdrawal requests will be prepared at a level commensurate with the sales status of the property.

C6.1.8.1.1. For local sales, DRMOs may approve withdrawal any time prior to award. After award, the DRMO will forward the request to DRMS-B, as applicable. The DRMS-B will review the request, prepare a recommendation and forward the package to DLA/J372. (See paragraph C6.3, this chapter.).

C6.1.8.1.2. For national sales DRMS-B is authorized to approve requests from the referral date until the property is awarded. After award, but before removal of property, DRMS-B will forward the withdrawal request, with recommendation for approval/disapproval to DLA/J372.

C6.1.8.1.2.1 Requests from Inventory Control Points (ICP) and units with Not Mission Capable Supply (NMCS) request received after an Invitation For Bid (IFB) number has been assigned to an item, should be forwarded to DRMS-B as applicable for further review.

C6.1.8.1.2.2 ICP and NMCS requests will consist of DD Form 1348-1A, a full written justification, a completed DRMS Form 73, and a copy of a worldwide interrogation showing the non-availability of the item needed.

C6.1.8.1.2.3 If an item has rolled to the Merchandising Cycle prior to an IFB number being assigned, DRMOs will issue the item. However, if it is a Commercial Venture item, DRMOs must request approval or disapproval from their CV representative.

C6.1.8.1.3. When approval of the request would necessitate withdrawal of a complete sales catalog item on a published national sale, through WEB capability, determine the availability of other like assets. If items located satisfy the requester, the item will not be withdrawn from the sale. If no assets are available and a determination is made that a valid requirement exists, prepare DRMS Form 73 requesting that DRMS-B approve the withdrawal from sale.

C6.1.8.1.4. When requests are approved between the referral date and the time property is awarded, except items cited in paragraph H1a, the SCO will prepare DRMS Form 73 in the required number of copies and provide copies to other organizational elements.

C6.1.8.1.5. Except under extreme circumstances, property made available for the prescribed screening periods will not be approved for withdrawal to support DOD non-mission, Federal civil agency or donee requests after such property has been advertised for sale.

C6.1.8.2. Actions Required. Actions required on withdrawal requests for property referred for sale but not awarded.

C6.1.8.2.1. DRMO will promptly forward all withdrawal requests for items referred to DRMS-B with the following information:

C6.1.8.2.1.1 Property list number
C6.1.8.2.1.2 Item numbers
C6.1.8.2.1.3 Noun description and quantity
C6.1.8.2.1.4 Inventory value
C6.1.8.2.1.5 Physical location of property
C6.1.8.2.1.6 Name and address of activity requesting withdrawal
C6.1.8.2.1.7 Justification for withdrawal. Include a statement that property is needed to satisfy an authorized requirement. The restriction does not apply to requisitions submitted by IMs/ICPs that, unless otherwise specified in the submission, will be assumed to be against funded requirements, and does not apply to Not Mission Capable for Supply (NMCS) requisitions. Items against these types of requirements will be released in the same manner as if requisitioned prior to the ESD.

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C6.1.8.2.2. DRMS-B will take the following actions when an item is withdrawn from a catalog prior to printing:

C6.1.8.2.2.1.1 Obliterate the full description, quantity and unit of measure and insert the word *"WITHDRAWN"* beside the item number.

C6.1.8.2.2.1.2 Obliterate the item number and description from the index if there are no other item numbers listed. If there are other items, delete item number only.

C6.1.8.2.2.1.3 Obliterate the Special Circumstance Condition from the applicable DRMS Form 73 if there are no other item numbers affected by the condition.

C6.1.8.2.2.1.4 The loading table must also indicate the items withdrawn. When all property from a location is withdrawn, insert *'WITHDRAWN"* at an angle over the item numbers, location of the property and the loading legends. Any notes applicable to justify the withdrawn items must be deleted (obliterate all verbiage and insert the word *"DELETED"* beside the related notes' alphabetic designator).

C6.1.8.2.2.1.5 If a complete withdrawal is required after the catalog has been forwarded the printer, contact that printer to affect the withdrawal. If withdrawal is not possible (i.e., the catalogs have been printed) consider issuing an amendment to our customers.

C6.1.8.3. DLSC Approvals.

C6.1.8.3.1. After award but prior to removal of property, DRMS-B will refer the withdrawal request, together with a recommendation for approval or disapproval, to DLA/J372. The following information will be included as applicable, to assist in making rapid determinations on requests for withdrawal after award:

C6.1.8.3.1.1 IFB number and opening date

C6.1.8.3.1.2 Item number(s)

C6.1.8.3.1.3 Noun description, NSN, quantity, acquisition cost and sales price of property requested to be withdrawn.

C6.1.8.3.1.4 DRMO requesting withdrawal and location of the property.

C6.1.8.3.1.5 Final removal date specified in the award.

C6.1.8.3.1.6 Name of activity requesting the property from the DRMO.

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C6.1.8.3.1.7 Information regarding any efforts by the requesting activity, the DRMO, or DRMS-B to satisfy the requirement from another DRMO source including a screen for identical/substitute assets not yet in the sales cycle.

C6.1.8.3.1.8 Justification for the recommended approval or disapproval.

C6.1.8.3.1.9 Whether the property is still in the physical custody of the DRMO.

C6.1.8.3.2. An exception to referral to DLA/J372 is authorized when the SCO contacts the purchaser, advises him of the proposed withdrawal and the purchaser agrees to sign a waiver. The executed waiver must be received by the SCO or DRMO before property is removed by the withdrawal requester. If the purchaser declines to execute a waiver, the SCO will advise the purchaser that the property is not available for removal and that he will be advised when the withdrawal decision is made.

C6.1.8.3.3. The appropriate Headquarters of the Military Service/Defense Agency are required to provide the following information:

C6.1.8.3.3.1 Detailed justification as to why the property is required, including the use that will be made of the property if withdrawn from sale.

C6.1.8.3.3.2 Mission impact statement from a support, procurement and funding standpoint, if the property is not withdrawn from sale.

C6.1.8.3.4. Effort made to meet the requirement from other sources (including consideration of use of substitute items).

C6.1.9. Display

C6.1.9.1. Segregate Property to be Sold. Physically segregate property to be sold from property not being sold unless it is deemed uneconomical. When such property cannot be segregated, tag it appropriately to identify its status.

C6.1.9.2. Display Property to be Sold. Display property for convenient inspection by bidders. Arrange displays in numerical sequence for each sale. Take necessary precautions to ensure that the assigned property item number is clearly shown and cannot easily be removed or obliterated.

C6.1.9.3. Display Representative Items. Consider establishing an area to display representative items. Tell bidders in catalogs, flyers and advertising media that displays of representative items are designed to facilitate their inspection.

C6.1.9.4. Methods of Display. The method of displaying material depends on the nature and characteristics of the material. Display items offered for sale in a

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manner that permits the potential buyer to closely examine and handle the merchandise while safeguarding against pilferage. Set up creative displays, with signs giving suggested uses. Design the sales display to promote potential buyer interest.

C6.1.10. Special Handling, Loading And Other Services

C6.1.10.1. General. DRMO personnel should carefully review unusual items (large hard-to-remove items that require special handling, unique removal or handling either by the Government or the purchaser) to determine the amount and difficulty of the work involved, safety considerations, special handling, equipment, and whether it is to the Government's interest to perform such work or any part thereof. It is essential that the IFB should set this out in detail. Identify any extra time or materials required (e.g., special material handling, heavy dock cranes, installed machine tools, vessels, etc.). Identify special work to be performed either by the Government or the purchaser prior to, during or after removal. When identifying the time requirements consider working hours and specific loading data. Specific loading data should include restrictions, if any; designated working area, work cessation requirements, safety regulations, security requirements, blueprints availability, access routes, utilities available, debris removal, etc., as applicable or appropriate and all other pertinent data for such property.

C6.1.10.1.1. Government-Performed Services. The IFB will identify what services the Government will perform such as blocking, bracing, lashing, skidding, or banding.

C6.1.10.1.2. Charges for Services. When commercial/other Government personnel, equipment or facilities, for performing special services such as packing, crating, etc., are available, advise what to charge the purchaser if he requests the services.

C6.1.10.2. Type of Conveyance. Identify in the IFB Loading Table what type of conveyances the Government will load.

C6.1.10.2.1. When personnel and equipment are not available to the DRMO to perform loading, advise purchaser that the Government will not load.

C6.1.10.2.2. When personnel and equipment are available, advise that the Government will load on a conveyance furnished by the purchaser. If it is conclusively documented that such action is not in the best interest of the Government, personnel and equipment should not be made available. For example, at certain overseas locations the purchaser's labor costs are only a fraction of the DRMO's cost or if it would be clearly advantageous for a purchaser to segregate property during the loading process.

C6.1.10.2.3. Removal via Water. Military activities may apply wharfage charges to vessels or barges that tie up, dock, or use a military pier or quay wall for loading. Keep these charges separate and distinct. When offering property that may be

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removed by water, wharfage charges and additional loading charges that are applicable in the IFB Loading Table must be stated. When it is likely that removal will be by water transport and normal weighing facilities will not be readily available, include the article entitled *"WEIGHING".*

C6.1.11. Property Status Identification

C6.1.11.1. Clearly identify the status of usable and scrap property from the time of receipt until final removal. Identify property referred for sale but not yet placed on a sale, by a sign showing the property referral list number, item number and noun name. Then replace this sign with a sign displaying the actual sale information.

C6.1.12. Market Research

C6.1.12.1. Marketing Information. DRMS marketing activities at all organizational levels should analyze trends, alternate property uses, potential markets, possible sales methods, sales policies and other related considerations. Research on unusual or special items can improve sales operations, decrease costs and increase proceeds. It may also reveal methods to DEMIL property with minimum loss of marketability and proceeds.

C6.1.13. Sales Promotion

C6.1.13.1. Publicity

C6.1.13.1.1. General. Make every effort to obtain maximum free sale publicity from local newspapers, radio and television stations, trade journals and other media. Ask postal authorities to display posters and IFBs on local U.S. Postal Service bulletin boards. The Public Affairs Office at DRMS publishes public service announcements, which DRMOs can use in conjunction with sale announcements.

C6.1.13.1.2. Industry Visits. When time and workload permit, make visits to promote the sale of specialized items. Contact prospective buyers with a known or suspected interest, who are not on the national bidders list or are unfamiliar with our sales program.

C6.1.13.1.3. Commerce Business Daily (CBD). When a proposed national competitive bid sale of usable property located in the United States, Puerto Rico, American Samoa, Guam, TTPI and the Virgin Islands has a total acquisition cost of $250,000 or more or sales of scrap with a minimum potential return of $5,000, sales offices will publish an advance notice in the CBD.

C6.1.13.1.3.1 Notices may be prepared for sales not meeting the above criteria and where further publicity is considered warranted.

C6.1.13.1.3.2 Omit the total acquisition cost.

C6.1.13.1.3.3 To have notices included in the Department of Commerce synopsis of principal proposed sales, they should be sent to that office not more than 25 or less than 20 days (unless special circumstances require a longer period of time) before the day of sale or bid opening.

C6.1.13.1.3.4 Preface information by identifying the type of property being offered, e.g., scrap sale, general merchandise, electronic material, aircraft, service and trade equipment, machine tools. To comply with CBD style and format, use one paragraph for each sale. Also use abbreviations for states, months and items, such as AFB for Air Force Base, etc. Include the name, address, and telephone number of where IFBs and other information can be obtained, the IFB number; bid opening date; method of sale, (i.e., sealed bid, spot bid or auction) and the time, date and place where property will be available for inspection. Furnish property location(s) by state(s) also note if no more than two are involved.

C6.1.13.2. News Releases

C6.1.13.2.1. When preparing a news release, list all the outstanding/noteworthy/important facts. Be sure to include information regarding WHO, WHAT, WHEN, WHERE and BENEFITS toward the top of the release. If desirable, add the HOW and go into details of the story. Arrange news material in an inverted pyramid with each succeeding paragraph becoming less important (or no more important) than the one before it. Consequently, any copy-desk “casualties” at the end of the story will be of little concern. Use short sentences, short paragraphs and punctuation carefully and precisely. Put the full name, address and phone number of the activity at the top of the release.

C6.1.13.2.2. Give a preferred release date in the upper right corner or indicate that the editor can release at his option. Type and double-space all copy to give the copy editor room to edit. If the story runs over to a second page, type “more” at the bottom of the first page. As a rule, most stories can be told on one page. (One page, double-spaced will fill about six inches of newspaper space one column wide.) If time does not permit writing a complete news release for local area coverage, the best and most logical alternative is to submit a fact sheet. Keep at least two copies of all news releases. Never submit carbon copies.

C6.1.13.2.3. If submitting photographs with news releases, a glossy, black and white, 8” x 10” print is preferred by newspapers. Type a caption on plain white paper and tape it to the lower back of the photograph. Fold the paper up over the face of the picture. Do not use paper clips or write on the back of the photograph.

C6.1.13.2.4. News releases may be mailed or delivered in person and should be distributed to all media at approximately the same time. Releases should be

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directed to the editor, not to the advertising director, publisher, etc. To avoid publicizing erroneous sale information, do not provide news releases to local media until it is certain the sale will be held as planned. If a damaging error appears in the published story, advise the editor as soon as possible. Give a copy of the correction to everyone who received the original news release. Submit routine material at least 24 hours before the desired day of publication. Become acquainted with newspaper editors and reporters of the local newspapers and the staff of radio and television stations, as It can be very helpful in promoting the surplus sales program.

C6.1.13.2.5. Press Queries. Sales offices will promptly answer any queries concerning specific sales or non-controversial program information. When events of a sensational, controversial, or possible adverse nature occur, contact the Public Affairs Office (PAO) by telephone (or by message) and furnish all available information necessary to answer the query.

C6.1.13.2.6. Radio-TV Appearances. Radio and TV spot announcements can be helpful. Broadcast media copy should be prepared in 10-, 20-, and 60-second lengths. Allow one spot announcement per page, double- or triple-spaced. (A 60-second spot takes about 120 words.) Underline the length of the spot in the upper right-hand corner of each page. Notify DRMS PAO before their personnel accept an invitation to appear on local radio or television shows to discuss the surplus sales program.

C6.1.13.2.7. Internet. Place all sale catalogs on the WWW not later than the first day of inspection. Advertising the sales via the WWW will provide wide coverage to the public and increase their awareness of our sales program. Contact DRMS-B for assistance in advertising unique and/or high dollar value property.

C6.1.13.2.8. Telephone Inquiries. Where the number of sales inquiries is sufficiently large, DRMOs may use an optional typed informational letter. The letter can be loaded into a personal computer where periodic updates will be made to reflect required changes. This method provides a quick and uniform response to telephone inquiries.

C6.1.13.2.9. Specialty Sales Advertising. Use promotional items to advertise at trade shows or similar events where they might serve to remind the recipient of our program after they return home.

C6.1.13.2.10. Fax Machine Inquiries through Polling. As an excellent customer service option, use the polling capability to disseminate local sale information on their fax machine.

C6.1.13.2.11. Public Displays and Exhibits. Displays and exhibits in public places and at public gatherings such as regional fairs, trade shows, conventions, public building lobbies and public exhibitions are an effective merchandising tool.

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C6.1.13.3. Paid Advertising

C6.1.13.3.1. DRMOs are required to use the advertising kits for all paid advertising efforts. Any use of advertising funds outside of the AD kits must be approved by DRMS-BB.

C6.1.13.3.2. Use paid advertising to supplement free publicity. Advertising should be used in market areas where there is major interest in the commodities being offered. Trade journals, waste exchange information bulletins and periodicals, other than daily or weekly, may be used when there is an appropriate amount, value and type of property and a sufficient time exists between the initial advertisement placement and the bid opening date. Ordinarily, one insertion of an advertisement will suffice, but when more than one is needed, place them at reasonable intervals before the sale.

C6.1.13.3.3. Review local sales participation on a regular basis to determine if optimum competition is being obtained. If bidder registration numbers are below 100, or constant, use paid advertising. The DRMOs are directed to use paid advertising for the next two local sales in an attempt to increase bidder competition.

C6.1.13.3.4. Cost/benefit analysis must be performed in an attempt to ensure the effectiveness of the ad. Any placed ad must be closely monitored to judge the response rate (i.e., total new customer response, proceeds generated, etc.) to determine if the results justified the cost.

C6.1.13.3.5. The placing/ordering of a paid advertisement is considered a procurement action. Only an authorized contracting officer can obligate Government funds. Advertising expenditures are no exception. Unauthorized obligations will not be tolerated and the responsible party will be subject to the appropriate disciplinary action.

C6.1.13.3.5.1 DRMOs may use the Government -wide Purchase Card (GPC) to purchase ads. The prospective cardholder and cognizant approving official must receive mandatory training on credit card procedures, training on procurement ethics and execute a procurement integrity certification before an authorized credit card is issued. The credit card dollar limitation is $2,500 per single purchase limit. Certain small purchase acquisition regulations may also apply.

C6.1.13.3.5.2 For over $2,500 or if use of a GPC card is not an available option, then the DRMO needs to establish a contractual relationship through the host procurement office. This host procurement office should be able to establish an appropriate contractual vehicle to meet the requirements that will expedite future advertising needs such as Blanket Purchase Order Agreements (BPAs) or Basic Ordering Agreements (BOAs). Such agreements will expedite requirements in placing future ads. Contracting support is already included in ISAs and any problem with proper support should be immediately referred through the appropriate channels.

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C6.1.13.3.6. Composition. As a minimum, an advertisement should state the general type of property being sold, sale location, IFB number, bid opening date, time and place and how to obtain an IFB. The use of pictures is always encouraged. Pictures that best stimulate bidder interest have few details, strong contrasts and display an item that is in some way unique (e.g., new, big, one-of-a-kind).

C6.1.14. General Sales Procedures

C6.1.14.1. Automated System. The current disposal system has three automated systems for processing sale transactions. The DAISY National Sales Program (DNSP) provides the automated support for preparing the national sales catalog and for processing the bids for national sales. The Conversion of Referral and Local Sales (CORALS) provides the automated support for preparing the local sales catalog and for processing local sales awards. The property accounting function in DAISY updates the status of all items in the accountable record.

C6.1.14.2. Referring Property for Sale.

C6.1.14.2.1.1 When usable property reaches the ESD, DTID records automatically move into the merchandising cycle.

C6.1.14.2.1.2 Distribution personnel should monitor accumulations weekly to determine lotting and size of sale items based on previous sales experience.

C6.1.14.2.1.3 To determine potential sale items, distribution personnel may request a Consolidated Listing at any time. This listing reflects all items currently on hand by storage location within a site. Distribution personnel may use the Local Area Screening List which is output after the Accumulation Release Transaction (ART) processes. This listing shows the ARD of the property. The Donation Screening List, which is output after the ARD, shows the ESD of the property.

C6.1.14.2.1.4 Input the Accumulation Closing Date for each Accumulation Number.

C6.1.14.3. Preparing Property for Sale.

C6.1.14.3.1. Distribution personnel should maximize use of the Local Area Screening List, Donation Screening List or Consolidated Listing to determine property to be offered for sale.

C6.1.14.3.2. After determining what property is to be offered for sale, prepare national sale item descriptions and forward them to the DRMS within 30 days after ESD. Also prepare local sale item descriptions, flyers and/or catalogs for mailing to local sale customers as required by local printing/mailing time constraints, or transfer to cash and

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carry sales. Regardless of media used to advertise local sales, catalogs must be available for sale due to selection and removal of property during the 3 working days prior to inspection; advise customers of property no longer available for sale.

C6.1.14.4. Sales Placards. Marketing Sales Placards will be output for DTIDs at Automatic Release Date (ARD) plus 7 days. Sales Placards for property requiring special processing will be output at ESD. Sales Placards will not be generated for DEMIL required DTIDs. Immediately following removal of the property input a Sale/Shipment transaction with the appropriate removal data. Take this action simultaneously with return of the DRMS Form 1427, Notice of Award, Statement and Release Document, or DLA Form 1367, Shipment Receipt/Delivery Pass to the DRMO Sales Office.

C6.1.14.5. Discrepancies. When a quantity discrepancy is discovered during the merchandising cycle, process an inventory adjustment to correct the record quantity.

C6.1.14.6. Partial Issues. When the total quantity is issued anytime after referral for sale, the RTD issue closes out the record of the item. If only part of the record quantity is issued, the remaining quantity of the record is kept in the appropriate status.

***NOTE**:* If a Type Transaction Code (TTC) of RAD (requisition number added) or TAD (transfer order line added) was input after the XS6 was recorded, the record will be placed in MSC Q and the IFB number will not be visible.

C6.1.14.7. Control of IFBs. Complete DRMS Form 648, or computer generated equivalent, to control and record IFB numbers assigned. In negotiated sales, the *"Remarks"* column will contain the date quotations were requested or the date(s) of oral solicitation. Also, in negotiated sales, the acceptance date will be annotated as the bid opening date in recording the assignment of an IFB number.

C6.1.14.8. DEMIL Items.

C6.1.14.8.1. Property to be sold with DEMIL as a condition of sale or critical FSG/FSC items and FSCAP items to be sold with mutilation as a condition of sale. DRMOs will e-mail or fax requests to offer this property for sale with DEMIL or mutilation to be performed as a condition of sale to the DEMIL Business Unit, DRMS-BCD, for approval. The request will include the NSN, nomenclature, quantity, DEMIL Code, DEMIL or mutilation instructions and where the DEMIL or mutilation is proposed to be performed (DRMO or off-site). DRMS-BCD will coordinate with the DEMIL Center and the Scrap Business Unit to determine the best method of DEMIL or mutilation performance—either by the DEMIL Center or as a condition of sale in place at the DRMO. The fax number is DSN 661-5524.

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C6.1.14.8.2. When items requiring DEMIL are related to an IFB, the system asks the user if DEMIL is a condition of sale. If answered yes, the item is to be placed on sale. If answered no, the process is terminated.

C6.1.14.9. Adding Bidder Identification Number (BIN) for sale/shipment. The BIN is a ten-position numeric that is used to identify bidders. The BIN was previously an optional entry, it is now a required entry. The two main purposes for entering the BIN are: (1) to ensure that the buyer is identified by their BIN in the automated system for each sale that they participate in and (2) to verify whether or not the bidder is eligible to participate in the sale, i.e., not on the Debarred Bidders List.

C6.1.14.9.1. When a sale/shipment is made, the BIN must be entered on the following screens in the Marketing Menu:

C6.1.14.9.1.1 udaz30 - Sale/Shipment (DTID)

C6.1.14.9.1.2 udaz31 - Sale/Shipment (Scrap)

C6.1.14.9.1.3 udaz32 - (IFB Item No.)

C6.1.14.9.2. Procedure for a “known” BIN. Access the appropriate screen in the marketing menu and enter the known BIN in the sale/shipment transaction. Verify the eligibility of the bidder by checking the Debarred Bidders List or by doing a BIN inquiry.

NOTE: Prior to the sale, it would be helpful to print a copy of the Debarred Bidders List to save time that would be spent checking each BIN on the day of the sale.

C6.1.14.9.3. To do a BIN inquiry, to add a new BIN to the Bidder Master File, or to verify that the bidder is eligible to participate in the sale, make the following entries.

C6.1.14.9.3.1 First access DNSP and select *DNSP PRODUCTION*. Next select *BIDDER MASTER FILE* Menu. Then select *BIDDER MASTER RECORD APPLICATION*. Next select *ESTABLISH/EDIT BIDDER RECORD.*

C6.1.14.9.3.2 To conduct an inquiry, press SHIFT/F3 and enter the bidder or company name followed by an asterisk (*). Press F3 to find. If no BIN is found, press F7 to add a BIN. Follow the screen prompts. Then press F9 to save the BIN.

C6.1.14.9.3.3 If only a part of a bidder or company name is available, press SHIFT/F3 and enter the available information. For example, if the first 2 letters of the individual or company name is known, enter those 2 letters followed by an asterisk, e.g. SM*. This type of entry will pull a large number of records. The search can be

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narrowed by adding additional information such as city, state or zip code. Press F4 to view all the records found in the search.

C6.1.14.9.3.4 To prevent the BIN from being automatically purged, make automatic or manual data entries.

C6.1.14.9.3.4.1 For a local sale customer, the system will automatically enter LO in the *TYPE BUYER* field to prevent the BIN from being automatically purged.

C6.1.14.9.3.4.2 For a national sale customer, if LO is not currently displayed in the *TYPE BUYER* Field, a manual entry of LO must be made in the *TYPE BUYER* field to prevent the BIN from being automatically purged.

C6.1.14.10. Bid Opening Clock. The room/area where bids are to be opened or the sale conducted must have a clock specifically designated (labeled) as the *"OFFICIAL BID OPENING CLOCK"*. This clock must be set in accordance with the Naval Observatory Master Clock and checked against that time on a monthly basis (call DSN 762-1401). Regardless of the time on any other clock(s) at the DRMO, this clock will be the only one used to determine when the bid opening process will begin.

C6.1.14.11. Defective Items, Parts, and Components Containing Latent Defects.

C6.1.14.11.1. Category 1 (CAT 1) defective property.

C6.1.14.11.1.1 Is identified as military/Federal Government specification property intended for use in safety critical areas of systems, as determined by the user, and reported to the item manager.

C6.1.14.11.1.2 Does not meet commercial specifications.

C6.1.14.11.1.3 If used, would create a public health and/or safety concern; RTDS as usable property is prohibited.

NOTE: Must be mutilated by the generating activity, according to specific instructions provided by the item manager.

C6.1.14.11.2. Category 2 (CAT 2) defective property.

C6.1.14.11.2.1 Does not meet military/Federal Government specifications but may meet commercial specifications.

C6.1.14.11.2.2 Cannot be used for its intended military purpose and therefore, must not be redistributed within DOD, as directed by the Item manager.

C6.1.14.11.2.3 May be used for commercial purposes; and may be transferred, donated, or sold as usable property.

C6.1.14.11.2.4 Requires special terms or conditions in sale solicitations warning purchasers that the property is CAT 2 defective and is not acceptable for resale back to DOD.

C6.1.14.11.3. DRMO shall store CAT 1 and CAT 2 property is separate locations to prevent commingling with non-defective property

C6.1.14.11.4. Item Managers (IMs) shall assure that defective property is listed with the Government/Industry Data Exchange Program (GIDEP)

C6.1.15. Customer Service

C6.1.15.1. Requests for Information. Give prompt attention to a customer's request for any additional descriptive data or other readily available information about the property to be sold. In responding to such requests, include a statement substantially as follows:

Figure 1 - Customer Service Request Statement

"This information has been furnished to you at your specific request. However, I must caution you that while this property is being sold with a warranty of the accuracy of the descriptive data used in the Invitation for Bids, or any amendment thereto, the information which you are being furnished in this letter is not subject to that guarantee."

C6.1.15.2. When customers request pre-lot listings or itemized listings for narrative lots, provide them in a timely manner on a reimbursable basis. (See Supplement 4 for table of fees.) Customers that want the listing forwarded by express mail should specify the express company to be used and their account number with the company. DRMOs will not bear the cost of shipment by express mail.

C6.1.15.3. Request for Sale Catalogs. Based on efforts to promote sales by formal or informal means, public requests for catalogs/flyers can be annotated on DRMS Form 1936, Mailing List Information. Send all National Sale requests to DRMS-B and take appropriate action for Local Sales.

C6.1.15.4. Photographs

C6.1.15.4.1. It is DRMS policy to use photographs in IFBs when the photographs will help depict or enhance the customer's understanding of the item.

C6.1.15.4.2. Advise the requester whether photographs can be furnished. If photographic capability is available within the DRMO, provide photographs of sale items at no cost. Limit services provided to customers to black and white or color prints

(approximately 4” x 5”). Fill requests for photographs other than the standard size mentioned above on a cost reimbursable basis.

C6.1.15.5. Customer Relations. We must always remember that selling of any type or kind is a “people business.” People are our customers, and they are vital to the success of the disposal program. Good customer relations and effective communication with customers is a continuing requirement. Good customer relations depend upon a mutual understanding between the interested parties. Every effort should be made to be courteous and helpful to customers.

C6.1.15.5.1. Scheduling Considerations. Normal hours of operation and religious holidays should be considered within the area the sale is to be held. See Section 4, Supplement 2, Sales Enclosure 6 - Examples of Religious Holidays.

C6.1.15.6. Testing Electrical Items. Electrical items, regardless of condition, will be tested only by using a device which totally isolates the operator from the equipment and the electrical source, and the testing area must be dry and protected from the elements. Before any testing is done, an area should be approved by DES-WRH. The following procedures will permit DRMO employees and customers to safely test items:

C6.1.15.6.1. Limit functional testing of property to common type items such as vehicles, office machines, household/kitchen appliances, hand tools, floor polishers, vacuum cleaners, etc.

C6.1.15.6.2. Items with Supply Condition Code F or better and Disposal Code 9 or better may be tested. Items with codes less than these will not be tested. All testing of electrical items must be performed with an approved ground fault circuit interrupter (GFCI), regardless of coding. For installation and use of the GFCI, contact the DRMO host/DES-WRH safety specialist.

C6.1.15.6.3. Neither customers nor DRMO employees will otherwise modify an item so that it becomes dangerous to test or operate.

C6.1.15.6.4. DRMO escort personnel will be present when customers are conducting the tests to ensure that the safety standards are followed.

C6.1.15.7. Testing Vehicles. When vehicles are offered for sale, let customers attempt to start vehicles that can be safely started; however, vehicles may <u>not</u> be test driven. To avoid pilferage, maintain strict key control. Escort personnel should accompany customers when possible, otherwise keys may be loaned to customers in return for their valid driver license.

C6.1.15.8. Minute Samples. See Section 1, C2.10.

C6.1.15.9. List of Inspection Services, Common Carriers and Packing Concerns.

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Although the Government cannot act as an agent for bidders/purchasers in arranging for above, assistance can be furnished by supplying a list of individuals/commercial firms that provide inspection, transportation and/or packing services at the various military installations.

C6.1.15.10. Each DRMO will develop and/or update a list of inspection services, common carriers and packing concerns for its area and the area of those generating activities it services and provide this list to bidders and /or purchasers upon request. All inspection services, packers and carriers in an area should be contacted to determine if they desire to be included on the list, except in metropolitan areas where a selective basis may be used. However, irrespective of selective method used, and request from an inspection service, packer or carrier for inclusion on the list should also include the water transportation firms of an area.

C6.1.15.10.1. The list will include the following paragraph:

Figure 2 - Statement for List of Inspection Services

"This list of individuals/firms, compiled from local available sources, is furnished bidders/buyers of Government surplus property as a public service and ready reference only. It may not include the names of all individuals/firms that will or are authorized to perform such services at the military installations. Further, the Government will not guarantee the services of the concerns nor will it assume responsibility or liability due to the bidder's/buyer's selection of the services of any of the individuals/firms listed. With respect to information provided outside that found in the Invitation for Bid, or any amendment thereto, bidders/buyers are cautioned that while property is sold with a warranty of the accuracy of the descriptive data used in the Invitation for Bids, or any amendment thereto, information furnished otherwise is not subject to that guarantee."

C6.2. **Retail Sales**

C6.2.1. General

C6.2.1.1. Retail Sales (OCONUS only). Retail sales offer small quantities of personal use, consumer-type property; such as furniture, clothing, hand tools, etc. No retail store will be opened or closed without DRMS-BB approval. The DRMO Chief must submit a business case providing justification through the Forward Support Team Operations (FST). The following factors are considered:

C6.2.1.1.1. Cost effectiveness—cost of personnel and equipment, estimated proceeds, and amount of generations of consumer type property.

C6.2.1.1.2. Facilities and Equipment. Each DRMO shall contact DES-WI for assistance in determining appropriate modifications/alterations to their existing or proposed sales area. DES-WI will work with the host to assure required funding is

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arranged. Each DRMO will also contact DES-WI for assistance in obtaining equipment for their retail stores.

C6.2.1.2. Retail Sales Schedule. Conduct retail sales on a definite schedule, so customers will know when and where sales are being held. The changing of days and hours of operation should be held to a minimum to avoid confusing the customers. Notify DRMS-BB and FST (overseas only) anytime there is a change in the days and/or hours of operation of a retail store.

C6.2.1.3. Identification. The retail store should be conspicuously identified. Maps should be left at the installation's main gate. Property on retail sale should be physically separated from other property.

C6.2.1.4. Retail Sales Basis. Conduct retail sales on a "first come, first served" basis. Property will be offered on an "as-is, where-is" basis, at a fixed price.

C6.2.1.5. The maximum dollar value of property sold to an individual buyer on a given sale day is $15,000.

C6.2.2. Property Accounting

C6.2.2.1. Each DRMO Conducting Retail Sales. Use the Retail Data Base System (RDB) and related bar-coding equipment.

C6.2.2.2. Account for all usable property by NSN/LSN and DTID.

C6.2.2.3. Place property into an accumulation, specifically identifying it as retail sale.

C6.2.2.3.1. Use the accumulation designator of "J" at receipt; i.e., SYCA6J01.

C6.2.2.3.2. The accumulation number is constructed as follows:

C6.2.2.3.2.1 Physical property location (store) "SYCA"

C6.2.2.3.2.2 Fiscal year "6"

C6.2.2.3.2.3 Material screening code/retail sale indicator "J"

C6.2.2.3.2.4 Sequential accumulation number "01"

C6.2.2.3.3. At ESD all property in the accumulation will move to RSC "J".

C6.2.2.4. At the end of the sale day, retrieve information from the RDB program

and upload for processing in the DAISY evening batch.

C6.2.3. Reutilization Screening

C6.2.3.1. Transfer property to retail sale only after all required screening has been performed. Furnish appropriate screening list(s) to screeners. Exceptions to this screening policy will be on a case-by-case basis and must be fully coordinated with the GSA AUO and DRMS-BB.

C6.2.3.2. Property which has undergone screening can only be withdrawn from the retail store to satisfy a valid DOD or Federal civil agency need.

C6.2.3.2.1. The requesting activity must submit the following:

C6.2.3.2.1.1 Detailed justification as to why the property is required, to include the use which shall be made of the property if withdrawn from sale.

C6.2.3.2.1.2 Mission impact statement from a support, procurement, and funding standpoint, if property is not withdrawn from sale, such as, effect on operational readiness requirements within a specified period of time.

C6.2.3.2.2. Forward Support Teams (FST) is authorized to approve the withdrawal.

C6.2.4. Property Allowed On Retail Sale

C6.2.4.1. Types of property allowed to be offered by retail sales are limited to commodities approved by GSA as shown in Section 4, Supplement 2, Sales Enclosure 3 - Federal Supply Classes (FSCs) Authorized For Retail Sale.

C6.2.4.2. All property must be DEMIL Code “A” unless specifically allowed for retail sale. To ensure that Munitions List Items (MLI) and/ or Commerce Control List Items (CCLI) are **NOT** sold on retail sale, the DRMO will:

C6.2.4.2.1. DRMO Chiefs will sign the following certification statement and maintain this statement in the Retail Sales file:

Figure 3 - Certification Statement for Retail Sale

“I (or my designee) have physically inspected this property, and taken appropriate action to ensure management that only DEMIL Code A property (unless specifically allowed for Retail Sale) is being offered on Retail Sale. I certify to the best of my knowledge this sale contains no MLI/CCLI property.”

_____

(NAME AND DATE)

C6.2.4.3. Do not sell batch lots on retail sale.

C6.2.4.4. There are items in hazardous Federal Supply Classes (FSCs) which do not meet any Federal, state, or Overseas Environmental Baseline Guidance Document (OEBGD) definition of an environmental hazardous waste, substance, or material considered hazardous, solely because of the potential exposure to the person using them. Once approved, items meeting these criteria can be sold on retail sale. DRMS-BCE maintains a listing of all hazardous items approved for sale at the local level on the DRMS web site. International DRMOs will receive approval through DRMS-BCE.

C6.2.4.5. Commercially Available Hazardous Property in Consumer Quantities

C6.2.4.5.1. General. Sell commercially available hazardous property in consumer quantities on retail sales, under the conditions described below. Buyers purchasing items sold under this policy do not require pre/post award inspections. Coordinate with the DRMS-BB, by telephone, facsimile or e-mail to determine the appropriate sales method (national or retail) for this type of property. This policy is intended for property not economical for national sale or that has failed national sale. The purpose is to sell good, useable property at a fair market value and is not intended to be used as an outlet for the sale of marginal property at a low price, in order to avoid paying disposal costs.

NOTE: DRMOs may tailor the following to meet overseas regulations and country-to-country agreements.

C6.2.4.5.2. Requirements for Eligibility. To be eligible for retail sale an item must meet the following conditions:

C6.2.4.5.2.1 The item must be commercially available to the public. *"Commercially available"* is defined as any item that is available to the general public at a composition and unit of issue (container size and type) normally sold in retail establishments for home or business use.

***NOTE*:** The item must be packaged in a volume consistent with consumer use.

C6.2.4.5.2.2 The item must be:

C6.2.4.5.2.2.1 A commercial name brand product

C6.2.4.5.2.2.2 Unused

C6.2.4.5.2.2.3 In its original container

C6.2.4.5.2.2.4 In good condition and with shelf life not expired or near expiration.

C6.2.4.5.2.3 The item must be commercial, name brand and cannot be a DOD/GSA label equivalent of a commercial brand. It must possess the same/similar composition and unit of issue as a commercial product available to the general public. In addition, a Material Safety Data Sheet (MSDS) must be available to a buyer if MSDS requirements apply to the item.

C6.2.4.5.2.4 The item is not manufactured to only serve a military purpose; that is:

C6.2.4.5.2.4.1 It does not meet a unique DOD specification or composition, making it different from the commercially available brand product equivalent, and

C6.2.4.5.2.4.2 Its only intended manufactured use was for military application, or

C6.2.4.5.2.4.3 There is no commercially available equivalent.

C6.2.4.5.3. Quantity Restriction

C6.2.4.5.3.1 Establish a maximum quantity per commodity, per buyer; reasonable for personal use (such as, 1-2 cans, 1 case per buyer). By restricting the quantity sold per buyer, it prevents purchasing commodities intended for future resale or speculative accumulation.

C6.2.4.5.3.2 Determine quantity restriction based upon commodity and not specific items. For example, if a DRMO sells numerous kinds of paint (several NSNs), the commodity restriction applies to the total quantity of paint a buyer may purchase, not the quantity per type of paint.

C6.2.4.5.4. Retail Sale Item Approval

C6.2.4.5.4.1 All items must meet the requirements of paragraph D5b above. Document all items on the Hazardous Property Sales Referral Certification form, (fillable) DRMS Form 1920, found in Adobe Forms. The DRMO will:

C6.2.4.5.4.1.1 Recommend a maximum quantity limit per customer per sale for each item.

C6.2.4.5.4.1.2 Determine the local price according to C6.2.

C6.2.4.5.4.2 Forward a copy of the above documentation to DRMS-BCE and FST at least 10 days before sale.

C6.2.4.5.4.3 DRMS-BCE will review the information and will:

C6.2.4.5.4.3.1 Notify the DRMO within 10 days if DRMS-BCE concurs with the item, quantity restriction, and/or market price.

C6.2.4.5.4.3.2 Forward a copy of the documentation to DRMS-BCE for all approved items.

C6.2.4.5.4.4 Approval for future sales of the same item, price, and quantity is not required; however, any deviation from the sales price or quantity must receive DRMS-BCE and FST approval.

C6.2.4.5.5. Notification of Applicable Article. Notify buyers of applicable terms and conditions associated with the sale of commercially available hazardous property on retail sales. Use Sale By Reference, Mar 94, Part 2, Article 26. Notify buyers of that special circumstance article in the following manner:

C6.2.4.5.5.1 Post the special circumstance article in the retail sale area. In addition, post a sign or highly visible note explaining, when indicated, the article applies on the items.

C6.2.4.5.5.2 Have copies of the special circumstance article available to buyers.

C6.2.4.5.5.3 Mark applicable items to indicate that the special circumstance article applies. This may be accomplished through one of several methods:

C6.2.4.5.5.3.1 Affix a copy of special circumstance article to item using labels, tags, rubber stamps or similar means.

C6.2.4.5.5.3.2 During checkout provide a copy of the special circumstance article to buyer.

C6.2.4.5.5.3.3 Cross reference the special circumstance article to item by, as a minimum, marking item with identifying numbers/letters corresponding to the special circumstance article on posted/printed list; for example, *"Sale By Reference, Mar. 94, Part 2 ,Article 26 applies."*

C6.2.4.5.6. Compliance and Record-keeping Requirements. Establish and maintain records to verify compliance with this policy.

C6.2.4.5.6.1 The record must include the information in C6.2.4.5.5 and all applicable documentation pertaining to the retail sale of the item.

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C6.2.4.5.6.2 Use file number 650.54 Hazardous Property Sales Contracts instead of file number 650.30 Auction and Retail Sale Files for HM retail sale records.

C6.2.4.5.6.3 Verification of compliance will be accomplished through Quality Visits.

C6.2.4.5.7. Recording Retail Sale Transactions

C6.2.4.5.7.1 Change the record status code (RSC) to J on hazardous property sold by retail sales using the RSC change (DTID) screen, which is included in the Hazardous Menu. Do not downgrade the property to scrap.

C6.2.4.5.7.2 Use the sale/shipment (DTID) screen in the Marketing Menu to record quantity sold and proceeds received for each DTID.

C6.2.4.5.7.3 When a balance remains, process the sale/shipment (DTID) transaction and indicate this is a partial shipment to keep record open.

C6.2.4.5.7.4 Property will not remain in RSC J over 90 days.

C6.2.4.5.7.5 To process unsold items (DTIDs) out of RSC J, use the rollback DTID to RSC screen. The site/storage location can also be changed on this screen.

C6.2.4.6. Property Requiring Special Handling

C6.2.4.6.1. Bedding and upholstered items. OCONUS DRMOs must abide by host country laws and regulations according to the location of the DRMO.

C6.2.4.6.2. Categories of scrap property that may be sold by retail sale include lumber, wood, tires, ashes and cinders. Scrap property will be identified by the appropriate SCL and the unit of issue will be “lb”.

C6.2.4.6.3. Wooden ammunition boxes. Ensure that DRMS Form 941, *Statement for Wooden and Ammo Boxes (lumber) Sold at Retail Sale* is completed by each purchaser prior to release of any boxes sold on retail sale. Attach completed form to applicable sale receipt or place in the retail sale file.

C6.2.5. <u>Pricing</u>

C6.2.5.1. Each DRMO will have a price list signed by the DRMO Chief and Forward Support Team. Prices will not vary from the price list without approval of the FST. Prices for items not on the list can be verbally coordinated with the FST; but should be the exception not the rule. The FST will ensure consistent pricing for like

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items within the FST and will notify DRMO Chiefs if price changes are to be made.

C6.2.5.2. Base prices on a number of factors, such as: demand, material condition, past experience gained from competitive bid sales and prevailing retail prices for similar items on the local market. Prices must not be lower than that received for comparable property sold by competitive bid and should be set at no less than 80 percent of local retail prices for similar items in same condition.

C6.2.5.3. All property must be pre-priced/pre-tagged before the store opens. If property cannot be identified with a label, display price prominently next to item(s). No bulk/quantity discount can be given, unless any and all bulk/quantity discounts are prominently displayed and available for all buyers.

C6.2.5.4. If property cannot be sold at its initially established selling price, adjust the selling price downward a maximum of 10% per month until sold; but do not reduce the price below what it would bring by competitive bid. No prices will be lowered during the course of a given sale day.

C6.2.5.5. If retail sale property cannot be sold after a reasonable period of time at a reduced price, property may be offered by another sale method or downgraded to scrap.

C6.2.6. Payment

C6.2.6.1. Forms of payment for retail sale property include:

C6.2.6.1.1. Cash

C6.2.6.1.2. Guaranteed negotiable instruments made payable to or endorsed to the U.S. Treasury in any form (such as, cashier's check, certified check, traveler's check, bank draft and/or postal or telegraphic money order). Checks, money orders, etc., should be for the amount of purchase only.

C6.2.6.1.3. U.S. Treasury approved credit cards and debit cards.

C6.2.6.1.4. Combinations of the above are acceptable as payment.

C6.2.6.2. Each day the retail store will prepare DD Form 1131(s) for the property sold. A separate DD Form 1131 will be prepared for (a) cash received including travelers' checks/money orders and (b) credit cards payments each day. See Section 2, Chapter 3 - Proceeds Distribution for instructions on completing the DD Form 1131.

C6.2.6.3. Provide each customer with a receipt indicating the purchase price and method of payment, e.g., cash or credit card.

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C6.2.7. Returns/Refunds

C6.2.7.1. Returns and/or refunds are allowed for retail sale property on the day of sale only.

C6.2.7.2. Inspect property to determine if any obvious damage has occurred since the property was purchased.

C6.2.7.3. Any refunds will be issued in the same manner as the original purchase, cash for cash or credit to credit card.

C6.2.7.4. Treat any approved checks accepted as follows:

C6.2.7.4.1. If the return, and subsequent refund, is for the amount of the check used as payment, return the check to the customer.

C6.2.7.4.2. If a customer pays for more than one item with a check and returns less than all of the items, advise the customer that the amount of the refund will be issued by check and mailed to them from DFAS-CO, in approximately 2-4 weeks.

NOTE: A notice will be posted advising customers of this policy.

C6.2.8. Security

C6.2.8.1. DRMOs approved to conduct retail sales are required to comply with all security requirements specified by DRMS-WS Battle Creek, Public Safety Branch (WS BC-WLS) and/or host installation security.

C6.2.8.2. During scheduled hours of operation all retail stores will be staffed with at least two DRMO employees or one employee and video surveillance.

C6.2.9. Publicity

C6.2.9.1. Ensure maximum use of all means available to advertise retail sales, for example, paid advertising, free media use, and mailing flyers to known retail sale customers. DRMS-BB will provide media kits to use for advertising purposes.

C6.2.10. Moving Unsold Items Out of Retail Sale

C6.2.10.1. Normally, property should not remain in Retail Sale, RSC J, over 90 days. To process unsold property out of Retail Sale, use the Rollback DTID to RSC A Screen from the MARKETING Menu. Then take appropriate action for the property, according to procedures, including, but not limited to, downgrade to scrap, A/D, or inclusion on local or national sale.

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C6.3. **Local Sales**

C6.3.1. General

C6.3.1.1. Local Sales (OCONUS only). Local sales will offer property, primarily, of local interest. Property offered on local sales should be lotted to ensure the maximum net return to the Government. Consideration should be given to offering property in different size lots to attract the greatest number of bidders.

C6.3.1.2. Suitability of Property for Local Sale. In examining the suitability of property for local sale, determine whether:

C6.3.1.2.1. Property has national interest and is better suited for sale through the DRMS SALES OFFICE.

C6.3.1.2.2. Sufficient local competition for the property is evident.

C6.3.1.2.3. Sale appears to be economically feasible.

C6.3.1.2.4. Property is required to be sold through the DRMS SALES OFFICE.

C6.3.1.3. Processing of Munitions List Items (MLI), Commerce Control List Items (CCLI) Property.

C6.3.1.3.1. Do not offer MLI/CCLI property on Local or Retail Sale.

NOTE: This includes DEMIL code B and Q items downgraded to scrap.

C6.3.1.3.2. All property must be DEMIL Code “A” unless specifically allowed for local sale. To ensure that no Munitions List Items (MLI) or Commerce Control List Items (CCLI) are sold on local sale the DRMO will:

C6.3.1.3.2.1 DRMO Chiefs will sign the following certification statement and maintain this statement in the Local Sales file:

Figure 4- Certification Statement for Local Sale - DEMIL Code A

“I (or my designee) have physically inspected this property, and taken appropriate action to ensure management that only DEMIL Code A property (unless specifically allowed for Local Sale) is being offered on Local Sale. I certify to the best of my knowledge this sale contains no MLI/CCLI property.”

_____
(NAME AND DATE)

C6.3.1.3.2.2 Each DRMO Chief/designee will certify for their particular items, for local sales. A copy of the certification will be maintained at the DRMO site conducting the sale.

C6.3.1.4. Material Requiring Special Processing:

C6.3.1.4.1. Small Arms Cartridges

C6.3.1.4.1.1 Overseas DRMOs must check with their host governments regarding sale of this materiel. Sales may offer a maximum of 250 pounds per line item, per DRMO, per sale. Individual buyers may purchase multiple lots. Total monthly sales per DRMO will not exceed 2000 pounds.

C6.3.1.4.1.2 Current Market Appraisals will be at least 80 percent of local market value for similar expended cartridges.

C6.3.1.4.1.3 The following statements must be annotated on all DRMS Form 1427s:

Figure 5 - Statement for DRMS Form 1427 - Small Arms Sale

"The small arms cartridge cases offered for sale contains items of dangerous nature, but they are considered to be suitable for reloading. The purchaser agrees that this property will not be exported or sold to any parties outside of the United States without total destruction."

C6.3.1.4.1.4 A properly completed End Use Certificate (EUC), DLA Form 1822, must be submitted by the successful purchaser prior to award. The SCO will review the EUC for accuracy and compliance and will check the Bidders Master File ensuring the purchaser has not been debarred, is indebted, has written bad checks or has a trade security control violation. If SCO finds purchaser is non-responsive, SCO or their representative will contact assigned counsel for guidance.

C6.3.1.4.1.5 The EUC will then be forwarded to the servicing Defense Logistics Support Center, Trade Security Control (TSC) Office. But, prior to Defense Logistics Support Center, TSC approval is not a prerequisite to award/removal. See Section 4, Supplement 2, Sales Enclosure 7 - Trade Security Control - Buyer Clearance Decision Logic Tables.

C6.3.1.4.2. Non-Regulated Hazardous Property. DRMS-B will maintain a record of all hazardous items approved for local sale. The Non-Environmentally Hazardous items for Local Sale (NEHLS) listings can be found on the DRMS Website.

C6.3.1.4.2.1 To determine if property in a hazardous FSC can be sold on a local sale, each DRMO must find out if the property is a regulated hazardous material, substance, or waste requiring special handling and having potential environmental

liability (see Section 4, Supplement 2, Sales Enclosure 8, Attachment 1 - Steps to Determine if Property in Hazardous FSC Can Be Sold on Local Sales). Guidance on determining whether an item meets the criteria of this paragraph is found at Section 4, Supplement 2, Sales Enclosure 8, Attachment 2 - Examples of Types of Property Potentially Eligible for Local Sale. Do not sell the following property by local sale:

C6.3.1.4.2.1.1 RCRA regulated

C6.3.1.4.2.1.2 State regulated

C6.3.1.4.2.1.3 DOT regulated for transport

C6.3.1.4.2.1.4 Contains any CERCLA hazardous substances

C6.3.1.4.2.1.5 Contains any extremely hazardous substances

C6.3.1.4.2.2 If the item does not already appear on the approved list and does not meet any of the criteria above, the DRMO can request the item be added to the approved list. For guidance on obtaining approval, see Section 4, Supplement 2, Sales Enclosure 8, Attachment 3 - Procedures for Obtaining Local Sale Authorization for Property in a Hazardous FSC. DRMOs will forward by facsimile documented evaluation, see Section 4, Supplement 2, Sales Enclosure 8, Attachment 4 - Local sale Authorization Request/Matrix.

C6.3.1.4.2.2.1 Noun name

C6.3.1.4.2.2.2 NSN/LSN

C6.3.1.4.2.2.3 MSDS serial number

C6.3.1.4.2.2.4 HMIS manufacturer's CAGE code, or MSDS if not HMIS

C6.3.1.4.2.2.5 Any additional information supporting eligibility of the request for local sale.

C6.3.1.4.2.3 If FST or DRMS-O approves the item's eligibility for local sale under this policy, this information will be forwarded to DRMS-BCE.

C6.3.1.4.3. Regulated Hazardous Property

C6.3.1.4.3.1 Do not sell regulated property on local sales. Non-hazardous items in hazardous FSCs meeting the requirements of Section 2, Chapter 8, Environmental and the quantity restriction found at same chapter, may be sold on local sale.

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C6.3.1.4.3.2 Hazardous items which are commercially available may be sold on local sale if waivers are approved by DRMS-BCE (example: batteries). Waivers are considered on a case-by-case basis and if approved, will contain specific conditions to minimize liability. At a minimum, conditions will address minimum price, quantity, and record keeping requirements. DRMOs will comply with all conditions included in this waiver. To apply for a waiver to sell commercially available hazardous property via local sale, DRMOs will contact DRMS-BCE and provide the following information:

C6.3.1.4.3.2.1 Noun name

C6.3.1.4.3.2.2 Manufacturer

C6.3.1.4.3.2.3 NSN/LSN

C6.3.1.4.3.2.4 MSDS, if applicable

C6.3.1.4.3.2.5 Property condition

C6.3.1.4.3.2.6 Quantity

C6.3.1.4.3.2.7 Any other information supporting the eligibility of item to be sold on local sale.

C6.3.1.4.4. DEMIL A scrap may be sold locally without quantity limitation. Offer all nonferrous and ferrous which is more than 5000 pounds by weight, not “lot”. Low dollar nonmetallic scrap may be sold by the “lot”.

C6.3.1.4.5. Medical Devices. OCONUS DRMOs must abide by host country laws and regulations where the DRMO is located. Exports to other countries are contingent upon notification of concurrence from the receiving country prior to delivery.

C6.3.1.5. Loading Catalogs and Successful Bidders Lists on Facsimile Machines. Load all Catalogs/Successful Bidders Lists on a polling facsimile machine for customer downloading. Facsimile machines must remain operational 24 hours a day.

C6.3.1.6. Mailing Catalogs to Customers. When mailing catalogs to new customers include a cover letter explaining the overall program; i.e., how sales are conducted and that the customer will remain on the mailing list for upcoming sales if they participate in a local sale. If they do not participate in sales conducted at the DRMO, additional catalogs will not be sent.

C6.3.1.7. Fees. The charging of bid deposits, registration fees, storage fees, loading fees, catalog charges, liquidated damages, or any other fees and charges are

not allowable except for the assessment of Freedom of Information requests fees, as authorized.

C6.3.1.8. Monthly Local Sale Schedule. FST will maintain a local sales schedule and provide copies to other DRMOs in the region. When developing this schedule, consider factors such as: other government sales (e.g. NASA, GSA, on-base direct sales, etc.). FSTs will ensure sales for DRMOs do not have participatory sales scheduled on the same day within 250/300 miles of each other.

NOTE: Do not conduct sealed bid openings on Mondays.

C6.3.2. Local Catalog

C6.3.2.1. General. Use the latest version of the local sales program to process a local sale. Ensure all pages in the catalog are numbered and that the sale number appears at the top of every page (except the cover). Local Sales catalogs will be printed and distributed before the first day of inspection.

C6.3.2.1.1. OCONUS DRMOs may alter (with DRMS-BB approval) the type of sale they use (i.e. usable term sales) and catalog creation using the local sales program for tracking purposes. Any modifications that may need to be added by using additional programs for the creation of this type of catalog will be by DRMS-BB approval. Insuring that all special terms and conditions that may apply are included.

C6.3.2.2. Catalog Covers. A catalog cover is generated in the local sales program. Use this as the catalog cover and include the following information on catalog covers:

C6.3.2.2.1. Method of sale

C6.3.2.2.2. Sale number

C6.3.2.2.2.1 The first two digits represent the origin of the sale

C6.3.2.2.2.2 A dash separates the first two digits from the rest of the numbers

C6.3.2.2.2.3 Third digit is the last digit of the fiscal year of the bid opening

C6.3.2.2.2.4 The fourth, fifth and sixth digit is the chronological number of the sale

C6.3.2.2.2.5 Example of a sale number: Number 65-7003 represents a sale at an Asia/Pacific FST DRMO and is the third sale of fiscal year 2007.

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C6.3.2.2.3. Generic list of property

C6.3.2.2.4. Time registration begins

C6.3.2.2.5. Date and time of sale begins

C6.3.2.2.6. Date and time for receipt of mailed, faxed, electronic mail and hand carried bids

***NOTE*:** For sealed bid sales: this date/time must be the same as the Bid Opening Date and time (i.e., bids must be received up until the BOD). A time bid receipt deadline may be established prior to the BOD for local auctions and spot bid sales.

C6.3.2.2.7. Date inspection begins and inspection hours. Allow 3 workdays for inspection for all local sales.

C6.3.2.2.8. Sale site

C6.3.2.2.9. Person who is Point of Contact (POC) and phone number for additional information

C6.3.2.2.10. The statement noting that property will be offered for sale on a limited, guaranteed description basis and other terms and conditions posted at the sale site apply. Make copies of the statement to be available at the time of sale.

C6.3.2.2.11. The following statement must be in bold letters on every local sale catalog cover:

Figure 6 - Statement for Local Sale Catalog Cover

PAYMENT FOR PROPERTY AWARDED MUST BE BY CASH OR GUARANTEED INSTRUMENTS. SEE CONDITIONS OF SALE POSTED AT THE SALES SITE.

C6.3.2.3. Inside Front Cover. DRMOs should include maps on the inside cover providing directions to the property locations, including other DRMO sites.

C6.3.2.4. Item Description. When selling specialized items on local sales, expanded item descriptions should be used to maximum extent possible. Item descriptions are to be complete, clear and concise and contain information beneficial to distant buyers. At a minimum, descriptions should include noun name, manufacturer, model number, NSN, acquisition value, estimated total weight and condition

C6.3.2.5. Terms and Conditions

C6.3.2.5.1. Add applicable terms and conditions from the local sale program to item descriptions. Note that those terms and conditions found in the Sale By Reference (SBR) Parts 1 and 2 are applicable to all sales (unless specifically excluded in the catalog) and are not duplicated in the local sale program. Parts 3 and 4 are applicable to sealed bid and term sales, respectively, and should only be cited for those sales methods. Parts 3 and 4 are also not included in the local sale program. Those terms and conditions found in Parts 5 through 7 must be specifically cited in the item description to be applicable. The local sale program prints a notice referring the bidder to the applicable SBR article, rather than printing the full text of those articles.

C6.3.2.5.2. Prepare DRMS Form 83, Conditions of Sale - Local Sealed Bid.

C6.3.2.5.2.1 Three payment clauses are provided; one allowing payment made by credit cards, one allowing payment by credit card and debit cards, and one <u>not allowing</u> payment by credit or debit card.

***NOTE*:** Overseas facilities must adjust payment article to fit their specific collection requirements.

C6.3.2.5.2.2 Accept electronic mail, mailed in, hand delivered and faxed bids for all sale methods. Incorporate the following article into each IFB:

Figure 7 - Article PA (Facsimile, Electronic Mail, Mail-in Bids) - for IFB

ARTICLE PA: MAILGRAMS, TELEGRAPHIC, ELECTRONIC MAIL AND FACSIMILE BIDS.
Notwithstanding the provisions of Condition 3, General Sale Terms and Conditions (Standard Form 114C), telegraphic, electronic mail (Internet) and facsimile bids or bids submitted by mailgrams are acceptable under this Invitation for Bid. By submitting a telegraphic, electronic mail, facsimile or Mailgram bid, the bidder agrees to be bound by all terms, conditions and provisions of this Invitation for Bid. Bidders are cautioned that all such bids must be in the possession of the Sales Contracting Officer by the bid deadline that appears on the Invitation for Bid.

C6.3.2.5.2.3 Offer usable property with the LIMITED GUARANTEED DESCRIPTION provision. The following clause must be made part of the terms and conditions in each local sale instead of the SBR, Part 2, Condition 30:

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Figure 8 - Article AD (Limited Guaranteed Description) for Local Sale

ARTICLE AD: LIMITED GUARANTEED DESCRIPTION
Notwithstanding the provisions of Part 2, Condition 30, Sale by Reference, prior to the property being removed from Government control, the Government guarantees to the original purchaser of the property that the property offered for sale will be as described in the Invitation for Bids. If a misdescription is determined to exist prior to removal of the property from Government control, the sole and exclusive remedy will be to cancel the item from the contract and refund the purchase price paid. Subsequent to removal of the property from Government control, the provisions of Part 2, Condition 2, Sale by Reference, applies (as-is, where-is) and there will be no further relief available under this article. The foregoing is in place of all other guarantees or warranties, expressed or implied. The Government does not warrant the merchantability of the property or its fitness for any use or purpose. The amount of recovery under this Article is limited to the purchased price of the misdescribed property. The purchaser is not entitled to any payment for loss of profit or any other monetary damages, special, direct, indirect or consequential.

C6.3.2.5.2.4 Offer scrap property with LIMITED GUARANTEED DESCRIPTION (SCRAP PROPERTY) provision. The following clause must be made part of the terms and conditions in each local sale instead of the SBR, Part 2, Condition 30:

Figure 9 - Article AX (Limited Guaranteed Description - Scrap Property)

ARTICLE AX: LIMITED GUARANTEED DESCRIPTION (SCRAP PROPERTY)
Limited guaranteed description for scrap property offered by the “pound” or “kilogram”, in this sale. Notwithstanding the provisions of Part 2, Condition 30, Sale by Reference, prior to the property being removed from Government control, the Government guarantees to the original purchaser of the property that the property offered for sale will be as described in the Invitation for Bids. If a misdescription is determined to exist prior to removal of the property from Government control, the sole and exclusive remedy will be to cancel the item from the contract and refund the purchase price paid. Subsequent to removal of the property from Government control, the provisions of Part 2, Condition 2, Sale by Reference, applies (as-is, where-is) and there will be no further relief available under this article. The foregoing is in place of all other guarantees or warranties, expressed or implied. The Government does not warrant the merchantability of the property or its fitness for any use or purpose. The amount of recovery under this Article is limited to the purchased price of the misdescribed property. The purchaser is not entitled to any payment for loss of profit or any other monetary damages, special, direct, indirect or consequential. All property will be weighed on delivery. The Government reserves the right to vary the weight tendered or delivered to the purchaser by 25 percent: where quantity advertised does not equal quantity delivered. The purchase price will be adjusted upward or downward in accordance with the unit price and on the quantity or weight actually delivered.

C6.3.2.5.2.5 For local auctions and spot bid sales use the following clause as part of the terms and conditions instead of SBR, Part 2, Condition 9:

Figure 10 - Article AE (Default) - Local Sales

ARTICLE AE: DEFAULT (LOCAL SALES) If the Purchaser fails to pay for and remove the property by the removal date stated on the DRMS Form 1427, Notice of Award, Statement, and Release Document, or any additional days granted by the Sales Contracting Officer, then the Purchaser will be considered to be in default and, without further notice, shall lose all right, title and interest in the property and will be entitled to a refund of any portion of the purchase price paid for the property, unless the Purchaser has removed any portion of a line item in which case, the Purchaser will not be refunded any portion of the purchase price paid for that line item. Buyers who default on sales contracts may be proposed for debarment and restricted from participating in future Government sales.

C6.3.2.5.2.6 Add a continuation page of Sales Articles in alphabetical sequence. If required, use more than one page.

C6.3.2.5.3. Prepare DRMS Form 82-3, Additional General Information and Instructions.

C6.3.2.5.3.1 Ensure IFBs contain the following instruction concerning submission of bids:

C6.3.2.5.3.1.1 SUBMISSION OF BIDS. Bids can be submitted at any time, but must be in the possession of Sales Contracting Officer (SCO) by the date and time specified in this invitation. Bids must be submitted on the bid forms provided in the invitation, prepared in ink, indelible pencil or typewritten; having electronic signature and signed by the person submitting the bid (includes electronic “signatures”). Envelopes containing bids must be sealed and identified by the name and address of the bidder, sale number and date of bid opening.

C6.3.2.5.3.2 Type sale number, bid opening date and SCO’s address on the envelope.

C6.3.2.5.3.3 Type SCO’s address, facsimile and telephone number where indicated

C6.3.2.5.3.4 If a bid page is not used, the IFB must inform bidder the following must be clearly identified in their offer:

C6.3.2.5.3.4.1 Name and title of sender

C6.3.2.5.3.4.2 Complete firm name (if applicable)

C6.3.2.5.3.4.3 Complete address and telephone number

C6.3.2.5.3.4.4 Invitation for Bid number

C6.3.2.5.3.4.5 Item number(s) being bid on

C6.3.2.5.3.4.6 Unit price for each item

C6.3.2.5.3.4.7 The bidder must agree to be bound by the terms and conditions of sale by including and signing the following statement with their bid:

Figure 11 - Terms and Conditions Statement for Bid

"I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE INVITATION FOR BID".

_____

(Bidder's Signature)

C6.3.2.5.3.5 Add a continuation page of Additional General Information and Instructions in numerical sequence for each sale. If required, use more than one page. Add following statement to Additional General Information and Instructions page:

Figure 12 - Additional General Information Statement - Bids

The condition of property being offered for sale in this Invitation for Bids may be used, unused or scrap. Potential bidders are urged to inspect all property prior to bidding.

C6.3.2.6. Prepare Loading Table

C6.3.2.6.1. Allow 7 workdays for payment and removal for all types of local sales. A longer removal period may be granted for large quantity or multiple line contracts. Property must be paid for and removed within the allotted time, or purchaser will lose all right, title and interest in the property.

C6.3.2.6.2. Type in dates for award and removal.

C6.3.2.6.3. Type the loading hours, item(s), location, loading legend and loading notes as required for each item.

C6.3.2.7. Prepare Bid and Award Page Local Sealed Bid. Prepare the Bid and Award page (must be odd numbered page in IFB catalog) by completing the blocks titled: *"ISSUED BY," "ADDRESS YOUR BID TO," "FOR INFORMATION CONTACT,"* and *"BIDS WILL BE OPENED AT"*

C6.3.2.8. Prepare Item Bid Page. Prepare the Item Bid page (must follow Bid and Award page in a Local Sealed Bid IFB)

C6.3.2.9. DRMS Form 1581. Include a DRMS Form 1581 (Bidders Registration Form) in local auction/spot bid sale catalogs. Bidders may then fill out the form in advance and bring it to registration on the day of the sale. This accelerates the registration process.

C6.3.2.10. Applicable Information. DRMOs may insert other applicable information describing the DRMO's sales procedures into local sales catalogs in a brief informational page.

C6.3.2.11. Piggyback.

C6.3.2.11.1. The "piggyback" concept allows adding of like material to a sale up to the start of the inspection period. Piggybacking items to a sale should be used with some measure of caution, as it may not afford some prospective bidders the opportunity to decide whether to participate.

***NOTE*:** The piggyback concept will not be used on local sealed Bid Sales (i.e., do not add items (piggyback) to a sealed bid sale once the catalog has been completed and forwarded for printing/distribution.)

C6.3.2.11.2. To use the piggyback concept

C6.3.2.11.2.1 Place a notice in the catalog as follows:

Figure 13 - Additional Items for Sale NOTICE

NOTICE! Additional items may be added to this sale; items such as (include the types of items that may be added). Descriptions of items added will be available at the sale site.

C6.3.2.11.2.2 Type added items in catalog format for distribution on the first day of inspection period.

C6.3.2.11.2.3 Furnish each individual inspecting the property a copy of supplement.

C6.3.2.11.2.4 Before the sale starts, announce additional items have been added to the sale and a copy of the related item descriptions can be obtained from the registration clerk.

C6.3.3. <u>Registration and Receipt of Bids</u>

C6.3.3.1. Pre-registration and Registration Procedures:

C6.3.3.1.1. Ensure the Sale By Reference (SBR) and other applicable terms and conditions of sale are posted at sale site and terms and conditions contained in SBR that do not apply (e.g., Part 2, conditions 9, 30 and 32) are annotated as “deleted”.

C6.3.3.1.2. Registration will be from the first day of distribution of the sale notice throughout the sale.

C6.3.3.1.3. Registration will be accomplished by using DRMS Form 1581 (bidder registration). At time of registration, a registration number will be assigned to each bidder and a registration (if applicable) furnished to bidder to reflect registration number assigned to them.

C6.3.3.1.4. Compare all completed DRMS Form 1581 to Web Bidder Master File (BMF) for bid bond holders, indebted bidders, Security Trade Controls violations, or bidders listed in Department of Commerce Table of Denial Orders, DOD Debarred and Suspended Actions or General Services Administration Consolidated List of Debarred, Suspended and Ineligible Contractors.

C6.3.3.2. Processing Mailed, Facsimile, Electronic Mail and Hand Delivered Bids

C6.3.3.2.1. Strict controls must be maintained during receipt, handling, and processing of all bids. To ensure bid integrity only cashier(s) or an appointed SCO representative will be involved in this process. Under no circumstances will a SCO handle or process bids until the date and time set for bid opening.

C6.3.3.2.2. Upon receipt, immediately give all mailed in, hand carried or facsimile bids to SCO representative, who will immediately (electronically or manually) annotate on the envelope the date and time the bid (including late bids) was received, with next available bidder registration number annotated on the outside.

C6.3.3.2.3. As bids are received, the SCO representative will assign bidder registration numbers in sequence, starting with 001 for each sale. Annotate number in lower right hand corner of bid envelope. Record bidder’s name, address, and registration number into local sale program, in numerical sequence. Maintain separate bid registers for each sale.

NOTE: Do not check bids against Bidder Master File (BMF) at this point.

C6.3.3.2.4. All facsimile and electronic bids after printing will be folded in half (so bid is not visible) and stapled shut and handled as above.

C6.3.3.2.5. At end of each business day check facsimile machine to ensure it is fully operational. Sufficient paper, toner, or other necessities must be adequate enough to keep machine functioning properly while DRMO is closed. In order to maintain bid integrity, these facsimile machines must be kept in a limited access area.

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C6.3.3.2.6. If a bidder wishes to submit a bid while at the DRMO, post or inform bidder of the following actions that must be accomplished by bidder:

C6.3.3.2.6.1 Complete bid pages provided in sales catalog.

C6.3.3.2.6.2 Place bid in an envelope, provided by DRMO, and seal it.

NOTE: Use DRMS Form 101 envelope. If none are available, use a blank envelope and include the same information listed on front of DRMS Form 101. DO NOT USE WINDOW TYPE ENVELOPES.

C6.3.3.2.6.3 Annotate the front of the envelope with name, address, and sale number appearing on bid page.

***NOTE*:** DRMOs must provide a specific location for bidders to complete the above process. Location should include tables, chairs, envelopes, pens, SBRs, additional terms and conditions not listed in IFB, etc. Instructions should also be displayed to show bidders how to complete envelope properly.

C6.3.3.2.7. Allow bidders to personally give sealed envelope to SCO representative, or place in a locked receptacle at the DRMO. Receptacle used must be specifically identified *"FOR LOCAL SEALED BIDS".* The SCO representative will be the only person authorized to obtain the receptacle key, to remove and process these bids. At the end of the business day, the appropriate DRMO personnel will remove all bids from the locked receptacle, record required bidder information on the bid register and annotate corresponding registration number from bid register onto sealed envelope. These envelopes must remain sealed until the actual time set for bid opening unless bidder failed to place required information on bid envelope. In this case, see C6.3.3.2.9.

C6.3.3.2.8. Keep all bids submitted for local sealed bid sales under control of the SCO representative to ensure bids are properly safeguarded. These bids must be kept in a secured area (DRMO safe) until date and time established for bid opening.

C6.3.3.2.9. Handle all unidentified bids, bids received (in envelopes) without sale number, bidder's name and address, as follows:

C6.3.3.2.9.1 Hand carried by a DRMO employee to distribution chief or designee specifically assigned by DRMO chief to open envelope for identification. (Cannot be SCO, SCO representative, cashier, or any other individual involved with the sale.)

C6.3.3.2.9.2 Authorized employee will open the envelope and review bid to determine sale number, name and address of the bidder. Annotate the envelope (in

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ink) with, *"Opened for identification,"* the sale number, bidder's name and address, name of individual who opened the envelope, and date and time envelope was opened.

C6.3.3.2.9.3 Employee authorized to open the envelope will reseal envelope with tape and give it to SCO representative for receipt processing as required.

C6.3.3.2.10. On the day of and prior to time set for bid opening, a designee(s) must collect any bids submitted by facsimile, sent by electronic mail or sent to post office. Make collection up to exact bid opening time. Consider these bids timely and process as above.

NOTE: Consider facsimile bids timely if they are in the process of being printed before the exact time set for bid opening. If facsimile machine becomes inoperable during bid acceptance period and bids cannot be retrieved from facsimile memory, or complaints are made from bidders that this problem caused their bid to be late, contact assigned legal counsel.

C6.3.3.2.11. Acceptable Late Bids. A late bid shall be considered for award only:

C6.3.3.2.11.1 In the instance of sealed bid sales, if bid submitted by mail was received by contracting officer prior to award, was mailed and in fact delivered to address specified in invitation in sufficient time to have been received by contracting officer by time and date set forth in invitation for opening of bids, and except for delay attributable to personnel of sales office or their designees would have been received on time; or

C6.3.3.2.11.2 In the instance of spot bid and auction sales, if bid submitted by mail (where authorized) was received by contracting officer after time and date set forth in invitation for receipt of bids, but before time set for start of the sale, and was mailed and, in fact delivered to address specified in invitation in sufficient time to have been received by contracting officer by time and date set forth in invitation for receipt of bids, and except for delay attributable to personnel of sales office or their designees would have been received on time.

C6.3.3.2.11.3 The only evidence acceptable to establish timely receipt of bids at address designated in invitation for bids is documentary evidence of receipt at such address within control of the sales office. Such evidence could be a date or time stamp, or a log entry.

C6.3.3.2.11.4 If it has been determined the bid or modification is to be considered, open and record bid on DRMS Form 1458-1. Abstract of Bids: Enter reason for delay, time of arrival, and the initials of SCO on DRMS Form 1458. Attach postmarked envelope or a copy of modification securely to sales office copy of DRMS Form 1427, if bidder is successful or unsuccessful bid.

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C6.3.3.2.12. Return unacceptable late bids and modifications to bidder as promptly as possible. These bids should be forwarded unopened to sales clerk for processing. Clerk must make a copy of envelope (both sides, if markings on both sides) and prepare a Notice to Bidder, Sale of U.S. Government Personal Property (DRMS Form 879), in duplicate. This is a fillable form found in Adobe Forms. Give completed DRMS Form 879 back to SCO for review and signature. File copy of each unacceptable late bid/modification in unsuccessful bid file with file copy of a cover letter or DRMS Form 879, Notice to Bidders, sent with the returned bid or modification stating why bid could not be accepted. If necessary, to ascertain bidder's name and address or any other information concerning bid, Chief of sales or the designee, will open and initial the envelope. State reason for opening envelope on the envelope itself and in letter or form to be sent to bidder. Do not include late bids on DRMS Form 63, Supplementary Sale Information, block 3, *"No. Bids Received."*

C6.3.4. Conduct Of Local Auctions and Spot Bid Sales

C6.3.4.1. Announcements . When amendments of terms or conditions of an auction/spot bid IFB are necessary, amendments normally will be printed, and distributed at time of bidder registration. If time does not permit amendments to be printed, withdraw item(s) by oral announcement.

C6.3.4.2. Offer Items in Number Sequence

C6.3.4.2.1. As each item is awarded, recorder will record registration number of successful bidder and accepted price.

C6.3.4.2.2. If time permits, "no bid" or passed items may be re-offered before close of the sale.

C6.3.4.3. Mailed in and Hand Delivered Bids. Consider mailed in, facsimile, electronic mail and hand delivered bids as follows:

C6.3.4.3.1. Auctions. The amount of highest acceptable mailed, facsimile, electronic mail and hand carried bid will be announced to start bidding. If no further bids are received the item is awarded to bidder submitting the mailed, facsimile, electronic mail or hand carried bid, provided that bid amount is deemed sufficient. If bid is rejected, and item reoffered during sale, the item will not be awarded at less than the rejected sent-in bid.

C6.3.4.3.2. Spot Bids. The amount of the highest acceptable mailed in, facsimile, electronic mail or hand delivered bid, will not be disclosed until all spot bid cards have been collected for that item, from those in attendance. At that time the mailed in, facsimile, electronic mail and hand carried bids will be considered with spot bid cards collected, and award made to the highest bid provided that the bid amount is

deemed sufficient. If the bid is rejected, and the item reoffered during the sale, the item will not be awarded at less than the rejected sent in bid.

C6.3.5. Conduct Of A Local Sealed Bid Sale

C6.3.5.1. Local Sealed Bid Opening Preparations

C6.3.5.1.1. Since this method of sale is open to the general public, anyone interested in attending bid opening has the right to do so. To meet this requirement, a specific bid opening room, with adequate seating and accessible to the general public, must be used during the bid opening process.

C6.3.5.1.2. Prior to bid opening time, SCO will:

C6.3.5.1.2.1 Annotate on front of IFB catalog (file copy) all items requiring special attention, e.g. withdrawals, waivers.

C6.3.5.1.2.2 Prepare pre-sale announcement. Make this announcement at the beginning of sale as follows:

C6.3.5.1.2.3 *"The bid opening of sale xx-xxxx will now begin. My official designee(s) has/have been sent to pick up mail, electronic mail and facsimile bids that may be at our post office or DRMO facsimile machine or computer at the exact time of this scheduled bid opening. Another official designee will deliver to this bid opening any bids that were placed in our bid receptacle or personally given to the SCO representative prior to the exact time of this scheduled bid opening. These bids are not late and will be opened and considered for award."*

NOTE: This announcement may be modified depending upon the facts. For example, if the SCO's designee has telephonically reported no bids, only such fact need be mentioned.

C6.3.5.1.2.4 Ensure clock in the bid opening room is accurate.

C6.3.5.1.2.5 No less than 15 minutes before bid opening time, announce time of day to all bidders present and remind them that bids must be submitted prior to time scheduled for the opening in order to receive consideration. Repeat this announcement again closer to bid opening time.

C6.3.5.1.3. No less than 15 minutes prior to sale, SCO representative will remove all bid envelopes from safe and ensure all bids are accounted for on Bid and Deposit Register by verifying sequence of registration numbers on envelopes against registration list.

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C6.3.5.1.4. Although SCO need not be present at bid opening, they must be accessible to individual(s) opening bids. SCO is solely responsible for and is the only one who can respond to sales related questions pertaining to any aspect of the sale.

C6.3.5.1.5. At specific time and date of bid opening, a SCO representative will ensure DRMO bid receptacle is sealed (with tape), all bids are removed and hand carried to bid opening room, assigned a bidder number, recorded on bid register and placed in numerical sequence for opening.

C6.3.5.2. Conducting Sealed Bid Opening

C6.3.5.2.1. Keep all bids secured in a safe area and held until bid opening. Bid security is of the utmost importance. At appointed bid opening time SCO or a designated SCO representative will begin the public bid opening by making appropriate announcements including information concerning items withdrawn or requiring a waiver.

C6.3.5.2.2. As bids are opened SCO or designated representative(s) will perform the following:

C6.3.5.2.2.1 Open in public all envelopes containing bids in bidder registration number sequence commencing with bidder 001. In red ink, transcribe registration number previously placed on envelope to upper right hand corner of Bid and Award page and circle.

***NOTE*:** No one is authorized to make any other marks on Bid and Award page. Staple envelope behind that page.

C6.3.5.2.2.2 Annotate any variations, alterations, deviations or discrepancies on DRMS Form 62, Bid Variation, Alteration, Discrepancy, and attach to bid (examples: lack of bidder's signature, bid qualifications, deviation from 60-day acceptance period, suspected or obvious mistakes in bid, etc.)

C6.3.5.2.2.3 Verify name, address zip code, bidder identification number and sale number on bid form with same on envelope. If DRMS bidder registration number is not recorded on bid form or envelope, screen for number from the Bidders Master File (if there is no bidder identification number in DNSP, let DAISY assign a "temp" number). Record the number on DRMS Form 62, and attach to bid form.

C6.3.5.2.2.4 Compare each bidder's name, address and bidder number against bidder registration list. Ensure DRMS bidder registration number was recorded on Bid and Award page. If bidder's name does not appear on bidder registration list, add that name and address after last entry on registration form, assign next sequential bidder registration number, and transcribe that number to upper right corner of Bid and Award page.

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C6.3.5.2.2.5 Continue processing as stated above until all timely bids are open and, if manually abstracted, recorded on the Abstract of Bids (DRMS Form 1458-1). If an automated system is used, Abstract of Bids will be generated after all bids are opened.

C6.3.5.2.3. SCO or their designated representative will open in public all bids for sealed bid sales at place, on date and at exact time specified for bid opening and, if practical and requested by bidders or other interested parties, read bids aloud to persons present. If bids are read, provide only bidder number or name, item number, total bid price, and any qualifications or modifications submitted with bid. If SCO decides reading of bids aloud is impractical, e.g., due to quantity of items being offered for sale and/or number of bids received, an announcement will be made to that effect. Original of each bid shall be carefully safeguarded, particularly until abstract of bids has been made and its accuracy verified.

C6.3.5.2.4. Notwithstanding performance of the procedure in C6.3.5.2.3 above may be delegated to an assistant, the SCO remains fully responsible for actions of that assistant.

C6.3.5.2.5. Examination of bids by interested persons shall be permitted if it does not interfere unduly with conduct of government business. Original bids shall not be allowed to pass out of the hands of SCO or designated representative unless a duplicate bid is not available for public inspection. Original bid may be examined by the public only after immediate supervision of SCO or designated representative and under conditions that preclude possibility of a substitution, addition, deletion, or alteration in bid.

C6.3.5.2.6. Close the sale after all bids have been opened and manually recorded (if required) on the Abstract of Bids by announcing *"The bid opening for sale xx-xxxx is now closed".*

C6.3.5.2.7. As soon as possible after all bids are opened, but not more than 4 hours thereafter, mark one copy of Abstract of Bids *"unofficial"* and post in Bid Opening Room or Sales Area For Public Viewing.

C6.3.5.3. Processing Bids after Bid Opening

C6.3.5.3.1. If an automated PC system is used to create the Abstract of Bids, ensure all bids are entered into system and print abstract (original and three copies) in item number/high bid sequence.

C6.3.5.3.2. Proofread bids against manual/automated Abstract of Bids and make corrections, in red ink, as required.

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C6.3.5.3.3. Screen abstract for tie bids. If any item receives identical bid price from two or more bidders, accomplish the following actions:

C6.3.5.3.3.1 Determine high bidder by drawing a bidder's name or number from all bids involved.

C6.3.5.3.3.2 The drawing will be under the supervision of, but cannot actually be accomplished by, the SCO. Three other witnesses will be in attendance; one of those individuals will do the physical drawing.

C6.3.5.3.3.3 Mark abstract beside the drawn bidder's number with HTB (High Tie Bid).

C6.3.5.3.3.4 Complete DRMS Form 741, Identical Tie Bid Record, (original only) obtaining required signatures and file in the IFB folder.

C6.3.5.3.4. For each item on the Abstract of Bids, screen apparent high bidder against the BMF for indebtedness, bad check, debarment, suspension, security trade control violations, etc. If bidder appears on the BMF, annotate applicable code (see below) on the abstract, beside the bidder's number for each item they have submitted a bid for and check the next high bidder. Continue this process until a bidder does not appear on the BMF; at that point check the next item and bidder.

C6.3.5.3.5. Annotate each item on abstract that requires special attention, e.g., withdrawals; tie bids, waivers, etc., with the following codes:

Figure 14 - Items In An Abstract Requiring Special Attention

CODE	DIRECTIVE
BC - Bad Check.	Contact DRMS-RF if status is required.
DB - Debarred/Suspended bidder	Contact DRMS-G if status of bidder is unknown or questionable.
HTB - High Tie Bid	High bidder determined by drawing as specified in paragraph c, above.
ID - Indebted Bidder.	Contact DRMS-RF for status of debt.
MD - Misdescribed	Item misdescribed.
NB - No bids	No bids received for item.
PA - Pending Award.	Item pending award; waiting for return of the signed waiver.
RIB - Rejected Item Bid	Bid rejected.
W - Waiver required	Item requires a signed waiver prior to award being made.
WD - Withdrawn	Item withdrawn.

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C6.3.5.3.6. Once abstract has been corrected with appropriate annotations, post a copy marked *"unofficial"*. Forward original and remaining copies of corrected abstract to SCO along with all bids (in bidder number sequence).

C6.3.5.3.7. SCO will review Abstract of Bids and all supporting documents. Abstract will be analyzed and evaluated against each bid for acceptability by SCO as follows:

C6.3.5.3.7.1 Ensure each high bid is properly signed.

C6.3.5.3.7.2 Analyze low to high range of bid for each item.

***NOTE*:** If high bid appears out of line (considerably higher) with other bids, the bidder must be called and asked to verify intended bid price. The call must be documented and include all specific information provided by bidder. Attach conversation record to the bid page.

C6.3.5.3.7.3 Consider market value of each item and actual price offered.

C6.3.5.3.7.4 Ensure each high bidder has not reduced bid acceptance period on bid and award page to less than 10 days. Do not consider offers made providing less than 10 days for award.

NOTE: Any questions concerning bid acceptance e.g., erroneous marks, incompleteness, no signature, etc., on bid pages, must be directed to legal counsel for assistance prior to making any awards involving those items.

C6.3.5.3.8. Awards for each item will be made by SCO as follows:

C6.3.5.3.8.1 Make annotations on Abstract of Bids in ink.

C6.3.5.3.8.2 Determine if each item will be awarded or rejected. If rejected annotate abstract with BR (bid rejected).

C6.3.5.3.8.3 Determine if price offered by the apparent high bidder is appropriate with consideration given to items requiring a waiver to be signed due to partial withdrawals, misdescription, etc. When waivers are required the following applies:

C6.3.5.3.8.3.1 The apparent high bidder must be contacted and informed of circumstances which require the waiver.

C6.3.5.3.8.3.2 When a bidder does not agree to sign the waiver, annotate abstract (WD) to show item is withdrawn.

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C6.3.5.3.8.3.3 If bidder agrees to sign waiver, prepare a DRMS Form 70 in triplicate. Forward original and one copy to bidder and hold one copy in suspense pending receipt of signed form from bidder. Property involved will not be awarded or released to bidder until signed waiver is received by SCO. A conversation record must be attached to bid page of apparent high bidder supporting decision between SCO or SCO representative and bidder. Annotate abstract beside bidder's number with PA (award pending return of the signed waiver).

C6.3.5.3.8.3.4 Determine from the bids listed on abstract to which bidder each item will be awarded and either circle in red ink or highlight awarded bid price.

C6.3.5.3.8.4 Return abstract and all supporting documents to SCO representative(s) performing the following:

C6.3.5.3.8.4.1 Per the information on the abstract, sort successful forms of high bidders from unsuccessful bids. File all unsuccessful bids by bidder number sequence, in unsuccessful bid folder.

C6.3.5.3.8.4.2 Using abstract, prepare DRMS Form 1427 for each item circled in red or highlighted. If more than one property location exists for items awarded to a bidder, use a separate page of DRMS Form 1427 for each property location.

NOTE: Date of final free removal will be 10 workdays from the date each DRMS Form 1427 is signed by SCO.

C6.3.5.3.8.4.3 Prepare contract folders/files with appropriate labels.

C6.3.5.3.8.4.4 Forward DRMS Form 1427, abstract and bid pages of each successful bidder to SCO or review and signature.

C6.3.6. Conduct Of Local Negotiated Sale

C6.3.6.1. DRMS Form 1427. SCO will review each DRMS Form 1427 against all documents provided by SCO representative(s), for accuracy and completeness. Once verified SCO will sign DRMS Form 1427s and return them to SCO representative(s) for distribution.

NOTE: SCOs will not sign blank or incomplete DRMS Form 1427s.

C6.3.6.2. Awards. Make awards the day of the sale for auctions/spot bids and within 5 work days after bid opening date for sealed bid sales.

NOTE: For awards to buyers not in attendance (including all sealed bid sales), contracts must be mailed the same day award documents (DRMS Form 1427) are signed by the SCO.

C6.3.6.3. DRMS Form 1427 Distribution Preparation. SCO representative(s) will prepare DRMS Form 1427s for distribution as follows:

C6.3.6.3.1. Count DRMS Form 1427s and compare against abstract to ensure all awards were made.

C6.3.6.3.2. Furnish two copies of DRMS Form 1427, including the original, signed by SCO to purchaser. Bidders requesting facsimile notification on the bid page will be faxed one copy of DRMS Form 1427 and mailed the original.

C6.3.6.3.3. Forward four copies to each storage facility.

C6.3.6.3.4. Forward two copies to cashier.

C6.3.6.3.5. File remaining copies along with all supporting documents in contract folder, by sales contract number sequence. Ensure all supporting documents relevant to each award are attached to DRMS Form 1427.

C6.3.6.4. Bids Pending Award. In a separate folder, file all bids being held pending award by bidder number sequence. When appropriate documents are obtained, pull related bid and process.

C6.3.6.5. DRMS Form 542. A DRMS Form 542 is required for every local sale.

C6.3.6.6. Payment and Removal. Property must be paid for and removed within time allocated in IFB or purchaser will lose all right, title and interest in property. But, when removal is delayed and cause of delay is beyond control and without fault or negligence of purchaser, a reasonable extension of free removal period can be granted by SCO. Justification for this excusable delay is documented and placed in contract file. Extension will normally be equal to the amount of time delay caused, at no cost to purchaser, and as specified by Sale By Reference, Part 2, Condition 8. If purchaser fails to remove property by extended date, the contract will terminate. When purchaser asks for an extension of free removal period and no valid reason exists, the request will be denied and contract performance will continue.

C6.3.7. <u>Misdescriptions</u>

C6.3.7.1. After Award. Items alleged by purchaser to be misdescribed after award and before removal may be canceled from the contract by SCO, providing SCO or SCO representative has physically inspected and compared the property to the catalog description and confirmed a misdescription. SCO will annotate DRMS Form

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1427 removing the item in question. SCO will prepare and sign a memo (initialing and dating correction) for contract file, which details reason for cancellation. In these cases, written requests from purchaser are not required for canceling misdescribed items. No collections will be made for items canceled on local sales.

C6.3.7.2. After Removal. Items alleged by purchaser to be misdescribed after removal. Property on local/ sales is sold using Limited Guaranteed Description Clause. This clause limits the buyer's ability to claim misdescription prior to property removal. Contact assigned counsel for further guidance.

C6.3.7.3. Defaults, Disputes, Appeals, Claims, Protests. For SCOs to process all defaults, disputes, appeals, claims, and protests see procedures at C6.8.

C6.3.8. Establishing and Maintaining Official Contract Files

C6.3.8.1. Contract Administration Files. Contract administration files will consist of a sale solicitation folder, individual contract folder and financial folder, as well as an unsuccessful bids folder for each sale. The sale solicitation folder, financial folder and individual contract folders may be combined in one folder, if desired. (See fillable DRMS Form 915 - Statement of Account Billing Document in Adobe Forms.)

C6.3.8.2. Sale Solicitation Folder. Sale solicitation folder will be identified by sale number and contain the following:

C6.3.8.2.1. Sale flyer and property listing or sales catalog.

C6.3.8.2.2. Any conversation records from prospective bidders pertaining to property offered for sale.

C6.3.8.2.3. Bid and Deposit Register (DRMS Form 1458).

C6.3.8.2.4. High Bidder Sales Data (DRMS Form 763).

C6.3.8.2.5. DRMS Form 1709 (retained in the financial folder until all refunds/transfers are accomplished).

C6.3.8.2.6. DRMS Form 542.

C6.3.8.2.7. Copies of other pertinent documents or correspondence pertaining to the overall sale.

C6.3.8.3. Contract Folder. File contracts in ascending contract order

NOTE: During removal period the file can be separated into open and closed contracts.

C6.3.8.4. Each contract file MUST BE ABLE TO STAND ON ITS OWN MERIT. Each file must contain sufficient documentation to tell the complete story about the individual contract from receipt of bid to final removal, including any and all claims. To meet this requirement, at a minimum, the following is to be filed by action sequence in each contract folder and identified by contract number:

C6.3.8.4.1. Copy of completed DRMS Form 1427

C6.3.8.4.2. DRMS Form 3 or mailed, faxed, electronic mail or mailed bid (if applicable)

C6.3.8.4.3. Successful bidder's registration card (if applicable)

C6.3.8.4.4. Any memos or other documents pertaining to the contract

C6.3.8.4.5. Any documents, letters or records pertaining to protests, defaults, claims, cancellation of contract, termination of contract, etc.

C6.3.8.5. Financial Folder. Prepare separate financial folder for each sale containing DRMS Form 1709 and the following documents filed by document type, in voucher number sequence:

C6.3.8.5.1. Collection vouchers

C6.3.8.5.2. Adjustment/reversal vouchers

C6.3.8.5.3. Transfer vouchers

C6.3.8.5.4. Refund vouchers

C6.3.8.6. Unsuccessful Bid Folder. File unsuccessful bidders' registration cards and unsuccessful bids (spot bid cards, mailed, and faxed, electronic mail, and hand carried bids) in order of registration. Documentation and audiotape of the auction (if applicable) must be retained in accordance with DLAD 5025.30, Process, Chapter 28, DLA File/Records Maintenance.

NOTE: Documents involved in any protest or dispute must be retained for 30 days following final resolution of such protest or dispute.

C6.3.9. Contract Administration Review

C6.3.9.1. Establish a systematic internal review of contract files.

C6.3.9.2. The SCO having primary interest or succession responsibility for specific contracts for a given IFB, is responsible to ensure that "in process" review of contract files and timely completion of required actions is accomplished.

C6.3.9.2.1. Within 45 days after final free removal date of sale, run tape of vouchered documents in financial folders; reconcile differences when required and attach tape to applicable documents.

C6.3.9.2.2. Run tapes on total contract price of all completed contracts.

EXCEPTION: Review and certification of contract files will not be postponed for more than 90 days pending completion of claims, protests, litigation or investigation of any kind, when all other contract files are complete.

C6.3.9.2.3. Compare with tapes attached to voucher documents in financial folder. Reconcile differences, as necessary.

C6.3.9.2.4. Separate contracts still pending actions from those completed using Optional Form 23, Chargeout Record, and establish a suspense file for those files pending action.

C6.3.9.2.5. Separate contract files into three categories: one file $24,999.99 and less, one file $25,000.00 and more, and one for hazardous property contracts. Label and dispose of the contracts according to instructions contained in DLAD 5025.30, Process, Chapter 28, (this supersedes DLAI 5015.1, DEFENSE LOGISTICS AGENCY Records and Management Procedures and Records Schedule 11/19/97.) See Files/Records Maintenance.

NOTE: For ease of disposition, hazardous property sales contracts may be stored in a separate location from other sales contracts. If this option is used, hazardous contracts will be displaced by an Optional Form 23 or other appropriate form to indicate the removed contract is hazardous and to note its storage location.

C6.3.9.2.6. Within 90 days after final free removal date, arrange completed contracts in contract number sequence with lowest number on top. Prepare original and three copies of DRMS Form 714, annotating in remark section specific contract file number(s) still pending action.

C6.3.9.2.7. Review content of completed financial folder, sales invitation folder, and completed contracts to ensure completeness of documentation. Determine that all required actions have been taken on each completed contract, reconciling any discrepancies.

C6.3.9.2.8. Sign DRMS Form 714, log in DRMS Form 840, file one signed DRMS Form 714 with the hazardous contracts, one with contracts $24,999.99 and less, and one with contracts $25,000 and over. Suspense file one copy if there are contracts pending completion. Discard suspense copy when all pending contracts have been completed, reviewed and filed.

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C6.3.9.2.9. File folders in completed sales files, as appropriate.

NOTE: IFB/financial folders will be filed with contract files $25,000 and over.

C6.3.9.2.10. Mark off specific contract number in all copies of DRMS Form 714 at completion of a previously pending contract, review and file.

C6.3.9.3. It is the responsibility of DRMO chief or designee to review monthly the status of completed sales ensuring a contract review is accomplished within 45 days after final free removal date. Make notation in initial remarks column for any sales where review is overdue and initiate appropriate action to have contract completed and reviewed.

C6.3.9.4. For FST sales, lead DRMO SCO maintains official sales invitation, individual contract and financial folders as well as unsuccessful bids folder. Lead DRMO SCO will send a copy of DRMS Form 1427 to DRMO having the property. Buyer can pay for property at any DRMO with a cashier and DRMO will process collection using normal procedures. An original stamped, paid copy of DRMS Form 1427 and release information along with original DD Form 1131, Cash Collection Voucher, and DFAS receipt voucher, will be expeditiously sent to lead DRMO SCO to reconcile official contract folders. Refer any disputes or defaults to lead DRMO SCO for resolution. Lead DRMO is responsible for performing functions identified above.

C6.4. **Referring Property/Scrap for Sale (Other than Local sale and CV DTIDs) in DAISY**

C6.4.1. General

C6.4.1.1. The current disposal system has three program functions for sales. The DAISY National Sales Program (DNSP) provides the procedures for preparing the national sales catalog and for processing the bids for national sales. The Local Sales Program, through the Conversion of Referral and Local Sales (CORALS) provides the procedures for preparing the local sales catalog and for processing the bids for local sales. The property accounting function in the system updates the status of all items in the accountable record. The screens in this chapter refer to the property accounting functions in the current system.

C6.4.1.2. Referring Property for Sale except Commercial Venture (CV) Property.

NOTE: That property that is identified as CV property at receipt, based on the FSC and DEMIL Code are exempt from these procedures.

C6.4.1.2.1. When usable property reaches the ESD, DTID records automatically move into the merchandising cycle; Record Status Code A.

C6.4.1.2.2. DRMO distribution personnel should monitor accumulations weekly to determine lotting and size of sale items based on previous sales experience.

C6.4.1.2.3. To determine potential sale items, DRMO personnel may request a Consolidated Inquiry, Local Area or Donation Area Screening List at any time. This listing reflects all items currently on hand by storage location within a site. To use the system to interrogate sale status, select *MARKETING* menu from the DAISY menu. Then select the *SALES INQUIRY PROCESS*. This provides you with 3 options: 1) *DTID INQUIRY*; 2) *SCRAP INQUIRY*; and 3) *SALES EXTRACT REPORT PROCESS*. The third option has the *DTID EXTRACT REPORT* for usable property and the *SCRAP EXTRACT REPORT* for scrap property. Make your selection and follow the screen prompts.

C6.4.1.2.4. Input the Accumulation Closing Date for each Accumulation Number.

C6.4.1.3. Preparing Property for Sale

C6.4.1.3.1. DRMO distribution personnel should maximize use of listings to determine property to be offered for sale.

C6.4.1.3.2. After determining what property is to be offered for sale, input national sale item descriptions within 7 calendar days after ESD. Also prepare local sale item descriptions, flyers and/or catalogs for mailing to local sale customers as required by local printing/mailing time constraints, or transfer to retail sale. Regardless of media used to advertise local sales, catalogs (Invitation for Bids, IFBs) must be available for customers on the first day of property inspection. Since all property shown in the catalog may not be available for sale due to selection and removal of property during the 3 working days prior to inspection, advise customers of property no longer available for sale.

NOTE: For local sales, the Local Sale Number must be recorded in CORALS application for local sales when the IFB is established.

C6.4.1.4. Marketing Sales Placards will be output for DTIDs at Automatic Release Date (ARD) plus 7 days. Sales Placards for property requiring special processing will be output at ESD. Sales Placards will not be generated for DEMIL required DTIDs.

C6.4.1.5. When a quantity discrepancy is discovered during the merchandising cycle, process an inventory adjustment (see C6.6), to correct the record quantity.

C6.4.1.6. When the total quantity is issued anytime after referral for sale, but before the **BOD**, the RTD issue closes out the record of the item. If the **BOD** has passed, roll the item back to RSC A and then issue. If only part of the record quantity is issued

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after referral for sale, but before **BOD**, the remaining quantity on the record is kept in the appropriate status. If the issue is for a partial quantity and **BOD** passed, the IFB and IFB Item Number must be re-input after the item is rolled back to RSC A

NOTE: For CV property, approval is required from the SCO to withdraw property between the ESD and the Delivery Order Date,

NOTE: If a Type Transaction Code (TTC) of RAD (requisition number added) or TAD (transfer order line added) or DAD (donation order line added) was input after the XS6 was recorded, the record will be placed in MSC Q and the IFB number will not be visible.

C6.4.1.7. When items requiring DEMIL are related to an IFB, the system asks the user if DEMIL is a condition of sale. If answered yes, the item is to be placed on sale. If answered no, the process is terminated.

C6.4.1.8. Adding Bidder Identification Number (BIN) for sale/shipment. The BIN is a ten position numeric that is used to identify bidders. The BIN was previously an optional entry; it is now a required entry. The two main purposes for entering the BIN are: (1) to ensure that the buyer is identified by their BIN in the automated system for each sale that they participate in and (2) to verify whether or not the bidder is eligible to participate in the sale, i.e., not debarred.

C6.4.1.8.1. When a sale/shipment is made, the BIN must be entered on the following screens in the Marketing Menu:

C6.4.1.8.1.1 udaz30 - Sale/Shipment (DTID)
C6.4.1.8.1.2 udaz31 - Sale/Shipment (Scrap)
C6.4.1.8.1.3 udaz32 - (IFB Item No.)

C6.4.1.8.2. Procedure for a "known" BIN. Access the appropriate screen in the MARKETING Menu and enter the known BIN in the sale/shipment transaction. Verify the eligibility of the bidder by performing a BIN inquiry.

C6.4.1.8.3. To perform a BIN inquiry, to add a new BIN to the Bidder Master File, or to verify that the bidder is eligible to participate in the sale, make the following entries.

C6.4.1.8.3.1 First, login to the Bidder Master File (a web-based system) via https://www.drms.dla.mil/bmf

C6.4.1.8.3.2 To conduct an inquiry, enter part of the bidder or company name, or the BIN if known, in the quick search name box as follows; *helicopter*. The more text provided, the more strict the research. Starting with a broad search is the

preferred method, preceded with and followed by an asterisk (*). If no BIN is found, the results screen will offer a button to create a new record.

C6.4.1.8.3.3 If this produces too many results or none at all, modify the search by adding additional information such as city, state or zip code in the Detailed Search form.

C6.4.2. Downgrading Property to Scrap

C6.4.2.1. DRMO personnel may determine that certain items that have moved into the sales cycle should be scrapped rather than sold as usable property. Refer these items for Downgrade. The source document for the downgrade transaction may be the DTID, the Sales Placard, DRMS Form 222, or DRMS Form 73, depending on the status of the property. Distribution personnel accomplish the Referral for Downgrade transaction (udaz13) that initiates the Downgrade Placard. This transaction requires input of a Downgrade Justification Code indicating the reason for downgrade. Warehousing personnel will use this downgrade documentation to accomplish the downgrade action. Obtain the appropriate approval when approval authority exceeds the DRMO limit. (See Section 4, Supplement 2, Property Accounting Enclosure 11 Attachment 3.

C6.4.3. Usable Property Sales Excluding CV

C6.4.3.1. Use the following process for referring usable property for sale.

C6.4.3.1.1. Referral for National Sale. If the Sales Placards, output to the DRMO, or listings are used, annotate the following:

C6.4.3.1.1.1 Change in quantity if applicable.

C6.4.3.1.1.2 New Site/Storage Location, if the property is relocated.

C6.4.3.1.1.3 Referral date.

C6.4.3.1.1.4 Sales referral list number when known or required.

C6.4.3.1.1.5 Sales referral item number when known or required.

C6.4.3.1.2. The DRMO may find it necessary to hold property beyond the normal time frame in order to obtain a salable quantity or to optimize sales proceeds. Property may be held by site location until sufficient quantity(ies) exist for sale; however, this does not prevent property from appearing on RESI lists.

C6.4.3.2. Referring Lotted Property for National Sale, excluding CV. Prelot capability in the property accounting system is not currently in use; however, the system

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allows the user to refer all DTIDs in a single location by input of a single Sales Referral transaction (the Site/Storage Location Referral, screen udaz09). All DTIDs in that location must be in RSC **A**.

C6.4.3.3. Updating Records with IFB Data

C6.4.3.3.1. The Sales IFB process in the system allows the user to associate the IFB and IFB Item Number to DTIDs in 2 ways:

C6.4.3.3.1.1 The IFB/IFB Item Number can be added to the accountable record by DTID (Relate IFB to DTID Screen, udaz22). Select *MARKETING* from the DAISY menu. Then select *SALES IFB PROCESS*. Finally, select *RELATE IFB TO DTID*. The user enters the DTID and is prompted to supply the IFB data.

C6.4.3.3.1.2 The IFB/IFB Item Number can be added to all DTIDs associated to a given Sales Referral and Sales Referral Item Number by using the Relate IFB to Referral Number Screen, udaz21. Select *MARKETING*, then select *SALES IFB PROCESS*. Finally select *RELATE IFB TO REFERRAL NUMBER SCREEN*. The user enters the Sales Referral Number and Sales Referral Item Number and is prompted to supply the IFB data. This process adds the IFB data to each DTID on the given Sales Referral Item Number.

NOTE: When the user establishes the IFB Number by using Establish IFB Number Screen (udaz20), they are required to provide the Bid Opening Date and Type Sale Code. Therefore, entering this information is not required when the IFB/IFB Item Number is added to the DTIDs.

NOTE: All retail property in OCONUS must be DEMIL Code "A" unless specifically allowed for retail sale.

C6.4.3.3.2. The Relate IFB to DTID Screen (udaz22) can be used to place the IFB data on the DTID record. In the event there are multiple DTIDs assigned to a specific Site/Storage Location (and all are in RSC **A**) the user may assign a Sales Referral Number/Sales Referral Item Number to all DTIDs in that Site/Storage Location using the Site/Storage Location Referral Screen (udaz09). To benefit the user, they can utilize the Relate IFB to Referral Number Screen (udaz21) in order to assign the IFB/IFB Item Number to all DTIDs assigned to the Sales Referral Number/Sales Referral Item Number. This eliminates the need to assign the IFB/IFB Item Number, DTID by DTID, since this action only requires the user to process 2 screens.

NOTE: Local Sales do not require the use of a Usable (DTID) Sales Referral to place the property on a Sales Referral Number/Sales Referral Item Number.

C6.4.4. <u>Referring Property/Scrap</u>

C6.4.4.1. Prior to the End of Screening but no later than 30 days after the completion of screening, DRMOs will refer ”marketable” usable property (non-CV) to the Sales Office for sale.

C6.4.4.2. Scrap property not qualifying for Scrap Venture shall be referred when optimum lot sizes have been reached.

C6.4.4.2.1. Identify each separate pile (accumulation) of scrap with a sign that coincides with the scrap record for that particular pile of scrap, e.g., three different piles of irony aluminum (SCL D1D) that are to be disposed of as three separate sales items which will be identified under three different records such as: D1D-A1-A, D1D-A2-A and D1D-A3-A. When each of these items is referred for sale, the scrap record code is part of the location, e.g., **LOC YARD 1 (D1D A1 A)**. Include this code in the IFB for that item for easy cross-referencing by the posting clerk and all concerned.

C6.4.4.2.2. Optimum Lot Size. The optimum sales lot size is that quantity of a particular scrap item which, when sold, yields the greatest net proceeds/benefits. Each scrap yard should determine the optimum lot sizes for its own scrap generations. Optimum lot sizes vary by scrap grade/classification and location. There may be several optimum lot sizes within a standard grade, especially within the ferrous scrap category (e.g., cast engine blocks, tank tracks, cast steam radiators). Once established, optimum lot sizes should be updated periodically to reflect salable quantities in current markets. Merchandising by optimum lot size results in optimum proceeds and is well worth the effort required. Factors that should be taken into consideration when determining optimum lot sizes include:

C6.4.4.2.2.1 Type of Scrap Received. In view of the low return per ton received from sale of ferrous scrap, a relatively large optimum lot size (e.g., railcar, barge load, shipload) may be required to offset transportation costs. Nonferrous and nonmetallic scrap on the other hand, requires smaller optimum lot sizes (truckload quantities or less) because of its greater relative value.

C6.4.4.2.2.2 Amount of Scrap Received. Large receipts of scrap may warrant larger optimum lot sizes. Conversely, if only small quantities are received during a lengthy period, it is unwise to have a large optimum lot size.

C6.4.4.2.2.3 Amount of Storage Space Available. Although a larger lot size may be optimum in terms of proceeds, a DOD scrap yard may not be able to store that quantity of scrap because of the limited space available (e.g., insufficient covered storage for paper scrap). In this case, a smaller lot size would be the optimum size or term sales may be necessary to keep scrap inventories manageable.

C6.4.4.2.2.4 Type of Loading Facilities Available. If rail or waterway facilities are available, consider lotting scrap in railcar, barge load or even shipload quantities. When considering use of rail or waterway transportation, scrap yard

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managers should check for any applicable load weight limitations, possible obstructions to safe loading, availability/reliability of loading equipment and availability of suitable scales.

C6.4.4.2.2.5 Extent of Contamination or Commingling. It may take larger lot sizes to stimulate an adequate number of bidders when scrap is heavily contaminated or not properly segregated. Conversely, carefully segregated, uncontaminated and accurately identified scrap generates greater buyer interest with smaller lot sizes.

C6.4.4.2.2.6 Presence/Absence of Local Markets. Optimum lot size may be dictated by the availability of a local market. For example, a large lot may be needed to attract distant bidders because of the absence of a local market, but lot size may not be as important in areas of high local demand.

C6.4.4.2.2.7 Market Condition. In periods of low overall demand for scrap, a buyer may not be willing to invest in a large quantity of scrap that he may have to sell later at a loss. In this case, smaller lot sizes may actually bring better proceeds because of the buyer's ability to quickly resell the scrap and maintain minimum inventories.

C6.4.4.2.2.8 Frequency of Sales. This factor, which is heavily dependent on the previous ones, can also have an independent influence on lot size. For example, if a scrap yard has one scrap sale a month, lot sizes may be smaller than if it has a sale only once a quarter.

C6.4.4.2.2.9 Past Sales Experience. This is a crucial factor in determining optimum lot size. DOD scrap personnel must be familiar with their past sale results to determine which size lot yielded the highest net return. However, the market is constantly changing and optimum lot size should not be based solely on past sales history. Furthermore, past sales history can be misleading because of variances between sale items, especially with respect to percentage of contamination, and accuracy of scrap materials identification.

C6.4.4.2.3. Referral for Sale. If scrap is going to be sold on a national sale, refer the property to the National Sales Office. Use the Scrap Sales Referral Screen (udaz10) to update the accountable record by adding the Sales Referral and Sales Referral Item Number.

C6.4.4.3. This includes establishing the referral, grouping the DTIDs into items within the referral, preparing the property description, assigning the appropriate sales terms and conditions, paragraphs, inspection and loading notes and “referring” the sales referral to the sales office for execution of the Invitation for Bids. This process is transacted in the Conversion of Referrals (DNSP) and Local Sales (CORALs), a subsystem in DAISY. Select 4 from the Main Menu. The screens are named ‘DNSP’

and are found in the DAISY Marketing Menu.

C6.4.4.4. The CORALs Users Manual provides useful systems information on the transactions input. It can be found on the DRMS Sales Intranet Home Page.

C6.4.4.5. STEP ONE. Use the DAISY Inquiries Menu to prepare a consolidated inquiry (Select 5 from the Main Menu) to assist in defining items to be referred.

C6.4.4.5.1. Usable Property. Pertinent field data, e.g., location, accumulation, Record Status Code, HM/HW Code, FS, SHC, Reimb Code, DEMIL Code, etc.

C6.4.4.5.2. Scrap. Pertinent field data for a Consolidated Inquiry includes, SCL/SCT Number, weight, Reimb Code, SHC, etc.

C6.4.4.5.3. Print the report from the Reports Menu (Select 6 from the Main Menu). Review the report group the DTIDs into items by Commodity Code. See Section 4, Supplement 2, Sales Enclosure 9 - DNSP Commodity Group Codes. (In some cases where there is not sufficient quantity of one group, property may be referred with several groups in one referral.)

C6.4.4.6. STEP TWO. Establish the Referral Number in 4.1.1. (This is also the screen used to establish the accumulation.)

C6.4.4.7. STEP THREE. Assign the DTIDs to Item Numbers within the referral in DAISY 4.1.2, the SCL/T Numbers in 4.1.3. and the site/storage location in 4.1.3.

C6.4.4.8. STEP FOUR. In 4.2., establish or change the item descriptions within the referral number. This process requires the merchandising specialist to develop the item description, assign packing notes, description notes, inspection notes, loading notes, comments to the Sales Office (this information does NOT get pulled into the IFB), catalog codes For a list of catalog codes, see DNSP Catalog Codes. To view the text of all the articles in DNSP, see Articles Text, Part 1, Part 2 and Part 3.

C6.4.4.9. STEP FIVE. Refer the Sales Referral to the Sales Office using 4.2.5.

C6.4.4.10. STEP SIX. In the screen 4.2.6, input information that will send a complete referral to Access Reports. Print the Access Report by Selecting 6 from the Main Menu.

C6.4.5. Hazardous Property Sales Referral Certification (DRMS Form 1920)

C6.4.5.1. Each sales referral of hazardous property must reflect that a completed and signed certification is in file. In addition, *"not applicable"* is not an acceptable comment. Hazardous material referrals must indicate whether DD Form

1348-1A contains certification that packaging of property either meets or exceeds packaging requirements. Referral must so reflect if certification states packaging is substandard to DOT specification, or if no certification is on DD Form 1348-1A. Accomplish this as a "Note" under each item description on sale referral. (Example: ***"NOTE: The DD Form 1348-1A reflects that the containers are substandard to DOT packaging requirements."***)

C6.4.6. DEMIL Property Sales Referrals

C6.4.6.1. Property to be sold with DEMIL as a condition of sale or critical FSG/FSC items and FSCAP items to be sold with mutilation as a condition of sale.

C6.4.6.2. DRMOs will e-mail or fax a DEMIL Surveillance Plan to offer this property for sale with DEMIL or mutilation to be preformed as a condition of sale to DRMS-BCD for approval. Request will include NSN, nomenclature, quantity, DEMIL Code, DEMIL or mutilation instructions and where DEMIL or mutilation is proposed to be performed (DRMO or off-site). DRMS-BCD will coordinate with DEMIL Center to determine best method of DEMIL or mutilation performance, either by DEMIL Center or as a condition of sale-in-place at the DRMO. The fax number is DSN 661-5524.

C6.4.6.2.1. Include the following in sales referral when demilitarization is to be accomplished as a condition of sale:

C6.4.6.2.1.1 Noun

C6.4.6.2.1.2 NSN, if applicable

C6.4.6.2.1.3 Manufacturer and manufacturer's part number, if available

C6.4.6.2.1.4 Serial numbers, if applicable

C6.4.6.2.1.5 Quantity (include weight of demilitarized residue to be released to the sales contractor)

C6.4.6.2.1.6 Unit of issue

C6.4.6.2.1.7 Method and degree of required demilitarization. Include the following prohibition: *"The use of precision cutting torch fixtures, precision cutting saws, or precision tool of any kind to minimize mutilation is forbidden".*

C6.4.6.2.2. This Surveillance Plan must be approved prior to cataloging material for sale

C6.4.6.2.3. See Section 4, Supplement 2, Sales Enclosure 10 - DEMIL Sales Referral Checklist for guidance regarding evaluating a DEMIL sales referral.

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C6.4.7. General Guidelines For National Sales Property Descriptions

C6.4.7.1. DRMOs are responsible for writing property descriptions. Prepare descriptions from physical inspection of property and any other relevant data. Descriptions should be complete, clear, accurate, and convey a mental picture of property. Use best available descriptive information, including NSNs, part numbers (P/Ns), and DEMIL codes to describe items.

C6.4.7.2. Estimated weights, packaging and shipping information and suggested uses can also be valuable to potential bidders. Other data not contained in sample descriptions may be added; however, omit extraneous information that will not enhance property descriptions or proceeds. Descriptions contained in IFBs are often the only basis used by a potential bidder determining the extent of their interest in property offered for sale.

C6.4.7.2.1. Qualifying Terms. When appropriate in descriptions, use qualifying terms such as those listed below:

Figure 15 - Qualifying Terms for Use in IFBs

Qualifying Term:	Term Use Directive:
"Consisting of"	Use this term when offering a single homogeneous grouping of property. Property will normally be offered as an itemized lot.
"Including"	Use this term only where a large variety of property is being offered as a single sales line item. Offerings of this type are normally offered as a narrative lot.
"Residue"	Use this term only to describe the remainder of a system or item after parts and/or components have been removed. Keep the use of this term to a minimum.
"Parts Missing"	Use this term only to indicate major items that are missing. Carefully inspect property, review maintenance records and turn-in documents, and note all damaged and missing major parts. In the case of vehicles for example, transmissions, axles and generators are considered major parts. Spare tires will not be listed as missing when they are not available; however, when they are available, the description should so indicate.
"Repairs Required"	Since property is not always repairable, property descriptions should state the condition as used or unused, followed by a second classification of poor, fair, good or excellent. ***NOTE:*** Do not use this term as it infers that the item is repairable.
"Packed"	Use this term when the item is in a carton, container, box or crate, and ready for a commercial carrier if properly labeled.
"Unpacked"	Use this term when the item is in a carton, container, box, crate, or skidded but is not suitable for transporting by commercial carrier without additional packing.
"Loose"	Use this term when the item is not in any type of bag, carton, container, crate or box, or if the item is lying on a pallet or by itself. ***NOTE:*** The terms "packed," "unpacked" and "loose" or in any combination can be used in a single description if appropriate to describe packaging information.
"Parts/Components"	The term "part" or "component" includes the individual pieces comprising a larger item.

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C6.4.7.2.2. *"Same Description As"*: Property offered on a "same description as" basis will be the same as referenced item in all material respects, including condition code, make, manufacturer's part or model number, packaging or quantity. When condition code, make, manufacturer's part or model number, packaging or quantity varies from referenced item but the identical description otherwise applies, use phrase *"same description except"*. When special circumstance conditions are included in referenced item, use phrase *"same description and contract provisions as"*. The above procedure is applicable to property in either used or unused condition.

C6.4.7.2.3. *"Same Contract Provisions As"*: In some instances, such as offering small arms brass, special contract provisions become so extensive that they cover almost half a page of sales catalog space. When additional items use the same special contract provisions, type applicable articles on the first item in the sale. From then on, use *"Same Contract Provisions As Item,"* for remaining items in the sale which have the exact same articles.

C6.4.7.2.4. Parcel Post Shipment. Items not exceeding 40 pounds or 84 inches combined (length and girth) may be shipped by parcel post. Offer this service in all 50 states and all territories and possessions of the United States where feasible.

C6.4.7.2.5. Identify Basic Material Content. When relevant, identify/describe basic material content, especially when it is nonferrous, high-temperature, or precious metal.

C6.4.7.2.6. Minimum Acceptable Price. When precious metals bearing property is offered for sale, include minimum acceptable price provision in property description.

C6.4.7.2.7. Accurate Weight Item Description. Include accurate weight in item description. (Scrap should be weighed upon turning to provide accurate weight) Provide estimated weight only when unable to obtain actual weight.

C6.4.7.2.8. Special Conditions of Sale. List any articles or special conditions of sale pertaining to property after property description.

C6.4.8. <u>Specific Guidelines For National Sales Property Descriptions</u>

C6.4.8.1. When DRMOs prepare property descriptions, include all relevant information and comply with the following specific guidance:

C6.4.8.1.1. Federal Supply Catalog Descriptions. Use Federal Supply Catalog descriptions, as well as descriptions developed for reutilization screening purposes, as a basic source of information in describing property for sale. Supplement these guides with more specific factual data, such as DEMIL code, year, model, vehicle identification number, part number, applicability, dimensions, composition, voltage,

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cycle, RPM, quantity or weight, and unit of measure, e.g., pound, kilogram, liter, each, etc., which will be obtained through physical inspection. When known, include shelf-life expiration dates and, when relevant, (With the exception of DEMIL Code and Shelf-life for Hazardous), provide basic material content.

C6.4.8.1.2. Definite Quantities. State definite quantities when quantity is known or can be ascertained by actual count or weighing. Otherwise, state estimated quantities, both of weight and number, based on the best available information. Adjustments for variations in quantity or weight listed in IFB are limited to:

C6.4.8.1.2.1 Term sales - fifty percent variation over or under

C6.4.8.1.2.2 Property offered by weight - twenty-five percent variation over and under

C6.4.8.1.2.3 Property offered by each, pair, etc., will not exceed ten percent over or under

C6.4.8.1.3. True Property Condition. It is extremely important to provide the most accurate a statement of the true property condition. Property condition is a matter of interpretation based on technical knowledge and best judgment of sales writer. Describe property as “unused” rather than “new.” The word “new” implies property is in the same condition as it was when received from manufacturer. This might induce a prospective buyer to bid without advance inspection. Due to age or deterioration in storage, property may be in much less desirable condition than “new” would indicate. Although “unused” is the proper word for describing property never used, it alone does not constitute an adequate description and must be supplemented by a qualifying statement of condition. Examples of qualifying statements for unused property are “unused, excellent;” “unused, good;” “unused, fair;” and “unused, poor.” Appropriate qualifying statements for used property are “used, good;” “used, fair;” and “used, poor.”

C6.4.8.1.4. Uncommon-Highly Technical Property. Written descriptions of uncommon or highly technical property should be supplemented by photographs or drawings. To describe size of property, indicate actual dimensions or display it beside a ruler or other item to clearly portray size. Normally, illustrations are not required for common standard commercial specifications of property such as nuts, bolts, screws or other common items. NSN/LSN Identification. MLI/CCLI sales referrals must identify one of the following:

C6.4.8.1.4.1 A NSN

C6.4.8.1.4.2 A FSC, valid part number and manufacturer’s name, nomenclature which accurately describes item, end item application, and applicable DEMIL code, if item meets criteria contained in DRMS-I 4160.14, Section 2, Chapter 4, Demil Program, Para C4.4, Demil Certification.

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C6.4.8.1.4.3 LSNs not meeting criteria in the preceding paragraph must have an extended description with as much of the information contained in the preceding paragraph as available, to enable validation of assigned DEMIL code.

C6.4.8.1.5. Accomplishment of DEMIL requires DRMO DEMIL Coordinators identify general/specific DEMIL instructions, terms, conditions as a part of sales referral. Requirements must be written in a clear, concise manner ensuring DEMIL requirements are clearly communicated to bidder. Whenever possible, these requirements should be accompanied by illustrations/pictures depicting specific cut marks. This will ensure bidder has a clear understanding of DEMIL requirement and is able to consider these requirements when submitting their bid. Certifier/verifier can then ensure DEMIL performance of purchaser is consistent with DEMIL requirements in IFB sales terms and conditions.

C6.4.9. Sales Terms And Conditions

C6.4.9.1. General. DRMS-BB approval is required for any deviations or changes to these conditions. Requirements for additional conditions must be coordinated with DRMS-BB. In sales of foreign excess property, the conditions may be modified according to situations that peculiar to overseas after coordination with assigned counsel.

C6.4.9.2. General Sale Terms and Conditions. Use General Sale Terms and Conditions, Standard Form 114C, and Continuation of General Sale Terms and Conditions, DRMS Form 84, as prescribed in the Sale by Reference (SBR) pamphlet, Part 2, in sale of all surplus and foreign excess property (except by the retail sale method).

C6.4.9.3. Special Conditions. In addition to General Sale Terms and Conditions, the following are prescribed for use in IFBs:

C6.4.9.3.1. Special Sealed Bid Conditions, Standard Form 114C-1, to be used in Sealed Bid sales, except term sales. (Sale by Reference, Part 3)

C6.4.9.3.2. Special Sealed Bid-Term Conditions, Standard Form 114C-2, to be used in Sealed Bid-Term sales. (Sale by Reference, Part 4)

C6.4.9.3.3. Additional Special Circumstance Conditions, DRMS Forms 86 and 94, to be used in all sales as appropriate. (Sale by Reference, Parts 5 and 8)

C6.4.9.3.4. Special Circumstances Conditions, DRMS Form 95 and 98 to be used in specific sealed bid sales as appropriate (Sale By Reference, Parts 6 and 7).

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C6.4.10. Special Conditions Of Sale

C6.4.10.1. Special Conditions of Sale to be used as appropriate in sales catalogs is noted below. Overseas Sales Offices may modify or supplement these conditions when necessary, with approval of assigned counsel.

ARTICLE ___: ALL-OR-NONE LINE ITEM BID PRICE: Applies to item(s) _____. Notwithstanding any other provisions of this Invitation for Bids to the contrary, bidders are required to submit a bid based on percentage of the market identified in Article entitled "BID PRICE DETERMINATION," reject each item in any All-or-None Bid which does not contain individual line item prices, as non-responsive.

ARTICLE B42: ASBESTOS REMOVAL: Whenever regulated asbestos-containing material (RACM) is stripped, removed, renovated, demolished, or otherwise handled or disturbed, purchaser agrees to have an on-site representative (such as a foreman or management level person) trained in OSHA and Asbestos National Emissions Standard for Hazardous Pollutants (NESHAP) demolition and renovation provisions, and means of complying with them, present during duration of the work performance. Evidence the required training was completed must be posted at demolition or renovation site and made available for inspection by the Environmental Protection Agency (EPA) or the delegated agency according to 40 CFR Part 61, effective 20 November 1991. OSHA, state and/or local regulations governing asbestos-containing material also apply.

ARTICLE ___: BID PRICE DETERMINATION. (Term sales tied to a Market.) The publication listed below will be used as a basis for determining bid price for each item to be included in monthly billing statement. Billing price will be based on highest quotation published for each item as indicated. Apply market(s) listed below as quoted in the (publication) for (week and day) of each month which deliveries are made as follows:

Item no(s) (regional market) (commodity grade)

In the event a zero market price, negative market price, or no market price is published as specified above, use last positive market price quoted in the publication.

ARTICLE B15: PRE-PAYMENT AND PAYMENTS ON TERM CONTRACTS.

For each line item awarded, a pre-payment of 20% of the total price estimated for 1 year's generation is required and must be made prior to or at the time of first removal. No property will be released to purchaser or their duly authorized agent before pre-payment is received by SCO. Pre-payment submitted by purchaser will be retained by the Government and applied against last delivery affected under contract.

All payments including storage charges, liquidated damages and interest must be in U.S. currency. Acceptable payments may be made by cash; cashier's, certified, or traveler's checks; bank draft, money order or credit card (American Express, MasterCard, Visa and Discover Card only). When a credit card is used, bidder must provide: credit card number, name as printed on the credit card and expiration date. If more than one credit card is used, bidder must identify the exact monetary amount to be applied against credit card. Bidders who accompanies payment by a letter of credit or have an approved bid bond (SF 150 or SF 151) on file may make their payments by uncertified personal or company check, but only up to an amount equal to the penal sum of their bond or the amount of their letter of credit.

If for any reason, a bidder's personal or company check is not honored for payment by the payee bank upon initial presentation for payment; or if a credit card is declined for payment by the processing bank, after notifying the bidder the Government may require all future payments be made by cash, cashier's check, certified check, traveler's check, bank draft or money order.

ARTICLE B17: BID AND PRE-PAYMENT EVALUATION. (Term sales tied to a Market.) As a basis for evaluating bid and computing pre-payment on this sale, use the following market prices:

ITEM NO. (s) DESCRIPTION MKT PRICE: (the item number, description and monthly updated cost will be listed in this area) The prepayment will be computed by applying the percentage bid by above stated market price, multiplied by a 1-year generation, multiplied by 20%. EXAMPLE: If amount of bid per pound for an item is 50% of market price and annual generation is 10,000 pounds.

SAMPLE PRE-PAYMENT COMPUTATION WITH MARKET PRICE OF $.05 PER (NET TON/GROSS TON/LB) AND WITH A 1-YEAR GENERATION OF 10,000 (NET TON/GROSS TON/LB).

MARKET PRICE PER POUND	$0.05
PERCENT OF MARKET PRICE BID	50%
BID PRICE	$0.025
ANNUAL GENERATION	10,000 LB
PRICE FOR 1-YEAR GENERATION	$250.00
REQUIRED PRE-PAYMENT (20% OF 1 YEAR)	$50.00

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ARTICLE 18: FULL PAYMENTS ON CONTRACTS.

Full payment of total estimated quantity for term of contract is required and must be made prior to time of first removal. No property will be released to purchaser or their duly authorized agent before full payment has been received by SCO. This item is being offered by lot and no adjustment for variation in estimated quantity will be made.

All payments including those for storage charges, liquidated damages and interest must be in U.S. currency. Acceptable payments may be made by cash, cashier's check, certified check, traveler's check, bank draft, money order or credit card (American Express, MasterCard, Visa and Discover Card only). When a credit card is used as payment the credit card number, the name as printed on the credit card and the expiration date must be provided. If more than one credit card is used, the bidder must identify the exact monetary amount to be applied against credit card. Bidders whose payment is accompanied by a letter of credit or who have a file on approved bid bond (SF 150 or SF 151) may make their payments by uncertified personal or company checks, but only up to an amount equal to the penal sum of their bond or the amount of their letter of credit.

If for any reason, a bidder's personal or company check is not honored for payment by the payer bank upon initial presentation for payment, or if a credit card is declined for payment by the processing bank, the Government may after notifying the bidder, require the bidder to make all future payments by cash, cashier's check, certified check, traveler's check, bank draft or money order.

ARTICLE ___: CERTIFICATION FOR RADIUM: The Purchaser certifies that he will comply with all Federal, state and local laws, ordinances, and regulations with respect to the care, handling, storage and shipment, resale, export, and other use of the radium herein purchased and that he is a user, manufacturer, processor of, or dealer in such materials, and is capable of complying with all applicable Federal, state, and local laws. Reject bids from individuals or firms not possessing the experience, organization, and technical qualifications to re-encapsulate and handle material of the nature offered (either through its own facilities or the facilities of another individual or firm).

ARTICLE B32: CLEANUP: All debris resulting from removal of material must be cleaned up by the contractor to the satisfaction of the custodian.

ARTICLE HF: COMPRESSED GAS CYLINDERS: Purchasers are warned that this material may contain constituents of an explosive or toxic nature regardless of the care exercised by the Government to remove them or render the material harmless. No cylinder(s) obtained from the Government will be reused by the Purchaser for transportation of compressed gases unless it meets the requirements of the hazardous materials regulation in Section 913.34, Title 49, Code of Federal Regulations and the serviceability criteria of the Compressed Gas Association Pamphlet C-6.

ARTICLE ___: CONDEMNED FOODSTUFFS (UNFIT FOR HUMAN CONSUMPTION): The condemned foodstuffs listed in item(s) _____ have been or will be denatured prior to delivery in order to render them entirely unfit for human consumption. The purchaser represents warrants and certifies to the United States Government that the materials will not be used, offered for sale or sold for human consumption.

ARTICLE B06B: CONTAINERS AND CONVEYANCES: The Government furnishes containers for storing food waste at collecting points. Such containers will not be removed by the purchaser. The purchaser shall furnish suitable conveyance and containers for removing food waste from collecting points. Purchaser's conveyances and containers shall be kept clean and in good repair. Leakage and scattering of food waste on roads or areas within the military installation will be immediately cleaned up by the purchaser.

ARTICLE B08: DEMILITARIZATION: Property requiring demilitarization will be demilitarized by the purchaser. All costs incident thereto shall be the sole responsibility of the purchaser. DEMIL will be effected by melting, popping, crushing, deforming or otherwise mutilating the property so as to completely destroy its lethal purposes. The use of precision torch fixtures, saws, tools of any kind to minimize mutilation/demilitarization is forbidden. Do not pass title of the property to the purchaser until demilitarization has been completed.

ARTICLE KV: DEMILITARIZATION TIMEFRAME FOR PROPERTY OFF GOVERNMENT PREMISES: Applies to item(s) _____. Purchaser shall commence demilitarization immediately upon off loading the property at the demilitarization site and will complete demilitarization as follows:

ITEM ___ - ___ WORKDAYS

ARTICLE P: DEMILITARIZATION TIMEFRAME FOR PROPERTY ON GOVERNMENT PREMISES: Applies to item(s) _____. Purchaser shall complete demilitarization within the timeframe allowed for removal of property as follows:

ITEM ___ - ___ WORKDAYS

NOTE: This article is to be used when demilitarization is to be accomplished on Government premises, but not the DRMO, and will require travel by surveillance personnel.

ARTICLE SD: DEMURRAGE AND OTHER STANDBY COSTS: Where it is provided in the Invitation for Bids that the Government will load, it is agreed and understood that the Government will not be liable for any costs, direct or indirect, which may be incurred by a purchaser as a result of the Government's failure to load property in a timely manner. The sole and exclusive remedy for such a failure shall be an appropriate extension of the free removal period.

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ARTICLE B10: DISMANTLING AND REMOVAL:

Purchaser agrees to furnish all labor, materials, and equipment necessary to dismantle and remove property at no cost to the Government.

Purchaser must drain or pump residual fuel from fuel tanks into drums that will be provided by the Government. Fuel tanks must then be removed from vehicles prior to mutilation. The fuel and drums are not included in the sale.

Purchaser must drain lubricants/fluids from engines, transmissions, and radiators and place all drained material into containers specified by the Government. The drained fluids and containers are not included in the sale.

Purchaser is required to keep all fuels, lubricants and radiator antifreeze fluids segregated from each other. Purchaser must exercise care when removing any fluids from the vehicle to prevent leakage or spillage. If any fluids are spilled, the purchaser is responsible for clean up of the spill area to the satisfaction of the installation Environmental Office. If the purchaser is not able to perform the required clean up, the purchaser agrees to reimburse the Government for all costs associated with that clean up. Regardless as to whom effects the clean up, purchaser further agrees to reimburse the Government for all costs that are associated with its disposing of the resultant residue and debris.

ARTICLE AA: EQUAL OPPORTUNITY:

The following clause is applicable unless the contract is exempt under the rules, regulations, and relevant orders of the Secretary of Labor (41 CFR, ch. 60). Exemptions include contracts and subcontracts (i) not exceeding $10,000 and (ii) where no appreciable amount of work is to be done by the contractor.

During the performance of this contract, the contractor agrees as follows:

The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency Contracting Officer, advising the labor union or workers' representative of the

contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended, in whole or in part, and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor or as otherwise provided by law.

The contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

ARTICLE ___: EVALUATION OF BIDS FOR DEMILITARIZATION ON OTHER THAN GOVERNMENT PREMISES: In evaluating bids and making awards on Item(s) _____, the Contracting Officer will consider all factors involved in providing surveillance and inspection of the required demilitarization, including the cost thereof to the U.S. Government, when such demilitarization is to be performed at a location other than a U.S. military installation. Consideration of cost will include, for each bid received, cost of necessary travel and administrative support of surveillance and inspection personnel for the time required to complete the prescribed demilitarization, including removal, transportation to designated demilitarization or storage sites, demilitarization operations, and disposal of residual powders, if any. Awards will be made on the basis of greatest overall advantage to the U.S. Government, after evaluation of each bid and the costs and other factors associated therewith.

ARTICLE ___: EXCHANGE OF STORAGE AIDS: Applies to Item(s) _____. Purchaser may exchange (describe storage aid) in/on which the property is stored with (description) in like condition. Final determination as to acceptability of the storage aids offered in exchange for those in/on which the property is stored will be made by the Reutilization and Marketing Officer or his designated representative without right of appeal.

ARTICLE ___: EXPLOSIVE AND PROPELLANT POWDER, PELLETS, AMMUNITION AND COMPONENTS THEREOF.

Any bid for any of the items included in this Invitation for Bid will be rejected unless the bidder signs the following certification which appears on the Item Bid Page as follows:

Figure 16- Certification Statement for Item Bid page - Invitation for Bid

It is hereby certified that the purchaser will comply with all applicable Federal, State and Local laws, ordinances and regulations with respect to the care, handling, storage and shipment, resale, export and other use of the materials, hereby purchased and that he is a user of, or dealer in, said materials capable of complying with all applicable Federal, State and Local laws. This certification is made in accordance with and subject to the penalties of Title 18, Section 1001, the United States Code, Crimes and Criminal Procedures.

The above Certification includes but is not limited to the requirement of the Gun Control Act of 1968 Public Law 90-618.

No award will be made and no sale will be consummated pursuant to this Invitation For Bid, until after the SCO affirmatively determines that the bidder can comply with the above certification.

All markings on explosive containers must be left intact and not removed or obliterated, until the explosives are used, reprocessed or repackaged.

ARTICLE KZ: FAILURE TO COMPLETE DEMILITARIZATION BY THE TIME SPECIFIED: Applies to Item(s) _____. Failure to complete demilitarization by the time specified will be cause for the Government to assess liquidated damages at the rate of $_____ per day per person, for each person assigned by the U.S. Government to survey the demilitarization for each calendar day the purchaser fails to complete demilitarization.

ARTICLE: FAILURE TO MUTILATE. (Applicable to M151 Vehicles): If the purchaser fails to mutilate the property being sold herein according to the terms of this contract, such failure shall be deemed failure to remove according to Sale By Reference, Part 2, Condition No. 8.

ARTICLE B43: HAZARDOUS COMPONENTS/CONSTITUENTS: Applies to item(s) _____. The Government cautions that the subject item(s) have or may have one or more components, parts, constituents or ingredients that may be corrosive, reactive, and ignitable or exhibit other hazardous or toxic properties. The purchaser is cautioned to use and ultimately dispose of any hazardous components or constituents according to all applicable local or National laws and regulations in a manner safe for the public and the environment.

ARTICLE LD: HAZARDOUS PROPERTY: Applies to Item(s) _____. The Government cautions that the subject item, material or substances, or one or more components, parts, constituents or ingredients thereof may be corrosive, reactive, and ignitable or exhibit other hazardous or toxic properties. The Government assumes no liability for any damage to the property of the purchaser, to the property of any person, or to public property, or for any personal injury, illness, disability or death to the purchaser, purchaser's employees, any other person subject to purchaser's control or any other person including members of the general public, or for any other consequential damages arising from or incident to the purchase, use, processing, disposition, or any subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance. The purchaser agrees to hold harmless and indemnify the Government for any and all costs and expenses incurred incident to any claim, suit, demand, judgment, action, debt, liability costs and attorney's fees or any other request for money or any other type of relief arising from or incident to the purchase, use, processing, disposition, subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance, whether intentional or accidental.

ARTICLE ___: HAZARDOUS PROPERTY: Applies to Item(s)___. Purchaser is cautioned that subject item contains articles or substances, components, parts, constituents or ingredients of a hazardous nature. The Government assumes no liability for damages to the property of the purchaser or for personal injuries, illness, disabilities or death to the purchaser, purchaser's employees, any other person subject to purchaser's control or any other person, including members of the general public, arising from or incident to the purchase, use, processing, disposition or any subsequent operation performed upon, contact with, or exposure to these articles, substances, or any component, part, constituent or ingredient thereof, provided such is caused or contributed to in any manner by the purchaser, its agents and/or employees, or any person subject to the purchaser's control. The purchaser agrees to hold the Government harmless from any and all claims, demands, for any actions, debts, liabilities, judgments, costs and attorney's fees arising from or incident to the purchase, use, processing, disposition, or any subsequent operation performed upon, contact with or exposure to these articles, substances, or any component, part, constituent or ingredient thereof, provided such actions, debts, liabilities, judgments, costs and attorney's fees are caused by or contributed to in any manner by the purchaser.

ARTICLE ___: HAZARDOUS WASTE FUELS: This item is subject to EPA Hazardous Waste Fuels Regulations, 40 CFR Part 266, Subpart H. These regulations detail the responsibilities of generators, transporters and burners of hazardous waste fuels. Civil and criminal penalties are available for noncompliance; however, as a minimum this item must be manifested with a transporter having an EPA identification number for movement to a facility that has advised EPA of its hazardous waste fuel activities and have an EPA identification number. Purchaser must provide and complete all required manifest documents prior to each hazardous waste fuel removal. The bidder must sign the certification of intended end-use on the item bid page.

ARTICLE B27: HOLD HARMLESS CONDITION: The purchaser shall hold and save the Government and its personnel free and harmless from liability of any nature or kind occasioned by operations of the purchaser on Government premises.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

ARTICLE HG: HYDROSTATIC TESTING: Hydrostatic testing of each cylinder shall be performed by the Purchaser as prescribed by Method 1, 2, or 3 described in *"Methods for Hydrostatic Testing of Compressed Gas Cylinders"*, Publication C-1, Compressed Gas Association, Inc., 1725 Jefferson Davis Highway, Suite 1004, Arlington, VA 22202-4102.

ARTICLE KC: ILLICIT ACTS: During the performance of the contract awarded, the purchaser agrees to assume full responsibility for any illicit act committed by his assigned agents and/or employees while such personnel are within the confines of the U.S. military installation or any area involved in the performance of such contract. For the purpose of this condition of sale, illicit acts include, but are not limited to, commission of fraud, theft, bribery, receiving stolen property, and any other alleged offense not specifically indicated. Therefore, the purchaser agrees to ensure complete supervision over such personnel who are engaged in the performance of any contract awarded. Violation of above requirement by the purchaser and/or agents may result in temporary suspension or permanent debarment of the contractor.

ARTICLE ___: IMPORT CERTIFICATE/DELIVERY VERIFICATION. (AZORES): The purchaser shall provide the SCO, within 90 (ninety) days after removal of the property, certified customs documentation of the arrival of the property at the approved destination and delivery of it to the approved consignee.

ARTICLE ___: INCENTIVE FOR EARLY REMOVAL. (VESSELS): At the time of award, the (identity of ship) will be docked at a pier that requires reimbursement to be made by the U.S. Navy. To maintain this ship at this facility, the Navy will incur additional expenses. These expenses will either be $_____ per day if the ship is moved to a commercial facility or $_____ per day if at an independent industrially funded Naval facility. To encourage the purchaser to help minimize these costs, the Government will share the direct savings resulting from early removal of the ship prior to the date called for by the Time for Removal provision, Page No. ___ of the Invitation for Bids or as reflected on the Notice of Award, DRMS Form 1427. Accordingly, the Government will make a refund to the purchaser $_____ per day if the ship is placed in a commercial facility (or $_____ per day if placed in a Naval facility) for each calendar day the Government does not incur these expenses due to the purchaser's early removal of the ship. This incentive is applicable during the free removal period only.

ARTICLE LK: INCREMENT BIDS: Notwithstanding any other provision of this Invitation, Increment Bids are acceptable as to Item(s) _____ and bids may be submitted in minimum quantities listed in the item description. Award will be made to the highest responsive and responsible bidders in succession until the entire quantity offered has been awarded. The Government reserves the right to award an amount less than the quantity bid (unless the bidder specifies otherwise) if the full quantity bid for is not available when the bid is reached because of previous awards to a high bidder. The Government reserves the right to make award in response to any bid received for the entire quantity on an all-or-none basis in the event that such bid is equal to or in excess of the total highest acceptable individual bids received on amounts less than the entire quantity.

ARTICLE LM: INSPECTION OF CONTRACT PERFORMANCE: All work shall be performed in a good and workmanlike manner and subject to such inspection by the Government as it deems necessary to ensure strict compliance with the terms of the contract. No inspector is authorized to change any provisions of the contract without written authorization of the Contracting Officer, nor will the presence or absence of an inspector relieve the purchaser from the performance of any requirements of the contract.

ARTICLE B12: INTENDED END-USE. (Used Oil): This item is subject to EPA regulations published at 40 CFR, Part 279. The purchaser is cautioned that he is solely responsible to ascertain the extent to which these regulations affect him and comply therewith. At a minimum, the purchaser must provide their factory and transporter EPA identification number on the statement of intent. In addition, this property must be transported by a transporter that has notified EPA of its used oil activities and must be properly invoiced to a destination that has notified EPA of its locations and used oil management practices as prescribed at 40 CFR Part 279.42 and 279.51. The bidder must also sign the certification of intended end-use on the item bid page.

ARTICLE LN: KITCHEN STOVES: Applies to Item(s) _____. The purchaser represents, warrants and certifies to the U.S. Government that in the event of sale or resale of this property he shall ensure that the warning statement which is affixed to the unit regarding its design features and reuse will not be removed prior to sale to an ultimate user; the purchaser warrants and covenants that he shall include this clause in its entirety in any later sale or transfer of title, unless he modifies, replaces or repairs the stoves to remove or eliminate the hazard.

ARTICLE LO: LARGE CALIBER (OVER 30 MM) SHELL CASES: The sale of the items is entered into by the United States with the expressed declaration that the United States awards the items to the purchaser relying on the following representations, warranties and covenants by the purchaser. The purchaser herein certifies that he is not purchasing any of the items for military use; the purchaser warrants and covenants that he shall not, directly or indirectly use or dispose of in any fashion the items for military use; the purchaser warrants and covenants that he will include this clause in its entirety in any later sale or transfer of title, or possession by the purchaser herein or his successor in title or interest; the purchaser warrants and covenants that the items will not be exported for military use, and if exported for any reason a full disclosure of their origin by reference to this IFB number will be made to the appropriate export licensing department or agency.

ARTICLE LR: LIQUIDATED DAMAGES FOR DELAY IN PERFORMANCE: Applies to item(s) _____. In the event the purchaser fails to complete performance of all contractual obligations with respect to removal of the property and returning any work site designated in the contract to the control of the Government according to the terms of the contract, then the Government without further notice will be entitled to assess and collect as liquidated damages the sum of $_____ for each item for each day's delay in completion of such contractual obligations, excluding Saturdays, Sundays, Federal/National holidays, or any day that the installation at which the property is located is closed. In no event, however, will such liquidated damages exceed 20 percent of the original contract price of the property purchased under the terms of the contract.

ARTICLE LS: LOADING AND TRANSPORTATION:

(Applies to item(s) _____.)

The purchaser shall transport the material in a sealed, closed conveyance. Loading will be under the supervision of a U.S. Government representative or the responsible official at the property location. Each conveyance will be sealed either by the Government representative or the appropriate customs office prior to release. The purchaser shall coordinate transportation of the property with the sales contracting officer to ensure that a U.S. Government representative is at the demilitarization site upon arrival of the conveyance.

The seals on each conveyance will be broken by or in the presence of the U.S. Government representative, who will inventory the contents and monitor its unloading.

(Applies to item(s) _____.)

Loading will be under the supervision of a U.S. Government representative or the responsible official at the property location. Each conveyance will be accompanied by a list comprising SERIAL NUMBERS or a document reflecting the quantity of each release. The Purchaser will coordinate transportation of the property with the SCO to ensure that a U.S. Government representative is at the demilitarization/mutilation site when purchased items are ready for demilitarization.

Property may be unloaded at the demilitarization site, but no demilitarization will begin until arrival of the U.S. Government representative who will verify the SERIAL NUMBERS listing, or the quantities released, and surveil the demilitarization.

ARTICLE PA: MAILGRAMS, TELEGRAPHIC, ELECTRONIC MAIL AND FACSIMILE BIDS. Notwithstanding the provisions of Condition 3, General Sale Terms and Conditions (Standard Form 114C), telegraphic, (unless otherwise provided in the invitation, telegraphic bids will not be considered) electronic mail (Internet) and facsimile bids or bids submitted by mailgrams are acceptable under this Invitation for Bid. By submitting a telegraphic, electronic mail, facsimile or mailgram bid, the bidder agrees to be bound by all terms, conditions and provisions of this Invitation for Bid. Bidders are cautioned that all such bids must be in the possession of the SCO at the time set for bid opening, and must be supported by an adequate bid deposit in accordance with the provisions of Article E, Part 3, entitled "Bid Deposits and Payments", in the Sale By Reference Pamphlet dated March 1994.

NOTE: For Term Sales, substitute ARTICLE ___: BID DEPOSITS AND PAYMENTS - (MINI-MAX TERM or TERM, whichever is applicable).

ARTICLE LW: MINIMUM ACCEPTABLE PRICES:

No later than 10 a.m. local time on the day before the bid opening, the Government will establish Minimum Acceptable Prices for the items identified below. These prices will be based on the Government's best estimate as to the net value to the Government of the gold and/or silver and/or platinum contained in each item. The price for silver (Handy & Harmon base price) and/or gold (Handy & Harmon base price) and/or the price for platinum as reported in the Cash Prices column of the Wall Street Journal in the last issue published prior to the bid opening date will be used to calculate such Minimum Acceptable Prices. Interested bidders may obtain the Minimum Acceptable Prices from the sales contracting officer any time subsequent to 10 a.m. on the day before bid opening. Bidders may also calculate such prices by multiplying the troy ounce quantities below times the price of gold (Handy & Harmon base price) and/or silver (Handy & Harmon base price) and/or the price for platinum as reported in the Wall Street Journal in the last issue published prior to bid opening date. Subtract Estimated Cost of Recovery/Refining/Man-hour Cost to Sort from the sum of these products to arrive at the Minimum Acceptable Price.

Item No.	*Est. Cost Gold Recovery in Troy Ounces	*Est. Gross Silver Recovery in Troy Ounces	*Est. Gross Platinum Recovery in Troy Ounces	*Est. Gross Of Recovery/ Refining/Man-hour Cost to Sort

The Minimum Acceptable Prices, calculated as above, will be used in the bid evaluation process. No bid below the calculated Minimum Acceptable Price will be considered for award. A bidder may bid a fixed amount over the Minimum Acceptable Price and such bid will be evaluated accordingly.

*The quantity of recoverable precious metals content and the cost of recovery/refining/Man-hour Cost to Sort are estimates and are not guaranteed and will not serve as a basis for return of the property or an adjustment in the contract price pursuant to Sale By Reference, Part 2, Condition 32, Guaranteed Descriptions.

ARTICLE LY: MUTILATION (M151 VEHICLES): Item(s) _____.is (are) required to be mutilated in the manner and to the degree set forth below:

Mutilation of the unitized body including the drive shaft and front and rear suspension systems, will be effected beyond the possibility of restoration for its original intended use by crushing (as with a crawler type vehicle), shredding, or baling on government premises.

ARTICLE MD: PARTIAL REMOVAL: If the purchaser effects partial removal of Item No. _____ and fails to remove the remainder of the item within the specified time for removal, a Notice of Default will be furnished the purchaser according to Condition No. 9 of the General Sale Terms and Conditions entitled "Default," Standard Form 114C, provided, however, that no portion of the purchase price will be refunded to the purchaser for any item from which any part or component has been removed.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

ARTICLE ___: PAYMENTS. (Acceptance of credit cards for sealed bid hazardous property sales)

All payments, including those for storage charges, liquidated damages and interest, must be in U.S. currency either in cash or by cashier's check, traveler's check, bank draft, money order, or credit card (American Express, MasterCard, Discover Card or Visa only). When a credit card is used as payment, the credit card number, the name as printed on the credit card, and the expiration date must be provided the SCO. If a credit card is used as payment and acceptance is declined by the processing bank, payment must be made by one of the other acceptable methods. Bidders whose bid or payment is accompanied by a letter of credit or who have on file an approved bid bond (SF 150 or SF 151) may make their payments by uncertified personal or company checks, but only up to an amount equal to the penal sum of their bond or the amount of their letter of credit.

If for any reason a bidder's uncertified check is not honored for payment by the payee bank upon initial presentment for payment, or if a credit card is declined for payment by the processing bank, the Government may, after notifying the bidder, require the bidder to make all future payments by cash, cashier's check, certified check, traveler's check, bank draft, or money order. Successful bidders that wish to make payments by credit card for property awarded can do so by providing language substantially as follows:

Figure 17 - Statement for Bidders Using Credit Cards for Payment

I (WE) AUTHORIZE THE SALES CONTRACTING OFFICER TO OBTAIN PAYMENT BY CREDIT CARD FOR ANY ITEMS I AM (WE ARE) AWARDED ON THIS SALE.

ARTICLE ___: PAYMENTS. (Acceptance of credit cards for sealed bid term and mini-max term hazardous property sales.)

All payments, including those for storage charges, liquidated damages, and interest, must be in U.S. currency either in cash or by cashier's check, certified check, traveler's check, bank draft, money order, or credit card (Master Card, Discover Card or Visa only). When a credit card is used as payment, the credit card number, the name as printed on the credit card, and the expiration date must be provided the SCO. If a credit card is used as payment and acceptance is declined by the processing bank, payment must be made by one of the other acceptable methods. Bidders whose payment is accompanied by an irrevocable letter of credit or who have on file an approved bid bond (SF 150 or SF 151) may make their payments by uncertified personal or company checks, but only up to an amount equal to the penal sum of their bond or the amount of their letter of credit.

If, for any reason, a bidder's personal or company check is not honored for payment by the payee bank upon initial presentment for payment, of if a credit card is declined for payment by the processing bank, the Government may, after notifying the bidder, require bidder to make all future payments by cash, cashier's check, certified check, traveler's check, bank draft or money order.

Successful bidders that wish to make payment by credit card for property removed can do so by providing language substantially as follows:

Figure 18 - Statement for Bidders Using Credit Cards for Payment and/or Property Removed

I (WE) AUTHORIZE THE SALES CONTRACTING OFFICER TO OBTAIN PAYMENT BY CREDIT CARD FOR REMOVALS MADE UNDER ANY CONTRACT I AM (WE ARE) AWARDED ON THIS TERM SALE.

The SCO will provide a statement of account advising the amount billed. Should the processing bank decline acceptance of the credit card, a statement of account will be provided advising the payment due the Government.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

ARTICLE ___: PAYMENTS: (For sealed bid one-time, sealed bid term, and sealed bid mini-max term sales of hazardous property when credit cards are not acceptable.)

All payments, including those for storage charges, liquidated damages and interest, must be in U.S. currency either in cash or by cashier check, certified check, traveler's check, bank draft or money order. Bidders whose payment is accompanied by a letter of credit or who have on file an approved bid bond (SF 150 or SF 151), may make their payment(s) by uncertified personal company checks, but only up to an amount equal to the penal sum of their bond or the amount of their letter of credit.

If for any reason a bidder's uncertified check is not honored for payment by the payee bank upon initial presentment for payment, the Government may, after notifying the bidder, require the bidder to make future payments by cash, cashiers check, certified check, traveler's check, bank draft, or money order.

ARTICLE B02: PAYMENTS:

All payments, including those for storage charges, liquidated damages, and interest, must be in U.S. currency either in cash or by cashier's check, certified check, traveler's check, bank draft, money order or credit card (Master Card, Discover Card or Visa only). When a credit card is used as payment, the credit card number, the name as printed on the credit card and the expiration date must be provided to the SCO. If a credit card is used as payment and acceptance is declined by the processing bank, payment must be made by one of the other acceptable methods. Bidders whose payment is accompanied by an irrevocable letter of credit or who have on file an approved bid bond (SF150 or SF151), may make their payments by uncertified personal or company checks, but only up to an amount equal to the penal sum of their bond or the amount of their letter of credit.

If, for any reason, a bidder's uncertified personal or company check is not honored for payment by the payee bank upon initial presentment for payment or if acceptance by credit card is declined by the processing bank, the Government may, after notifying the bidder, require the bidder to make all future payments by cash, cashier's check, certified check, traveler's check, bank draft or money order.

Successful bidders that wish to make payment by credit card for property removed can do so by providing language substantially as follows:

Figure 19 - Statement for Credit Card Payment/Property Removed

I (WE) AUTHORIZE THE SALES CONTRACTING OFFICER TO OBTAIN PAYMENT BY CREDIT CARD FOR REMOVALS MADE UNDER ANY CONTRACT I AM (WE ARE) AWARDED ON THIS TERM SALE.

The Sales Contracting Officer will provide a Statement of Account (SF915) advising the amount billed. Should the processing bank decline acceptance of the credit card, a statement of account will be provided advising the amount due the Government.

For each line item awarded, an advance payment equal to the estimated purchase price of the property for one (1) month is required prior to removal. The advance payment will be retained through the duration of the contract period and applied to the final billing.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

ARTICLE MH: PERFORMANCE BOND: Applies to item(s) _____. The purchaser agrees to furnish to the contracting officer a performance bond on Standard Form 25 (certified or cashier's checks, bank drafts, post office money orders, or currency may be furnished with Standard Form 25 in lieu of a designated acceptable surety company) in the sum of $_____ to cover the purchaser's obligations and undertakings herein with respect to _____ of Item No. _____ under this contract. Such bond will remain in full force and effect during the term of this contract and any renewals as may be agreed upon. The purchaser shall not be permitted to begin performance or removal until such time as the bond has been approved by the contracting officer.

ARTICLE MI: PERFORMANCE, PREPARATION AND REMOVAL OF PROPERTY: Applies to item(s) _____. The purchaser shall have the right to bring to and remove from the Government installation such equipment as is deemed necessary to prepare the property for removal. Such equipment may consist of, but is not limited to, cranes, cutting torches, etc. The purchaser shall be required to restore the work area to its original condition after removal of the property. Torch cutting will be permitted with 24 (twenty-four) hours' prior approval of the SCO, with work performed under the direction of the Reutilization and Marketing Officer.

ARTICLE ___: PRICE BREAKDOWN: Prior to award, the high bidder will be required to furnish the SCO a breakdown of the prices offered for each sub-item listed in the lot.

ARTICLE B15: QUANTITY DELIVERABLE. (Mini-Max Term Sales): Condition D, Adjustment for Variation in Quantity or Weight Special Sealed Bid-Term Conditions (Standard Form 114C-2) is deleted, and Condition No. 12, adjustment for variation or weight (Standard Form 114-C) is modified to authorize the Government to vary the quantity delivered as follows: The Government will deliver not less than the minimum stated in the item description and reserves the right to deliver no more than the maximum stated in the item description at the stated price bid per unit.

ARTICLE MM: RCRA HAZARDOUS WASTE: This item is subject to EPA Hazardous Waste Regulations, 40 CFR, Part 260 et seq. These cradle-to-grave regulations detail the responsibilities of generators, transporters, treaters, storers and disposers of hazardous wastes. Civil and criminal penalties are available for noncompliance. Purchaser is cautioned that it is solely responsible to ascertain the extent to which these regulations affect it and comply therewith. However, as a minimum, this item must be manifested with a transporter having an EPA identification number for movement to a facility with an EPA identification number. Purchaser must provide and complete all required manifest documents prior to each hazardous waste removal.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

ARTICLE___: REFRIGERANT: Refrigeration equipment and appliances are subject to the Clean Air Act (CAA) Amendments of 1990 which prohibits the venting or release to the environment of Class I or Class II ozone depleting substances, and is also subject to the Refrigerant Recycling Rule in 40 Code of Regulations (CFR) Subpart F 82.150-166, requiring the recovery and verification of refrigerant removal by a certified technician, using certified recovery equipment prior to final disposal as scrap or in a landfill.

(Bangkok): Notwithstanding Article _____ a bidder registration fee of Baht _____ will be assessed of each bidder who registers to participate in the sale. The registration fee will be applied as partial payment on any contract awarded. The registration fee of unsuccessful bidders will be returned to the bidder at the conclusion of the sale.

ARTICLE MP: REMOVAL OF INDUSTRIAL PLANT EQUIPMENT: Skidded Equipment. When the item is attached to wooden skids, the wooden skids become the property of the purchaser. When the item is attached to aluminum skids and the Government has determined that it is unsafe to remove the item from the skid, the purchaser will be required to use the aluminum skids to effect shipment of the equipment to its first destination, and deposit with the Defense Reutilization and Marketing Office, _____ an amount equal to $20.00 per linear foot or portion thereof for each runner, header and cross beam component of the skid involved. If a deposit is not required and the purchaser wishes to use the skids to accommodate removal, arrangements should be made with the DRMO prior to affecting removal. The deposit will be refunded when return of the skids, freight prepaid, is effected within 60 days from the date of removal of the property from the installation. The purchaser shall be responsible for any loss, damage or destruction of such skids as long as they are in his possession. If a deposit is not required and the purchaser does not desire to use the skids, the Government will remove the skids free of charge. When returning aluminum skids, be sure to address them to Defense Reutilization and Marketing Office.

ARTICLE ___: RISK OF LOSS: Notwithstanding the provisions of Condition 14, Sales of Government Property - General Sales Terms and Conditions, Part 2, Standard Form 114C, Sale By Reference, August 1989, purchaser assumes sole responsibility for the security and protection of the property purchased under the contract as of the date of full payment of the contract price and further assumes responsibility for the security of its equipment.

ARTICLE B45: SALE AND/OR CONSUMPTION OF FOODSTUFFS: In the event the purchaser disposed of the foodstuffs directly to the general public for human consumption, he shall not do so until the material has been reprocessed to such an extent that it meets all Federal, state and local requirements governing the sale and/or consumption of foodstuffs. In the event the purchaser disposes of the material to persons or organizations for resale to the general public, he shall require such persons or organizations to process the material to the same extent as required above prior to disposal thereof for human consumption. In the event such material is not sold for human consumption, the above restrictions do not apply so long as the disposal of the material conforms to all other Federal, state and local laws pertaining to the intended use thereof.

ARTICLE SQ: SCOPE OF WORK: The contract resulting from this sale includes all labor, fees, transportation and equipment necessary to comply with the terms and conditions of this solicitation, including, but not limited to the separation, stripping and removal, or repair of all asbestos so as to render it nonfriable if human exposure exceeds the limits specified in 29 CFR 1910.1001.

ARTICLE MT: SITE INVESTIGATION AND REPRESENTATIONS: The bidder acknowledges that he has satisfied himself as to the nature and location of the work, the general and local conditions, particularly those bearing upon transportation, disposal and handling of materials, availability of labor, water, electric power, roads and conformation and conditions of the ground.

ARTICLE MW: STATE REGULATED PROPERTY: Applies to Item(s) _____. This/these item(s) is(are) regulated in the state where the item(s) is(are) located. Purchaser is solely responsible for ascertaining the extent to which state regulations affect it and for compliance therewith. Prior to award of the property, the SCO will conduct a pre-award survey which may consist of contacting the appropriate state regulatory agency to ensure that the bidder possesses the necessary approvals required from such state to transport, receive, or otherwise handle the property in question.

ARTICLE MV: STATE REGULATED HAZARDOUS WASTE: Applies to Item(s) _____. This/these item(s) is/are classified as a “hazardous waste” in the state where the item(s) is/are currently located. Purchaser is solely responsible for ascertaining the extent to which state regulations affect it and for compliance therewith. But a minimum, this/these item(s) must be manifested on the manifest form utilized by the state in which the property is currently located for movement by a state-licensed transporter. Purchaser must provide to the SCO the state permit/registration number of the transporter prior to award. Additionally, within 30 days after removal, the purchaser must provide to the SCO a copy of the completed manifest showing receipt of the property at the facility shown on the manifest. Purchaser is cautioned that the property is treated, stored or disposed of in this/these state(s) or any other state where it is considered a hazardous waste, it must be removed directly to a state/EPA permitted treatment, storage and disposal facility. In such instances, the permit number of the facility must also be provided prior to award.

ARTICLE ___: STATE REGULATED SHELF LIFE MATERIAL: Applies to item(s) _____. This/These item(s) is/are classified as a retrograde material in the state where the item(s) is/are currently located. Purchaser is warned that the item(s) will be considered a hazardous waste by the state after its shelf life has been exceeded by 1 year. Purchaser understands and agrees that he is solely responsible for ensuring that the item(s) is/are handled according to applicable state and Federal laws after leaving the Government’s premises. Purchaser is cautioned that once the item(s) becomes/become a hazardous waste, it must be manifested when transported and treated, stored or disposed of only in a state/EPA permitted facility. The Government assumes no responsibility/liability for the item(s) once it/they is/are removed from the Government’s premises.

ARTICLE NB: TRANSPORTATION OF EXPLOSIVES: In addition to the requirements set forth in Article_____: EXPLOSIVE AND PROPELLANT POWDER, PELLETS, AMMUNITION AND COMPONENTS THEREOF, the following requirements also apply:

DUAL DRIVER PROTECTIVE SERVICES (DDPS): Two qualified carrier representatives (drivers) authorized and capable of moving the transportation equipment involved must accompany each vehicle. According to Title 49, Code of Federal Regulation (49 CFR), drivers must be knowledgeable of safety, security and emergency procedures to be followed in transporting munitions and explosives.

CITIZEN BAND (CB) RADIO EQUIPMENT: Purchaser must ensure that carrier vehicles are equipped with an operating CB radio capable of being used to obtain law enforcement and safety assistance in emergencies.

SEALS AND LOCKS: Purchaser agrees to allow the activity to apply appropriate cable lock seals or ball-type seals with number 5 American wire gauge steel wire twists on carrier equipment to assist in providing adequate security of shipments enroute.

RAIL SURVEILLANCE SERVICE (RSS): All shipments by rail car must include carrier provided rail surveillance services.

ARTICLE ___: USE OF STORAGE AIDS: Applies to Item(s) _____. The purchaser may remove the property in/on (describe storage aid) used for storage of the property but will be obligated to return the (describe storage aid) at his expense to the Defense Reutilization and Marketing Office from which removed within days after removal of the property. To assure the return of (describe storage aid), an additional sum computed according to the table set out below will be deposited with the Defense Reutilization and Marketing Office, (name of activity) prior to release of the (describe storage aid) to the purchaser, which sum will be refunded upon return of the containers and/or pallets:

ITEM	SIZE	DEPOSIT

The DRMO will type in the item name and size of the storage aid under the heading “ITEM” and “SIZE” shown above. Based on this information, they will determine the amount to be entered under the heading “DEPOSIT”.

NOTE: Types of storage aids are identified at Part 2, Condition 27, Sale By Reference.

ARTICLE NE: WAIVER OF DEMILITARIZATION: Applies to item(s) _____. Notwithstanding the demilitarization provisions of this invitation, items requiring demilitarization may be sold to U.S. nationals or U.S. entities for import into the United States without being demilitarized. Property sold to other than U.S. nationals or U.S. entities must be demilitarized in accordance with articles _____, and _____. Resale of this property by foreign nationals to U.S. nationals or U.S. entities for import into the United States is not authorized unless the property is demilitarized as required elsewhere by this Invitation for Bids. Purchaser agrees that property sold for import into the United States will be stored in a U.S. Government approved bonded area or retained in U.S. Government possession pending actual shipment.

ARTICLE SR: WARNING SIGNS: Warning signs will be posted on access doors/hatches of each compartment containing asbestos to notify that asbestos is present and advise whether it is in a friable or nonfriable condition. Access to the area shall be restricted to persons whose work requires their presence. Warning signs must remain posted until such time that the compartment is rendered asbestos free. If friable asbestos is rendered nonfriable, the warning sign may be changed to comply with the change to the asbestos.

ARTICLE___: WARRANTY FOR USEABLE AIRCRAFT COMPONENTS/PARTS: The Purchaser is advised that the aircraft components/parts on this sale may not currently be certified by the appropriate regulatory agency(ies) for use on civilian aircraft. The Purchaser represents, warrants, and guarantees to the Government that this (these) item(s) will not be used, offered for sale, or sold for use on civilian aircraft unless proper certification is obtained from the appropriate regulatory agency(ies). This (these) item(s) may also not be installed on any civilian aircraft unless done so by a Federal Aviation Administration (FAA) certified repairman and/or mechanic. The Purchaser agrees to hold the Government harmless from any and all such demands, suits, actions, or claim of whatsoever nature arising from or out of violation of this warranty.

ARTICLE____: WARRANTY FOR SCRAP AIRCRAFT COMPONENTS/PARTS: The Purchaser represents and warrants that this (these) item(s) will be used only as scrap, in its existing condition or after further preparation, and will not be resold until (a) ultimate scrapping had been accomplished, or (b) the Purchaser obtains an identical warranty from any subsequent purchaser. The Purchaser agrees to hold the Government harmless from any such demands, suits, actions, or claim of whatsoever nature arising from or out of violation of this warranty.

C6.4.11. Sales Description Guidelines And Specific Terms And Conditions Of Sale
Items are listed in Section 4, Supplement 2, Sales Enclosure 9 - DNSP Commodity Group Codes. Commodities are listed by group number.

C6.4.12. Special Terms And Conditions That Are Not Commodity Specific
Items are listed alphabetically based on subject matter. See C6.4.10.

C6.4.12.1. Asbestos

C6.4.12.1.1. Use the following articles when offering any property containing asbestos:

Sale By Reference, Part 7 ARTICLE C: TRANSPORTING HAZARDOUS MATERIALS.
ARTICLE S: GOVERNMENT'S RIGHT OF SURVEILLANCE.
ARTICLE T: RIGHT OF REFUSAL FOR HAZARDOUS PROPERTY.
ARTICLE L: ASBESTOS.
ARTICLE R: DISPOSITION AND USE OF HAZARDOUS PROPERTY.
Condition of sale ARTICLE LD: HAZARDOUS PROPERTY.

C6.4.12.1.2. The following additional articles apply to IFBs offering ships containing asbestos:

Condition of sale ARTICLE SR: WARNING SIGNS.
ARTICLE __: HAZARDOUS PROPERTY.

C6.4.12.1.3. The following additional articles apply to IFBs offering property-containing asbestos, including ships, when asbestos work is to be performed on base:

Sale by Reference, Part 7 ARTICLE J: RESPIRATORY PROTECTION PROGRAM.
ARTICLE M: PACKAGING, MARKING AND DISPOSAL OF ASBESTOS.
ARTICLE N: ASBESTOS DUST CONTROL AND
HOUSEKEEPING AND CLEANUP PROCEDURES.
ARTICLE O: PROTECTIVE CLOTHING.
Condition of sale ARTICLE SQ: SCOPE OF WORK

C6.4.12.1.4. The following article also applies to IFBs offering ships for scrapping purpose:

Condition of sale ARTICLE B42: ASBESTOS REMOVAL.

C6.4.12.2. Chemical Agent Resistant Coating (CARC)

C6.4.12.2.1. When offering CARC or property that is, or is likely to be coated with Chemical Agent Resistant Coating, include the following General Information and Instruction paragraph in each applicable IFB:

C6.4.12.2.1.1 Chemical Agent Resistant Coating (CARC) Paint. Purchaser is cautioned that item(s) ____ are, or are likely to contain or be, coated with chemical agent resistant coatings containing trivalent chrome, lead, cobalt-zinc hexamethylene disocyanate and other chemicals which are a hazard to human health if not processed properly. The Government brings the following precautions/warnings to the attention of prospective purchasers who plan to apply the CARC paint or disturb the coating on the property in any way:

C6.4.12.2.1.1.1 Airline respirators should be used during application processing; (applying/sanding/torch cutting, etc.) unless air sampling shows exposure to be below OSHA/host Government standards, then a chemical cartridge air-purifying respirator must be used.

C6.4.12.2.1.1.2 CARC paint should be isolated from heat, electrical equipment, sparks and open flame during storage or application. Local exhaust ventilation should be used for inside processing.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

C6.4.12.2.1.1.3 Exposure to vapor/mist/dust or fumes can cause irritation to respiratory tract (lung, nose, throat), edema, dermatitis, dizziness, rash, itching, swelling of extremities, eye irritation or damage to nervous system, kidney or liver. Coating may be fatal if swallowed.

C6.4.12.2.1.2 In addition to the above, each line item will also include all applicable hazardous terms and conditions as well as require completion of a Statement of Intent.

C6.4.12.3. Dangerous Property

C6.4.12.3.1. Many items of a “dangerous” nature require the use of certain special conditions in IFBs such as: Impregnated Clothing; Compressed Gas Cylinders; Sodium-Filled Valves; Ejection Seats; Acid Contaminated Property; Narcotic and Prescription Drugs and Chemicals; Radioactive Material; Certification for Radium; Explosives; and Explosives and Propellant Powders, Pellets, Ammunition, and Components thereof; however, use of the “Dangerous Property” special condition in connection therewith is not required. For information regarding Compressed Gas Cylinders - see Section 4, Supplement 2, Sales Enclosure 11 - Gases That May Be Contained in Compressed Gas Cylinders. Also see Section 3 for information on other items with special conditions.

C6.4.12.3.2. In certain instances it is necessary to caution bidders that articles or substances of an inflammable or explosive nature may remain in property being offered for sale, notwithstanding the actions or care by the Government to remove same. If offering such property, the following special condition is prescribed for use in IFBs:

Sale By Reference, Part 7- ARTICLE E: DANGEROUS PROPERTY.

C6.4.12.3.3. Examples of items for which the “Dangerous Property” special condition should be used are drums, cans, pails, etc., that were used for storage of explosive or incendiary materials; explosive contaminated items; military/munitions list Items (except spent bullet metal from small arms ranges—lead) including small arms and rifle shell cases (popped or not popped); scrap metal that may contain imbedded projectiles; storage batteries, drained; and used aircraft fuel cells and tanks.

C6.4.12.3.4. In certain instances it is necessary to caution bidders that items being offered for sale have a “dangerous” element and that no action can be taken to remove that “dangerous” element. If the item description is not self-explanatory, certain warning words or statements can be added to the description. Examples of items in this category for which the “dangerous property” special condition should not be used are alcohol; chemicals, including photographic chemicals and developing fluids; cleaning or coating liquids and compounds, adhesives, primers, sealers, desiccants, etc.; drums, cans, pails, etc. (unless used for storage of explosive or incendiary materials); drugs,

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

biologicals, and reagents; fire extinguishers; fuel cells or tanks from trucks, materials handling equipment, construction equipment, etc.; military/munitions list items that have not been exposed to explosive or incendiary materials; paints, varnishes, thinners, etc.; petroleum products including fuel oil, oil, naphtha, gasoline, diesel fuel, greases, and lubricants; radioactive items; spent bullet metal from small arms ranges—lead; and sodium-filled valves.

C6.4.12.4. Default for Partial Removal

C6.4.12.4.1. Items, other than those sold by the “lot,” that lend themselves to partial removals, present special problems with respect to default and termination when a purchaser does not remove all the property involved. Examples of this type of property are production plants, temporary buildings, or similar property, offered as “1 each.” When such property is being offered, and in order to provide a means to effect default and termination action if the purchaser removes only a part of the property, the following special condition will be included:

Condition of sale ARTICLE MD: PARTIAL REMOVAL:

C6.4.12.5. Demilitarization

C6.4.12.5.1. Property to be sold with DEMIL as a condition of sale or critical FSG/FSC items and FSCAP items to be sold with mutilation as a condition of sale. DRMOs will e-mail or FAX requests to offer this property for sale with DEMIL or mutilation to be preformed as a condition of sale to the DRMS DEMIL Center, DRMS-BCD for approval. The request will include the NSN, nomenclature, quantity, DEMIL Code, DEMIL or mutilation instructions and where the DEMIL or mutilation is proposed to be performed (DRMO or off-site). DRMS-O will coordinate with the DEMIL Center and Hazardous and Scrap Processing - DRMS-BCP to determine the best method of DEMIL or mutilation performance—either by the DEMIL Center or as a condition of sale in place at the DRMO. The FAX number is DSN 661-4047

C6.4.12.5.2. Special Guidelines for Demilitarization

C6.4.12.5.2.1 Include the following in the sales referral when demilitarization is to be accomplished as a condition of sale:

C6.4.12.5.2.1.1 Method and degree of required demilitarization.

C6.4.12.5.2.1.2 Inclusion of photographs or diagrams which would aid in clarifying the demilitarization requirements.

C6.4.12.5.2.2 The DRMO and the DRMS Sales Office must assure that there are controls and surveillance for the adequate and timely DEMIL of the items/materials involved. DEMIL, for combatant ships and conventional ammunition,

will normally be performed on military installations unless otherwise authorized by DRMS-BCD. For example, unless off-site DEMIL is insisted upon by the host government (overseas areas only), use on-site DEMIL.

C6.4.12.5.2.3 Surveillance of DEMIL performed on tank track (overseas only) has been modified under permanent waiver. The conditions are (1) surveil no less than 10 percent of the total weight sold; (2) perform the surveillance at random points in the process; and (3) requirements for DEMIL certification/verification. Trade Security Controls and applicable conditions of sale remain in effect. The DEMIL certificate will read as follows:

Figure 20 - Surveillance Statement for TSC Conditions of Sale

"I certify that (identify items) were demilitarized in accordance with DOD 4160.21-M-I, Appendix 4, Category VII, and waiver conditions as stated in OASD memorandum of Oct 19, 1988 subject: Modified DEMIL Surveillance."

C6.4.12.5.2.4 Prior to cataloging the material for sale, the DRMO will assure that detailed demilitarization and surveillance plans are prepared and fully coordinated with the SCO, and approved by DRMS-BCD.

C6.4.12.5.2.5 Consult the following Special Terms and Conditions for demilitarization when writing the descriptions.

C6.4.12.5.3. Special Terms and Conditions for Demilitarization

C6.4.12.5.3.1 When demilitarization of property by the purchaser is required, whether on or off Government premises, the following conditions will be included in each IFB as appropriate.

Sale By Reference, Part 5 ARTICLE I: MILITARY MUNITIONS LIST ITEMS (MLI). (When MLI components not requiring demilitarization will remain after the required demilitarization.)

C6.4.12.6. ARTICLE J: COMMERCE CONTROL LIST ITEM (CCLI): (When CCLI components or material (e.g. high temp alloy) will remain after the required demilitarization.) (Does not apply to FEPP.)

C6.4.12.7. ARTICLE K: MUNITIONS LIST ITEM AND COMMERCE CONTROL LIST ITEM (MLI/CCLI) COMPLIANCE. (When MLI and/or CCLI components or CCLI material will remain after the required demilitarization.)

Sale By Reference, Part 6 ARTICLE D: CHANGE IN CONTRACT REQUIREMENTS.
Sale By Reference, Part 7 ARTICLE E: DANGEROUS PROPERTY.
Condition of sale ARTICLE ___: DEMILITARIZATION (as follows):

C6.4.12.8. ARTICLE ___: DEMILITARIZATION: Item(s) _____ are required to be demilitarized by the purchaser in the manner and to the degree set forth below:

C6.4.12.8.1. Insert item number(s) and specific demilitarization requirements in the above Article for item(s) as shown in DOD 4160.21-M-1, Defense Demilitarization and Trade Security Control Manual. Use of explicit instructions, photographs and/or diagrams will clarify the requirements.

C6.4.12.8.2. When the demilitarization requires cutting such as gun barrels, gun tubes, tank hulls, rocket launchers, small arms and other MLI, include the following in the demilitarization requirements:

NOTE: All cuts will completely sever the property. The use of precision cutting torch fixtures, precision cutting saws, or precision tools of any kind to minimize mutilation is forbidden. All torch cutting must displace at least one-half inch of metal.

C6.4.12.8.3. When MLI/CCLI will remain after demilitarization, include the following in the item description:

Figure 21 - Statement for MLI/CCLI Remaining after DEMIL

END USE CERTIFICATE: Must be completed and submitted with bid on this item. We would require an end-use prior to award of any DEMIL required property.

C6.4.12.8.3.1 In addition to the provisions in C6.4.1.2.5.3.1. apply the following when demilitarization is to be accomplished on Government premises.

Sale By Reference, Part 5 ARTICLE D: LIABILITY AND INSURANCE
Sale By Reference, Part 6 ARTICLE A: DEMILITARIZATION OR MUTILATION ON GOVERNMENT PREMISES.
Condition of sale ARTICLE MH: PERFORMANCE BOND.
(When deemed appropriate by the DRMO).

C6.4.12.8.4. ARTICLE P: DEMILITARIZATION TIMEFRAME FOR PROPERTY ON GOVERNMENT PREMISES

C6.4.12.8.4.1 In addition to the provisions in C6.4.1.2.5.3.1, apply the following when demilitarization is to be accomplished off Government premises.

Sale By Reference, Part 6 ARTICLE B: DEMILITARIZATION OR MUTILATION ON OTHER THAN GOVERNMENT PREMISES.
ARTICLE C: FAILURE TO DEMILITARIZE OR MUTILATE.
ARTICLE G: GOVERNMENT MAY ENTER PREMISES.
Condition of sale ARTICLE LM: INSPECTION OF CONTRACT PERFORMANCE.

C6.4.12.8.5. ARTICLE KV: DEMILITARIZATION TIMEFRAME FOR PROPERTY OFF GOVERNMENT PREMISES

C6.4.12.8.5.1 The following articles are authorized for use in overseas areas (FEPP).

Sale By Reference, Part 8 ARTICLE J: LIABILITY AND INSURANCE. (In lieu of Part 5, ARTICLE D.)
Condition of sale ARTICLE __: EVALUATION OF BIDS FOR DEMILITARIZATION ON OTHER THAN GOVERNMENT PREMISES.

C6.4.12.8.6. ARTICLE NE: WAIVER OF DEMILITARIZATION.

C6.4.12.8.7. ARTICLE KV: DEMILITARIZATION TIMEFRAME FOR PROPERTY OFF GOVERNMENT PREMISES.

C6.4.12.8.8. ARTICLE P: DEMILITARIZATION TIMEFRAME FOR PROPERTY ON GOVERNMENT PREMISES.

C6.4.12.8.9. ARTICLE KZ: FAILURE TO COMPLETE DEMILITARIZATION BY THE TIME SPECIFIED.

C6.4.12.8.10. ARTICLE LS: LOADING AND TRANSPORTATION.

C6.4.12.9. Increment Bids. Increment bids are authorized for sealed bid sales only. Normally, increment bids are used only for offering property which is unused, in the same condition code, and the entire quantity of the IFB line item is the same manufacturer and part or model number and is a standard pack. The following condition may be used in IFBs when appropriate:

Condition of sale ARTICLE LK: INCREMENT BIDS.

C6.4.12.10. Liquidated Damages for Delays in Performance

C6.4.12.10.1. There are circumstances where it is more appropriate to provide for a flat storage charge rather than a rate per hundred weight as provided for in Condition No. 30 in the General Sale Terms and Conditions, DRMS Form 84. Consequently, when single unique items such as missile sites, temporary buildings, and large pieces of installed equipment are offered for sale by each or by lot, the following special condition is prescribed for use in IFBs for an item or items offered:

Condition of sale ARTICLE LR: LIQUIDATED DAMAGES FOR DELAY IN PERFORMANCE.

C6.4.12.10.2. This special condition should be used when the property being sold is located on other than Federal property.

C6.4.12.10.3. The rate used must be reasonable and in no event exceed what the standard rate would have been.

C6.4.12.10.4. When this article is used, exclude Condition No. 28 entitled *"Storage Charges/Late Removal Charges,"* from Part 2 of Sale By Reference on the DRMS Form 83.

C6.4.12.11. Munitions List Items (MLI) and Commerce Control List Items (CCLI)

C6.4.12.11.1. All MLI/CCLI property offered for sale requires a completed End-Use Certificate (EUC) (DLA Form 1822). Item descriptions for MLI/CCLI property will contain the following statement:

END-USE CERTIFICATE: Must be completed and submitted with bids on this item. This property may require a license for export.

C6.4.12.11.2. Include EUC in the IFB directly after the item bid page, or directly after the Statement of Intent (DRMS Form 1645-1) if one is included.

C6.4.12.11.3. In addition to receiving an acceptable EUC, refer to apparent successful bidders of MLI/CCLI property to the TSC TSCRO for clearance. Do not award/release MLI/CCLI property until TSC clearance has been received. Those bidders that appear on the BMF as TSC cleared at the time of registration can remove property as soon as payment is received and the EUC is approved.

C6.4.12.11.4. The following additional conditions of sale apply to sale of surplus MLI/CCLI.

Sale By Reference, Part 5 ARTICLE I: MILITARY MUNITIONS LIST ITEMS (MLI). AND/OR ARTICLE J: COMMERCE CONTROL LIST ITEMS (CCLI) (Not for FEPP). AND ARTICLE K: MUNITIONS LIST AND COMMERCE CONTROL LIST ITEMS (MLI/CCLI) COMPLIANCE.

C6.4.12.11.5. In addition to the above, the following additional conditions of sale apply to sale of FEPP MLI/CCLI.

Sale By Reference, Part 8 ARTICLE D: GOVERNMENT AS SHIPPER (Export)

C6.4.12.11.6. ARTICLE F: IMPORT CERTIFICATE AND DELIVERY VERIFICATION (IC/DV)

Condition of sale ARTICLE NE: WAIVER OF DEMILITARIZATION. (FEPP)

C6.4.12.11.7. Paper Records or Documents

C6.4.12.11.7.1 Paper records that are neither classified nor restricted are prohibited for resale for use as records or documents.

C6.4.12.11.7.2 The following article is to be used (other than Navy generated paper records that contain personal information and whose disposition is governed by the provision of the Privacy Act of 1974):

Sale By Reference, Part 5 ARTICLE E: PAPER RECORDS AND DOCUMENTS.

C6.4.12.11.7.3 In addition to the above, at the request of the generator or as deemed appropriate, include the following article in IFBs:

Sale By Reference, Part 5 ARTICLE A: SCRAP WARRANTY.

C6.4.12.11.7.4 The Department of the Navy has advised that Navy generated scrap paper containing personal information must be disposed of in such a manner as to preclude recognition or reconstruction of information contained therein. The Department of the Navy also instructed further that sales contracts will include, as a minimum, a contract clause that will make the buyer a Government contractor subject to the provisions of the Privacy Act of 1974. In concert with these requirements, each IFB that offers Navy generated scrap paper will include the SCRAP WARRANTY article as well as the following:

Sale By Reference, Part 5, ARTICLE F: PRIVACY ACT MATERIALS.

C6.4.12.12. Price Breakdown For Lost Abandoned or Unclaimed Privately-Owned Personal Property

C6.4.12.12.1.1 Price Breakdown. The following special condition is prescribed for use in IFBs including local spot bid and local auction sales, when items of lost, abandoned or unclaimed privately owned personal property are offered for sale by the lot which require a breakdown of the prices offered for each individual's property identified by ownership:

Condition of sale ARTICLE _____: PRICE BREAKDOWN. (see C6.4.10, Special Conditions of Sale).

C6.4.12.12.1.2 Prior to award of items containing lost, abandoned, or unclaimed privately owned personal (i.e., private/abandoned) property, the SCO will obtain from the high bidder a breakdown of his total price for the lot on DRMS Form 131, Lost, Abandoned, or Unclaimed Privately Owned Personal Property. The high bidder must provide an itemized breakdown for each sub-item in the lot and the

breakdown must equal the total price for the lot. This applies to private/abandoned property for which the owner is not known, as well as that for which the owner is known.

C6.4.12.12.1.3 The completed DRMS Form 131 must be signed and dated by the high bidder and returned to the SCO. The original DRMS Form 131 should be filed in the appropriate contract folder. Copies may be made for the cashier, DRMO, and servicing DFAS-CO as necessary.

C6.4.12.13. Qualified, Tie-In, All-or-None, Or Other Combination or Floating Bids

C6.4.12.13.1. All sealed bid sales which preclude acceptance of such bids will contain the following special notice:

Figure 22 - Special Notice for Sealed Bids

NOTICE: Bids on this sale will be processed by automatic data processing equipment under a system which is not capable of evaluating combination bids. Accordingly, qualified, tie-in, all-or-none or other combination or floating bids will be rejected. BIDDERS MUST submit a distinct individual price for each item bid upon in order for their bids to be considered for award.

C6.4.12.13.2. In those sales where combination bids are permitted as to some items but not as to others, delete Sale by Reference, Part 3, ARTICLE E and use the following notice:

Figure 23 - Notice for Combination Bids

NOTICE: Bids on this sale will be processed by automatic data processing equipment under a system which is not capable of evaluating combination bids. Accordingly, qualified, tie-in, all-or-none or other combination or floating bids will be rejected. BIDDERS MUST submit a distinct individual price for each item bid upon in order for their bids to be considered for award. NOTWITHSTANDING THE ABOVE, QUALIFIED, TIE-IN, ALL -OR-NONE OR OTHER COMBINATION OR FLOATING BIDS ARE ACCEPTABLE FOR ITEMS _____, SINCE THEY WILL BE PROCESSED MANUALLY.

C6.4.12.13.3. Include Sale by Reference, Part 3, ARTICLE E (thereby permitting qualified, tie-in, all-or-none or other combination or floating bids) for all sales which will be processed manually or through DNSP. The following statement will be included in all sales where tie-in or all-or-none bids are acceptable for all items in the sale:

Figure 24 - Statement for Tie-In or All-Or-None/Combination/Floating Bids

ALL-OR-NONE, TIE-IN, QUALIFIED OR COMBINATION BIDS ARE ACCEPTABLE ON THIS INVITATION FOR BID FOR ALL ITEMS ON THIS SALE (SEE PARA. _____ ON PAGE NO. _____).

C6.4.12.13.3.1 In the event an award is made on an “all-or-none” basis, the prorated bid prices of the items awarded will be entered on the award document. Add the following statement to the award document following the last item listed:

C6.4.12.13.3.1.1 Items _____ awarded on an all-or-none basis. The line item prices shown in this document for the items involved were prorated pursuant to Sale By Reference, Part 3, ARTICLE E, paragraph (c). These prices will be used for the purpose of contract administration if it becomes necessary.

C6.4.12.13.3.2 A procedure for prorating all-or-none bids is set forth in Supplement 4.

C6.4.12.13.3.3 All-or-None Line Item Bid Price. All-or-None bids for property offered for term contracts tied to a specific market, and provide for bid prices related to commodity quotations (usually a percentage thereof) will include the following:

Condition of sale ARTICLE __: ALL-OR-NONE LINE ITEM BID PRICE.

C6.4.12.14. Radioactive Material, Radiation-Emitting Electronic Products, Radio Frequency Devices and Radium

NOTE: For property in these categories, review of the requirements set forth in DOD 4160.21-M, Chapter 4, paragraphs B53, B54 and B55, should be made to determine their applicability.

C6.4.12.14.1. Radioactive Material. The following article will be used when offering radioactive material:

Sale By Reference, Part 7 ARTICLE W: RADIOACTIVE MATERIAL

C6.4.12.14.2. Certified and Non-certified Radiation-Emitting Electronic Products.

C6.4.12.14.2.1 The following articles will be used when offering non-certified radiation-emitting electronic products:

Sale By Reference, Part 7 ARTICLE V: CERTIFIED AND NONCERTIFIED RADIATION-EMITTING ELECTRONICS PRODUCTS
ARTICLE W: RADIOACTIVE MATERIAL

C6.4.12.14.2.2 Additionally, when certified and non-certified radiation-emitting electronic products listed below are awarded, within 30 calendar days following award, the SCO will provide the appropriate State Radiation Control Agency (listed in Supplement A2, DOD 4160.21-M) for the state in which the Purchaser is located, a copy of the DRMS Form 1427:

Figure 25 - Certified and Non-Certified Radiation Emitting Electronic Products

Non-certified color and black & white television receivers Non-certified microwave ovens Certified and non-certified diagnostic X-ray systems and their major components Certified and non-certified cabinet X-ray systems Non-certified laser products Non-certified cold-cathode gas discharge tubes under conditions of scrap or salvage; and Any other non-certified electronic product for which FDA may promulgate a performance standard

C6.4.12.14.3. Radio Frequency Devices. The following article is to be used when offering radio frequency devices for sale:

Sale By Reference, Part 5 ARTICLE H: RADIO FREQUENCY DEVICES.

C6.4.12.14.4. Radium. The following article is to be used when offering radium for sale:

Condition of sale ARTICLE ___: CERTIFICATION FOR RADIUM

C6.4.12.15. Sales to the United Nations

C6.4.12.15.1. No U.S. origin property will be turned over to the United Nations (UN) by any element of the DOD, when title to such property passes to the UN outside the U.S., without first obtaining the following UN agreement, as part of the sales contract between the DOD and the UN, or through a written agreement by the UN as follows:

C6.4.12.15.2. When this property is sold by the UN, include the following clause in all contracts or sales:

ARTICLE ___: EXPORT APPROVAL-UNITED NATIONS SALES.

C6.4.12.15.3. This material is of United States origin. Export of this material or parts thereof, either directly or indirectly, is subject to restrictions or may not be made without prior approval of (Agency or official of the UN). It must not be assumed that any such approval will be forthcoming.

C6.4.12.15.4. The UN agrees not to approve export of this material to the Sino-Soviet bloc or Cuba. Also, all contracts of sale will contain an undertaking by the purchaser to add the above-quoted clause as a material part of any contract he may enter with a subsequent purchaser.

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C6.4.12.16. Storage Aids

C6.4.12.16.1. When surplus or foreign excess property which is stacked on Government-owned storage aids is offered for sale and it is more advantageous to the Government to use the storage aids for loading purposes; when it is necessary to sell waste oil in drums which are suitable for further use or for reconditioning for further use, or returnable; and, when purchaser will be permitted to exchange storage aids or use storage aids on a deposit basis, the terms and conditions of sale will include the following special conditions, as appropriate:

Condition of sale ARTICLE ___: EXCHANGE OF STORAGE AIDS.
ARTICLE ___: USE OF STORAGE AIDS.

C6.5. **Preparation and Distribution of National IFBs**

C6.5.1. General

C6.5.1.1. Appearance. IFBs are the principal form of advertising and greatly influence the prospective buyer's interest in the Sales Program. Give the IFB individuality and sales appeal by including photographs for a few major items of property offered. Uniform margins and print size, good contrast and reading ease are also important.

C6.5.1.2. Number IFBs. The DRMS SALES OFFICE will:

C6.5.1.2.1. Assign each IFB a sale number composed of: the number of the sales office:

C6.5.1.2.1.1 33 represents the DRMS Sales Office;

C6.5.1.2.1.2 60 represents the Sales in Europe and Pacific;

C6.5.1.2.1.3 38 represents Exchange or Sale,

C6.5.1.2.1.3.1 followed by a dash,
C6.5.1.2.1.3.2 followed by the last digit of the fiscal year of the bid opening (one digit),

C6.5.1.2.1.3.3 followed by the type of sale (one digit),

C6.5.1.2.1.3.4 and followed by the chronological number of the sale (two digits).

For example, the third sale of the 2007 fiscal year for a National scrap sale would be written like this: 33-7603.

C6.5.1.2.2. The type of sale digit is a follows:

C6.5.1.2.2.1 0 is for Hazardous Sales

C6.5.1.2.2.2 3 is for Usable Sales

C6.5.1.2.2.3 6 is for Scrap Sales

C6.5.1.2.3. The numbering for the first sale in each fiscal year will be based upon the bid opening date and not on the sales issuance or distribution date. Do not prefix or suffix other numbers or letters to the sale number except that sale numbers on front covers of IFBs will be prefixed by *"Sale No.,"* e.g., SALE NO. 33-7602, or *"Term Sale No.,"* e.g., TERM SALE NO. 33-7602, as applicable.

C6.5.1.2.4. The IFB number shall appear on the front cover of the IFB and on each page of the IFB in the upper right hand corner.

C6.5.1.3. Numbering Pages in IFBs

C6.5.1.3.1. Consecutively number each page of the IFB, brochure or flyer. Do not use sub-numbers such as "1a" or "1b."

C6.5.1.3.2. Ensure that SF 114 and SF 114A, are odd-and-even numbers, back-to-back.

C6.5.1.4. Required Certification

C6.5.1.4.1. Include any certifications that bidders are required to complete, sign and submit with their bid, on the pages immediately following the Item Bid and Award Page.

C6.5.1.4.2. Clearly label all IFB pages that need to be returned with the bid.

C6.5.1.5. Bilingual. Publish IFBs, or any portion thereof, bilingually when required by the applicable country-to-country agreement.

C6.5.1.6. All national sale IFBs are prepared in Adobe Framemaker. Specific templates have been created to provide continuity for all catalogs.

C6.5.2. <u>Front Cover</u>

C6.5.2.1. Covers. Use the Adobe Framemaker cover template to enter the

following information:

C6.5.2.1.1. Name of sale items

C6.5.2.1.2. Sale Number: XX-6079.

C6.5.2.1.3. Inspection Period Begins: January 16, 1996

C6.5.2.1.4. Bid Opening Date and Time: January 31, 1996; 9:30 A.M. EST/EDST

C6.5.2.1.5. Commodity: MACHINE TOOLS

C6.5.2.2. Using the Adobe Framemaker template, the font and font size is already determined in each “field”, but can be changed to fit the amount of information available to enter. Black Ink is used throughout the entire IFB.

C6.5.3. Inside Front Cover

C6.5.3.1. The inside of the front cover page template already includes the following information:

C6.5.3.1.1. IFB Number

C6.5.3.1.2. Bid Opening Date and Time

C6.5.3.1.3. Bid acceptance period

C6.5.3.1.4. Mailing address/fax for bids

C6.5.3.1.5. Hours of operation of DRMS SALES OFFICE

C6.5.3.1.6. Payment information

C6.5.3.2. The Sales Contracting Officer and their phone number must be entered on this page.

C6.5.4. Table Of Contents - Property Location Index - Item Description Index

C6.5.4.1. When using the Adobe Framemaker templates, each index is automatically generated from the item description section of the IFB.

C6.5.5. List Of Sale Items

C6.5.5.1. The item description is pulled from the DNSP Merchandising/Property

Description data. All references entered in DNSP should be reflected here. Additional editing of the item description can be done by the SCO at this time.

C6.5.5.2. Photographs

C6.5.5.2.1. Photographs may be added at this time into the Adobe Framemaker IFB. Photographs will only depict the item being sold, i.e., do not use prints showing people or other items. The picture should be positioned directly below the respective item description.

C6.5.5.2.2. Do not use line drawings in lieu of photos.

C6.5.6. Demilitarization Codes

C6.5.6.1. The DEMIL Codes are listed as a template page in the Adobe Framemaker. No entries are required on this template page.

C6.5.7. Additional General Information and Instructions

C6.5.7.1. DRMS Form 82 Series. Use the appropriate DRMS Form 82 series, *Additional General Information and Instructions*, with pertinent information or instructions added.

C6.5.7.2. There is a template page in the Adobe Framemaker. No entries are required on the first page of this template page. The Sale Number and Bid Opening Date & Time are automatically generated from the cover page entries.

C6.5.7.3. Paragraphs reference in the item descriptions are entered on the second page of this template. Each IFB could have different paragraphs, so this has to be done on an individual IFB basis.

C6.5.8. Inspection Dates And Times

C6.5.8.1. The inspection information is pulled from DNSP Merchandising data. All references entered into DNSP should be reflected here. Additional editing of the inspection information can be done by the SCO at this time.

C6.5.9. Conditions of Sale

C6.5.9.1. The Conditions of Sale information is a template page in Adobe Framemaker. One-Time and Term sales each have separate applicable parts and they are reflected in the respective templates.

C6.5.10. Articles

C6.5.10.1. The articles are pulled from DNSP Merchandising data which should be reflected on this page. All referenced articles in the item descriptions should be included on the articles page.

C6.5.11. Loading Table

C6.5.11.1. The loading information is pulled from DNSP Merchandising data which should be reflected on this page. Additional editing of the loading information can be done by the SCO at this time.

C6.5.12. Change of Information Page

C6.5.12.1. This template page is in Adobe Frame maker. It allows the customer to provide any changes of information to DRMS-BBS for updating the Bidder Master File.

C6.5.13. Sale of Government Property - Item Bid And Award Page

C6.5.13.1. Standard Form 114 and Standard Form 114B must be an odd-numbered page for sealed bid term sales.

C6.5.14. Sale of Government Property - Item Bid Page

C6.5.14.1. One-Time Sealed Bid Sales. Use an SF 114 for all one-time sealed bid sales. Print the item bid page on the reverse side of SF 114.

C6.5.14.2. Term Sales. Use of both the SF 114A and SF 114B for term sales may be required. If the bids are based on a unit price, a SF 114A will be used and if the bid is tied to a monthly market price, a SF 114B will be used. Print the item bid page on the reverse side of SF 114.

C6.5.15. Certifications

C6.5.15.1. Certifications requiring signature of bidder (such as for explosive, explosive contaminated machinery or alcohol) will be included in the IFB after the Item Bid and Award pages. Certain certification pages are already included in the template pages for scrap and hazardous IFBs.

C6.5.16. Credit Card Information

C6.5.16.1. The credit card information form is included in the template pages in Adobe Framemaker.

C6.5.17. End Use Certificates

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C6.5.17.1. The End Use Certificate (EUC), DLA Form 1822, is included in the template pages in Adobe Framemaker.

C6.5.17.2. Instructions for filling out the EUC are also in the template pages in Adobe Framemaker.

C6.5.18. Filler Pages

C6.5.18.1. A blank page will be inserted after the loading notes page, if necessary, to ensure that the Item Bid and Award Page, SF 114/SF 114B will be on odd/even page format.

C6.5.19. Inside Back Covers

C6.5.19.1. The inside back cover is part of the printing process. It contains the subscription information sheet for the CONUS IFBs.

C6.5.20. Back Covers

C6.5.20.1. The back cover is entirely a mailing page for the catalog printer.

C6.5.21. Term Sales for Usable Property

C6.5.21.1. When an IFB Number is established using the Establish IFB Number screen, the user is required to enter the Type Sale Code. If the Type Sale Code entered is either a **1** (Term Sale), **2** (Negotiated Term Sale) or **E** (Immediate Response Term Sale) all DTIDs that are associated to that IFB Number are automatically placed in RSC **K**. When a shipment of property is made on a term contract, the DRMO has 3 workdays to enter sales removal quantity data as shown on the DRMS Form 1427 or DLA Form 1367. Enter this information on either the Sale/Shipment (DTIC) Screen (udaz30) or Sale/Shipment (IFB Item No.) Screen (udaz32). When entering removal data on these screens, enter the applicable data elements.

C6.5.22. Updating DAISY Records with IFB Data

C6.5.22.1. When the sales catalog (IFB) is provided for review, relate the IFB and IFB Item Number to the DTID, scrap, referral or accumulation.

C6.5.23. IFB Printing

C6.5.23.1. Lead-Time. IFBs are sent via e-mail to the printing contractor for printing and mailing. Allow 10 days for printing and mailing time before the inspection period starts.

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C6.5.24. Amendments to IFBs

C6.5.24.1. Approvals. Amendments effecting complete withdrawal of an item from a sale will be at the sole discretion of the SCO.

C6.5.24.2. Amendments. Prepare amendments on SF 114D.

C6.5.25. Mailing/ Distribution

C6.5.25.1. IFB's are printed and mailed to those persons/companies that have a paid subscription for that particular type of IFB. All IFB's are also posted on the DRMS web site.

C6.5.25.2. Amendments are also mailed to those persons/companies that received the IFB, and are also posted to the DRMS web site.

C6.6. **Conducting National Sales**

C6.6.1. General

C6.6.1.1. Competitive Bidding System. The integrity of the competitive bidding system must be maintained at all times. Subject all bids to the maximum safeguards upon receipt. Keep all bids received prior to the time fixed for opening of bids, in a secured manner and unopened until the time of bid opening.

C6.6.1.2. Eligibility of Bidders

C6.6.1.2.1. Do not give priority or special consideration to any bidder.

C6.6.1.2.2. Where there is a question regarding eligibility, refer it to the SCO. If the SCO knows or suspects that the bidder is ineligible, then he will refer the matter to assigned counsel. If successful bidder, the SCO will withhold award or removal of property until eligibility is determined.

C6.6.1.3. Bidders Master File (BMF)

C6.6.1.3.1. The name of the bidder and, if different, the name of the signer and/or name of the person or firm of the account on which a check is drawn, must be checked against the Bidders Master File (BMF) (except when the bidder submitted a "no bid"). The BMF is a list of individuals and firms who:

C6.6.1.3.1.1 Have committed a security trade control violation.

C6.6.1.3.1.2 Are indebted to the Government from surplus sales contracts.

C6.6.1.3.1.3 Are “cleared” for Security Trade Control purposes to purchase MLI/CCLI property.

C6.6.1.3.1.4 Are listed in the Department of Commerce Table of Denial Orders.

C6.6.1.3.1.5 Are listed on the DOD Debarred and Suspended Actions.

C6.6.1.3.1.6 Are listed on the General Services Administration Consolidated List of Debarred, Suspended and Ineligible Contractors.

C6.6.1.3.1.7 Have on file with the DRMS Sales Office an approved annual bid bond.

C6.6.1.3.1.8 Have submitted a bid for a local, national sale.

C6.6.1.3.2. In instances where debarment is questionable, (e.g., when name and address variations are involved), assigned counsel must be contacted for guidance.

C6.6.1.4. Current Market Appraisals (CMAs). DRMOs establish CMAs prior to referring sale item to DRMS-BBS for sale. Develop CMAs from information available from statistics based on past sales experience, current market prices and trends, degree of market saturation, and value of basic material content. Submit CMA with sales referral. The final determination of acceptance or rejection of bids is the responsibility of the SCO.

C6.6.2. Conduct of National Sealed Bid Sales

C6.6.2.1. Bid Pickup

C6.6.2.1.1. A person designated by the SCO will be at the location specified in the IFB at which mailed bids are to be received (e.g., post office, post office substation pickup point, communication center), at the exact time of the bid opening; to receive any mail telegrams, facsimiles or messages. If there is any mail, telegrams or facsimiles containing bids or bid modifications, they are to be promptly delivered to the person conducting the bid opening or that person advised immediately when there are no bids or messages for that sale.

C6.6.2.1.2. The person designated in writing by the DRMS -BBS as authorized to pick up mail or messages also becomes the designee of the SCO (or Sales Office employee conducting the sale) for that purpose.

C6.6.2.1.3. The Sales Office employee conducting the sale will make an announcement at the beginning of the sale as follows:

Figure 26 - Announcement Example for Beginning of Sale

"My official designee has been sent to pick up mail and telegrams that may be at our (post office, post office substation or pick-up point) at the exact time of this scheduled bid opening. Another official designee will deliver any facsimile and electronic mail bids or modifications that are received prior to the exact time of this scheduled bid opening. Any bids or modifications delivered will be opened and considered for award. They are not considered late."

C6.6.2.1.4. The announcement made at the beginning of the sale may be modified depending upon the facts. For example, if the SCO's designee has telephonically reported no bids, only such fact need be announced.

C6.6.2.2. Registration of Bids

C6.6.2.2.1. Assign all acceptable bids a bidder's registration number upon receipt. For bids received by facsimile, mailgram or electronically, make a check to determine if a bid deposit was (if applicable) either accompanied with the bid (credit card information/statement) or was received independently. If the bid deposit is in the form of a negotiable instrument, a copy will be made, attached to the bid, and the negotiable instrument will be given to the cashier for handling. Bid deposit submitted via credit card form should be kept with the bid. If a bid deposit cannot be located contact legal council for advice. The bid (and bid deposit if applicable), should be, annotated with the bidder's registration number and placed with other mailed-in/hand-carried bids. If the facsimile machine becomes inoperable and cannot receive bids or modification, notify assigned counsel for appropriate guidance.

C6.6.2.2.2. Time stamp and date all envelopes containing bids (including late bids) at the time of receipt. Sort bids by IFB number. Those envelopes that do not have a bidder's identification number will have the name and address screened against the Bidders Master File to determine if the bidder has a bidder's identification number. If he does, annotate that number on the envelope. If he does not, then assign an identification number. Number each bid (including late bids that are opened for consideration) in sequence, beginning with number 001 for each sale, in the order in which it is received. Conspicuously place the number assigned on the envelope containing the bid.

C6.6.2.2.3. Unidentified bids may be opened solely for the purpose of identification and then only by the Sales Office supervisor or his designee, who will be someone other than contracting personnel. Whenever mail that is opened contains a bid, deliver it immediately to the Sales Office supervisor or his designee who will annotate the IFB number, name and address and bidder's identification number on the face of the envelope. Reseal the envelope, initial and mark *"opened for identification."* The bid will then be registered and handled in the normal manner. If a bid is opened by mistake, the person who opened the bid will immediately write his signature, title, date

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and time on the envelope and deliver it to the Sales Office supervisor or his designee, who will immediately write on the envelope an explanation, *"opened in error,"* the date and time opened, the IFB number and his signature, and reseal the envelope. Then handle the bid in the appropriate manner.

C6.6.2.2.4. After the registration process, the bid envelope should have the identification number and IFB registration number clearly annotated.

C6.6.2.3. Acceptable Late Bids

C6.6.2.3.1. Bids received by the sales office after the exact time set for opening, are "late bids." Do not consider late bids for award except as authorized below.

C6.6.2.3.1.1 In the instance of sealed bid sales, if the bid submitted by mail was received by the Contracting Officer prior to award, was mailed and, in fact, delivered to the address specified in the invitation for opening of bids, and except for delay attributable to personnel of the sales office or their designees would have been received on time; or

C6.6.2.3.1.2 The only evidence acceptable to establish timely receipt of bids at the address designated in the invitation for bids is documentary evidence of receipt at such address within the control of the sales office. Such evidence could be a date stamp or a log entry.

C6.6.2.3.2. If the SCO determines that the bid or modification is to be considered, then open the bid and record on DRMS Form 1458-1, Abstract of Bids. The reason for delay, time of arrival, and the initials of the SCO will be entered on DRMS Form 1458. Attach the postmarked envelope or a copy of the telegraphic modification securely to the sales office copy of DRMS Form 1427 if the bidder is successful or to the unsuccessful bid, if applicable.

C6.6.2.4. Unacceptable Late Bids. Return unacceptable late bids and modifications to the bidder as promptly as possible. It need not be registered. File a copy of the envelope of each late bid returned unopened or a copy of each unacceptable late telegraphic modification, in the unsuccessful bid file with the file copy of a cover letter or DRMS Form 879, Notice to Bidders, that was sent with the returned bid or modification, stating why the bid could not be accepted. If necessary, in order to ascertain the bidder's name and address or any other information concerning the bid, the sales chief or his designee will open and initial the envelope. State the reason for opening the envelope on the envelope and in the letter or form to be sent to the bidder. Do not include late bids on DRMS Form 63, Supplementary Sale Information, block 3, *"No. Bids Received."*

C6.6.2.5. Mishandling of Bids

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C6.6.2.5.1. A timely bid improperly returned to a bidder by DRMS BBS/OCONUS Sales may be considered if it is returned by the bidder and examination of it by a Postal Service Crime Laboratory confirms that the envelope has not been opened or tampered with. In any case of this nature, refer such a bid to the Postal Service so that an appropriate analysis of the envelope can be made. If the Postal Service evaluation confirms the bid has not been tampered with, consider the bid.

C6.6.2.5.2. The SCO should take those actions necessary to identify the items on which high bids are involved in the returned bid (contact bidder if necessary) and withhold award on those items pending resolution of the matter.

C6.6.2.6. Misidentified Mismailed or Misrouted Bids. Process misidentified, mismailed or misrouted bids as follows:

C6.6.2.6.1. Immediately upon receipt of a misidentified, mismailed or misrouted bid, the bid will be examined to determine the time and date of bid opening. DRMOs receiving mismailed or misrouted bids will consult the cognizant SCO prior to making the decisions and taking the actions specified in the paragraphs below.

C6.6.2.6.2. If it is apparent that the bid can be re-mailed so as to reach DRMS/OCONUS Sales Office by the time and date set for the bid opening, the bidder involved will be contacted and advised of the receipt of the bid. The bidder also will be advised of the various corrective actions that may be taken:

C6.6.2.6.2.1 The bid may be returned to the bidder, who may submit a new bid to the DRMS/OCONUS Sales Office.

C6.6.2.6.2.2 The bidder may attend the sale in person.

C6.6.2.6.2.3 The bidder may designate a representative to bid on his behalf.

C6.6.2.6.2.4 The bidder may resubmit a bid by facsimile means.

C6.6.2.6.2.5 The bidder may request the bid be mailed directly to the correct sales office.

C6.6.2.6.3. In the event the bidder elects option (5) C6.6.2.6.5, he will be advised that the bid may not reach the sales office in time to be considered a timely bid.

C6.6.2.6.4. If it is likely that the bid cannot be re-mailed so as to reach the DRMS/OCONUS Sales Office by the time and date set for the bid opening, the bidder will be advised in order to afford him the opportunity to submit another bid either

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personally or by a representative—the representative authority to act for the bidder must exist at bid opening time but may be established by evidence submitted later.

C6.6.2.6.5. If it is certain that time will not permit either the bidder or his designated representative to submit a timely bid, then the receiving office will read the bid to the SCO prior to bid opening. This telephonic notice will be deemed constructive delivery of the bid. The bid will then be mailed immediately to the DRMS/OCONUS Sales Office for its consideration. The original recipient of the bid will retain a photographic reproduction of the bid and prepare an MFR of the action taken as required in the paragraph below.

C6.6.2.6.5.1 An MFR will be prepared to indicate the SCO and the bidder was contacted. The MFR as a minimum will contain the following data:

C6.6.2.6.5.1.1 Time and date bid was released.

C6.6.2.6.5.1.2 Time and date bidder was notified.

C6.6.2.6.5.1.3 Time and date DRMS SALES OFFICE was notified and identity of party notified.

C6.6.2.6.5.1.4 Information indicated on bidder's envelope:

Figure 27 - Bidder's Envelope Information

Sale No._____ Time:_____ Date: _____ Postmarked:_____ Address:_____

C6.6.2.6.6. In the event the office who originally received the bid cannot, with due diligence, telephonically communicate the bid to the DRMS/OCONUS Sales Office prior to bid opening time or a mismailed or misrouted bid indicates a bid opening date that has expired, a letter will be written to the bidder informing him of the date and time the bid was received and advising that the bid was received too late for consideration. The bidder will also be advised that future bids should be mailed to the SCO according to the sample envelope contained in the General Information and Instructions included in each IFB. The bid will be returned to the bidder with the letter. A copy of the letter will be furnished the DRMS/OCONUS Sales Office for information. DRMOs receiving mismailed or misrouted bids will contact the DRMS/OCONUS Sales Office for guidance.

C6.6.2.7. Bidder's Modifications or Withdrawal of Bid

C6.6.2.7.1. Prior to Bid Opening

C6.6.2.7.1.1 Prior to the time specified for bid receipt, a bidder may modify, withdraw or resubmit his bid. In case of a withdrawal, return the unopened

envelope containing the bid to the bidder in person (upon gaining positive identification of the bidder) or by certified mail.

C6.6.2.7.1.2 Modification or withdrawal of a bid may be accomplished either in person, by letter, facsimile or online on the DRMS website (http://www.drms.dla.mil). To be acceptable, a modification increasing a bid must meet bid deposit requirements (if applicable) and any other bid evaluation criteria.

C6.6.2.7.1.3 Consider a facsimile modification or withdrawal of a bid received prior to the time set for bid opening. Modification/withdrawal of bids received by facsimile will be sealed in an envelope (DRMS Form 101) by a proper official of the sales office, who will complete all entries thereon, and secured in a controlled area until bid opening. Do not disclose information contained in the modification/withdrawals prior to the bid opening. Do not accept telephonic modifications/withdrawals under any circumstances.

C6.6.2.7.2. After Bid Opening. Bids may not be modified or withdrawn after the bid opening, except as provided for under Bid Mistakes procedures contained in C6.8 The SCO will not permit the withdrawal of any bid after the bid opening, however, modifications that make the terms of an otherwise successful bid more favorable to the Government will be considered and may be accepted at anytime prior to award.

C6.6.2.8. Bid Opening

C6.6.2.8.1. The SCO or his designated representative will open in public all bids for sealed bid sales at the place, on the date and at the exact time specified for bid opening and, if practical and requested by bidders or other interested parties, read the bids aloud to the persons present. If bids are read, provide only the bidder number or name, item number, total bid price, and any qualifications or modifications submitted with the bid. If the SCO decides that reading bids aloud is impractical, e.g., due to quantity of items being offered for sale and/or number of bids received, an announcement will be made to that effect. The original of each bid shall be carefully safeguarded, particularly until the abstract of bids has been made and its accuracy verified.

C6.6.2.8.2. Notwithstanding that performance of the procedure in paragraph a above may be delegated to an assistant, the SCO remains fully responsible for the actions of that assistant.

C6.6.2.8.3. Examination of bids by interested persons shall be permitted if it does not interfere unduly with the conduct of Government business. Original bids shall not be allowed to pass out of the hands of the SCO or designated representative unless a duplicate bid is not available for public inspection. The original bid may be examined by the public only under the immediate supervision of the SCO or designated

representative and under conditions that preclude possibility of a substitution, addition, deletion, or alteration in the bid.

C6.6.2.8.4. Attach DRMS Form 63 to the Abstract of Bids and include as a minimum the information prescribed below.

C6.6.2.8.4.1 Number of prospective bidders solicited.

C6.6.2.8.4.2 Number of bids received.

C6.6.2.8.4.3 Number of awards made.

C6.6.2.8.4.4 Item number for which no award is made and the reason.

C6.6.2.8.4.5 Item number and statement of reasons for any award to other than the highest bidder.

C6.6.2.8.4.6 Information regarding whether a bid is submitted subject to condition, reservation or qualification in any respect.

C6.6.2.8.4.7 The following certification: *"I certify that I have personally supervised the opening of the sealed bids and verified all entries on this abstract extracted from those bids",* signed by the Sales Contracting Officer or Authorized Representative.

C6.6.2.8.4.8 The following certification: *"I have made the awards or rejected the bids as indicated on this abstract",* signed by the Sales Contracting Officer.

C6.6.2.8.5. File the DRMS Form 1458 duplicate copy in the IFB folder, and the original, with the successful bidder numbers circled, utilized by the cashier. When disposition of all deposits, (if applicable), has been completed the original will displace the duplicate copy in the IFB folder and will serve the following purposes: a reference document for administrative purposes; a control register for all contracts issued against the sale; and a control for filing, auditing and records retirement. The successful bidder's name and address should be rechecked for accuracy when circled. Where more than one number has been assigned, circle the lowest number, and the other numbers cross-referenced to it. Discard the duplicate copy of the bid and deposit register. When an abstract of bids is prepared manually, attach the completed original bid and deposit register (after disposition of all deposits have been completed), to it.

C6.6.2.9. Processing of Bids

C6.6.2.9.1. When processing bids, the SCO will not permit any notations to be made on original bids, other than the assigned bidder's registration number (taken

from the bid envelope) transcribed to the upper right hand corner of the Bid and Award page.

C6.6.2.9.2. When corrections to the bid are necessary because of incorrect completion of *"Total Price Bid"* column or incorrect computation of unit bid prices, make the correction on DRMS Form 62, Bid Variation, Alteration, Discrepancy, and attach to the original bid.

C6.6.2.9.3. Bid Deposit Requirement. When a bidder has not met the bid deposit requirement, such bids normally will be considered as non-responsive, except under any of the following situations:

C6.6.2.9.3.1 The bid deposit is less than the required amount by an inconsequential amount and the rejection of the bid would not be in the best interest of the Government.

C6.6.2.9.3.2 Only one bid has been received and it is considered to be adequate and the bidder agrees to submit the required deposit.

C6.6.2.9.3.3 A bidder who submits a bid deposit (when applicable) that is insufficient to cover all of the items for which he is in line for award, should be awarded those items for which the bid deposit would have been adequate had only those items been bid upon. The SCO must ensure such a partial award is not inconsistent with either the bid as submitted by the bidder, or the terms and conditions of the invitation, such as an all-or-none bid qualification. In determining which items should be awarded, the greatest possible return to the Government is the prime factor.

C6.6.2.9.4. Ineligible Status. Do not make awards to the individuals or firms listed on the Bidders Master File (BMF) as debarred, suspended, TSC debarred, or indebted unless exception has been authorized or prior approval for the award has been obtained from assigned counsel. When a high bidder is on the BMF as a result of undergoing bankruptcy proceedings or for any other reason, and the SCO believes it is in the best interest of the Government to make an award to the high bidder, forward the following to assigned counsel:

C6.6.2.9.4.1 The high bid and second high bid.

C6.6.2.9.4.2 Expiration date for acceptance of bids and whether that date may be extended.

C6.6.2.9.4.3 Desirability or necessity for acceptance of bid.

C6.6.2.9.4.4 Recommended action.

C6.6.2.9.5. Responsive Bids

C6.6.2.9.5.1 To be considered as responsive, bids must conform to the provisions of the Invitation of Bids. For example, bids must be based upon the unit specified for the item(s) and must cover the total number of units designated for that item; must be signed by the bidder (except as provided for in C6.6.2.9.5.3 below); and where bid deposits are required, the bid deposit must be in the form acceptable to the Government, in at least the required amount.

C6.6.2.9.5.2 Minor Informalities or Irregularities. Minor informalities or irregularities do not render a bid non-responsive. A minor informality or irregularity is one that is merely a matter of form or is some immaterial variation from the exact requirements of the Invitation for Bid; not affecting the price, quality, quantity or delivery of the property. Correction or waiver must not be prejudicial to the rights of other bidders. The SCO will either give the bidder an opportunity to cure any such deficiency resulting from a minor informality or irregularity in a bid, or waive any such deficiency where it is to the advantage of the Government.

C6.6.2.9.5.3 Unsigned Bids. In order for a written bid to be binding upon the bidder, it must be signed by the bidder or his authorized representative. This signature will appear in the space provided. But, if the signature of the bidder or his authorized representative appears elsewhere, for example, on an acceptable check or in a letter of transmittal accompanying the bid indicating an intention to submit the bid, failure to sign in the space provided may be treated as a minor irregularity and be waived. Do not consider unsigned bids, except to the extent stated in this paragraph. Where a doubt exists as to the responsiveness of a bid, contact assigned counsel for guidance.

C6.6.2.9.5.4 End-Use Certificate (EUC), DLA Form 1822. Failure to submit a completed EUC with a bid does not make the bid non-responsive. But, a completed EUC must be in the possession of and be examined by the SCO prior to making award.

C6.6.2.9.6. Non-responsive Bids. Bids that fail to conform to the essential requirements of an Invitation for Bids are considered non-responsive. Generally, bids deviating from the provisions of the Invitation for Bids which affect the price, quality, quantity or delivery of the property offered for sale are non-responsive. Reject such bids.

C6.6.2.9.6.1 As a general rule, a bid must be submitted on the basis of the unit specified in order to be considered for award. For example, if bids are solicited on a “pound” basis, bids submitted on a “cash” basis normally require rejection. Moreover, a bid submitted on a “price for the lot” basis may be considered for property offered by the “pound” or “each” if the quantity available for delivery is within the permissible variation and the “lot” bid is higher that the total price which the Government would receive, assuming the maximum permissible quantity is available for delivery.

(Example: Offered 14,000 pounds, Bidder 1 bids $ .03 per pound. Bidder 2 bids $800 for the lot. The maximum deliverable is 17,500 pounds. The maximum proceeds from Bidder 1 are $525 ($ .03 per pound x 17,500 pounds). Thus an award of $800 for the "lot" would not adversely affect the integrity of the competitive bidding system and is acceptable). When a bid is received where application of the concept may be possible, obtain guidance from assigned counsel prior to award.

C6.6.2.9.6.2 Some deviations from the provisions of the IFB and other factors that may render a bid non-responsive are:

C6.6.2.9.6.2.1 Type or method of payment

C6.6.2.9.6.2.2 Unit

C6.6.2.9.6.2.3 Offer subject to change

C6.6.2.9.6.2.4 Quantity of an item

C6.6.2.9.6.2.5 Qualifications limiting the rights of Government

C6.6.2.9.6.2.6 Unsigned bids (exceptions noted in C6.6.2.9.5.3)

C6.6.2.9.6.2.7 Failure to submit proper bid deposits as and where required.

C6.6.2.10. Deposit and Performance Bonds. The name and address on an SF 114, Bid and Award, of a high bidder whose bid cites an SF 151, Deposit Bond—Annual (an Adobe Fillable Form) in support of a company/personal check will be checked for any deviation from that listed on the DRMS Approved Annual Bid Deposit Bond List. Any deviation should be discussed with assigned counsel for advice. In some circumstances, the deviation may be considered a minor informality and the surety permitted to clarify its obligation. In such event a certification substantially as follows would be acceptable:

Figure 28 - Deposit and Performance Bonds Certification

"This is to certify the (Surety Co.) and (Name and Address of Principal exactly as specified on the bond) intended and so agreed on (date of bond) that bids of (exact name and address of bidder entered on the bid) were to be within the scope of Bond No. SF_____ and that (Surety Co.) would be fully liable under the terms of said bond for such bids."

_____	_____
Execution Date	**Signature of Attorney-in-Fact**

C6.6.2.10.1. This certification must be signed by an attorney-in-fact for the surety and must be accompanied by an appropriately dated certified copy of his power

of attorney. Such a certificate, upon receipt and when obtained with the approval of assigned counsel, permits the application of the cited annual bid bond to the bid on the specific sale. In the event the principal wished to continue so bidding, he should take steps to amend the annual bid bond.

C6.6.2.10.2. Sales offices will secure confirmation from DRMS-BBS prior to rejection of any high bid that is in line for award citing an SF 151 that is not on record at the sales office or listed on the Bidders Master File.

C6.6.2.10.3. Prior to approving an SF 150 Deposit Bond - Individual Invitation (an Adobe Fillable Form), sales offices will determine from the current Department of the Treasury Circular 570 Surety Companies Acceptable on Federal Bonds, if the surety(ies) listed on the bonds are acceptable surety on Federal bonds. If a surety listed on a bond is not shown in the circular as an acceptable surety, contact assigned counsel.

C6.6.2.10.3.1 A checklist for Certifications of Power of Attorney accompanying the SF 150 is as follows:

C6.6.2.10.3.1.1 The Power of Attorney must authorize the named attorney-in-fact to execute deposit bonds on behalf of the specified surety. If the SCO has any doubts as to whether the language of the Power of Attorney regarding bonds may not include deposit bonds, he should contact DRMS-G or assigned counsel.

C6.6.2.10.3.1.2 In addition to limitations relating to the nature of bonds covered, the Power of Attorney should also be checked for other limitations. Examples include the numbers of signatures required to bind the surety, any limitation as to the monetary amounts limiting the authority of the attorney-in-fact to bind the surety, etc.

C6.6.2.10.3.1.3 Neither the execution date of the bond nor the certification date of the Power of Attorney should predate the effective date of the Power of Attorney.

C6.6.2.10.3.1.4 The certification date of the Power of Attorney and the execution date of the bond should coincide. Depending upon the language of the certification, a certification date post dating the execution date of the bond may also be acceptable. If there are any doubts, assigned counsel should be contacted. Under no circumstances is the bond acceptable when the certification date predates the execution of the bond.

C6.6.2.10.4. When the "**Performance Bond**" condition of sale applies to an item, the SF 25 Performance Bond, or copy is to be retained in the contract file. If the surety requests the bond be returned after a contract has been fully performed, the SCO should prepare a copy of the bond and retain as evidence that the contractual

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requirements relative to the bond have been completed. Do not return the bond prior to full completion of the contract.

C6.6.2.10.5. When a certified or cashier's check, bank draft, post office money order or currency is furnished with a SF 25, in lieu of a designated acceptable surety company, enter the amount and type of deposit in the space designated *"SURETY(IES),"* and deposit the money to the Budget Clearing Account (Suspense) 97F6501. SF 25 should, in any event, be executed by the contractor as principal, and the form retained in the contract file. When the obligations of the bond have ceased, the SCO will refund the amount to the contractor.

C6.6.3. Negotiated Sale

C6.6.3.1. General

C6.6.3.1.1. Conditions under which a SCO may negotiate sales of surplus personal property are set forth in DOD 4160.21-M, Chapter 7, paragraph F.

C6.6.3.1.2. SCOs will request approval from the DRMS-BBS Chief/Forward Support Team (OCONUS) prior to entering into negotiations for the sale of surplus property whose fair market value per line item is between $1,000 and $5,000. The request will contain sufficient information for the DRMS-BBS Chief/FST to decide whether or not sale negotiation is in the best interest of the Government and in accordance with the conditions set forth in DOD 4160.21-M, Chapter 7. If the fair market value per line item is between $5,000 and $15,000, approval must be obtained from the DRMS-BBS Chief/FST or his designee.

C6.6.3.1.3. When the fair market value of a sales line item exceeds $15,000, forward the following information through DRMS-BBS Chief to DEFENSE LOGISTICS SUPPORT COMMAND (DLA/J372)-MMSC for approval prior to conducting the negotiations:

C6.6.3.1.3.1 Description of property (including quantity and condition).

C6.6.3.1.3.2 Use of property (indicate how the Government used the property).

C6.6.3.1.3.3 Location

C6.6.3.1.3.4 Reported excess by (name of agency and date)

C6.6.3.1.3.5 Excess and donation screening (show the extent of screening and results).

C6.6.3.1.3.6 Acquisition cost and date (if not known, estimate and so indicate).

C6.6.3.1.3.7 Income (all income known to the holding agency, if any, received by the Government for use of the property).

C6.6.3.1.3.8 Estimated fair market value (including date of estimate and name of estimator).

C6.6.3.1.3.9 Proposed disposal price.

C6.6.3.1.3.10 Proposed purchaser (name and address).

C6.6.3.1.3.11 Intended use (state how the proposed purchaser intends to use the property).

C6.6.3.1.3.12 Justification (a narrative statement containing complete justification for the proposed sale and other pertinent facts involved in the Government's decision to sell by negotiation).

C6.6.3.1.4. If market impact clearance is predicated upon sale by negotiation only, that information will be passed to the appropriate reporting office.

C6.6.3.1.5. Explanatory statement for negotiated sale.

C6.6.3.1.5.1 For sales over $5,000, one copy of the explanatory statement (see C6.6.3.1.3), will be forwarded to DRMS-BBS.

C6.6.3.1.5.2 All other negotiated sales will be supported by a brief summary containing pertinent information justifying the use of this method of sale for the contract file.

C6.6.3.1.6. When an emergency situation requires immediate disposition of surplus property, request for authority to enter into immediate negotiations may be transmitted by electronic means.

C6.6.3.1.7. Do not divide property into separate sales to circumvent approval channels or dollar limitations. The anticipated sales value of each item of property included in an offering is the deciding factor for determining the approval and applicable authority under which the negotiated contract is to be consummated. The written request for approval will contain sufficient information to justify that negotiation of the identified property would be in the best interest of the Government. The written request will be initiated by DRMS-BBS except in cases where negotiations with purchasers who have been defaulted and terminated on competitive bid sales, then the written request will be initiated by the SCO. When the written request is initiated by the chief, it will be

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endorsed by the SCO with "Sale by negotiations authorized pursuant to (cite forwarded to DRMS-BBS for approval or disapproval). If approved, the SCO will consummate the negotiation except that if a written *"Request for Quotations"* is required, it will be prepared by merchandising. Generally, *"Request for Quotations"* is used when soliciting offers for a large number of items; but in most cases, oral quotations may be solicited to expedite the sale and ultimate removal of the property.

C6.6.3.1.8. Administer high bid information in DSNP in accordance with sealed bid sale procedures.

C6.6.3.1.9. When the sale is to be negotiated, submit proposals by the prospective buyers to the SCO by letter or upon such form as may be provided by the SCO. Public opening is not required, but keep all proposals in a secure manner and open at the same time in order to preserve the integrity of the sale. In no event will prices offered or the relative standing of prospective buyers be released prior to award. Such information will be considered *FOR OFFICIAL USE ONLY* until the contract is executed. Telegraphic/facsimile proposals may be considered. Proposals submitted in connection with a negotiated sale may be withdrawn at any time before acceptance by the Government. Prepare and maintain DRMS Form 1458 as provided for in C6.6.2.8

C6.6.3.1.10. Solicitations of quotations in writing or orally should be made to a reasonable number of prospective buyers to ensure adequate public notice and competition (except in certain circumstances such as negotiations with purchasers who have been defaulted and terminated on competitive bid sales contracts). The SCO must conduct further negotiations with all who submitted quotations or offers if the highest offer received from the initial solicitation does not represent a fair price for the property, all factors considered. The amount of the highest offer received may be revealed on the re-solicitations.

C6.6.3.1.11. Public bid openings will not be held and individual prices offered, or the relative standing or prospective buyers will not be released during negotiations or prior to award.

C6.6.3.1.12. Prior to award, the DRMS-BBS approval is required on DRMS Form 63, Supplementary Sale Information.

C6.6.3.1.13. Complete SF 114E as follows:

NOTE: For IFBs consisting entirely of FEPP, substitute the statement, *"The property listed here has been determined to be foreign excess personal property as defined by the Federal Property and Administrative Services Act of 1949, as amended"*.

C6.6.3.1.13.1 For negotiated term contracts write: *'-TERM'* following *NEGOTIATED SALES CONTRACT* in upper left block.

C6.6.3.1.13.2 In the upper portion of the form, insert reference to DRMS Form 84; for one-time contract, insert (in second space provided) the number of days to be allowed for removal after the date of notice of award; for a term contract, insert (in second space provided) a double asterisk and immediately below, insert a double asterisk and *"For duration, see below."* Do not make entries in the first space provided in subparagraph (2) of the form.

C6.6.3.1.13.3 Complete the columns for item, property description, etc. If additional space is required for property description, quantity, unit price and amount, use SF 114B as page 2 and change *"IFB number"* to *"contract number."* Entries will vary depending on the property being offered, terms of sale, and the unit in which the property is offered. If SF 114B is used and space permits, General Information and Instructions, Conditions of Sale, may be added. If SF 114B is not used for supplemental page(s), no form is required.

C6.6.3.1.13.4 It does not matter if the purchaser does not complete the PURCHASER REPRESENTS section of any of the three blocks immediately below, but the signature and title of person authorized to sign the contract must be shown in appropriate block of the EXECUTION BY PURCHASER section.

C6.6.3.1.13.5 Complete the *EXECUTION BY GOVERNMENT* section.

C6.6.3.1.14. If any general information and instructions or additional special conditions are required, prepare on supplemental page(s). Special conditions may be shown on the same page as the General Information and Instructions, space permitting.

C6.6.3.1.15. The contract (originals and one copy with an SBR pamphlet) should be forwarded to the offeror for signature by letter of transmittal with the date specified (normally not more than 10 days) for returning the signed (original) contract, advising the offeror to retain the copy of the contract pending receipt of a Notice of Award signed by the SCO and advising if a deposit or payment should be forwarded with the signed contract.

C6.6.3.1.16. In executing DRMS Form 1427, in addition to showing the final removal date also indicate the loading hours and loading specifications as shown in the original contract (use of loading legends are not required).

C6.6.3.1.17. In reference to the distribution prescribed in this chapter, the copy of the contract (SF 114E, Negotiated Sales Contract) furnished to the DRMO will have a signed copy of DRMS Form 1427 attached. Furnish the purchaser necessary copies of DRMS Form 1427 (without a copy of contract, SF 114E). Furnish a copy of the contract, SF 114E (without a DRMS Form 1427 attached) to DRMS -BBS, each copy annotated in the "Execution by Government" block to indicate the date of award as shown on DRMS Form 1427. The original contract (SF 114E), a copy of DRMS Form

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1427, and other pertinent documents on oral or written quotations, written approvals required, and documents covering justification for the negotiated sale, will be retained in the contract file.

C6.6.4. Negotiated Sale to State and Local Governments (OCONUS)

C6.6.4.1. Acknowledge requests from state or local governments, hereinafter referred to as *"want lists"*, and advise the prospective purchaser if the property is available. If it is not, retain the list on file for 60 days for future action should the property become available. In the event property does not become available, consider the request canceled. The acknowledgment letter also advises the prospective purchaser of restrictions imposed on negotiated sales, e.g., contracts for surplus property having a fair market value in excess of $15,000 must have approval from higher authority. In addition, the letter acknowledging receipt of the list may be used, where appropriate, to request more information such as a more specific description of property desired, minimum acceptable condition of property, geographical area(s) within which the requester will be willing to inspect and purchase property and the name, title, address and telephone number of the requester's representative who would be authorized to negotiate contracts. The initial letter will advise the requesting agency to restrict all future lists to one type of property having a minimum fair market value of $25.

C6.6.4.2. Do not withdraw property listed on invitation for bids and already offered to the general public at the time a want list is received, for negotiation purposes under these procedures.

C6.6.4.3. The Sales Office will maintain want lists in a manner that will assure adequate review of requirements against property reported to the sales office for disposition. Also, maintain other pertinent data as appropriate. A suggested method for accomplishing this is the establishment of a register-type file that indicates the following:

C6.6.4.3.1. Date of receipt of list

C6.6.4.3.2. Type of property required

C6.6.4.3.3. Date list will be purged if no matches are made

C6.6.4.3.4. Minimum acceptable condition of property

C6.6.4.3.5. Dates of screening against property reported for sale

C6.6.4.3.6. Dates of referral of property to the requesting agency

C6.6.4.3.7. Inspection of items by the requesting agency

C6.6.4.3.8. Contract(s) consummated

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C6.6.4.3.9. Date of completion of action on want list

C6.6.4.4. When an item on a want list is available or becomes available for sale, the interested state or local government will be contacted by the sales office and advised as to:

C6.6.4.4.1. Complete description of item.

C6.6.4.4.2. Condition, e.g., good, usable without repairs; fair, repairable; poor, extensive repairs required.

C6.6.4.4.3. Location of item and full information concerning inspection.

C6.6.4.4.4. The estimated fair market value, when only one state or local government is involved.

C6.6.4.4.5. Date, not to exceed 15 days from date or advice of availability, by which the state or local government must indicate its interest in purchasing property.

C6.6.4.5. Negotiated sales of surplus personal property to state and local governments are subject to:

C6.6.4.5.1. Obtaining such completion as is feasible under the circumstances. When the want list indicates that two or more entities desire to purchase the same property, competition is considered to be feasible and quotations should be obtained from each unit. When only one entity has indicated an interest in negotiating, competition is not necessary.

C6.6.4.5.2. Obtaining fair market value and other satisfactory terms of disposal. In estimating fair market value, the SCO should determine the prices paid for the particular item in similar condition from recent sales conducted on a competitive basis by DRMS Sales Office. Further exterminations of fair market value may also be obtained from other sales offices, DRMS or local commercial sources. If no record of previous sale is available, fair market value should be established by means of appropriate market research.

C6.6.4.5.3. Completing satisfactory arrangements with the state or local government regarding payment and removal of property.

C6.6.5. <u>Conduct Specialized Sales of Defense Item with Demilitarization Waived</u>

C6.6.5.1. Items requiring demilitarization which are determined to have substantial commercial value may be sold without demilitarization to legitimate and authorized individuals or firms after receiving approval from the Office of the Under

Secretary of Defense for Acquisition and Technology. See Section 4, Supplement 2, Sales Enclosure 12 - Conduct Specialized Sales of Defense Item with Demilitarization Waived.

C6.6.6. Awards

C6.6.6.1. Highest Responsive Bidder. Awards normally go to the highest responsible and responsive bidder. SCOs will evaluate bids and determine whether to accept or reject bid prices based upon sound personal judgment and the agency's written policies and procedures. They will consider the number of bids received, range of bids, geographical areas from which bids were received, cost of re-advertising, etc. Items receiving three or more bids will normally be awarded unless circumstances did not permit the best price to be obtained even though bids are received enter the reasons for not making an award on the sale record.

C6.6.6.1.1. Contracts resulting from sealed bid sales will be executed on DRMS Form 1427.

C6.6.6.1.2. Contracts resulting from negotiated sales will be executed on an SF 114E and will include (either by reference or in their entirety) the appropriate General and Special Terms and Conditions of Sale. On the SF 114E, in the EXECUTION BY GOVERNMENT section, the block titled *"Name and Title of Sales Contracting Officer"*, place the following statement: FOR ACCEPTANCE INFORMATION SEE DRMS FORM 1427.

C6.6.6.2. The Confirmation of an Award is when:

C6.6.6.2.1. There is a bid with the bidder's original signature.

C6.6.6.2.2. The SCO signs the DRMS Form 1427.

C6.6.6.2.3. It was mailed or otherwise furnished on DRMS Form 1427 to the bidder.

C6.6.7. No Bids, Rejected Bids And Defaults, Excluding CV.

C6.6.7.1. If no bids are received or all bids are rejected or the bidder defaults after award, take one of the following actions:

C6.6.7.1.1. Use the CHANGE IFB NUMBER Screen (udaz24) to place unsold property on a new IFB and IFB Item Number.

C6.6.7.1.2. Roll the item back to Record Status **A** and process as appropriate.

NOTE: Scrap Record Status Code changes to S.

C6.6.7.1.3. Downgrade the item to scrap. DRMO personnel may determine that certain items that did not sell should be downgraded. The source documents for the downgrade transaction are DRMS Form 222 or the DAISY Downgrade Placard.

C6.6.7.2. Supplemental Agreements. Prepare supplemental agreements on SF 114D, with continuation sheets on blank paper with each sheet identified with page, contract and supplemental agreement numbers. Immediately following the last line of text, enter NOTHING FOLLOWS. Supplemental agreements require approval of assigned counsel prior to issuance. The purchaser and the SCO will sign supplemental agreements. Distribution will be the same as the original contract.

C6.6.7.3. Prompt Awards. The SCO should make awards as promptly as possible. In no event should the awards be delayed beyond 5 workdays after bid opening unless:

C6.6.7.3.1. Some or all bids may be rejected. If the scrap or usable items are not sold, the property may be either re-offered or processed to Abandonment or Destruction.

C6.6.7.3.2. Suspension of action is necessitated by a claim, allegation of mistake in bid, or protest.

C6.6.7.3.3. The bid or bids must be submitted to the Attorney General of the United States for antitrust advice.

C6.6.7.3.4. It is desired to submit the bids to a higher echelon for advice or approval.

C6.6.7.3.5. Awards are delayed due to requirements for security trade control clearances or approval of a proposed hazardous property buyer.

C6.6.7.3.6. Possibility of withdrawal for utilization requirement exists.

C6.6.7.3.7. As otherwise directed by a higher echelon.

C6.6.7.3.8. Awards delayed due to completion of facility inspections.

C6.6.7.4. Delays in Awards. When circumstances exist such as those listed above that will delay the making of an award, generate a Summary of Items Pending Award, for each applicable sale as indicated below.

C6.6.7.4.1. The SCO and/or designee will generate Summary of items pending award report from DNSP by entering appropriate information for each line item

affected by delayed award actions. Information needed to complete the form is summarized from DRMS Form 62 and/or DRMS Form 1458-1, Abstract of Bids, with the exception of bid acceptance dates, which will be calculated from the bid acceptance period indicated on each affected bid.

C6.6.7.4.2. The SCO and/or designee will monitor the report to ensure that appropriate actions are completed prior to expiration of the bid acceptance date(s).

C6.6.7.4.3. After all actions have been completed for every item pending an award, the report will be filed in the IFB folder.

C6.6.7.5. DRMS Form 1427, Notice of Award, Statement and Release Document. Notice of Award, Statement, and Release Documents (DRMS Form 1427) will be used for the notice of award and statement of financial transaction for all contracts, and additional copies will be used to affect the release or shipment of the property. One completed copy will be filed in the official contract file, and one completed copy in the DRMO source document file. Bidder registration, signature on the bid form and acceptance constitute an award. Contracts and confirmation of awards on local sales will be accomplished on DRMS Form 1427, signed by the SCO. (DRMS Form 1427c is exempted from use under mechanized procedures.)

C6.6.7.6. Bidder Representation. Bidders are only required to check block (3) (BIDDER REPRESENTS) on the SF 114 where the total contract price exceeds $25,000 ($5,000 for negotiated sales). Hold award of any such contract until receipt of the required information.

C6.6.7.7. Rejection of Bids or No Bids

C6.6.7.7.1. Bids may be rejected by the SCO when bid prices offered are not considered reasonable and are below the current market appraisals and it is affirmed by the SCO that the current market appraisals are valid.

C6.6.7.7.2. When no bid has been received or bid prices have been rejected by SCO, the DRMO and the SCO will discuss the most advisable disposition action for the property (which includes possibility of RTM), within 10 working days. DRMOs should submit necessary inputs to the accountable record to reflect the true status of the property.

C6.6.7.7.3. When items for which bids have been rejected or no bids have been received are to be re-advertised on a subsequent IFB, DRMOs must resubmit a new referral.

C6.6.7.7.4. When it is necessary to re-offer an item for sale, every attempt will be made to widen the distribution of the offering both geographically and through trade channels.

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C6.6.7.7.5. When it appears that there was a collusive attempt by bidders to hold down prices, reject bids and re-offer the item(s) offered for sale. Fully document the circumstances and refer to assigned counsel.

C6.6.7.8. Withdrawal or No Award Made. For each item that is withdrawn prior to bid opening and for each item where there is no award made, make an entry on DRMS Form 63. Although the Abstract for Bids is public information at all times after completion of the public opening of bids, the successful bidder for each item is not designated until the item has been circled and the abstract, or document attached to the abstract, has been signed by the SCO. In the interest of good public relations, those viewing an abstract should be so informed.

C6.6.7.9. Identical Bids

C6.6.7.9.1. Identical bids means two or more bids received for the same item on an Invitation for Bid that are identical as to unit price, total line item amount or, in the case of tie-in, aggregate or all-or-none bids, are identical in total amount. The term “line item” means a numbered item of sales offering that, under the terms of the invitation, is susceptible to a separate award. When an Invitation for Bid results in the submission of identical bids, give consideration to whether adequate price competition was obtained. Whether there is adequate price competition for a given sale is a matter of judgment to be based on the circumstances of the sale. If a price competition was inadequate, bids should be re-solicited.

C6.6.7.9.2. When identical (tie) bids are received on the same item, award can be made by either manually drawing lots in the presence of three witnesses or using the DNSP Bid Evaluation Process to arbitrarily select the winning bid. If manually drawing lots, document the names and addresses of witnesses and the person supervising the drawing on DRMS Form 741, Identical (Tie) Bid, Record-Sealed Bid and Spot Bid Sales. Prepare DRMS Form 741 in original only. Record the bidder number of bidders involved other than the name/number drawn on the form. File the completed form in the contracting IFB folder.

C6.6.7.10. Price Breakdown for Sale of Lost, Abandoned or Unclaimed Privately Owned Personal Property.

C6.6.7.10.1. Prior to award of items containing lost, abandoned or unclaimed privately-owned personal property, the SCO will obtain from the high bidder a breakdown of his total price for the lot on DRMS Form 131, Lost, Abandoned, or Unclaimed Privately-Owned Personal Property. The high bidder must provide an itemized breakdown for each sub-item in the lot and the breakdown must equal the total price for the lot. This applies to all private/abandoned property, whether or not the owner is known.

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C6.6.7.10.2. The completed DRMS Form 131 must be signed and dated by the high bidder and returned to the SCO. The original DRMS Form 131 should be filed in the appropriate contract folder. Copies may be made for the DRMO cashier and servicing DFAS-CO as necessary.

C6.6.7.11. Sales to Foreign Nationals and Friendly Foreign Governments. Sales may be made to foreign nationals and friendly foreign governments of property located in the United States, Puerto Rico and the Virgin Islands.

C6.6.7.11.1. Foreign nationals and representatives or agents of friendly foreign governments may purchase surplus personal property unless ineligible for other reasons.

C6.6.7.11.2. Prior approval of proposed awards to foreign nationals or representatives or agents of friendly foreign governments is not required solely due to their national origin. Awards to these purchasers are subject only to the approval requirements applicable to awards generally.

***NOTE*:** Foreign nationals representing themselves or foreign companies/firms (not foreign governments) that are high bidders on MLI are not eligible for award. Foreign nationals representing themselves or foreign companies/firms (not foreign governments) that are high bidders on CCLI property may be eligible on a case-by-case basis. This takes considerably more time than a U.S. clearance and will more than likely cause a delay in award.

C6.6.7.11.3. Withhold awards of property located in the FST to representatives or agents of any foreign government not listed below pending clearance from the Trade Security Control Office.

Figure 29 - Authorized Governments w/TSC for Awards of Property

Austria	France	Japan	Spain
Australia	Germany	Luxemburg	Switzerland
Belgium	Iceland	Netherlands	Taiwan
Canada	Ireland	New Zealand	United Kingdom
Denmark	Italy		

C6.6.7.11.4. Furnish the DRMS SALES OFFICE, the following information pertaining to proposed awards in the FST to those foreign governments not listed above:

C6.6.7.11.4.1 Name and address of country and representative or agent.
C6.6.7.11.4.2 Identity of item or items.
C6.6.7.11.4.3 Amount of proposed award.

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C6.6.7.11.5. Sales of Foreign Excess Personal Property (FEPP) to foreign countries and international organizations. Actions in DOD 4160.21-M, Chapter 9, relating to foreign military sales when applied to foreign excess will be performed by the overseas sales offices. Requests for approval of subject sales when required will be made by DRMS-O directly to DUSD, Department of State/U.S. Embassies concerned with information copies to HQ DEFENSE LOGISTICS SUPPORT COMMAND (DLA/J372) and DRMS. Negotiations will be concluded by the sales office after receipt of approval notification from DUSD.

C6.6.7.12. Denied Areas.

C6.6.7.12.1. No award of any property will be made where the ultimate destination of the property is one of the following countries or entities: For a current list, go into DNSP, Article KJ.

C6.6.7.12.2. No award of property coded as MLI/CCLI (non-DEMIL A) will be made where the ultimate destination of the property is one of the following countries identified in DNSP, Article KJ.

C6.6.7.13. Notice to Bidders. DRMS Form 879, Notice to Bidders, will be used to advise unsuccessful bidders if their bid was late and/or why it was non-responsive. The item number(s) may be added after any checked entry if this adds to the clarity of the notice to the bidder and any appropriate remarks may be added in the “Remarks” section of that form.

C6.6.7.14. Restrictive Statement on Negotiable Instruments. Examine negotiable instruments to assure that none are annotated to circumvent General Sale Terms and Condition No. 10, Setoff of Refunds. Instruments annotated with statements, such as, “Do not cash, deposit or negotiate this check unless an award and contract are made pursuant to the bid for which this is a deposit”, may be nonnegotiable and, therefore, unacceptable under the Forms of Bid Deposits and foregoing or other qualifying language should be referred to counsel for guidance concerning its acceptability.

C6.6.7.15. Waivers for Withdrawn Property

C6.6.7.15.1. Execute waivers applying to property withdrawn from items offered in IFB by the lot (prior to and after award) on DRMS Form 70, Waiver Applying to Withdrawn Property. Delete inappropriate words from the form.

C6.6.7.15.2. Prepare DRMS Form 70 in original and two copies. Furnish the original and one copy to the purchaser (use of window envelope is recommended), and one copy held in suspense pending receipt of the signed form (original or copy) from the purchaser. No signature of any sales office personnel is required on this form. Do not

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release the property involved to the purchaser until the signed waiver is received by the DRMS sales office or DRMO.

C6.6.7.15.3. The sales office self-addressed envelopes may be used for return of the waivers. It is recommended that some appropriate mark be placed thereon to expedite referral of the waivers to the SCO/contract clerk upon receipt in the sales office.

C6.6.7.16. Waiver by Purchaser

C6.6.7.16.1. Prepare DRMS Form 65, Waiver by Purchaser, in original and three copies; the original and one copy to the purchaser, one copy to the DRMO with DRMS Form 1427 (as advice that the applicable items cannot be removed until the signed waiver is received by the sales office or the DRMO), and one copy held in suspense pending receipt of the signed form from the purchaser. Signatures by sales personnel are not required on the form.

C6.6.7.16.2. Furnish DRMS Form 1427 to the purchaser with DRMS Form 65 and a sales office self-addressed envelope enclosed to expedite return of the signed waiver.

C6.6.7.17. Letter of Acknowledgment

C6.6.7.17.1. In cases prior to award, when the quantity advertised in an IFB (other than by lot) is not available for delivery within the prescribed variation in quantity, notify the high bidder of the shortage and ask whether the remaining property is still desired on the basis of the bid submitted. If the bidder still desires the item the sales office will proceed with the award of the lesser quantity. (The quantity on hand available for delivery should be verified with the DRMO prior to contacting the high bidder.)

C6.6.7.17.2. In cases where the quantity available for inspection and delivery is in excess of the quantity advertised in the IFB (other than by lot) and the prescribed variation in quantity, only the quantity advertised plus the prescribed variation in quantity may be delivered. Where there is a large disparity between the advertised quantity and that available, the SCO will seek advice from assigned counsel.

C6.6.7.17.3. Award of contracts need not be held up pending acknowledgment from the bidder; but do not release the property involved until the acknowledgment is received by the SCO or DRMO.

C6.6.7.18. Notice of Items pending Award or Resolved. When written notification to bidders is required regarding items pending award or resolved, use DRMS Form 845, Notice of Items Pending Award or Resolved.

C6.6.7.19. DRMS Form 63, Supplementary Sales Information. Prepare DRMS

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Form 63 for each national sale contract awarded. Prepare DRMS Form 63 in original and one copy the first workday after the majority of items involved in the sale are awarded. Make the original copy a part of the IFB folder/negotiated contract file. Provide a copy to Sales Branch.

C6.6.7.20. Prepare DRMS Form 542, Auction/Spot Bid Information Form, for each national and local/FST sale. Signature by the SCO conducting the sale constitutes verification of the information identified therein. Maintain the signed copy of the form in the sale IFB folder.

C6.6.8. Award of Items Requiring Special Processing

C6.6.8.1. Aircraft, Vessels or Boats. Transfer of title of Government-owned aircraft, vessels or boats to private purchasers must be accomplished by DRMS Form 1829, Bill of Sale - Vessel or Aircraft. The SCO must execute the bill of sale and the SCO's signature must be acknowledged by a notary public.

C6.6.8.2. Alcohol. Whenever alcohol is offered in an IFB, the SCO prior to award will forward a description of the item(s) along with a copy of the certificate signed by the high bidder to the Regional Office, Bureau of Alcohol, Tobacco and Firearms in that regional area that services the person/firm bidding and request an approval concerning the proposed award. SCOs should take note of bid acceptance periods so they do not expire prior to receiving approval to award.

C6.6.8.3. All-or-None Bids on Term Contracts. Evaluate all-or-none bids for property offered for term contracts which provide for bid prices related to commodity market quotations (usually a percentage thereof) and contracts administered as follows:

C6.6.8.3.1. Evaluate bids as submitted and do not prorate.

C6.6.8.3.2. Careful consideration should be given to each bid to assure that the bid is not out of line with the usual bids for the commodity for the area. SCOs who feel bids are out of line contact assigned counsel prior to making award or rejecting bid.

C6.6.8.3.3. Review contractual actions carefully, especially during the first 2 or 3 months of the contract, and analyze any suspicious actions on the part of the purchaser, e.g., voluntary default on a low yield of the All-or-None bid.

C6.6.8.4. Expended Small Arms Cartridge Cases. After the bid opening, the designated SCO will examine each bid to determine that it meets the prerequisites of the IFB as follows:

C6.6.8.4.1. The End-Use Certificate (EUC) is completed and signed and also indicates whether the property is to be used as scrap or for reuse.

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C6.6.8.4.2. The certification contained on the item bid page is signed.

C6.6.8.4.3. If the bidder indicates that the property will be exported from the United States, then do not make award and do not consummate sale until the SCO affirmatively determines that the bidder can comply with the requirements of the IFB.

NOTE: When bidder's EUC indicates property will be exported, this should be brought to the attention of the Trade Security Control Office.

C6.6.8.5. Ammunition, Explosives, and other Dangerous Articles (AEDA). The following will be the Standard Operation Procedures (SOP) for the SCOs to follow when handling AEDA range residue concerns.

C6.6.8.5.1. SCO receives call from buyer regarding AEDA problem.

C6.6.8.5.2. If the questions from the customer are general in nature, then SCO will handle accordingly with no further action necessary.

C6.6.8.5.3. SCO reviews problems with buyer and resolves as necessary and makes appropriate modifications to the contract if necessary.

C6.6.8.5.4. SCO notifies customer to stop processing (if there is a specific item found by customer) until an EOD team can inspect property.

C6.6.8.5.5. SCO tells customer that they will be contacted by the EOD team regarding time and date of inspection.

C6.6.8.5.6. SCO contacts appropriate DRMO to contact EOD inspection team.

C6.6.8.5.7. EOD team contacts customer and sets date and time for inspection.

C6.6.8.5.8. If no EOD support is available at nearest base then SCO contacts generating DRMO. The DRMO will follow the guidance provided in this chapter.

NOTE: Items a through h are to be completed within twenty-four (24) hours of being contacted by the customer.

C6.6.8.6. DRMO generates SITREP on AEDA problem if live AEDA discovered.

C6.6.8.7. DRMO notifies SCO of inspection results and files written report.

C6.6.8.8. SCO takes appropriate action regarding contract if necessary.

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C6.6.8.9. Documentation is made to the contract file regarding the incident and results of inspection and any necessary modifications.

C6.6.9. Sales Contracts for AEDA/Range Residue Property

C6.6.9.1. SCOs to assure that all-appropriate IFBs contain “Dangerous” clause reference.

NOTE 1: DRMO inputs/keystrokes in item description upon referral; inert certificate, inert certification authorization letter, DEMIL certificates and MOA on hand in the DRMS SALES OFFICE remarks block in referral.

NOTE 2: Do NOT accept accountability or physical custody of range residue; sales service only may be provided if supported by a MOA.

C6.6.9.2. SCO reviews item description to assure the “Dangerous” clause in the IFB under that item description and is incorporated into the Sales Contract by way of the “Sales by Reference”.

C6.6.9.3. SCOs for AEDA property will now be required to review the DEMIL Video, take a short course on the ABCs of DEMIL, and review AEDA/EOD recognition training.

C6.6.9.4. SCO will determine if a pre-award meeting will be necessary. If necessary it will be held at the generating DRMO with the customer.

C6.6.9.5. EOD and DRMO DEMIL representative to be in attendance.

C6.6.10. Pre-Award Meetings with Customers

C6.6.10.1. New contracts will require that the buyer meet with SCO, DEMIL expert, DRMO rep and EOD at site where property will be picked up.

C6.6.10.2. SCO will review terms and conditions of contract and “Dangerous” clause aspects. Buyer will be provided AEDA recognition training and procedures to be followed if live or suspected live ordnance is found.

C6.6.10.3. SCO will determine if final award is to be made based on this meeting and review of buyer ability to handle AEDA property.

C6.6.10.4. Documentation made to file that buyer is approved and has attended the pre-award meeting.

C6.6.10.5. Release Checklist will be reviewed with customer at pre-award

meetings. (This checklist is for range residue contracts only).

NOTE: All procedures above will be documented and placed in the contract file or in an administration file marked AEDA inquiries.

C6.6.10.6. Bedding and Upholstered Furniture

C6.6.10.6.1. State law about the purchase and resale of used bedding and upholstered furniture vary from state to state. Some of the restrictions are:

C6.6.10.6.1.1 Need for sterilization and disinfection of used or second-hand bedding.

C6.6.10.6.1.2 Need for an annual license or registration fee as a supply dealer or renovator.

C6.6.10.6.1.3 Option of using stamps or a stamp exemption permit.

C6.6.10.6.1.4 Need for the manufacturer's or vendor's name and address on the tag.

C6.6.10.6.2. The terms "bedding and upholstered furniture," as used here, apply to the following:

C6.6.10.6.2.1 Bedding. Any box spring, comforter, cushion, davenport, hammock, pad, lounge mattress, mattress pad, mattress protector, pillow, quilt, quilted pad, sleeping bag, sofa, studio couch, or upholstered spring bed used for sleeping, resting or reclining purposes.

C6.6.10.6.2.2 Upholstered furniture. Any article of furniture, wholly or partially stuffed or filled with any concealed material, which is intended for use for sitting, resting, or reclining purposes. Filling material, as it relates to *bedding and upholstered furniture,* can be African fibre, bamboo, cotton, down, excelsior, feathers, felted cotton, fibre, foam rubber, hair husks, jute, kapok Louisiana tree moss, sea moss, shoddy, wool, or any other soft material.

C6.6.10.6.3. Surplus bedding and upholstered furniture which are considered to be detrimental to public health shall be destroyed in accordance with Chapter 8 DOD 4160.21-M, *Abandonment or Destruction.*

C6.6.10.6.4. Donation documents releasing surplus bedding or upholstered furniture shall contain a statement advising recipients as follows: *"Donation of bedding and upholstered furniture is made on the condition that the recipient shall ensure that this material is treated in accordance with applicable laws and regulations before reuse."*

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C6.6.10.6.5. Sale of used surplus bedding or upholstered furniture shall be made in accordance with the following:

C6.6.10.6.5.1 The sale solicitation shall contain a statement that the purchaser is advised to comply with applicable State law pertaining to the resale of such property.

C6.6.10.6.5.2 A copy of contract award document or similar notification shall be furnished to the State health agency for the State in which the successful bidder maintains his or her business. Notices to State health agencies, regardless of type of form used, shall include the name and address of the purchaser and the types, quantities, and locations of the articles sold.

C6.6.10.6.5.3 Where there is no conflict with State law, this type of material may be sold by the retail sale method. DRMOs shall furnish the pertinent State health agency any necessary sale information as may be required by the State in which the buyer is located.

C6.6.10.6.5.4 Sale of foreign excess material of this type shall be made in accordance with host country health regulations.

C6.6.10.7. Explosives

C6.6.10.7.1. After the bid opening, designated SCO will examine each bid to determine that it meets the prerequisites of the IFB as follows:

C6.6.10.7.1.1 Bidder's signature appears under the Certification on the Item Bid Page.

C6.6.10.7.1.2 The End-Use Certificate is complete and signed.

C6.6.10.7.1.3 The bidder provided a copy of the current Federal license - ATF Form 4706 (certified true copy, if a reproduction) or if a multi-licensed organization, a list certified to be true containing name, address, license number and date of license expiration, or copy of application for license - ATF Form 4705, or application for permit - ATF Form 4707.

C6.6.10.7.2. SCO will determine apparent high bidders on the sale. Examine the bid documents for these bidders to determine that the purchase, storage and intended use of the explosives bid upon as indicated in the bidder's End-Use Certificate falls within the class of license and explosives indicated on bidder's copy of license or permit, Form 4706 or application for license. If the required documents (End-Use Certificate and copy of license or application therefore) are not with the bid, SCO will notify apparent high bidder to submit the documents.

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C6.6.10.7.3. The SCO will contact the Chief, Special Operations Branch, Bureau of Alcohol, Tobacco and Firearms, 1210 Pennsylvania Avenue, N.W., Benjamin Franklin Post Office, Room 3239, Washington, DC 30336, (BUATF), to verify license/permit status of apparent high bidders in relation to the quantity and type of explosives being offered. Any discrepancies must be resolved prior to making awards. Do not make awards until BUATF confirms that a valid license or permit has been issued. Summary of conversation will become a memorandum for record.

C6.6.10.7.4. For TSC purposes, high bidders of explosives will undergo a more detailed clearance than those that appear on the BMF as “TSC CLEARED”. Accordingly, the SCO will refer all high bidders of explosives to the Trade Security Control Office, with a notice that they are potential awardees of explosives.

C6.6.10.7.5. Prepare and distribute awards. Furnish a copy of the List of Successful Bidders to BUATF.

C6.6.10.8. Garbage Contracts

C6.6.10.8.1. These procedures apply in the FST and are provided to assist in implementing the basic agreements originally entered into between the United States Department of Agriculture (USDA) and DOD.

C6.6.10.8.2. SCOs have certain obligations with respect to contracts wherein raw garbage is sold and subsequently used for feeding livestock or poultry. Due to their obligation, SCOs must be constantly aware of the status of these contracts and must take expeditious corrective action, should such be necessary.

C6.6.10.8.3. Term contracts provide for a 30-day termination for the convenience of the Government and a 15-day termination in the event of default for failure to pay for the removal; however, there are no provisions for termination of the contract when the purchaser fails to cook raw garbage at 212 degrees for at least 30 minutes. Therefore, when it becomes necessary to terminate such contracts as a result of information received from USDA representatives, the SCO will contact assigned counsel.

C6.6.10.8.4. In the event it is discovered that the original purchaser is subcontracting or distributing this garbage to other parties, assigned counsel will be contacted for appropriate guidance.

C6.6.10.9. Hazardous Property

C6.6.10.9.1. An environmental assessment for potential purchasers of hazardous property is required in order to ensure that purchasers manage hazardous property in an environmentally responsible manner, minimizing government liability and

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protecting our environment. This assessment is made through the conduct of a pre-award survey utilizing the procedures set forth in Section 2, Chapter 8 - Environmental. Environmental responsibility shall be determined by DRMS-BCE using information collected during telephone surveys and, when necessary, from pre-award on-site surveys.

C6.6.10.9.2. SCOs will examine all bids submitted for items being sold under the provisions of current DRMS policy regarding the sale of hazardous property. DRMS-BBS shall receive a copy of, list of apparent successful bidders, DNSP Facility Maintenance Process Reports and properly completed Statement of Intent.

NOTE: Each Statement of Intent submitted by the high responsive bidder will be examined for completeness. Where necessary, have the bidder provide additional information to make a determination as to the bidder's responsibility.

C6.6.10.9.3. The prospective purchaser is required to confirm such additional information via a resubmission of a signed and complete Statement of Intent. It is imperative that generalities not be accepted. The bidder is required to provide the name, phone, address and nature of business of the principal. The bidder must also provide, as applicable, the Transporter and Treatment, Storage, or Disposal Facility (TSDF) EPA permit and/or ID numbers. For hazardous waste items, the name of the destination facility, in addition to a complete address and/or post office boxes are not acceptable. If the bidder does not know the destination of the property, then advise that they must either provide the location of any interim storage facilities being used or provide the name, complete address and phone number of the recipient of the property. In order to avoid unnecessary delays, notify and request the bidder to provide such information within a specified period of time, generally not more than 15 calendar days, or their bid will not be considered. But, if required, and if the bidder originally gave the full bid acceptance period, request the prospective purchaser to extend his bid acceptance period.

C6.6.10.9.4. If property is not awarded, the SCO will initiate, a Withdrawal of Property Reported for Sale Prior to Award and Property Status, delineating reason property was not awarded.

NOTE: Property will not be re-offered for sale, exceptions being: (1) Cases where known markets exist, (2) Defaults wherein responsive bids on related property were received from parties other than that which has defaulted; (3) Situations where continuance of storage will impose no significant impact on the DRMO/generating activity/host installation; (4) Where the Sales Chief, after consulting with appropriate staff members, determines that re-offer of the property will be in the Government's best interest.

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C6.6.10.9.5. If property is awarded, the SCO must provide a copy of the applicable DRMS Form 1427 Notice of Award, and DRMS Form 1645, Statement of Intent, to the DRMO.

C6.6.10.9.6. Pre-award on-site visit and post-award audit reports/determinations will be filed in accordance with DLAD 5025.30, Process, Chapter 28, see Files/Records Maintenance. The retention period/destruction date is when the file is obsolete, superseded, or no longer needed. Due to the "case history" nature if these files, discretion should be used in determining when such files are to be destroyed.

C6.6.10.10. Medical Device Items. Medical device items, as well as that property identified as an "FDA Regulated Medical Item" on any DTID, received by the CONUS DRMOs and DRMOs Hawaii and Guam may be sold provided that the bidder:

C6.6.10.10.1. Completes and signs a Food and Drug Administration (FDA) certification.

C6.6.10.10.2. In the event that the high bidder does not provide a signed FDA certification, the SCO will give the bidder the opportunity to do so prior to award. If the bidder refuses, consider the bid non-responsive**.** In no event will property be released without a completed and signed FDA certification. For those bidders that are successful in purchasing medical items, retain the FDA certification in the applicable sales contract file.

C6.6.10.11. Munitions List Items/Commerce Control List Items (MLI/CCLI)

C6.6.10.11.1. All MLI/CCLI property offered for sale is subject to TSC and the procedures contained in DLAI 2030.1, Trade Security Control Procedures Applicable to DOD Surplus Property and Foreign Excess Personal Property. The SCO, prior to award, will verify that high bidder, and any sub-purchasers, if identified on the EUC, are listed on the BMF as *TSC CLEARED*, or that they are referred to the Region TSCRO and an acceptable clearance obtained. Bidders on MLI/CCLI are required to submit a completed EUC, which will be reviewed and approved by the SCO and forwarded to the Trade Security Control Office prior to award. Once cleared by the TSC office, the SCO will proceed with the award. As a post sale action a copy of the Bid, EUC and DRMS Form 1427 will be provided to the TSC TSCRO.

C6.6.10.11.2. Evaluate End-Use Certificates as follows:

C6.6.10.11.2.1 Name and address must be legible, complete and the same as entered on the item bid page (sealed bid) or bidder registration (local).

C6.6.10.11.2.2 Every block on the EUC must have an entry. If the information being requested does not apply, the only entries which will be acceptable

are: *"NONE", "DOES NOT APPLY"*, or *"NOT APPLICABLE"*. Do not use *"N/A", "N/R,* or leave blank.

C6.6.10.11.2.3 If there is repeat information that was previously entered in another block, cite the Section, Block number and/or letter; i.e., *"SAME AS SECTION "X", BLOCK "X".*

C6.6.10.11.2.4 SECTION IV, Paragraph 4, check the block that applies to the bidder, name, signature and date signed to complete the certification statement.

C6.6.10.11.2.5 SCO to review the EUC for completeness and accuracy prior to submitting to the Trade Security Control Office.

C6.6.10.11.2.6 Ensure that names and addresses of firms/individuals appearing on the EUC that do not appear as *"TSC CLEARED"* on the Bidders Master File (BMF) are referred to the Central/TSCRO prior to award for sealed bid sales and as a post sale action for local sales. If a name appears on the BMF for Indebted, Debarred or TSC Debarred, elevate as appropriate.

C6.6.10.12. Precious Metals-Bearing Property. Prior to award of any Precious Metals-Bearing Property, the SCO will compare the price received against the value of the contained precious metals. If the highest responsive bid is greater, then the SCO will proceed with award. If the highest responsive bid is lower, then the referral will be returned to the DRMO and the item processed for precious metal recovery.

C6.6.10.13. Decorations, Badges, Service Awards, Medals, Ribbons, Distinctive (metal) Buttons and Other Insignia.

C6.6.10.13.1. Purchaser is advised that Decorations, Badges, Service Awards, Medals, Ribbons, Distinctive (metal) Buttons and Other Insignia are being offered for sale with the following legal restrictions:

C6.6.10.13.1.1 18 USC 704 governs the wear, manufacture, and sale of military decorations, medals, badges, and their components and appurtenances, or their colorable imitations.

C6.6.10.13.1.2 18 USC 701 governs the manufacture, sale, possession, and reproduction of badges, identification cards, insignia, or other designs prescribed by the head of a U.S. department or agency, or colorable limitations of them.

C6.6.10.13.2. The statutory provisions are codified in 32 CFR 507.

NOTE: This information will be placed on the General Information page of the catalog.

C6.6.10.14. Explosive-and Acid-Contaminated Property. DRMS will provide a

sales service only, not accountability or physical custody. This includes all 3X (partially decontaminated explosive - and/or acid-contaminated) property. DOD Ammunition Plants (government owned, contractor operated (GOCO) plants) will export 3X property directly to the DRMS SALES OFFICE. All other generators will report 3X to their servicing DRMO for further reporting to the DRMS SALES OFFICE. This does not include 5X (completely decontaminated) contractor inventory which will be sold in the regular manner by the DRMS SALES OFFICE. Definitions of contamination, decontamination, partial decontamination (XXX or 3X), and complete decontamination (XXX or 3X), and complete decontamination (XXXXX or 5X) are contained in enclosure 5 this contaminated) will be reported directly to DRMS-BBS. DRMS -BBS will:

C6.6.10.14.1. Catalog items reported by GOCO plants and promptly prepare IFBs, listing only contaminated property as accumulations warrant.

C6.6.10.14.2. Group by manufacturer as may be practicable and determine salable quantities.

C6.6.10.14.3. Inform reporting GOCO plants, upon their requests, as to the status of items.

C6.6.10.14.4. Coordinate with servicing GOCO plants to obtain any presales assistance as may be required.

C6.6.10.14.5. Reference Part 7, ARTICLE E: DANGEROUS PROPERTY, Special Circumstance Conditions, Sale by Reference (SBR) pamphlet, for the sale of 3X property.

C6.6.10.14.6. Include the: “Acid Contaminated Property” CLAUSE, in the Special Conditions for the sale of 3X property, if applicable.

C6.6.10.14.7. Include the following certification on the Item Bid Page:

Figure 30 - Certification Statement for Item Bid Page

CERTIFICATION: *It is hereby certified that the purchaser will comply with all the applicable Federal, State and local laws, ordinances and regulations with respect to the care, handling, storage, shipment, resale, export and other use materials capable of complying with all applicable Federal, State or local laws. This certification is made in accordance with and subject to the penalties of Title 18, Section 1001, the United States Code, Crime and Criminal Procedures. The purchaser warrants and covenants that he will include this certification in its entirety in any later sale or transfer of title or possession by the purchaser herein or his successor in title or interest.*

C6.6.10.14.8. In listing property in the IFB, the following statement will be included at the top of the first page of Item Description pages, following the statement, “It has been determined that this property is no longer needed by the Federal

Government": - *"All items offered on this sale may be contaminated with (insert procedures of any accumulations of) contaminants."*

C6.6.10.14.9. For explosive contamination, add: *"The items are hazardous. Explosive materials may remain in exposed to flame, excessive high temperature, sparks or heat creating friction, this material may ignite or explode."*

C6.6.10.14.10. For acid contamination, add: *"Chemical agents of this property may cause skin burn or other toxic effects. This material should be handled with mechanical equipment or other appropriate means to avoid harmful effects."*

C6.6.10.14.11. In addition to the information normally required to be entered on the cover sheet of the IFB, prominently enter the statement, *"Offering* (insert *"Explosive"* or *"Acid",* as appropriate) *Contaminated Equipment."*

C6.7. **Contract Administration (For Non-CV Sales)**

NOTE: Property Returned From CV. Under the sales contract, CV partner can return unsold property to the DRMO within 90 days of the Delivery Order date with written notification to the SCO. After 90 days, written approval by the SCO is required before property can be returned. This property must be received on the accountable record as scrap or be downgraded to scrap if the original DTID is known. If DTID cannot be found, and a scrap receipt is not processed, use the Found on Post procedure. Obtain the appropriate approvals for downgrade actions. See Section 4, Chapter 2, Property Accounting Enclosure 11.

C6.7.1. General

C6.7.1.1. Two types of sales contracts are authorized:

C6.7.1.1.1. One Time Sales Contract. A one-time sales contract is used when a sale is made in one transaction (actual deliveries may consist of several release transactions).

C6.7.1.1.2. Term Contract. A term contract is limited to the disposal of property generated over a specific period of time and in quantities that can be reasonably estimated for the period of time. It may be offered with minimum-maximum quantity provisions.

C6.7.2. Numbering and Distribution Of Sales Contracts and DRMS Form 1427

C6.7.2.1. Numbering. All sales contracts, including negotiated sales contracts, made under the provisions of this volume are prescribed below. A typical example of a sales contract identification is "33-6601-018".

C6.7.2.1.1. The number “33” represents the assigned number of the sales office.

C6.7.2.1.2. The number “6601” denotes the fiscal year and sale number. The first digit “6” represents the fiscal year and the second digit “6” represents a scrap sale. The next two digits represent the first sale number of FY 96.

C6.7.2.1.3. The number “018” denotes the applicable bidder number, assigned numerically in the order received during bid opening.

C6.7.2.2. Distribution of Sealed Bid Contracts

C6.7.2.2.1. Place original bid (sealed bid and sealed bid-term), signed by the purchaser, together with a legible copy of the applicable DRMS Form 1427 (signed by the SCO), in the contract folder, and maintain according to current files procedure.

C6.7.2.2.2. Furnish two copies of DRMS Form 1427, including the original, signed by the SCO, to the purchaser. Mail the original and one copy to the Purchaser or facsimile one copy to those bidders who have requested facsimile notification as indicated on the bid page.

C6.7.2.2.3. Furnish one signed copy of DRMS Form 1427.to DRMS-RF.

C6.7.2.3. Distribution of Spot Bid and Auction Sales Contracts

C6.7.2.3.1. File one copy of DRMS Form 1427, signed by the SCO, in either the unpaid or paid DRMO contract file, as appropriate.

C6.7.2.3.2. Furnish one original and one copy of DRMS Form 1427, signed by the SCO, to the purchaser either on the day of sale (buyer/agent pick-up) or if not picked up, mailed by close of business that same day. Block 8 will remain blank.

C6.7.2.3.3. Furnish one signed copy of DRMS Form 1427.to DRMS-RF.

C6.7.2.4. Distribution of Negotiated Sales Contract

C6.7.2.4.1. Retain original signed contract, SF 114E, and the copy of the signed DRMS Form 1427, along with other pertinent documents such as oral or written requests for quotations, written approvals required, and documents covering the justification for the negotiated sale, in the sales office contract file.

C6.7.2.4.2. Furnish a copy of the original contract, and two signed copies of DRMS Form 1427, to the purchaser.

C6.7.2.4.3. Furnish one signed copy of DRMS Form 1427 to DRMS-RF.

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C6.7.2.4.4. Furnish a copy of the contract to DRMO with the appropriate number of copies of DRMS Form 1427.

C6.7.2.5. Modifications. File modifications to contracts (supplemental agreements) in sequence with the applicable contract.

C6.7.2.6. Distribution of DRMS Form 1427 to DRMOs

C6.7.2.6.1. DRMS -BBS will distribute DRMS Form 1427 via fax and/or DNSP Access Reports.

C6.7.2.6.2. The DRMO will:

C6.7.2.6.2.1 At the time of delivery, provide a properly annotated and signed copy of DRMS Form 1427 to the purchaser or his authorized representative as proof of right to possess the property.

C6.7.2.6.2.2 Forward the DRMS Form 1427(s) and supporting documents to DRMS -BBS, immediately upon completion of the contract. The DRMS Form 1427 must bear the legible signature of the person authorized to release the property to the purchaser, must be annotated to indicate the actual quantities or weights of the property delivered, and must bear the legible signature of the purchaser or his representative.

C6.7.2.6.2.3 Request additional copies of DRMS Form 1427, provided the additional copies are necessary for their internal operations and properly justified, from DRMS -BBS.

C6.7.2.6.3. When partial shipments are made to the purchaser or his authorized representative on a DLA Form 1367 or when shipment is made on a commercial bill of lading upon direction of the purchaser, DRMS Form 1427 may not always bear the signature of the purchaser or his authorized representative. In these cases, the DRMO should annotate the DRMS Form 1427 to indicate that the property was removed by partial shipments or that the property was shipped on a DLA Form 1367 or commercial bill of lading. In addition, show the following information relative to each partial shipment released after the free removal period on DRMS Form 1427.

C6.7.2.6.3.1 Date of removal

C6.7.2.6.3.2 Item number

C6.7.2.6.3.3 Weight of property

C6.7.2.7. Hazardous Contracts. Distribute DRMS Form 1427s the same as for negotiated, one-time or term contracts. But, forward one copy of the applicable DRMS

Form 1645 or 1645-1, Statement of Intent, with the appropriate 1427.

C6.7.2.8. Copies of DRMS Form 1427/915. For term contracts, the DRMS-BBS will furnish the DRMOs concerned, each month or more frequently if necessary to assure proper billing and collection of payments, the required number of copies of DRMS Form 1427 together with sufficient copies of DRMS Form 915, Statement of Account (Billing Document), to cover the period of the contract. The DRMOs should be indicating thereon the quantity released. Block 11 of DRMS Form 915 will bear a statement as to delivery made, e.g., "October delivery", and purchaser signature is not required.

C6.7.2.9. Paid Release Copy. For term contracts involving the sale of property on a lot basis, the SCO will furnish the DRMO concerned a paid release copy of the DRMS Form 1427 immediately upon receipt of the full contract amount. For this type contract, the DRMO will be furnished the required number of copies of DRMS Form 1427 during the last month of the contract period for completion. Return the copy to the sales office within 1 week after the contract's completion.

C6.7.2.10. Signed Copy. Furnish the official contract file copy of DRMS Form 1427 to the sales office. The purchaser and the DRMO Chief or his authorized representative will sign it. It replaces the suspense copy and does not require "PAID" block stamping; however, the suspense copy may be retained in the contract file as a recap sheet if desired. In the case of term contracts with overage billing, storage charge notice, etc., or whenever multiple DRMOs are involved in an award to a single purchaser, only one copy of each DRMS Form 1427 transaction will be retained and filed in date sequence on top of the initial Notice of Award.

C6.7.2.11. Term or Multi-Shipment Contracts

C6.7.2.11.1. Maintain a *"Term or Multi-Shipment Recapitulation Record"*, DRMS Form 1583-1 for contracts resulting from term sales and all one-time contracts where multi-removals are required.

C6.7.2.11.2. As soon as possible after award, complete the upper part of the record and place in the individual contract folder. On the first sheet only, change the heading *"Collections"* to read *"Total Collections"* and block out the word "Collections" for any attaching sheets. The nomenclature of material may be entered on the form in any convenient place.

C6.7.2.11.3. To ensure that SCOs take prompt and appropriate action with respect to term contracts, DRMS Form 1583 should be reviewed monthly. Additionally, the SCO should place his initials on the form indicating that such a review has been accomplished. For contracts covering more than one sale item, it is unnecessary to post the amount of payment for the particular item in the collection column of each

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DRMS Form 1583. Post only the first column of the DRMS Form 1583 to indicate the total payment received on all items.

C6.7.2.11.4. Expeditiously post all transactions involving release of property or collection of monies under the contract in DNSP. DRMS -BBS will assure that the contractor is not in arrears and that property released does not exceed variations allowed under the contract.

C6.7.2.11.5. To effectively monitor shipments, it is emphasized that DRMOs must be cognizant of all deliveries under the contract item in order to preclude shipments for which weight exceeds variation allowed. DRMO personnel should immediately contact the SCO when it becomes apparent that an impending delivery will exceed variation allowed.

C6.7.2.11.6. Unless a contract expires due to time period or is terminated by either party, the contract normally will be concluded on the basis of adjustment for variation in quantity and weight. The last statement to the purchaser should contain an appropriate statement, e.g., *"Per Article _____ Adjustment for Variation in Quantity or Weight (this contract is completed) or (items _____ and _____ of this contract are completed)."*

C6.7.3. Dissemination of Information Concerning Awards

C6.7.3.1. Individuals May Inspect. Permit individuals who have expressed an interest in recent sales to inspect abstract of bids or sales resume at the installation and provide the name and address of the successful bidder together with the contract price.

C6.7.3.2. List of Successful Bidders (LSB). To promote sales, to create good will, and to relieve property disposal personnel from providing information on numerous requests, sales offices will prepare a list of successful bidders (normally within 20 workdays after each bid opening).

C6.7.3.2.1. The names of successful bidders are not required to be shown in alphabetical order. A supplemental list is not required for items not awarded within 20 workdays after the sale opening, but subsequently awarded. Reproduction of lists should not be in excess of reasonable requirements.

C6.7.3.2.2. Where high bid for items has been rejected for insufficient prices, indicate the price rejected in the LSBs.

C6.7.3.2.3. Information concerning bids made on an all-or-none basis will not contain the prices of individual bid items or lots, but will contain only the total contract prices.

C6.7.3.3. High Bid Information. High bid information will be publicly announced,

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and an abstract of bids or sales resume will be prepared and may be examined by interested parties at the sales office.

C6.7.3.4. Requests for Bid Information. Bid information may be released as soon as the responsible SCO has verified the bids with the abstract and assured himself that it is accurate. When an award for any item is being held pending resolution of a mistake in bid, protest or for other reasons, bid information for those items may be released. After the SCO has reviewed the information and verified the apparent highest bidder. Any bid information released prior to award, under the above situations, will be released only by a SCO or a staff officer designated by him. Advise the person requesting such information that such information is tentative, unofficial and confers no right upon the requester regarding subsequent actions by the responsible SCO. Do not grant any deviation from this policy and do not afford preferential treatment to any bidder or individual. Awards on auction and spot bid sales are made at the time of sale and award information can be given on these sales immediately after the sale unless award has been withheld on specific item(s). Do not furnish award information on sealed bid sales until the information has been posted to the DRMS web site.

C6.7.3.5. Machine Run Abstract. The unofficial abstract furnished for all sales processed at DRMS is posted on the web for customer review. An official LSB will be furnished after awards have been made".

C6.7.3.6. List of Successful Bidders (LSBs): The List of Successful Bidders (LSBs) is loaded on the DRMS web site and each participating DRMO is provided a copy automatically through DNSP Access Reports.

C6.7.3.7. Handling Requests for List of Successful Bidders (LSBs)

C6.7.3.7.1. For all requests (written or oral) from non-participating bidders for LSBs after the sale is processed can be found on the Web. This information is available for approximately 2 weeks after it is posted.

C6.7.3.7.2. Other requests for LSBs will be referred to the Freedom Of Information Act program.

C6.7.4. Facsimile Notification of Awards

C6.7.4.1.1. If bidder requests facsimile notification of award by checking the appropriate block on the item bid page (SF 114A), provide the notification on the day of award. Facsimile notification is self-explanatory.

C6.7.5. Records with Contract Removal Data

C6.7.5.1. To assure that the property accounting system reflects the most current data for quantities removed, the DRMO must promptly enter sales removal

quantity data, as shown on the DRMS Form 1427 Notice of Award, Statement and Release Document or DLA Form 1367 Shipment Receipt/Delivery Pass within 3 workdays of the final removal date. (This includes sale items where multiple removals take place. The accountable record must be updated within the allotted time after the final removal is made.) Enter this information on either the Sale/Shipment (DTID) Screen (udaz30) or Sale/Shipment (IFB Item No.) Screen (udaz32). To reduce keystrokes and input time, multiple deliveries for the same Scrap ID on the same day may be totaled and input as a single transaction. When entering removal data on these screens enter the applicable data elements.

C6.7.5.1.1. Property on a CV DO must also be dropped from DAISY utilizing the same sales shipment screens as other government sales, once the DRMO has performed the “one” move required by the sales contract.

C6.7.5.1.2. When a DTID is in RSC **B**, **C**, **J** or **K** and must be rolled back to Record Status Code **A**, process the rollback DTID to RSC **A** Screen (udaz42). Select MARKETING from the DAISY Menu. Then select SALES ROLLBACK PROCESS. Finally select the appropriate option and follow the screen prompts. This removes the applicable sales information (e.g., IFB Number and Sales Referral Number) and places the DTID in RSC **A**. In the event all DTIDs on a given IFB and IFB Item Number must be rolled back to RSC **A** (from RSC **B**, **C**, **J** or **K**) the user may use the Rollback IFB Number to RSC **A** (udaz43) Screen. This process removes the applicable sales information from all DTIDs associated with that particular IFB/IFB Item Number and rolls all DTIDs to RSC **A**.

C6.7.5.1.3. The Sale/Shipment Reversal (Scrap) process (udaz44) allows the user to reverse previous shipment actions. The user enters the applicable Scrap ID for which they want to reverse the Sale/Shipment action. The user is prompted to enter the Weight to Restore (the weight removed on the Sale/Shipment), the Sales Proceeds (the proceeds received for the weight being restored), the Date Removed and Bidder Registration Number.

C6.7.5.1.4. Term Sales - Scrap. When a Sales IFB Number is assigned to a Scrap ID and the Type Sale Code assigned is either a **1** (Term Sale) or **2** (Negotiated Term Sale), the Scrap ID is changed to RSC **K**. Once the Scrap ID is in RSC **K**, Sale/Shipment transactions may be processed against the property. Unlike one-time sales there is no requirement to wait for a RSC change to process a shipment. Whenever the Quantity Available of the Scrap ID reaches 0, the user is asked if they wish to close the Scrap ID. If the response is **yes**, the Scrap ID is placed in RSC **Z** (closed), however, if the response is **no**, the Scrap ID is left in RSC **K** (open) with a 0 Quantity Available. This avoids the need to leave a balance of one pound in the Scrap ID to keep the record open.

NOTE: A Sale/Shipment transaction cannot be processed for a Quantity Removed which is greater than the Quantity Available. If the Quantity Removed is larger

than the Quantity Available, process an adjustment to gain the additional quantity. Appropriate approvals must be obtained prior to taking this action. (See Section 4, Supplement 2, Property Accounting Enclosure 3.) If the Quantity Removed represents the entire pile and is less than the Quantity Available, the user is asked if this is a partial delivery. If the response is no, it is considered a Final Removal and the Quantity Available is zeroed. The record is flagged indicating an adjustment is required. The record stays in RSC K until the adjustment is made. If the user responds "yes", it is considered as a Partial Removal and the item remains in RSC K with the applicable Quantity Available.

C6.7.5.1.5. Scrap Term Sales tied to a market price. Input the Sale/Shipment transaction for these sales when you release the property to the purchaser based on the Market Price on a monthly basis. Do not wait until receipt of the paid copy of the DRMS Form 915 to input the Sales/Shipment transaction to record removals.

C6.7.5.1.6. The Sales Reversal process provides screens which allow the user to reverse previous actions. You can enter the applicable IFB/IFB Item Number and remove that IFB/IFB Item Number from all DTIDs. You can also reverse a Sale/Shipment action by DTID by entering the DTID and indicating the quantity to restore to that record (the quantity originally entered as being removed on the Sale/Shipment transaction) and the amount of proceeds to be reversed (i.e., the amount of proceeds originally entered on the Sale/Shipment transaction that is being reversed). To use the reversal, select MARKETING from the main menu. Then select SALES REVERSAL PROCESS. Select the correct option and follow the screen prompts.

C6.7.5.2. Upgrading Property from Scrap to a Usable Item. When property is downgraded to an SCL (D1D, EIK, etc.) the system will move the item to **Z** record status. If you need to upgrade the item from scrap to usable property, first go to the WAREHOUSING Menu. Then select the UPGRADE FROM SCRAP Screen and follow the screen prompts. See chapter 7, paragraph C, this instruction, for data entry guidance. Record the UCN on the original DTID, circle the original DTID Number, attach a copy of the document to the property and file the original document in the source document file.

C6.7.6. <u>Contract Modification (Supplemental Agreement)</u>

C6.7.6.1. Not for Overages and Shortages

C6.7.6.1.1. Supplemental agreements are not required for overages or shortages in delivery of property. If the value of property exceeds by $1,000 the quantity authorized for delivery under the contract, the SCO will contact assigned counsel prior to taking action.

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C6.7.6.2. Concurrence

C6.7.6.2.1. All contract modifications (supplemental agreements), except those issued in finalizing guaranteed description claims, require concurrence of assigned counsel prior to issuance. Normally, concurrence will be obtained in writing; however, if time is of the essence, or in some cases such as minor adjustments of Risk of Loss cases, telephonic concurrence may be required. Document telephonic concurrence and make a part of the contract file.

C6.7.7. Contract Administration Files

C6.7.7.1. Files Requirements. Each sale requires the following files: IFB folder, individual contract folders(s), financial folders and an unsuccessful bids folder.

C6.7.7.1.1. The invitation folder, financial folder and contract folder(s) pertaining to a specific invitation may be combined in one folder if desired.

C6.7.7.1.2. Checklists to be used as guidelines in maintaining, completing and performing reviews and pre-audits of IFB folders, financial folders and individual contract folders are shown in Section 4, Supplement 2, Sales Enclosures 9-14. Do not make the checklists a part of any file. These checklists are subject to changes based on current requirements.

C6.7.7.2. Filing Sequence. During administration of the contracts, file folders in IFB numerical sequence front to back as follows:

C6.7.7.2.1. IFB folder and individual contract folder(s) in contract numbered sequence (not alphabetical contractor sequence) identified in two lines (e.g., 37-3002-012, Smith and Brown Co.), in that order, in the active file cabinets. Completed individual contracts may be relocated from the active contract file cabinets to inactive (completed) contract file cabinets, pending the completion of all contracts for an IFB. File the unsuccessful bids in a separate container in IFB sequence due to earlier destruction action.

C6.7.7.2.2. Financial folders will be maintained by the sales office cashier(s).

C6.7.7.3. Financial Folder Location. At the completion by the SCO of allocations for an IFB, place the financial folder between the IFB folder and the individual contract folders and relocate to an inactive status or holding area in the sales office for subsequent review, audit and records retirement as required.

C6.7.7.4. Invitation Folder. An invitation folder, identified by IFB number, for each invitation issued should contain in action sequence, the following:

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C6.7.7.4.1. For non-dedicated hazardous property sales, the item numbers of each hazardous item offered on the sale and the corresponding contract numbers annotated on the outside of the invitation folder.

C6.7.7.4.2. Copy of the IFB and any amendment published.

C6.7.7.4.3. Correspondence and memoranda of telephone conversations between prospective bidders and the SCO or his representative pertaining to property offered for sale.

C6.7.7.4.4. Copy of DRMS Form 1458. This copy is discarded when replaced by the original DRMS Form 1458, after disposition of all deposits has been completed.

C6.7.7.4.5. Copy of the DRMS Form 1458-1 or machine processed abstract of bids (if applicable) and all-or-none bid evaluation work papers (if applicable).

C6.7.7.4.6. Copy of DNSP Summary of Items Pending Award (if applicable).

C6.7.7.4.7. Recap sheet or sales summary of successful bidders and prices for each item (LSB).

C6.7.7.4.8. Copy of other documents or correspondence pertaining to the IFB.

C6.7.7.5. Contract Files. The following should be filed by action sequence in each contract folder, identified by contract number.

C6.7.7.5.1. Copy of completed DRMS Form 1427, SF 114F, Item Bid Page, SF 114E for a Negotiated Sales Contract and Storage charge computation sheets. Also any memos or other documents pertaining to the contract (including DRMS Form 1645, DRMS Form 1873, a DRMS Form 526 (if used for term sales) for all hazardous contract files). Do not maintain or duplicate contract files except for interim purposes during the processing of the contract.

C6.7.7.5.2. Any documents, letters or records pertaining to protests, defaults, claims, cancellations of contract, termination of contract, etc.

C6.7.7.5.3. Any correspondence relating to the contract.

C6.7.7.6. Chargeout Record. Displace folders removed from files, for other than routine postings, by a Chargeout Record, Optional Form 23, properly annotated, or other appropriate form.

C6.7.7.7. Unsuccessful Bids Folder. The unsuccessful Bids Folder will contain,

as applicable, unsuccessful, canceled, rejected bids, for sealed bid, term sealed bid, and local sales. File photo static copies of envelopes and copies of transmittal letters or forms for late bids returned in a separate container or filed in IFB sequence pending disposition. Provide the disposition of unsuccessful bid files in the records disposition regulations, per DLAD 5025.30, Process, Chapter 28, DLA Records Management Procedures and Records Schedule - see Files/Records Maintenance. In no event will documents involved in any protest or complaint submitted by an unsuccessful bidder be destroyed prior to final resolution of such protest or complaint. Destroy IFB forms returned by prospective bidders without any bid thereon after the bid opening date unless required for retention due to receipt of a timely modification.

C6.7.7.8. Financial Folders

C6.7.7.8.1. Establish a financial folder for each IFB.

C6.7.7.8.2. Receipted hand or machine-stamped financial documents are acceptable in place of signed copies when this is the established procedure at the installation concerned. Do not retain extra copies. When additional data are received, i.e., A&FO control number, subsequent to a machine-stamped copy, add the additional data to the document containing the A&FO hand or machine-stamped receipted copy.

C6.7.7.8.3. The cashier will maintain financial documents in financial folders. The cashier will prepare and maintain the folder as follows:

C6.7.7.8.3.1 Process financial documents by IFB number, i.e., transactions for more than one IFB will not be grouped on one financial document but will be processed separately for each IFB.

C6.7.7.8.3.2 Separate and file collection, refund, transfer and adjustment vouchers by the type of document in voucher number sequence. Prong fasteners may be used to facilitate filing because of the requirement to file similar documents together.

C6.7.7.8.3.3 File transfer and refund vouchers on the right inside folder, with the transfer vouchers on top. If there are any adjustment vouchers, e.g., reverse collection vouchers due to dishonored checks, file them on top of the transfer vouchers.

C6.7.7.8.3.4 For one-time sale IFBs, separate adding machine tapes will be attached to the last action of collection vouchers, transfer vouchers refund vouchers and adjustment vouchers, if any, with a balancing tape of the totals.

C6.7.8. Contract Administration Review

C6.7.8.1. Internal Review. Establish a systematic internal review of contract files.

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C6.7.8.2. In Process Review. The SCO having primary interest or succession responsibility for specific contracts for a given IFB, as determined by the sales chief, is responsible for the “in process” contract administration. An “in process” review, including mathematical computation, will be conducted within 30 days after award of a contract to ensure the accounting of any contract and supporting documentation. It is necessary that this occurs along with the processing of collections, refunds, transfers and adjustments; processing litigation or misdescription cases on a timely basis; screening files for extraneous material; and the adherence of contract administration file policies and procedures. Reconcile financial folders with the contracts to ensure they are in balance.

C6.7.8.3. Sales Contracting Officer Responsibilities:

C6.7.8.3.1. Administer all contracts and maintain contract administration files.

C6.7.8.3.2. Ensure “in process” review of contract files and timely completion of required actions.

C6.7.8.3.3. Review all contracts for each completed sale. Review ensures that all necessary documents are accounted for and will include completion of the audit of records portion of DRMS Form 714 within 90 calendar days after the final free removal date.

C6.7.8.3.3.1 If any particular contract file is being held pending completion, the review of contract files for that IFB and completion of DRMS Form 714, Audit of record and Certificate of Review, will not be postponed. The pending contract(s) will be separated and retained in sales contracting until completed using Optional Form 23, Chargeout Record, to account for the pending contract files(s).

C6.7.8.3.3.2 Separate completed contracts into three files; one for those contracts less than $25,000, one for those $25,000, and over, one for hazardous materials/wastes. Arrange completed contracts in contract number order with lowest number on top.

C6.7.8.3.3.3 For other than DNSP processed sales, manually prepare original and three copies of DRMS Form 714 annotating in the remarks section the specific contract file number(s) still pending action (if no contracts are pending completion, prepare original and two copies of the Form 714). For DNSP sales, select *“Audit and Certification of Review (Form 714)”* from the Generate Forms Process menu, printing, otherwise reproducing, three or four copies, as needed.

C6.7.8.3.3.4 Review contents of completed folders and ensure completeness of folders by comparison with current checklists. Confirm that all required actions have been taken on each completed contract, reconciling any discrepancies.

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C6.7.8.3.3.5 Upon completion of the review, the SCO will sign all copies of the DRMS Form 714. File one signed DRMS Form 714 with the hazardous contracts, one with the contracts less than $25,000, and one with those $25,000 and over. Suspense files one copy if there are contracts pending completion. Mark off the specific contract number on all four copies of DRMS Form 714 when a previously pending contract has been completed, reviewed and filed. Discard suspense copy when all pending contracts have been completed, reviewed and filed.

NOTE: IFB/financial folders will be filed with contract files $25,000 and over.

C6.7.8.3.3.6 Dispose of the contracts according to the instructions contained in DLAD 5025.30, Process, Chapter 28 (see Files/Records Maintenance).

C6.7.8.3.3.7 For ease of disposition, Hazardous Property Sales Contracts may be stored in a separate location from other sales contracts. If this option is used, the hazardous contracts will be displaced by an Optional Form 23, Chargeout Record, or other appropriate form, to indicate that the removal contract is a hazardous contract and where it is being stored.

C6.7.8.3.4. Hazardous Waste Contracts. Use the checklist in Section 4 Supplement 2, Sales Enclosure 13 , to aid in the review of hazardous property contracts. SCOs will ensure that the contract contains a copy of the completed Uniform Manifest, e.g., block 20 is signed by a representative of the designated Treatment, Storage or Disposal Facility certifying that the property described on the manifest was delivered to the facility designated in block 9. SCOs will also compare the transporter's EPA identification number and the Treatment, Storage or Disposal Facility's EPA permit number appearing on the completed Uniform Manifest to those provided on the Purchaser's Statement of Intent.

C6.7.9. Review Of Completed Sales

C6.7.9.1. It is the responsibility of the DRMS sales chief, or his designee, to review monthly the status of the completed sales to ensure that a contract review has been completed within 90 days after the final free removal date. SCO should insert his/her initials and date in the remarks column of each DRMS Form 840 reflecting sales not completed and initiate any action deemed appropriate to have such completed, including any follow-up necessary.

C6.7.10. DRMO Transitory Contract Administration Files (National Sales)

C6.7.10.1. DRMS Authorizing the Sale. DRMO Central/Satellite Sites: Do not maintain or duplicate these files. Instead, establish transitory contract administration files prefixed with file number 650.620.020 for each sale as follows:

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C6.7.10.1.1. Transitory Unpaid Contract File. This file will contain, as a minimum, three copies of each award document (DRMS Form 1427) and, as applicable, one copy of the negotiated sales contract, waivers, default notice, pertinent correspondence and memoranda for record.

C6.7.10.1.2. Transitory Paid Contract File (Property Awaiting Removal). This file will contain, as appropriate, the documents listed in this paragraph, also one additional copy of award marked “paid”, shipment receipt/delivery passes, release authorizations or instructions, copies of commercial or Government bills of lading, computation of storage charge, weight tickets, and if the DRMO collected any money on the contract, a voucher copy of the collection vouchers.

C6.7.10.1.3. Transitory Term Sale or One-Time Partial Delivery Contract Files. Establish individual contract folders for:

C6.7.10.1.3.1 One-time contracts where partial deliveries are/will likely be effected and

C6.7.10.1.3.2 Term contracts. Each folder will contain, as a minimum, the documents listed in paragraph C6.7.10, copies of the completed, sequentially numbered DLA Form 1367, Shipment Receipt/Delivery Pass, weight tickets, commercial or Government bills of lading, and release authorizations or instructions.

C6.7.10.1.3.3 Transitory Financial File. This file will contain voucher copies of financial transactions effected by the DRMO, such as collections, transfers or refunds of any money on contracts.

C6.7.10.2. Filing. When the twentieth (20th) calendar day after bid opening is reached, send one copy of each contract that is completed, either by contractor performance or by termination, with supporting documents (including respective validated DD Form 1131, DRMS Form 1583-1 and a copy of purchaser’s receipt for payment of customs, duties, taxes or like charges levied by foreign governments) to the sales office for in-process reviews and filing in the authorized contract administration file. Destroy the DRMS Form 1583-1 forwarded to DRMS-B after verification and reconciliation with the SCO copy. Transfer one copy of DRMS Form 1427 and supporting documents (DLA Form 1367, release authorization or instructions, copies of commercial or Government bills of lading and weight tickets) to the Source Document File for property accounting. Close the transitory contract administration file out since all documents will have been removed at this point.

C6.7.10.3. Release Authorization. When a defaulted contract is terminated or when the DRMS -BBS advises a DRMO that award of all items of a DRMS Form 1427 has been canceled, immediately return the release authorization document (DRMS Form 1427) to the DRMS -BBS.

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C6.7.11. Delay In Payment Or Removal Of Property

C6.7.11.1. Storage Charges. Condition No. 8, SF 114C, entitled *"Delivery, Loading and Removal of Property"* gives the Government a right to collect storage charges in the event of delay in removal of property. Accordingly, purchasers will be required to pay storage charges for failure to remove property within the period designated in the sales contract. Assess such charges according to the provisions of the contract. Storage charges can only be excused by the SCO under certain conditions. Storage charges will not be assessed when the purchaser requests an extension of time and approved in writing by the SCO under the provisions of the contract. It should be noted that in some IFBs a lot removal clause is used in place of Condition No. 8. As used in this section, "late removal charges" and "storage charges" are synonymous.

C6.7.11.2. Delay in Removal. The purchaser's written request for a delay in removal, applicable telephone or verbal conversation records or memorandum and the SCO's letter to the purchaser approving or denying the removal extension, fulfills the requirement of *"reducing the determination to writing";* no other formal or informal *"Determination and Findings"* is required to document the contract file. A copy of the SCO's letter to the purchaser will be furnished to the DRMO.

C6.7.11.3. Extension. Extension of removal period or default cure period.

C6.7.11.3.1. The Purchaser shall remove the property at his expense within the period of time allowed in the Invitation. If the Contracting Officer determines that the failure to remove the property within the period of time originally allowed arose out of causes beyond the control and without the fault or negligence of the purchaser, such determination shall be reduced to writing, and a reasonable extension of time for removal shall be allowed. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and severe weather. If the purchaser is permitted to remove the property after the expiration of the time originally allowed for removal or any additional time allowed by the Contracting Officer pursuant to this clause, the Government, without limiting any other rights which it may have, may require the purchaser to pay a reasonable storage charge. The purchaser shall reimburse the Government property caused during the removal operations by the purchaser or his authorized representative.

C6.7.11.3.2. Such additional time may be authorized either by extending the cure period if the purchaser is in default or by contract modification if the request is received prior to issuance of the notice of default.

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C6.7.11.3.3. If the storage charges for the extended period would exceed the 50 percent criteria, accomplish the extension by a contract modification increasing the total contract price by that amount.

C6.7.11.4. Selling of Time. When the amount of storage charges reach 50 percent of the contract price (maximum that can be assessed) and the purchaser requests additional removal time, the contract may be modified or the default cure period may be extended.

C6.7.11.4.1. If modified, the new contract price is computed by taking the original contract price, plus the amount of accrued storage charges, plus the amount of additional "time to be sold" (number of days additional removal time requested times storage rate per day). Purchaser is then entitled to a new free-removal period (equal to the number of additional days sold) and a new Notice of Default. If performance is not completed by the new free-removal date, the contract is placed in default. The maximum storage charge assessable is equal to 50 percent of the new contract price. If termination occurs, liquidated damages are assessed using the new contract price.

C6.7.11.4.2. If only the default cure period is to be extended, SCOs can sell time without issuing a Supplemental Agreement (SF 114D) to the contract by effecting only a new default cure period. This may be accomplished by letter (see Section 4, Supplement 2, Sales Enclosure 15, Attachment 1 - Letter for Selling of Time). This letter may be sent after the purchaser and SCO have verbally reached an agreement on the amount of additional time needed and cost of additional time.

C6.7.11.5. Failure to Pay on Term Contracts. Monthly billings are to be paid within the 30-day timeframe provided by DRMS Form 915. <u>If not, the SCO sends out a default for non-payment and gives them 15 days to cure. During that timeframe no removals are allowed.</u> Advise the purchaser in writing that money held as a bid deposit will be offset by the amount due if not paid. Continue to permit removals until such time as the total balance due the Government (including that quantity removed and not yet billed) is equal to the bid deposit on hand. At this time removals will be stopped and the contract placed in default for failure to pay.

NOTE: Storage charges are not to be assessed for failure to pay. If the default is not cured, the contract terminates as it would under normal contract administration. At termination, use the bid deposit money to offset the money owed, including any interest that may have accrued. Subsequent billings may be necessary to recover assessed liquidated damages.

C6.7.11.6. Liquidated Damages. In the event that the contract is terminated for failure to pay for or remove the property, assess liquidated damages in lieu of and in full settlement of any accrued storage charges or other costs.

C6.7.11.7. Payment. In all instances when storage charges are assessed, the

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purchaser prior to the removal of the property will make payment to the SCO or his authorized representative. When the purchaser is a state or local government or instrumentality thereof, or where the total storage charges do not exceed $200 and a reasonable effort has been made to collect such charges from the agent or representative of the purchaser, the property may be released prior to collection and subsequent billing will be accomplished by the SCO. If storage/late removal charges are more than $200, collect such charges before the property is removed. The SCO or his authorized representative at the holding activity should make every effort to collect storage charges in full. But, as a minimum, the purchaser or agent prior to the removal of the property must pay the amount over $200 with subsequent billing for the balance accomplished by the SCO. A Memorandum for Record will be placed in the transitory paid contract file to reflect what action was taken in the attempt to collect storage charges.

C6.7.11.8. Compute Storage Charges. Although the SCO is responsible for the assessment and collection of storage charges, the DRMO must compute storage charges and must collect prior to release except as provided in C6.7.11.7. Deposit any funds so collected with the DFAS-CO. The SCO will obtain a copy of the instrument containing the DFAS-CO voucher number used for the deposit or stamp acknowledging receipt of the proceeds.

C6.7.11.9. Storage Charge Computations. DRMS Form 61, Storage Charge Computation, will be used by DRMS to document storage charge computations and as a supporting document in the contract files for such assessments. Please note that the instructions contained on the reverse side of DRMS Form 61 Feb 84 delineate that the computation for CWT/100kg should be rounded to the next higher whole number.

C6.7.12. <u>Defaults</u>

C6.7.12.1. Definition. Default describes the status of a contract when the purchaser has failed to comply with the contract terms and conditions.

C6.7.12.2. Types of Defaults. When a purchaser fails to pay for or remove property or otherwise perform as required by the terms and conditions of sale, the purchaser is considered to be in default; the consequences of this failure to properly perform the obligation under the contract may result in contract termination.

C6.7.12.2.1. Termination for Default for Failure to Pay for and Remove Property.

C6.7.12.2.1.1 Condition No. 9, SF 114C, entitled “Default”, provides that in the event the purchaser fails to make payment or fails to remove the property within the time specified, the SCO will send the purchaser a *“DRMS Form 860/Notice of Default”*. According to the provision, the purchaser is allowed 15 calendar days (or such further period under unusual circumstances as the SCO may allow) in which to cure the

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default on sales contract, excluding local sales. When computing the "cure" period for a Notice of Default and the final day for cure falls on a Saturday, Sunday, Federal holiday, or any day the activity where the property is located is closed, designate the next workday as the last day to cure the default. When a "cure" period involves days such as holiday periods when installations are closed for an extended time, e.g., December 24th through January 2nd, sufficient allowance should be made in computing the last day to cure the default. Send DRMS Form 860 to the defaulting purchaser by regular mail or facsimile, or otherwise furnished to the purchaser, except DRMS Form 860 will not be issued on local sale contracts for failure to make partial payment. Neither will the form be issued earlier than the day following the final free removal date for the item(s) concerned. DRMS Form 860 may be issued for nonpayment or for non-removal of awarded property or both. Furnish a copy of the form along with a copy of the DRMS Form 1427 to the Surety, for its information in those cases involving bid deposit bonds where default is due to nonpayment for award of property. If the default is not cured within the prescribed period, applicable holding activities will return DRMS Form 1427 to DRMS -BBS. Send a DRMS Form 433, Statement of Account for Liquidated Damages, to the purchaser by regular mail or facsimile, or otherwise furnished the purchaser.

C6.7.12.2.1.2 The entries on DRMS Form 433 are basically self-explanatory. For uniformity enter the word *"None"* in lieu of $ zero entries; enter the word *"Due"* or *"Paid"* parenthetically in block 14 whenever a storage charge is involved; and a partial default, second default against the contract, or enter any remark necessary to assure computation clarity, parenthetically at the bottom of block 8 pertaining to the item(s) liquidated. Notwithstanding the provisions of the *"Default"* and *"Adjustment for Variation in Quantity or Weight"* conditions, use only the quantity or weight shown in the IFB for calculating damages in those cases of no removal or in cases of partial removal, e.g., if 20,000 pounds were shown in the IFB, 7,000 pounds were delivered, and contract is terminated, the liquidated damages would be based on 13,000 pounds undelivered. Exceptions to this general procedure may arise, such as when quantities or weights available are more or less than that shown in the IFB, or for which the SCO may have cause for basing damages on actual circumstances. In these type cases, make coordination with counsel prior to issuing DRMS Form 433. On cases involving a partial removal and liquidated damages for the balance of an item, enter the word *"Undelivered"* parenthetically following the item description in block 8, enter and the quantity delivered parenthetically in block 11.

C6.7.12.2.1.3 Furnish copies of DRMS Form 860 and DRMS Form 433 to applicable holding activities as a safeguard against release of property after right, title and interest in the property have reverted to the Government. DRMS Form 433 will serve to return control of a national sales item to the DRMO (exception: property having an acquisition value exceeding $50,000 where it is in the interest of the Government to downgrade to scrap).

C6.7.12.2.1.3.1 Termination for Default for Failure to Perform Other Provisions of the Contract. When the purchaser fails to perform according to the

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provisions of sale, other than provisions relating to payment and removal, the failure to comply will be considered a *"breach of contract".* This may result in contract termination. The Notice of Default is inappropriate and will not be used for termination for breach of contract. When the purchaser is believed to have breached his contract, the SCO will take the following actions:

C6.7.12.2.1.3.1.1 Conduct an investigation to the degree necessary to conclusively determine whether or not the contract has been breached.

C6.7.12.2.1.3.1.2 Determine whether the best interests of the Government would be served by termination of the contract. Legal advice will be obtained prior to making this determination or taking any action to terminate for breach of contract.

C6.7.12.2.1.3.1.3 If a decision is made to terminate for breach of contract, notify the purchaser of the breach and of the decision to terminate the contract. These notices must be coordinated with assigned counsel.

C6.7.12.2.1.3.1.4 In coordination with counsel, determine the amount of damages resulting from breach and make written demand by certified mail upon the terminated purchaser. The subject of the letter will be Demand for Payment of Damages as a Result of Breach of Contract. The letter will clearly set forth:

C6.7.12.2.1.3.1.4.1 The terminated purchaser's name and complete address.

C6.7.12.2.1.3.1.4.2 Sales and contract number and, if appropriate, item number.

C6.7.12.2.1.3.1.4.3 A reference to the notice of breach of contract.

C6.7.12.2.1.3.1.4.4 A detailed explanation and computation of damages.

C6.7.12.2.1.3.1.4.5 A demand to forward payment, payable to the U.S. Treasury, to the SCO for the full amount of damages.

C6.7.12.3. Notice to Surety. In the event that a surety has underwritten either a bid bond or a performance bond that may be affected by contract termination, furnish a copy of the applicable DRMS Form 1427 to that surety, concurrent with its transmittal to the purchaser.

C6.7.12.4. Purchaser's Requests for Early Default Actions. Purchasers may request that default action be taken earlier than when it would be taken under the terms

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of the contract. All such requests must be submitted in writing and may be accepted by the SCO by inserting on DRMS Form 433 the statement *"TERMINATED PURSUANT TO PURCHASER'S REQUEST"*. In no event will such action be taken until all liquidated damages have been collected. Use DRMS Form 1647, Voluntary Default.

C6.7.12.5. Defaults on Term Contracts. Under the provisions of the special condition of the contract entitled "termination", either party upon giving the required notice to the other may terminate a term contract. But, during the notice period, the purchaser is required to continue to perform until the expiration of the notice period. If he fails to do so, or, if without notice, fails to make payments or remove as required by the contract, he is in default. When the default occurs, send a Notice of Default to the purchaser by regular mail, allowing at least 15 calendar days to cure the default. The procedure prescribed in paragraph C6.12.2 will be followed. If the purchaser fails to cure the default, liquidated damages will be calculated in the following manner:

C6.7.12.5.1. If either party has given notice that the contract will be terminated and the purchaser has failed to perform from the date of the notice of termination, 20 percent of the contract price for the quantity estimated to be generated during the period of the notice will be charged.

C6.7.12.5.2. If either party has given notice that the contract will be terminated and the purchaser performs during a part of the notice period but does not continue to perform during the entire period, 20 percent of the contract price for the quantity estimated to be generated from the date performance closes to the end of the notice period will be charged.

C6.7.12.5.3. If no notice has been given by either party that the contract will be terminated and the purchaser merely fails to perform and does not cure the default within the cure period, the failure to perform will be treated as a notice by the purchaser that he is terminating the contract and liquidated damages will be calculated as provided in paragraph C6.7.1.2.2.1.

C6.7.12.6. Reinstatement of Contracts

C6.7.12.6.1. The general rule is that once the default cure period has expired, the purchaser loses all right, title and interest to the property. Under such circumstances DRMS is relegated to re-offering the item on a new IFB. There may be circumstances when an SCO may continue contract performance with the original purchaser on a contract that has terminated for default. For example, when a purchaser, subsequent to the termination (after the cure period) of a contract, establishes that he was excusably delayed in the performance of the contract, i.e., the failure to pay for and/or remove the property within the period of time originally allowed arose out of causes beyond the control and rescinded by the SCO and a new removal date established. The fact that notice and evidence of the excusability was not forthcoming until after the termination of the contract generally is immaterial, so long as

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the purchaser acted in good faith in attempting to meet his obligation under the contract. One might argue in this situation that the contract never ended and DRMS is merely continuing the old contract in a status quo condition. Assess no storage charges during the initial free removal period or the extension caused by the cancellation of the default notice. If the contractor fails to complete the terms of the contract after being granted this reasonable extension, the contractor is then again placed in default with a 15-day cure period after which termination is effected.

C6.7.12.6.2. In any case, SCOs will discuss potential reinstatements with assigned counsel prior to actual reinstatement of any contract.

C6.7.13. Assessing Liquidated Damages For Term Contracts Tied To Market Price

C6.7.13.1. Sale by Reference, Part 4, Sale of Government Property, Special Sealed Bid - Term Conditions, Condition F, Failure to Perform, states that, for the purchaser's failure to perform, the Government shall be entitled to retain or collect as liquidated damages a sum equal to 20 percent of the contract price for the quantity estimated to be generated within a 30-day period. For purposes of assessing liquidated damages for term contracts tied to market price, use the contract unit price computed on the latest available price published in the applicable publication.

C6.7.14. Termination Notices For Term Contracts

C6.7.14.1. Actions. The sales office will promptly initiate the following actions upon receipt of termination notice of subject contracts:

C6.7.14.1.1. Notify the CORs at the generating activity.

C6.7.14.1.2. The DRMOs will notify the commander of the generating activity.

C6.7.14.2. Difficulty. If difficulty is anticipated in obtaining a new contract, particularly in the case of edible garbage contracts, take the following additional actions:

C6.7.14.2.1. Advise DRMS-BBS Chief of the circumstances and action taken to resolve the problem.

C6.7.14.2.2. Advise the COR and commander of the generating activity that adoption of an alternate method of disposal may be required, i.e., procurement for service contract, either on a temporary or permanent basis.

C6.7.15. Resale Of Items Terminated As A Result Of Default

C6.7.15.1. Negotiate. The SCO may negotiate the sale of terminated property with the original purchaser when it is in the best interest of the Government and the

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property is available intact.

C6.7.15.2. Approvals and Limitations. Under these circumstances, the approvals and limitations as to contract price required for negotiated sales apply.

C6.7.15.3. New Sale Number. Assign new sale number and execute the contract on SF Form 114E as with other negotiated sales.

C6.7.16. Auditing/Surveillance Of Hazardous Sales Contracts

C6.7.16.1. Audit Responsibilities. The SCO conducting hazardous property sales will be responsible for referring purchasers to be audited to the environmental division.

C6.7.16.1.1. The SCO will submit a prioritized request to DRMS-B to audit/inspect hazardous property purchasers.

C6.7.16.1.2. DRMS-B will audit all hazardous property purchasers annually. (Verify if office designations are correct)

C6.7.16.2. Selection of Purchasers

C6.7.16.2.1. The selection of specific purchasers can be based on one or more of the following criteria:

C6.7.16.2.1.1 Commodity

C6.7.16.2.1.2 Level of participation

C6.7.16.2.1.3 Random sampling

C6.7.16.2.1.4 Specific concerns by the DRMO, the SCO or the environmentalist

C6.7.16.2.1.5 Request for a pre-award site inspection (wastes)

C6.7.16.2.1.6 Information available from other sources, e.g., EPA

C6.7.16.2.2. Note that selection must be made with an objective in mind, i.e., a purchaser may have an outstanding manifest, may purchase large amounts of hazardous property, DRMS-B wants a perspective of what is happening with certain commodities, or what is occurring to property sold from a specific DRMO.

C6.7.16.2.3. The clause entitled *"Government's Right of Surveillance"* provides the audit team the authority to audit our purchaser's customers. The audit

team should follow the trail of the property until confident that they have determined the actual disposition of the property sold.

C6.7.16.2.4. If the purchaser is being referred for a special reason, i.e., an outstanding manifest or a follow up to a previous audit, the referral should include such reason and should also specify any additional information that is pertinent. The referral must include the objectives of the audit.

C6.7.16.2.5. Before a referral is made, it must be verified that the applicable contract has included the article entitled *"Government's Right of Surveillance"*. Absent of that article, there is no contractual authority to conduct a surveillance audit.

C6.7.16.3. Referrals. The following information, at a minimum, will be provided with each referral:

C6.7.16.3.1. Copy of each applicable IFB

C6.7.16.3.2. Purchaser's Statement of Intent

C6.7.16.3.3. Copy of the pre-award survey documentation

C6.7.16.3.4. Copy of DRMS Form 1427, Notice of Award, Statement and Release Document

C6.7.16.3.5. Copies of all applicable removal documentation. Such may include:

C6.7.16.3.5.1 DRMS Form 1427, Notice of Award, State and Release Document

C6.7.16.3.5.2 DRMS Form 1369, Shipment Receipt and Delivery Pass

C6.7.16.3.5.3 DRMS Form 1583, Term or Multi-Shipment Recapitulation Record

C6.7.16.3.5.4 Manifest

C6.7.16.3.5.5 DTID

C6.7.16.4. Filing of Audit Reports. Audit reports will be filed in accordance with DLAD 5025.30, Process, Chapter 28 (see Files/Records Maintenance).

C6.7.17. Contractual Actions By DRMO Personnel (National Sales)

C6.7.17.1. SCO Actions. There are some actions that only the SCO can take with respect to a contract. DRMO personnel will exercise extreme caution not to take any action that would be construed as changing or supplementing "the terms of an IFB or contract" or "IFB item description".

C6.7.17.2. Where Doubt Exists. Where a doubt exists as to the propriety of an action to be taken concerning property for sale or which has been sold, the SCO will be contacted for guidance.

C6.7.18. Demilitarization by Sales or Service Contractor

C6.7.18.1. General

C6.7.18.1.1. Property to be sold with DEMIL as a condition of sale or critical FSG/FSC items and FSCAP items to be sold with mutilation as a condition of sale. DRMOs will e-mail or FAX requests to offer this property for sale with DEMIL or mutilation to be performed as a condition of sale to the DEMIL Branch, DRMS-BCD for approval. The request will include the NSN, nomenclature, quantity, DEMIL Code, DEMIL or mutilation instructions and where the DEMIL or mutilation is proposed to be performed (DRMO or off-site). DRMS-BCD will coordinate with the DEMIL Center and DRMS-BCP/BBS to determine the best method of DEMIL or mutilation performance—either by the DEMIL Center or as a condition of sale in place at the DRMO. The FAX number is DSN 661-5524.

C6.7.18.1.2. Upon making the determination that demilitarization by a sales contractor is the most cost effective method, the DRMO and contracting officer must determine that there are effective controls and surveillance to assure adequate and timely demilitarization.

C6.7.18.1.3. Except for combatant ships and expended small arms cartridge cases, perform all demilitarization at a U.S. Government installation, unless otherwise authorized by DRMS-BCD. DRMS-BCD in coordination with DRMS-BBS, may approve requests for off-installation demilitarization of disposable material as a condition of sale, if determined to be cost effective and provided that an adequate level of material security and demilitarization can be maintained. The DRMO must provide procedures for assuring adequate level of material security and precise procedures for demilitarization surveillance. The records in support of such approvals should contain cost estimated for personnel travel, martial security and demilitarization surveillance for on and off-installation demilitarization.

C6.7.18.1.4. Releasing Property Requiring Demilitarization. The DRMO Chief or his designee will personally make a visual check of demilitarized property after it is loaded on the purchaser's or his agent's conveyance (before it leaves the military installation), to verify that no unauthorized property is being removed.

C6.7.18.1.5. When demilitarization as a condition of sale is to be accomplished on other than Government premises, perform surveillance of demilitarization according to arrangements and instructions of the SCO responsible for

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the contract. The SCO will file the demilitarization certificate(s) in the official contract file.

C6.7.18.2. Service Contract. Forward all requests to accomplish demilitarization by service contract to DRMS-BCD. Each request must be fully justified.

C6.7.19. Ammunition

C6.7.19.1. Expended Small Arms Ammunition Cartridge Cases. The DRMO must develop appropriate procedures and maintain necessary controls to ensure that undemilitarized cases are not commingled with demilitarized cases.

C6.7.19.2. DRMOs that do not receive sufficient quantities of undemilitarized expended small arms cartridge cases to attract buyers will ship them to the nearest DRMO where generations are sufficient to ensure expeditious sales.

C6.7.19.3. DRMS-BCP, based on economic considerations and cost effectiveness, is responsible for determining where to accumulate sufficient quantities to attract buyers. DRMS-BCP is also responsible for providing appropriate shipping instructions. Required levels of security are an important factor in determining locations for consolidation shipments.

NOTE: Expended Small Arms Cartridge Cases require demilitarization outside the U.S. and its territories.

C6.7.20. Special Notice/Certification On DRMS Form 1427

C6.7.20.1. Rubber Stamp/Typewriter. Occasionally, there are items sold requiring special handling or notice and emphasis of such notice/certification on DRMS Form 1427 is necessary. Such notice or certification may be accomplished by the use of a rubber stamp or a typewriter.

C6.7.20.2. Statements. DRMS Form 1427 will contain the appropriate statement prescribed for the following.

C6.7.20.2.1. Residue of M151 vehicles.

NOTE: The material hereby being released is the residue of an M151 vehicle and not the vehicle itself.

C6.7.20.2.2. PCB or PCB-Contaminated Property. Overprint the DRMS Form 1427 with the following certification, which must be signed by the purchaser or his agent prior to release of the property:

Figure 31 - Certification Statement - PCB Contaminated Property

CERTIFICATION (Purchaser/Agent Must Sign) *Purchaser hereby certifies that he has inspected item(s) _____, which is (are) PCB or PCB-contaminated item(s), or less than 50 PPMPCB items, and it is (they are) intact and non-leaking.* _____Signature

NOTE: For states or countries that regulate less than 50 PPM, e.g., California, must be less than 5 PPM, delete 50 and insert the quantity required by the state.

C6.7.20.2.3. RCRA Certification. If the purchaser fails to sign the certification at the time of bid submission, the certification will be signed by the purchaser or authorized agent prior to release of the property.

C6.7.20.2.4. Hazardous Waste. If the property awarded is considered a hazardous waste, either by the state in which it is currently located or under the Resource Conservation and Recovery Act (RCRA), stamp the purchaser and DRMO copies of DRMS Form 1427 with the following notification:

Figure 32 - Notification Statement for Property Awarded Considered Hazardous Waste

MANIFEST REQUIRED FOR ITEM(S) _____. **The applicable item number(s) will be annotated thereon prior to dissemination of these documents.**

C6.7.20.3. Loading Requirements. DRMS Sales Office may elect to include the Loading Legend requirements, e.g., Purchaser Must Load (No Government Assistance), in block 10 of DRMS Form 1427. If incorporated with mechanized term sale input, such notices will be pre-printed on the static contracts. Conversely, manual annotation is necessary on contracts generated for all other methods of sale.

C6.8. **Protests, Disputes, Claims and Debarments**

C6.8.1. General

C6.8.1.1. Introduction. SCOs will use the following procedures when seeking legal assistance in cases involving mistakes in bids, protests, disputes and appeals, claims and debarments.

C6.8.1.2. Legal Assistance to Sales Offices. SCOs requiring the immediate services of an attorney may telephone either DRMS Counsel, (DSN) 661-5987 or Area Code 269-961-5987, or assigned DRMS field counsel.

C6.8.2. Mistakes In Bids

C6.8.2.1. General. SCOs: Examine all bids for mistakes. In cases of an

apparent mistake and in cases where there is reason to believe that a mistake may have been made, request from the bidder a verification of the bid, calling attention to the suspected mistake. If the bidder confirms a mistake has been made, process the matter as follows:

C6.8.2.1.1. Apparent Clerical Mistakes

C6.8.2.1.1.1 The term “apparent clerical mistake” is not readily defined except on a case-by-case basis. The test in a mistake in bid case is not whether “there is no doubt” in the SCO’s mind, but whether a mistake in bid was made and whether a legally binding award may be made either on a bid as submitted or on the basis of a corrected bid. The SCO may correct any clerical mistake apparent on the bid prior to award if he has first obtained from the bidder written verification of the bid actually intended. To assure that an SCO does not make an invalid award when an apparent clerical mistake has been made, the SCO should consult assigned counsel for guidance.

C6.8.2.1.1.2 If an SCO holds an award in abeyance pending resolution of a mistake and it appears that resolution of the mistake may not be accomplished until after the expiration of the bid acceptance period, the SCO must notify any bidders whose bids might be considered for an award and request that those bidders extend their bid acceptance period if appropriate.

C6.8.2.1.1.3 When corrections to bids are required, the SCO will follow the procedures provided in this chapter. For example, an apparent clerical mistake is an obvious error in placing the decimal point, i.e., a bidder bids $10 each on 10 units, but shows an extended price of $1,000. In such a case, if there is any doubt, after receiving information from the bidder as to the intended bid, whether he actually intended to bid $10 each or $100, the SCO will not correct the bid as an obvious clerical error, but will process the mistake according to paragraph C6.8.2.1.2 below. An error in extension of prices may not be corrected without requesting verification from the bidder unless the difference is comparatively minor, for example when a bidder bids $20.53 per ton for 10 tons, but extends the price as $105.00. Reflect any correction made according to this paragraph in the award document, if an award is made on the corrected bid.

C6.8.2.1.2. Other Mistakes

C6.8.2.1.2.1 The Defense Logistics Support Center is authorized to make the following administrative determinations in connection with mistakes in bids, other than apparent clerical mistakes, alleged after opening of bids and prior to award:

C6.8.2.1.2.1.1 Where the bidder requests permission to withdraw a bid, and clear and convincing evidence establishes the existence of a mistake, a determination will be made to permit the bidder to withdraw his bid.

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C6.8.2.1.2.1.2 If the evidence is clear and convincing both as to the existence of the mistake and as to the bid actually intended, and if the bid, both as corrected and as uncorrected, is the highest received, a determination will be made to correct the bid but not to permit its withdrawal.

C6.8.2.1.2.1.3 Where the bidder requests permission to correct a mistake in his bid and clear and convincing evidence establishes both the existence of a mistake and the bid actually intended, permit the bidder to correct the mistake. If correction should result in displacing one or more higher bids, the determination will not be made unless the existence of the mistake and bid actually intended are ascertainable substantially from the invitation and the bid itself. If the evidence is clear and convincing only as to the mistake, but not as to the intended bid, a determination will be made permitting the bidder to withdraw his bid.

C6.8.2.1.2.1.4 Where the evidence is not clear and convincing that the bid as submitted was not the bid intended, the bid should be considered for award in the form submitted.

C6.8.2.1.2.2 Authority for making the determinations described in paragraph C6.8.2.2 above has been delegated to the DLA counsel and the DRMS counsel, and DRMS attorneys assigned to the DRMS SALES OFFICE/DRMS-O.

C6.8.2.1.2.3 SCOs: Process suspected or alleged mistakes as follows:

C6.8.2.1.2.3.1 In the case of any suspected mistake, immediately contact the bidder in question, calling attention to the suspected mistake and request verification of the bid. If the bid is verified, consider the bid as originally submitted. If the time for acceptance of bids is likely to expire before a decision can be made, request all bidders whose bids may become eligible for award to extend the acceptance time of their bids. Do not request extensions of acceptance periods and/or grant to those bidders who originally offered less than the full 60-day acceptance period. When a bid with a short acceptance period is involved, the SCO should make telephonic contact with assigned counsel so as to permit prompt consideration and, if warranted, aid award within the prescribed period. If a bidder alleges a mistake, advise the bidder to make a written request indicating his desire to withdraw or modify the bid. The request must be supported by statements (sworn statements, if possible) concerning the alleged mistake and include all pertinent evidence such as the bidder’s file copy of the bid, the original work sheets and other data used in preparing the bid, and any other evidence that conclusively establishes the existence of the error, the manner in which it occurred and the bid actually intended.

C6.8.2.1.2.3.2 Where the bidder fails or refuses to furnish evidence in support of a suspected or alleged mistake, consider the bid as submitted unless the indications of error are clear enough to justify that including the bid would be unfair to

the bidder or to other bona fide bidders. Clear this action through assigned counsel prior to award, and will fully document all attempts to obtain the information required and the action taken with respect to the bid.

C6.8.2.1.2.3.3 Where the bidder furnishes evidence in support of an alleged mistake, refer the case to assigned counsel, together with a single set of supporting documents including the following data:

C6.8.2.1.2.3.3.1 The original bid

C6.8.2.1.2.3.3.2 A copy of the IFB

C6.8.2.1.2.3.3.3 A copy of an abstract or record of the bids received on all items involved in the error.

C6.8.2.1.2.3.3.4 The original written request by the bidder to withdraw or modify the bid, the bidder's written statement and supporting evidence (such as the work sheets or other data used in preparing the bid) of the existence of the mistake and the manner in which it occurred and supporting evidence of the bid actually received. The request should be signed by the same person who signed the bid form.

C6.8.2.1.2.3.3.5 A written statement, in duplicate, setting forth a description of the material involved; a summary of the evidence submitted; how and when the mistake was alleged; the acquisition cost of the item; prices received on any sale of similar materials; the expiration date of the bid and any other bids that may be eligible for award if relief is allowed; and any additional pertinent evidence.

C6.8.2.1.2.3.3.6 In a case involving an auction sale and where required in a spot bid sale, the bidder's registration card.

C6.8.2.1.2.3.3.7 In a case involving an auction sale, a transcript of as much of the tape or other recording of the sale as relates to the item(s) involved in the allegation of mistake. If feasible, the tape itself should be submitted.

C6.8.2.1.2.4 Include copies of all administrative determinations.

C6.8.2.1.3. Mistakes Disclosed After Award

C6.8.2.1.3.1 When a mistake is not discovered until after award, only DLA counsel (for DRMS OCONUS or DRMS counsel) are authorized to rescind or reform sales contracts where the evidence is clear and convincing that:

C6.8.2.1.3.1.1 A mistake in the bid was made by the purchaser.

C6.8.2.1.3.1.2 The mistake was mutual or the SCO was, or should have been, on notice of the error prior to the award.

C6.8.2.1.3.1.3 It is determined that the contract price should be decreased or that the contract be rescinded or the item involved in the error be deleted.

C6.8.2.1.3.1.3.1 In reforming a contract any resultant deletion from the contract requirement does not cause the corrected price to be less than the price of the next high bid for the item concerned.

C6.8.2.1.3.1.3.2 The SCO received notice of the mistake prior to the performance of all obligations under the contract.

C6.8.2.1.3.2 Process mistakes disclosed after award as follows:

C6.8.2.1.3.2.1 When a mistake in bid is alleged or disclosed after award, the SCO will advise the purchaser to support the alleged error by written statements and by all pertinent evidence, such as the purchaser's file copy of the bid, his original work sheets and other data used in preparing the bid, and any other material which will serve to establish the mistake, the manner in which it occurred, and the bid actually intended. The SCO will suspend delivery of property until the matter is resolved.

C6.8.2.1.3.2.2 When the purchaser furnishes evidence in support of an alleged mistake the SCO will forward the case to assigned counsel with:

C6.8.2.1.3.2.2.1 All evidence furnished by the purchaser in support of the alleged error.

C6.8.2.1.3.2.2.2 A signed statement:

C6.8.2.1.3.2.2.2.1 Describing the item(s) involved.

C6.8.2.1.3.2.2.2.2 Specifying how and when the mistake was alleged or disclosed.

C6.8.2.1.3.2.2.2.3 Summarizing the evidence submitted by the purchaser and any additional evidence considered pertinent.

C6.8.2.1.3.2.2.2.4 Quoting, in cases when only one bid was received, the most recent contract price for the item(s) involved, or the absence of a recent contract for the item(s), an estimate of a fair price for the item(s).

C6.8.2.1.3.2.2.2.5 Setting forth his opinion whether a bona fide mistake was made and whether he was, or should have been, on notice of any error in

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the bid price prior to the award, together with the reasons for or data in support of that opinion.

C6.8.2.1.3.2.2.2.6 Disclosing the status of performance and payments under the contract, including contemplated payments, if applicable.

C6.8.2.1.3.2.3 A signed copy of the bid involved.

C6.8.2.1.3.2.4 A copy of the IFB.

C6.8.2.1.3.2.5 An abstract or written record of the bids received.

C6.8.2.1.3.2.6 A written request by the purchaser to reform or rescind the contract. This request should normally be signed by the person who signed the bid form.

C6.8.2.1.3.2.7 A copy of the contract and any change orders or supplemental agreements.

C6.8.2.1.4. Counsels have been authorized to deny relief requested by the contractor, regardless of the amount requested, where it is determined that the evidence is not clear and convincing that (1) a mistake in bid was made by the contractor or (2) the mistake was mutual or the SCO was or should have been aware of the error prior to award of the contract.

C6.8.2.1.5. The SCO, upon receipt of the administrative determination, will:

C6.8.2.1.5.1 Cite the administrative determination on copies of the contract modification, if a modification is authorized.

C6.8.2.1.5.2 Maintain a copy of the determination in the contract file.

C6.8.3. Protests Against Awards

C6.8.3.1. General. SCOs: Consider all protests or objections to the award of a contract, whether submitted before or after award. Where a protest affects another bidder, purchaser or any other party having a legitimate interest, normally a prompt notice of the protest is given to such parties so they may take appropriate action on their own behalf. The extent of the information furnished to the affected parties will be judged on a case-by-case basis with due weight given to the important aspects of each case. These aspects may include, but are not limited to, legal considerations; interests of the Government, equitable consideration of the interests of the affected parties, and mitigation of losses or other injuries to any and all parties concerned. Emphasize to the recipients of the notice of protest that the notice in no way relieves them of any obligations, under a contract or otherwise, but is primarily intended to afford them a fair opportunity to be heard by and to present evidence for the consideration of the agency

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that will render a decision in the case. Protests generally will be resolved at the level to which the protest is submitted. If in the opinion of the activity to which the protest is submitted, it is considered desirable or in the best interest of the Government, that activity will submit the protest to higher authority for resolution.

C6.8.3.2. Protests. Protests submitted to higher authority will be documented completely, including:

C6.8.3.2.1. A signed statement from the person making the protest stating the complete facts on which the protest is based together with supporting evidence.

C6.8.3.2.2. A signed statement, when relevant, from other persons or bidders affected by or involved in the protest, stating the facts with respect to their position in the matter, together with supporting evidence.

C6.8.3.2.3. A copy of the bid submitted by the protesting bidder and a copy of the bid of the bidder to whom the award has been made or who is being considered for the award, if relevant to the protest.

C6.8.3.2.4. A copy of the IFB.

C6.8.3.2.5. List of all bids received.

C6.8.3.2.6. Any other documents relevant to the protest.

C6.8.3.2.7. A statement signed by the SCO setting forth his findings, actions and recommendations in the matter, together with any additional information and evidence deemed to be necessary in determining the validity of the protest. If the award of a contract was made pending resolution of the protest, the SCO's statement will include this information and the considerations upon which this action was based.

C6.8.3.3. Protest Cases. Protest cases submitted by SCOs to higher authority will contain the recommendation of each intervening level of authority through which the protest is transmitted.

C6.8.3.4. Protests Before Award

C6.8.3.4.1. Oral Protests. If award has not been made, the SCO may require that written confirmation of an oral protest be submitted by a specified time and inform the protester the award will be withheld until the specified time. If the written protest is not received by the time specified, the oral protest may be disregarded and award may be made in the normal manner unless the SCO, upon investigation, finds that remedial action is required, in which event such action will be taken.

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C6.8.3.4.2. Written Protests. Where a written protest is received, the SCO will withhold award pending resolution of the protest by the appropriate level of authority. In appropriate cases, notice of the protest will be given to all bidders affected. Those bidders should be requested, before expiration of the time for acceptance of their bids, to extend the time for acceptance (with consent of sureties, if any). In the event of failure to obtain such extension, award may be made if deemed in the best interests of the Government.

C6.8.3.5. Protests After Award. Where a protest is received after award and removal of the property has not been made, withhold delivery of the property pending resolution of the protest and notify the affected purchaser, unless the protest is clearly without merit, or unless it does not reasonably appear that the contract may be held invalid.

C6.8.4. Disputes

C6.8.4.1. General. SBR Part 2, Condition No. 32, entitled “Disputes,” relates only to disputes concerning questions of fact arising under the contract. It is not, for example, applicable to a dispute by the purchaser over the rejection of his bid because there is no contract. Such a dispute should be handled as protest. It is not applicable to a dispute as to the existence of a contract, as for instance when a purchaser alleges a mistake in his bid after award. Screen disputes arising under the contract to ensure that findings and decisions applicable under the disputes clause are rendered only on disputes concerning questions of fact or dispute otherwise made subject to the disputes procedures by specified contract provisions. Where contracts are terminated after a Notice of Default for failure to pay or remove, issue applicable findings and decisions only in those instances that involve a dispute as to questions of fact. In all instances, the SCO must obtain approval for his proposed findings of fact from assigned counsel prior to issuing a finding of fact and decision or referring the contractor to the Disputes Clause and the appeal procedures provided there. To assist counsel in this area, SCOs will submit all pertinent, relevant documents that formed the basis for the decision. Refer any questions with regard to which documents to submit to assigned counsel on a case-by-case basis.

C6.8.4.2. Definitions. For the purpose of this part, the following definitions are applicable:

C6.8.4.2.1. Decision. The document furnished by the SCO that states the findings of fact and the conclusion of the SCO deciding the matter in dispute. This document will contain the appeal rights required by the Disputes Act.

C6.8.4.2.2. Findings of Fact. The portion of the SCO’s decision that states his determination of the facts in dispute. The document will contain the appeal rights required by the Disputes Acts.

C6.8.4.2.3. Notice of Appeal. A written communication from the purchaser indicating that he appeals the decision.

C6.8.4.2.4. Complaint. A written statement from the purchaser filed with the Armed Services Board of Contract Appeals (ASBCA) stating the reasons which he believes entitled to relief from the SCO's decision. It need not be labeled as a complaint and may be submitted as part of or simultaneously with, the Notice of Appeal or in a letter or memorandum subsequent to the filing of the Notice of Appeal.

C6.8.4.2.5. Rules. The rules of the Armed Services Board of Contract Appeals.

C6.8.4.3. Procedures

C6.8.4.3.1. When it becomes necessary to render a decision on a dispute the SCO will prepare and sign a decision, and send the original to the purchaser after complying with the requirements of paragraph 6.8.4.3.1.4.1. If mailed, the SCO will send it by certified mail and file the return receipt in the contract file. Property will be held intact for 15 calendar days from date of certified return receipt. If no response is received from the purchaser by this date, the DRMO can take appropriate action to dispose of the property. Copies of the decision will receive the same distribution as the contract and also be furnished to any assignee, guarantor or surety of the purchaser. The decision will be in a letterform, will be dated and will reference the contract number. The decision will summarize the essential elements in dispute between the parties, including any evidence in support of the purchaser. The SCO's determination of the facts, with supporting reasons and any applicable contract terms, will be fully stated. It will also contain the following paragraph:

C6.8.4.3.1.1 This is the final decision of the contracting officer. This decision may be appealed to the Armed Services Board of Contract Appeals (ASBCA), Skyline 6, 5109 Leesburg Pike, 7th Floor, Falls Church, Virginia 22041. If the DRMO decides to appeal, written notice must be furnished thereof to the ASBCA within 90 days from the date this decision is received. Also furnish a copy of the notice to the contracting officer from whose decision the appeal is taken. The notice will indicate that an appeal is intended, should reference this decision, and identify the contract by number. In lieu of appealing to the ASBCA, the action may be submitted directly to the U.S. Claims Court within 12 months of the date the decision is received. Should the DRMO appeal to the ASBCA, there is available at the sole option of the contractor a Small Claims (Expedited) Procedure for appeals in an amount in dispute of $50,000 or less wherein a decision will be rendered, whenever possible, within 120 days after the ASBCA receives written notice of such election. Also, in cases where the amount in dispute is $100,000 or less, the contractor may elect to have the appeal processed under an Accelerated Procedure that provides, whenever possible, a decision by the ASBCA within 180 days from receipt of written notice of such election. The details of

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these procedures are fully set forth in the Rules of the ASBCA, which will be provided to in the event of an appeal.

C6.8.4.3.1.2 It is emphasized that, while there are many types of disputes that are not subject to the disputes procedure, when the contract provides for a decision or determination to be made by the SCO, he must make the determination or decision with the aid of all available technical and legal advice.

C6.8.4.3.1.3 When a notice of appeal in any form has been received, the SCO must indicate the date of receipt and, also, where apparent, the date of mailing or, if dispatched by the appellant by other means, the date of dispatch. Evidence of mailing or dispatch such as the stamped envelope will be retained in the contract file to show timeliness of the notice of appeal.

C6.8.4.3.1.4 Action by SCO

C6.8.4.3.1.4.1 Immediately upon receipt of a notice of appeal or a complaint from a purchaser, the SCO will forward the original and three copies to the Board through assigned counsel, or the DRMS chief trial attorney if no counsel has been assigned. The SCO must not delay forwarding the notice of appeal or complaint for preparation of any report. The SCO will transmit the report to all levels to ensure forwarding to the Board by assigned counsel or the DRMS chief trial attorney within 10 days of receipt by the SCO.

C6.8.4.3.1.4.2 Within 15 days after the receipt of the notice of appeal, SCO will forward to assigned counsel, or the DRMS chief trial attorney, a comprehensive report in narrative form concerning the dispute. Include the following in quadruplicate, with the report:

C6.8.4.3.1.4.2.1 The Findings of Fact supporting the decision and the decision from which the appeal is taken; and the letter or other document of claim in response to which the decision was issued. The complete contract including all amendments, supplemental agreements and change orders.

C6.8.4.3.1.4.2.2 All correspondence and memoranda or transcripts of meetings or telephone conversations pertinent to the appeal.

C6.8.4.3.1.4.2.3 The names and addresses of all potential witnesses, including those of the purchaser, if known, having information concerning the facts in dispute. A statement signed by each Government witness reflecting the fact to which he will be able to testify (or a summary thereof if it is impossible to get the signed statement), and a statement as to the expected availability of each Government witness at the hearing.

C6.8.4.3.1.4.2.4 An opinion of the validity of the reasons submitted by the purchaser for setting aside the decision of the SCO.

C6.8.4.3.1.4.2.5 Such additional information as the SCO may consider pertinent, including interoffice memoranda, sample photographs, and inspection reports.

C6.8.4.3.1.4.2.6 If the SCO receives a complaint after sending the original comprehensive report referred to in paragraph C6.8.4.3.1.4.2, the SCO, within 5 days, will forward to assigned counsel, or the DRMS chief trial attorney, if no counsel has been assigned to the case, a supplemental report of matters stated in the complaint that were not previously covered in the comprehensive report. If the original report is sufficient to answer the matters alleged in the complaint, the SCO will forward the complaint with a statement to this effect and need not forward a supplemental report.

C6.8.4.3.1.4.3 Copies of all correspondence and all other data and information pertinent to the dispute received by the SCO after the comprehensive report has been submitted will be forwarded to assigned counsel, or the DRMS chief trial attorney, DRMS.

C6.8.4.3.1.4.4 Where the complaint is filed with the SCO with notice of appeal under Rule 2 (rules of the ASBCA), the SCO will immediately forward the original and two copies each of the Notice of Appeal and the complaint to the Board through assigned counsel or the DRMS chief trial attorney. Within 15 days after receipt of the notice of appeal and complaint from the purchaser the SCO will prepare and forward to assigned counsel or the chief trial attorney, a single comprehensive report containing the items described in paragraphs C6.8.2.1.3.2 and substantiating the position taken by the SCO.

C6.8.4.3.1.4.5 In order that assigned counsel or the chief trial attorney may file an answer under Rule 6(b) (rules of the ASBCA) within 30 days after service of the complaint, or in order that he may have justification for any request for extension of time, the above time limits must either be met or the chief trial attorney or assigned counsel, as appropriate, must be notified of the reason for the delay and the estimated extent thereof.

C6.8.5. Claims

C6.8.5.1. Claim Settlement. By statute, generally all claims by and against the Government are settled in the General Accounting Office (GAO); however, there are many types of claims that may be settled locally, as for example, when a purchaser has defaulted by not paying the balance due on a contract, but the amount of his bid deposit is in excess of that required by the sales terms and conditions. A claim by the purchaser for the amount of the excess may be paid locally. If the terms of the contract do not authorize payment, or if there is a question of law or question of fact not included

in the Disputes article, the claim should be processed as provided in paragraph C6.8.5.3

C6.8.5.2. Identification Numbers in Connection with Claims

C6.8.5.2.1. The following supplements DLAM 7000.1.

C6.8.5.2.2. The GAO now requires the use of identification numbers when the following are forwarded to GAO for settlement or collection: Every claim by or against the United States, and every debt reported for collection according to Federal Claims Collection Standards, as well as all related correspondence. Similarly, identification numbers will be used when reporting the names of contractors to the Department of Army for inclusion in the Army Hold-Up List in accordance with the GAO Manual, Title 4, Section 61.2, Reporting Debts to Department of the Army for Inclusion On the Hold-Up List.

C6.8.5.2.3. All claims reported to DRMS for settlement/collection action or for review and transmittal to GAO (excludes Guaranteed Descriptions claims) will contain the applicable identification number. If the claimant or debtor is an individual, the identification number to be used for this purpose is their Social Security Number. If the claimant or debtor is a business entity, the number to be used is the Employer's Federal Identification Number as assigned by the Internal Revenue Service (IRS) for withholding and tax reporting.

C6.8.5.2.4. Further, the Employer's Federal Identification Number will be included in all reports of Notification of Instigation of Bankruptcy or Insolvency Proceedings as required by DLAM 7000.1, Chapter 12, paragraph 120803.

C6.8.5.3. Claims Against the Government

C6.8.5.3.1. Action will generally be expedited if claimants file their claims initially with the SCO. All such claims should be in writing over the signature and address of the claimant or over the signature of the claimant's authorized agent or attorney. If filed by an agent or attorney it must be supported by a duly executed power of attorney or other documentary evidence of agent's or attorney's right to act for the claimant.

C6.8.5.3.2. The SCO will prepare an administrative report as indicated below and will forward the claim through assigned counsel to DRMS Counsel. Separate letter addressed to DLA will then transmit the claim, who will review the claim for administrative accuracy prior to transmittal to the GAO/or the CG/US. An administrative report containing the following will accompany all claims:

C6.8.5.3.2.1 A statement of the facts out of which the claim arose.

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C6.8.5.3.2.2 A statement of the doubt or other reason for forwarding the claim.

C6.8.5.3.2.3 A recommendation as to the disposition believed to be proper.

C6.8.5.3.2.4 A citation to payment and collection vouchers.

C6.8.5.3.2.5 A statement that the claim has not been paid and will not be paid except pursuant to certification in the name of the Comptroller General.

C6.8.5.3.2.6 Copies of all pertinent documents and supporting papers.

C6.8.5.3.2.7 A citation to the funds chargeable if the claim is approved by GAO, or where payment is recommended, a voucher in six copies. (If approved by GAO the voucher will be certified by GAO and returned for payment.) If funds are not available, include a statement to that effect in the file.

C6.8.5.3.2.7.1 SF 1034 will be used when a claim is valid and payment is recommended by the SCO and will include a citation of funds. This form is not required for claims that are not valid and payment is not recommended; however, a citation of funds will be included in the claim.

C6.8.5.3.2.7.2 Approved claims endorsed by DRMS-G will include authority to charge subject account for settlement thereof.

C6.8.5.3.2.8 The Social Security Number if the claimant is an individual, or the Employer's Federal Identification Number assigned by IRS if the claimant is a business entity.

C6.8.5.3.2.9 Claimants may be advised that their claims have been submitted to the GAO for settlement but will not be advised of the administrative recommendation.

C6.8.5.3.2.10 Generally, all claims against the Government are barred by the Statute of Limitations unless received in the GAO within 10 full years after claim accrued. If any claims are received to which the right accrued more than 8 years before receipt, they will be transmitted immediately to the General Accounting Office, Claims Division, Washington, DC 20548, with a request that, after docketing, they be returned for the preparation of the necessary administrative report and compilation of required documentation. A copy of the transmittal letter will be forwarded to DRMS-G.

C6.8.5.4. Claims of the Government against Purchasers Other Than That Involved in Bankruptcy Procedures.

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C6.8.5.4.1. It is the primary responsibility of the Government to determine as soon as possible that a debt exists, document the debt, initiate collection action, transfer the debt to the appropriate office if not collected within the time prescribed elsewhere in this volume, from the first request for payment. When a request for a deferment is received, the appropriate governmental entity will withhold and/or offset against the debt as provided in the terms and conditions. The appropriate governmental entity will furnish such additional information on the specific debt as may be required by higher command or the GAO or the Department of Justice.

C6.8.5.4.2. Sales offices will document and report all debts of contractors arising under sales contracts according to procedures established by DRMS.

C6.8.5.4.3. In most sales contract debt cases, including those resulting from dishonored checks, the SCO has primary responsibility. DFAS should return any dishonored checks immediately to the SCO for further action.

C6.8.5.4.4. Purchasers of surplus personal property must make arrangements to pay promptly all amounts administratively found to be due the U. S. Government arising out of prior purchases of surplus personal property. Failure to pay any such amount upon demand will be cause for rejection of all future bids until such time as the debt is paid.

C6.8.5.4.5. Regardless of whether the SCO or DFAS has primary responsibility, each is required by DOD Directives and the DAR to render needed assistance to the other in discharge of primary responsibility.

C6.8.5.5. Claims Arising from Sale of Abandoned Vehicles with Liens. If an SCO receives a claim from either the purchaser of a vehicle which was sold with an undisclosed lien on it of from one who has a provable lien on such a vehicle, the SCO will:

C6.8.5.5.1. Advise the purchaser that the vehicles have a lien on it if the lien holder has asserted the claim.

C6.8.5.5.2. Request the purchaser of the vehicle to return the vehicle to the nearest DRMO for a full refund of the purchase price.

C6.8.5.5.3. If the purchaser returns the vehicle, notify the lien holder that it can repossess the vehicle.

C6.8.5.5.4. If the purchaser refuses to return the vehicle, and the lien holder asserts a claim, forward the lien holder’s claim to assigned counsel who will forward the claim to the General Accounting Office. Any claim from the purchaser of the vehicle will be processed according to paragraph C6.8.5.4.

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C6.8.5.6. Handling Guaranteed Description Claims. The following procedures apply to those sales where the Guaranteed Description condition of sale applies, i.e. and normally national sales only.

C6.8.5.6.1. Claims Register

C6.8.5.6.1.1 Sales Office: Maintain DRMS Form 564, Claims Register, according to instructions on the back and the instructions below.

C6.8.5.6.1.2 Register all claims as soon as they are received. If a claim is not a Guaranteed Description, i.e., Risk of Loss, annotate DRMS Form 564.

C6.8.5.6.1.3 Maintain the claims register to reflect the current status of each claim. In addition, close out the register at the end of each fiscal year and transfer all open claims to a new claims register using the original case number. Begin new case numbers with “001” with each new fiscal year register.

C6.8.5.6.1.4 In updating DRMS Form 564 to indicate “Status” of claim, make entries in the STATUS and STATUS DATE columns. When “Status Code” number changes, line out previous number and delete date and the updated number and date entered. When coded “5,” enter the date the case is closed in the STATUS DATE column.

C6.8.5.6.1.5 For each case closed and identified as code “5” in the STATUS column, make the following appropriate entry in REMARKS column:

C6.8.5.6.1.5.1 Dollar amount of adjustments, e.g., ADJ $102.20.

C6.8.5.6.1.5.2 Dollar amount of adjustment and items canceled if the case involved both situations, e.g., Item 16-ADJ $410.03; Item 44-CANCELED.

C6.8.5.6.1.5.3 If a case is reopened for any reason after it is coded “5” (not appeal case), enter as a new entry on the register; but use the same Sales Office case number previously assigned, e.g., REOPENED - 16 Dec 1991.

C6.8.5.6.1.5.4 If the case is originally registered as Guaranteed Descriptions claim and subsequently handled under Risk of Loss, Variation in Quantity, etc., identify the case as such.

C6.8.5.6.1.6 For each case closed and identified as code “5” in the STATUS column, check the appropriate block in the RESULTS column:

C6.8.5.6.1.6.1 Canceled - when an item is canceled (deleted) from a contract under paragraph a of the Guaranteed Descriptions clause. Do not show dollar

amount of canceled items. If canceled pursuant to paragraph c of the clause, also check RETURN OF PROPERTY.

C6.8.5.6.1.6.2 Denied - denied for any reason.

C6.8.5.6.1.6.3 Appealed - if purchaser appeals the case.

C6.8.5.6.1.6.4 Closed - if purchaser withdraws the claim or fails to furnish requested information. This entry is not required for cases completed and coded "5."

C6.8.5.6.1.6.5 Adjustment - if Remarks block indicates an adjustment was made.

C6.8.5.6.1.6.6 Not Guaranteed Description - if Remarks block indicates claim was handled under other than Guaranteed Descriptions.

C6.8.5.6.1.7 It is the responsibility of the Chief DRMS SALES OFFICE, or his designee, to review twice monthly the status of all cases that are not closed and insert his initials and date at the bottom of each DRMS Form 564 reflecting unclosed cases and to initiate any action deemed appropriate to have the case completed, including any follow-up necessary. If the case has been delayed over 45 days for any reason write a letter to the purchaser advising reason for delay and expected completion date.

C6.8.5.6.2. Administration of Guaranteed Descriptions Claims

C6.8.5.6.2.1 DRMS Form 69, Guaranteed Descriptions Worksheet (an Adobe Fillable Form), may not be required by the sales chief for claims resolved at the marketing division level, but will be prepared for all claims referred to assigned counsel for concurrence. All claims must have the appropriate concurrence required by paragraph C6.8.5.6.3. When "Other" in Blank 11 is checked, state the type of case, e.g., Condition, Estimated Weight. The form will contain a brief chronology of events and have pertinent documents attached (see Section 4, Supplement 2, Sales Enclosure 16, Attachments 1-7 for the list of documents. The original documents <u>should not be</u> furnished).

C6.8.5.6.2.1.1 Purchaser's request for adjustment (complaint).

C6.8.5.6.2.1.2 DRMS Form 1427 (indicating date of release of property, if applicable).

C6.8.5.6.2.1.3 Copy of the applicable IFB description page.

C6.8.5.6.2.1.4 In addition, the following enclosures will be included, in chronological sequence, if applicable.

C6.8.5.6.2.1.4.1 All correspondence with the DRMO, with enclosures.

C6.8.5.6.2.1.4.2 Request for inspection of property and report, or affidavit from purchaser supported with photos, etc.

C6.8.5.6.2.1.4.3 Correspondence with bidders.

C6.8.5.6.2.1.4.4 Telephone or verbal conversation records.

C6.8.5.6.2.1.4.5 Evidence of market value

C6.8.5.6.2.1.4.6 Transportation cost estimate.

C6.8.5.6.2.1.4.7 Any other data considered pertinent.

C6.8.5.6.2.2 Misdescription Alleged Prior to Removal. Items alleged by the purchaser to be misdescribed after award and before removal may be canceled from the contract (all sales including local) on oral authority of the SCO, providing the DRMO has orally confirmed the misdescription to the SCO and will confirm same in writing on DRMS Form 1427 or on a memo or letter forwarded to the SCO with the DRMS Form 1427. In these cases, written requests from the purchaser are not required for canceling misdescribed items. When items are canceled on local spot bid or local auction sales and have not been paid for, collection is not required to be made.

C6.8.5.6.2.3 Misdescription Alleged Subsequent to Removal

C6.8.5.6.2.3.1 The SCO will acknowledge receipt of written, mailed complaints within 1 workday (advising whether to hold the property intact, if applicable), except that written acknowledgment is not required if other written communication regarding the complaint is forwarded to the purchaser within 5 workdays. When claims are handcarried to the Sales Office (or to the DRMO for transmittal to the Sales Office) and the SCO determines that the property must be held intact, the purchaser must be so advised in writing. A copy of a suggested form letter to the purchaser is at Section 4, Supplement 2, Sales Enclosure 16, Attachment 2 and may be used to expeditiously acknowledge receipt of a written complaint or claim (or to advise to hold property intact); the date of the acknowledgment should be recorded, preferably on the written complaint.

C6.8.5.6.2.3.2 If an oral request is made to the SCO or the DRMO, the person hearing the complaint will advise the purchaser that the property must be held intact and that the complaint must be in writing, including specific adjustment or settlement desired. The complaint must be mailed to the SCO within the 30-day notice period (60-day notice from the date of removal or 30 calendar days from the date of importation, whichever is less for property to be imported into the United States) prescribed in the Guaranteed Descriptions clause. (The SCO is cautioned to retain the

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envelope in which the request for adjustment is mailed as evidence of the timeliness of the claim.) Make a record of this conversation on OF 271, Conversation Record, and place in the contract file. The prime purpose of requiring the purchaser to maintain the property intact is to permit the Government to identify the property as being the same as that delivered and verifies the alleged misdescription. Once the determination is made, notify the purchaser immediately that the property need not be further held intact.

C6.8.5.6.2.4 Within 2 workdays after receipt of notice of alleged misdescription, the SCO will contact the applicable DRMO to verify the precise property delivered. If it is determined that the DRMO has nothing to contribute to the case, the SCO will make a record of this fact and make it a part of the case file, and will forward a copy of the complaint to the DRMO for information. If, after initial contact with the activity, the SCO determines that the DRMO can contribute toward resolution of the case, he will forward a letter to the DRMO requesting a reply within 1 week to verify the precise property delivered (to be accomplished by statements of personnel having actual knowledge of items delivered - statement need not be in affidavit form or notarized) and obtain other pertinent information. The SCO should not use a form or stereotype letter to DRMOs. Each letter should request only the specific information required to arrive at a logical conclusion. If item actually delivered cannot be verified by the DRMO, data should be obtained indicating any facts that verify the property delivered. Such data would include but not be limited to the extent of physical inspection upon which the description was predicated; controls exercised to preclude change or damage to property from inspection time to delivery; method of identification of the property actually delivered; method of delivery; and, if available, a legible list of individuals or firms who may have inspected the property.

NOTE: **The reply from the DRMO to the contracting officer should in no way recommend any adjustment or settlement to the claim.**

C6.8.5.6.2.5 If economically feasible, the SCO should request verification of property received by purchaser through actual physical inspection by Government personnel. Generally, claims involving $100 or less, and in some instances larger amounts, are not economically feasible to perform inspections on.

C6.8.5.6.2.6 If the cost of inspection exceeds the adjustments requested or the property involved is of such low sales value as to preclude the expense of a physical inspection by Government personnel, the purchaser should be requested to furnish the SCO an affidavit within 15 days stating in detail the basis for his alleged misdescription. Such affidavit should be accompanied by photographs, drawings, etc., that would support his allegations. In lieu of an affidavit, the SCO may require the purchaser to submit a statement that includes the sentence below. This statement must be signed by the purchaser in order to be accepted in lieu of an affidavit:

"I declare under penalty of perjury that the above statements are true." *(Signed)_____*

C6.8.5.6.2.7 The SCO is authorized to communicate directly with any DRMO in order to arrange to have technically qualified personnel inspect the property and make a written report of findings. Prior to making the inspection, the person conducting the investigation should contact the SCO to assure he understands what is required.

C6.8.5.6.2.7.1 The letter requesting verification of the property should include the following:

C6.8.5.6.2.7.1.1 Purchaser's complaint letter.

C6.8.5.6.2.7.1.2 Copy of description page from IFB.

C6.8.5.6.2.7.1.3 Copy of DRMS Form 1427.

C6.8.5.6.2.7.1.4 Data received from DRMO.

C6.8.5.6.2.7.1.5 Special instructions as to specific areas to observe; such as condition codes, modification markings, shop tags and special packaging.

C6.8.5.6.2.7.1.6 Any specific questions that should be answered in order to preclude the necessity of further or additional correspondence with the purchaser.

C6.8.5.6.2.7.1.7 Suggested aids to help in making a proper determination; such as, calipers, micrometers or other special devices.

C6.8.5.6.2.7.1.8 A request that, in those cases where a determination cannot be made from the physical inspection, the person conducting the inspection make additional inquiries of the purchaser, his employees or agents for statements, affidavits or other evidence that will reasonably establish that the property offered for inspection by the contractor is, in fact, the same property sold or alleged to be misdescribed.

C6.8.5.6.2.7.2 Upon receipt of the above request, the inspecting office will immediately coordinate with the purchaser the date on which to make the inspection.

C6.8.5.6.2.7.3 The inspection should be accomplished and the inspection report furnished the SCO as soon as practicable but no later than 30 calendar days from the date of the request. The inspection report should contain sufficient information for the SCO to make an independent determination as to whether or not the property was misdescribed as alleged by the purchaser.

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NOTE: **The report should not contain a conclusion in the foregoing respect, nor should it include a recommendation as to the settlement of the claim. The inspector must not discuss his opinion of the claim with the purchaser or purchaser's employees or agents.**

C6.8.5.6.2.8 Upon receipt of the investigation report or affidavits verifying the property at purchaser's facility, the SCO will evaluate all evidence to determine whether:

C6.8.5.6.2.8.1 The property inspected at purchaser's facility is the same property that was delivered.

C6.8.5.6.2.8.2 The property was or was not misdescribed.

C6.8.5.6.2.8.3 The property released by the DRMO was in fact the property described in the IFB.

C6.8.5.6.2.8.4 The alleged discrepancy existed at time of delivery.

C6.8.5.6.2.9 If the evidence does not support a definite conclusion to paragraph C6.8.5.6.2.8 above, the SCO may communicate with other bidders to determine whether the specific property was in fact inspected and whether the property was as described in the IFB. In this respect, the SCO will exercise his best judgment and utmost discretion. A format of suggested letter is shown at Section 4, Supplement 2, Sales Enclosure 16, Attachment 3 - Letter to DRMO Concerning Misdescription Claim. If at any point it becomes apparent that the complaint is supported and proper, the SCO may discontinue the inquiry and submit his report for review prior to any information being furnished the purchaser as to the action the Government will take in the case.

C6.8.5.6.2.10 In all cases requiring prior written concurrence (see C6.5.6.3) the SCO will, within 10 workdays after the investigation is completed, submit the case to assigned counsel on DRMS Form 69 (original and one copy) with one set of enclosures (copies). (C6.8.5.6.2) The DRMS SALES OFFICE Branch Chief will indicate concurrence or nonconcurrence on DRMS Form 69. The original of DRMS Form 69 (with any photographs or samples furnished) will be returned to the Sales Office upon completion of the reviewing action. Additionally, SCOs will not advise the purchaser as to adjustment recommended to counsel. If queried only the fact that the case has been referred to assigned legal counsel will be communicated. When any doubt exists as to the proper action to be taken, the SCO will contact assigned legal counsel for guidance prior to making any comments or statements to the purchaser as to the proposed action.

C6.8.5.6.2.11 When a determination has been made to either make an adjustment in the contract price or have the property returned to Government control,

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and the necessary concurrence has been obtained according to paragraph C6.8.5.6.3, the SCO will prepare a supplemental agreement (S/A) on SF 114D, in original and four copies, using substantially the same language shown at Section 4, Supplement 2, Sales Enclosure 16, Attachments 5 & 6.. The SCO will assure that whenever a formal offer of an adjustment is made to the purchaser, the contract file will contain an explanation as to the basis for that offer with necessary backup documents. If an oral understanding has been reached with the purchaser as to the adjustment or return of the property, the SCO will send the S/A (original and two copies) to the purchaser with an accompanying letter (see Section 4, Supplement 2, Sales Enclosure 16, Attachment 6). If an oral understanding has not been reached as to an adjustment, the letter will also contain a detailed explanation as to the basis for the adjustment offered. Should the purchaser not agree to accept the offer, he should furnish an equitable adjustment within 15 calendar days from the date of the letter. The purchaser may request additional time to consider the offer, take issue with the offer, or advise the SCO that he intends to submit additional evidence. In any event, the SCO will follow up with the purchaser immediately after the 15-day notice to assure that the matter is resolved as soon as practicable. The follow-up notice should advise the purchaser that failure to submit the information requested within 15 calendar days from the date of the follow-up notice will form a basis for the SCO to close the file. Upon receipt of the signed S/A (original and one copy), the SCO will sign the documents and place the original in the contract file and forward a copy to the purchaser. The Sales Office suspense copy may be used to furnish a copy to the DRMO as prescribed in paragraph C6.8.5.6.2.14.

C6.8.5.6.2.12 In handling combined cases, adjustment for one or more contract line items involving $500 or less per contract line item, and adjustment for one or more contract line items on the same contracts involving more than $500, the SCO must determine whether to complete the adjustment transaction on those of $500 or less and forward the other to assigned legal counsel, or handle as one adjustment transaction. The SCO should contact the purchaser to determine his desires prior to making this determination.

When property is to be returned to Government control, pursuant to paragraph c of the Guaranteed Description clause, the SCO will inform the receiving DRMO of the situation and of the forthcoming shipment, furnish a return authorization and request that a copy of the receiving document is forwarded to the SCO as evidence of receipt. It will be the responsibility of the SCO to notify the DRMO receiving the property as to the distribution of proceeds received from the resale of the property, if appropriate. Property authorized by the SCO for return under the guaranteed description clause is normally turned in at the nearest DRMO by the purchaser. Therefore, it may or may not be returned to the same DRMO that released the property. This property must be received on the accountable record as a new receipt. Upon receipt of evidence that property has been returned to Government control, the SCO will prepare the necessary documents to effect refund of the purchase price to the purchaser.

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C6.8.5.6.2.13 If removal is delayed until pending verification of misdescription, the SCO will extend the removal period, accordingly.

C6.8.5.6.2.14 The SCO will notify the DRMO of the final disposition of a guaranteed description claim by providing them with copies of DRMS Form 69 or SF 114D.

C6.8.5.6.3. Concurrence Required on Claims

C6.8.5.6.3.1 Prior to Award. With prior concurrence of the DRMS SALES OFFICE Branch Chief, the SCO may:

C6.8.5.6.3.1.1 Withdraw the misdescribed item (make no award) if it is possible that proper competition may not have been obtained or that the property might bring a greater return upon reoffering.

C6.8.5.6.3.1.2 Offer the high bidder the misdescribed item at the price bid, if it is positively concluded (if any doubt exists, contact assigned legal counsel) that competition was not affected or that resale of the item would result in an inconsequential increased return to the Government. Make award if the bidder agrees to sign a waiver on DRMS Form 65. If purchaser refuses to sign waiver but requests an adjustment, the matter will be referred to assigned legal counsel for resolution.

C6.8.5.6.3.1.3 Proceed with award of contracts prior to receipt of signed waivers; however, the property involved will not be released until the signed waiver is received by the Sales Office or DRMO.

C6.8.5.6.3.2 After Award and Prior to Removal. Without prior concurrence, the SCO may:

C6.8.5.6.3.2.1 Permit the purchaser to accept the misdescribed property at the contract price after executing a waiver on DRMS Form 65. If purchaser refuses to sign waiver but requests an adjustment, the matter will be referred to assigned counsel for resolution.

C6.8.5.6.3.2.2 Cancel items from the contract when the misdescription is verified.

C6.8.5.6.3.2.3 Deny claims for misdescription when supporting evidence does not confirm misdescription or the purchaser fails to establish by reasonable evidence that a misdescription exists.

C6.8.5.6.3.3 After Removal of Property

C6.8.5.6.3.3.1 Without prior concurrence, the SCO may:

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C6.8.5.6.3.3.1.1 Authorize return of property to the Government (at purchaser's expense, pursuant to paragraph c of the Guaranteed Descriptions Clause) in cases where the misdescription has been confirmed and the purchaser has agreed to return property at his expense.

C6.8.5.6.3.3.1.2 Document the case as closed when a purchaser subsequently withdraws a claim or fails to furnish additional information within a time specified in writing by the SCO.

C6.8.5.6.3.3.1.3 Return of Property in Lieu of Adjustment. If an SCO has determined that an adjustment is in order and the purchaser refuses such adjustment, the purchaser may be given an option to return the property, at his expense, in order to avoid protracted litigation.

C6.8.5.6.3.3.2 With prior concurrence of the DRMS SALES OFFICE Branch Chief, the SCO may:

C6.8.5.6.3.3.2.1 Act upon requests for adjustment in the amount of $500 or less per contract line item, but not to exceed the contract price of any item involved.

C6.8.5.6.3.3.2.2 Deny untimely requests for adjustment. Care must be exercised in the determination as to timeliness when the 30th /60th day falls on a Sunday or national holiday, i.e., if the Monday, the 31st/61st, it would be considered as timely; or if the 31st/61st day, and the request is mailed on the following day, Tuesday, the 32nd/62nd day would be considered timely.

C6.8.5.6.3.3.2.3 Deny requests for adjustment for shortage within a lot when such shortage was not alleged before removal. (Caution: Missing components or parts of a subitem within a delivered lot may be alleged, in which case a misdescription may exist.) SCOs will assure that all the material in the lot has in fact been delivered. If it is determined that the shortage can be established from Government records, The SCO will not deny the claim.

C6.8.5.6.3.3.2.4 Deny requests for adjustment based solely on condition (Caution: Condition may sometimes result in loss of identity of an item, in which case misdescription may exist); total cost; estimated total weight; estimated shipping dimensions; suggested uses; or fitness for any use or purpose if purchaser has not offered to return property at his expense. The denial letter will inform the purchaser of his option under paragraph c of the clause (see Section 4, Supplement 2, Sales Enclosure 16, Attachment 7 for language).

C6.8.5.6.3.3.3 With prior written concurrence of assigned legal counsel, the SCO may:

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C6.8.5.6.3.3.3.1 Act upon claims for adjustments in excess of $3,000 per contract line item.

C6.8.5.6.3.3.3.2 Deny claims for adjustment when supporting evidence does not confirm misdescription or the purchaser fails to establish by reasonable evidence that a misdescription existed.

C6.8.5.6.3.3.3.3 Return of property at purchaser's expense. A purchaser of misdescribed property has limited rights to return such property under the provisions of subparagraph c of the Guaranteed Descriptions provision. But, in some instances, it would be uneconomical for the Government to accept return of such misdescribed property considering its condition, the handling costs that will be incurred, the property's resale value and the costs of resale. When an SCO makes a determination that it would be uneconomical to have such property returned, even at the purchaser's expense, he should advise assigned legal counsel. In these cases, assigned legal counsel may authorize the purchaser a full refund and allow him to retain or dispose of the property locally.

C6.8.5.6.3.3.3.4 Return of property at Government's expense. There are rare occasions when the return of misdescribed property at Government expense may be authorized. Those instances would depend on the facts surrounding the misdescription. SCOs must obtain guidance and approval from assigned legal counsel prior to authorizing such return in all instances.

C6.8.5.6.3.3.3.5 Extreme care must be exercised in the use of this authority to assure that:

C6.8.5.6.3.3.3.5.1 The contract file contains the postmarked envelope establishing the date of mailing of an untimely claim.

C6.8.5.6.3.3.3.5.2 Denials are proper; e.g., in the case where the unit is "lot", allegations of shortages must be made prior to removal of the property. But, if within the 30/60-day period after removal the purchaser alleges a shortage, verifiable from Government records, the claim will be considered and settled on the basis of an equitable adjustment.

C6.8.5.6.3.3.3.5.3 The contract file contains proper documentation to support the action taken; i.e. inspection reports, affidavits where the Government showing evidence supporting the value of misdescribed property, and appropriate concurrences, has not inspected property. Each contract file should be able to stand on its own merit and documentation should support the adjustment, denial, cancellation, or other action as proper.

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C6.8.5.6.3.3.3.5.4 Claims are not denied under these procedures that may be eligible for consideration under the Risk of Loss provision or other applicable legal concepts, such as the unascertained goods doctrine, and the “as was” theory. Guidance on the applicability of these concepts will be obtained from DRMS-G or assigned counsel.

C6.8.5.6.3.3.3.5.5 Request for Reconsideration after Denial of Claim. All purchaser requests for further consideration by the SCO after denial of a claim will be forwarded to assigned counsel for appropriate action. Pertinent documents will be furnished as enclosures to a letter of transmittal signed by the DRMS Sales Office Chief.

C6.8.6. Suspension and Debarment Procedures

C6.8.6.1. Requirements. DOD 4160.21-M, Chapter 7, sets forth the authority, policy and reporting requirements for suspensions and debarments or sales contractors.

C6.8.6.2. Causes. FAR 9.406.2, 9.407-2 and DOD FAR Supplement 209.473-5 contains the causes for which a sales contractor can be suspended or debarred.

C6.8.6.3. Reasons. Some of the more common reasons for recommending that a sales contractor be debarred are:

C6.8.6.3.1. Conviction of a criminal offense in connection with obtaining, attempting to obtain, or performing a public contract or subcontract;

C6.8.6.3.2. Conviction of violating Federal or State antitrust statutes relating to the submission of offers;

C6.8.6.3.3. Conviction of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;

C6.8.6.3.4. Conviction of any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of the contractor.

C6.8.6.3.5. Violation of the terms of a Government contract or subcontract so serious as to justify debarment, such as:

C6.8.6.3.5.1 Willful failure to perform according to the terms of one or more contracts; or

C6.8.6.3.5.2 A history of failure to perform, or of unsatisfactory performance of one or more contracts.

C6.8.6.4. Recommendation. An SCO does not have to recommend suspension

or debarment of parties charged or convicted with one of the offenses identified in paragraph C6.8.6.3. Any employee obtaining information that a party doing business with DRMS has been officially charged with or has been convicted of one of the offenses identified in paragraph C6.8.6.3, should immediately provide this information to their servicing legal office.

C6.8.6.5. Reports. An SCO must recommend the suspension or debarment when the proposed action is based on one of the reasons set forth in paragraph C6.8.6.3. When recommending a suspension or debarment, Sales Contracting Officers must prepare reports according to DOD FAR 209.406.3.

C6.8.6.6. Servicing Legal Office Contact. SCOs should contact their servicing legal office for advice and assistance in preparing reports recommending suspension or debarment. Completed reports will be submitted to the suspension/debarment authority through the servicing legal office.

C6.8.6.7. Failure to Perform. A recommendation to debar a sales contractor for willful failure to pay for and/or perform according to the terms of one or more contracts can be made by referring all supportive documents to the servicing office of counsel.

C6.8.6.8. Debarment Procedures for Local/FST Sale Defaults:

C6.8.6.8.1. Flagrant Defaults. An SCO may recommend a buyer for debarment using the procedures provided in paragraph C6.8.6.5 in the event a buyer defaults in the performance of a local sales contract and the default has a significant impact on the results of the sale. The basis of such a recommendation would be *"A willful failure to perform according to the terms of one or more sales contracts of such a serious nature as to justify debarment"*. An example of such an egregious default is where the buyer is awarded a significant portion of the property offered for sale and subsequently fails to pay for and remove any of the property.

C6.8.6.8.2. Other Defaults. In other cases, SCOs may send a warning letter to buyers who have defaulted in the performance of a local sales contract, advising them that future defaults may result in the initiation of debarment proceedings (see Section 4, Supplement 2, Sales Enclosure 17, Attachment 1 - Warning Letter). In the event of a subsequent default on a local sales contract at any DRMO, a sales contracting officer may forward a recommendation for debarment to DRMS-G, or to DRMS OCONUS sales occurring in Europe or Pacific (see Section 4, Supplement 2, Sales Enclosure 17, Attachment 2 - Proposed Debarment Recommendation). In making a recommendation for debarment, the sales contracting officer should consider the buyer's performance history.

C6.8.6.8.3. Non-removals resulting from bona fide misdescription claims are exempt from the above stated procedures.

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C6.9. **Release of Sold Property**

C6.9.1. Processing Release of Non-Hazardous Property

C6.9.1.1. Never release property without a copy of the appropriate Invitation for Bid (IFB). Match IFB/item number with buyer's copy of DRMS Form 1427. Review item description to ensure correct property is being released. It is the joint responsibility of the SCO and the DRMO to ensure that the terms and conditions of sale, including specifications set forth in the IFB Loading Table, are strictly compiled and take all possible precautions to protect the Government's interests to prevent misshipment, errors, fraud or theft.

C6.9.1.2. Those DRMOs in OCONUS that are encountering problems with their local sale customers in respect to the orderly loading and removal of property may choose to implement some type of objective and systematic assignment of the order to be loaded. The methods used to accomplish such an assignment could incorporate but are not limited to the following: The use of "take a number" system when the customer wants to be loaded; or in the use of a control board that contains numbered disc or tags to be given out in numerical sequence when each customer pays for property purchased and that must be presented when they wish to be loaded. An alternative to the "take a number" system would be to allow most distant buyers to go first.

C6.9.1.3. The Government will not be designated as the shipper on commercial bills of lading for property, except for sold foreign excess property when required by the implementation of trade security control procedures. DRMS Sales Office or DRMOs (OCONUS) will not perform routing functions or prepare commercial shipping documents.

C6.9.1.4. DRMOs must ensure that customer requests are satisfactorily responded to; however, a DRMO should not necessarily be responsive to a request by a customer for assistance by a specific DRMO employee.

C6.9.1.5. In those instances where property is to be delivered by other than DRMO personnel, the DRMO Chief will prepare a letter to the activity commander requesting, in writing, that the names, telephone numbers and position titles of those persons who will be available and authorized to deliver/release property located at that activity be furnished to the DRMO In the request, the DRMO should address the importance of providing services/materials as outlined in the IFB and the contract. The activity commander should be advised to inform the DRMO, by letter, of additions, changes or deletions of the authorized personnel/designees. Copies of the IFB, appropriate forms and other special guidance will be furnished the designee(s) for each delivery/release. In addition, ensure that each designee is furnished written procedures regarding the delivery/release of the property.

C6.9.1.6. The sales chief or his designee will, at random, inspect at least 10

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percent of all out-loadings or five out-loadings (whichever is less) of useable, including hazardous, and scrap property per month. The 10 percent will be determined from the previous month's total number of completed sales releases (DRMS Form 1427 and DLA Form 1367). Document such inspections in writing on DRMS Form 1427 and include the inspector's signature and results. Unless otherwise noted, the inspector's signature will certify that the release of property was according to the terms and conditions of sale, including specifications set forth in the IFB Loading Table.

C6.9.1.7. In the sale of surplus and foreign property, DRMS Form 1427 and DLA Form 1367 (For partial removals) will be used as the release document to the purchaser.

C6.9.1.8. Check DNSP to see if contract is *"PAID"*. With respect to the Term Sale pickups, ensure: a) maximum amount has not been exceeded; b) contract time period has not expired; c) contractor is not in arrears (arrears is defined as any unpaid bill over 30 days old). If there is a question on any of the above, notify the SCO to resolve the issue. Do not allow removal until resolution has been attained. If the customer challenges whether payment was made, contact the SCO for instructions.

C6.9.1.9. Refer questionable documents to the SCO for resolution. If unpaid storage charges storage charges are not paid up front, know they will be added onto the final bill for "one times" and onto the next monthly bill for terms. If it exceeds $200 or if there is a claim, refer the matter to the SCO prior to releasing any property.

C6.9.1.10. Do not release property to agents until their designation as agents had been established. Use DRMS Form 1646, Letter of Authorization and/or a copy of the signed DRMS Form 1427 for this purpose. At the time of removal compare buyer's letter of authorization and/or DRMS Form 1427 with copy of DRMS Form 1427 in transitory contract file (DRMS Sales Office) or the official contract file (OCONUS Local Sales).

C6.9.1.11. Verify the removal of distinctive markings, accomplishment of required DEMIL, and the accomplishment of any other conditions of sale prior to releasing the purchaser's/agent's conveyance.

C6.9.1.12. If a purchaser attempts to remove property before receipt of release documents, the DRMO should contact the respective sales office and verify whether payment has been received and whether the property can be released. A purchaser should not be refused delivery if payment has been made, property delivery authorization has been received, and the default period has not expired.

C6.9.1.13. Whenever a performance bond is required for an item(s) because work is to be done on the item(s) (e.g., DEMIL, mutilation or dismantling), the DRMO will notify the SCO either on the DRMS Form 1427 or under separate cover, that the work (and clean-up) has/has not been satisfactorily performed and the performance

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bond should/should not be returned.

C6.9.1.14. Issuance of Standard Form (SF) 97. Only issue SF 97s to the purchaser indicated in Block 6 of the DRMS Form 1427. DRMS has no privities of contract or legal relationship with any agent or sub-purchaser of any purchaser.

C6.9.2. Payment

C6.9.2.1. Do not release property to purchasers until full payment for the item has been made except where the purchaser may be a state or local government or instrumentally thereof. In addition, when allowable overages, i.e., within the authorized variation in quantity occurs, release the property and the purchaser will subsequently be billed for the overage.

C6.9.3. Loading and Weighing

C6.9.3.1. Notify warehousing personnel to coordinate/arrange for purchaser/agent to receive material.

C6.9.3.1.1. Warehousing personnel will accomplish loading as set forth in the IFB loading table and direct purchaser/agent to return to the distribution/logistics branch office (or property disposal clerk/designee).

C6.9.3.1.2. Whenever removal is by ocean-going container, contact the appropriate TSC regional office and provide the following: contract number, container number, shipping company and destination (if known). This applies regardless of the DEMIL code of the property.

C6.9.3.2. Advise purchaser that they must remain with their conveyance during loading.

C6.9.3.3. Weigh property sold by weight at the time of delivery to the purchaser. Count or measure property sold by unit at the time of delivery. To protect the interest of the Government and to prevent errors, fraud, theft, all personal property sold will be inspected by the DRMO chief or his representative at the time of delivery or shipment is made to the purchasers. DRMOs will not release property that is outside the variation in quantity. Rather, additional property from the advertised item will be added to or property will be removed from the removal conveyance as quantities less or more than the authorized variation are outside the scope of the contract.

EXCEPTION: When trucks or railroad cars must be moved from the loading site for the purpose of weighing, they need not be returned for any additional loading of off-loading when the actual amount over or under the variation in quantity is negligible.

C6.9.3.4. In those cases, report any overage or shortage immediately to the SCO and document the contract file accordingly.

C6.9.3.5. Invoice purchasers for actual quantities removed and in no case will final settlement be based on estimated quantities or weights. Disposal personnel will be on the alert to prevent dishonest practices in weighing property. Where weighing is necessary to determine the exact purchase price, the purchaser will arrange for and pay all expenses of weighing materials unless Government scales are available on the installation. When removal is by truck, weighing will be done under the supervision of the Government and at its option on Government scales, certified scales or other scales acceptable to both parties. When removal is by rail, weighing will be on railroad track scales or by other means acceptable to the railroad for freight purposes.

C6.9.3.5.1. DRMO Chief will appoint in writing a weigh master and one to two alternate(s) for all weighing on scales under the control of the DRMO.

C6.9.3.5.2. DRMOs having scales without an automatic printing device are required to manually complete a DRMS Form 146, Weight ticket, or as an option, utilize a rubber stamp with the same data as provided on DRMS Form 146, or on DLA Form 1367, to record the weighing of property. Annotate all weight tickets with the applicable contract number and item number. To ensure passenger/driver control, manually annotate printomatic type forms to reflect vehicle license number and whether the driver and/or passengers were in/out of the vehicle during weigh in/weigh out process.

C6.9.3.5.3. DRMO Chief at his discretion will rotate personnel appointed the duties of weigh master. Each time a new appointment is made; the DRMO Chief will review the duties of the weigh master with the individual appointed. This review/instruction, as a minimum, will include such items as maintenance and cleaning of scale; proper completion of weight, tickets' proper inspection of vehicle; and emphasis on the importance of proper and accurate weighing practices. Personnel stationed at one-man DRMOs will be assigned permanent duties as weigh master. Provisions of C6.9.3.5.4 will be strongly enforced. DRMO personnel will request the purchaser or his representative to initial the weight ticket.

C6.9.3.5.4. Weighing performed on truck scales on military installations that are not under control of the DRMO will be witnessed by a DRMO employee who will verify and initial the weight tickets; except that witnessing and verification of deliveries and weight tickets by DRMO personnel is not required for deliveries under term contracts such as bones, fats, meat trimmings, garbage, paper, cardboard or wood when such deliveries are made outside the DRMO activity. Issue written procedures to the generating activity, e.g., commissary officer, base engineer or mess officer, requesting the designation, in writing, of personnel to conduct weighings, initial weight certificates and submit resulting tickets or tally outs to the DRMO in a timely manner as outlined in paragraph C6.9.4. Further, determine if one or two representatives are required, based on the dollar value of the contract or other special considerations. In

every instance, issue the required written procedures within 5 calendar days of the execution of a new term sale for the generating activity.

C6.9.3.5.5. The DRMO chief or his designee will monthly, on an unannounced basis, spot check the weighing in and/or weighing out of purchaser's or his agent's vehicles. This will be accomplished at all scales used at installations where DRMO personnel are located.

C6.9.3.5.6. When weighing is performed on any railroad track scales on or off military installations, or truck scales located of military installations, it need not be witnessed by DRMO personnel; however, arrangements will be made for Government personnel to pick up the weight tickets or have the weight tickets returned to the DRMO by courier or mail. Under no circumstances will the purchaser or his agent be permitted to return the Government's copies of the weight tickets to the DRMO.

C6.9.3.5.7. Retain weight tickets at the DRMO in the Contract Administration File during the current removal period. Upon conclusion of removal of expiration of the current removal period, append weight tickets and related DLA Forms 1367, Shipment Receipt/Delivery Pass, to the DRMO's record copy of the Completed DRMS Form 1427 and forward to Property Accounting for processing and retention in the Source Document File.

C6.9.3.5.8. When out loading property sold by weight that has become saturated with water, ice, snow, dirt, and any other contaminants not present when the item description was prepared, make every effort to assure that a mutual agreement is reached between the SCO and the purchaser as to the amount of such contamination prior to the release of the property. (This procedure would be applicable to items such as tires that have been in the elements for a considerable amount of time and to materials stored outdoors in cardboard boxes that have been subjected to heavy snow or rain). The agreement must be made with the purchaser and not with the purchaser's driver of agent. Removal should not be allowed until the issue is resolved. Once an agreement is reached, deduct the amount of moisture or contamination from the delivered weight as *"Tare"*. The DRMS Form 1427 must be completely documented with all the pertinent information in order to preclude any misunderstanding between the Government and the purchaser. The SCO must ensure that no adjustment is allowed for the weight of boxes, drums, pallets, etc., on/in that the property is stored when such have been included in the weight and sale. If the DRMO cannot reach the SCO, or if the SCO cannot contact the purchaser, unilaterally annotate the DRMO copy only of the 1427 indicating the amount of contamination he believes to have been present (estimated to his best judgment) for future use should a claim be received from the contractor.

C6.9.4. <u>Release of Property</u>

C6.9.4.1. Partial Deliveries. Multiple removals on one-time sales contracts will

be recorded in DNSP as expeditiously as possible. Partial deliveries must be input for each date of removal. Do not put a total weight for all deliveries with one final removal date. Total weight delivered on the previous month for term sales contracts will be recorded in DNSP no later than 9th of the month. To effectively monitor shipments, the procedures at C6.7.2.11.5 must be adhered to at all times.

C6.9.4.1.1. One-Time Contracts.

C6.9.4.1.1.1 Use DLA Form 1367, Shipment Receipt/Delivery Pass, to record and obtain receipt for partial removals of surplus and foreign excess property.

C6.9.4.1.1.2 In order to maintain control of property releases, prepare triplicate copies of DLA Form 1367, sequentially numbered, starting with the number “1” for each contract.

C6.9.4.1.1.3 As each release is being affected, pull the DLA Form 1367, in numerical sequence, from the contract file and properly annotate. Prior to loading, ensure quantities to be delivered are within the variation authorized by the contract and/or that the monies on hand are sufficient to cover the value of the property to be delivered. If the quantity to be released varies from contract quantity by more than 25 percent by weight or more than 10 percent if sold by a unit other than weight, contact the SCO prior to release of property. If release is appropriate, purchaser’s/agent’s and the DRMO employee releasing the property must sign and date each DLA Form 1367; Purchaser’s/Agent’s vehicle can then be released.

NOTE: If description or risk of loss is alleged, suspend delivery and notify the SCO immediately.

C6.9.4.1.1.4 All weight tickets will be affixed to the original DLA Form 1367 which will be attached to the corresponding DRMS Form 1427 and retained in this contract file until delivery is completed.

C6.9.4.1.1.5 Annotate the completed DRMS Form 1427 returned to the sales office when property is released by partial removals and the purchaser or agent acknowledgement of receipt is not shown thereon (see paragraph below). Key into DNSP removal data subsequent to removal being accomplished. For property being released by generating activities, DRMOs may find it more expedient to obtain release information by telephone ensuring supporting weight tickets/certificates, if applicable. Regardless of who is releasing the property, DRMO personnel must monitor property releases. In the event the quantity plus allowed variance has been delivered, notify the SCO and suspend further deliveries.

C6.9.4.1.1.6 Upon receipt of release documents, ensure that all shipment number (s) are accounted for. When missing documents cannot be located, advise the DRMO Chief immediately. If further research does not locate missing documents, the

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DRMO Chief should notify the DRMS Assessment and Compliance Office(DRMS-Q) to initiate an investigation.

C6.9.4.1.1.7 For release of property at commissaries, clubs, messes or other locations where DRMO employees are not assigned, the DRMO must maintain close coordination in order to preclude erroneous releases, as mentioned in this Chapter. It is suggested that DRMO sales personnel conduct periodic visits to these locations.

C6.9.4.1.2. Term Contracts. Same requirements as found at paragraph C6.9.4.1.1, except:

C6.9.4.1.2.1 If the quantity to be released exceeds the 50 percent variation in quantity limitation, contact the SCO prior to release of the property.

C6.9.4.1.2.2 Key into DNSP removal data by the 9th day of the month following removal of property during the previous month.

C6.9.4.1.2.3 For property being released at other than the DRMO, i.e., generating DRMOs may establish a cut-off date after any subsequent releases will be reported to the sales office for billing in the following month.

C6.9.4.1.2.4 DRMOs must monitor term contracts of property sold by “lot” to ensure that deliveries are properly made and term contract is warranted.

C6.9.4.2. Final deliveries will be processed as follows:

C6.9.4.2.1. Match entry block in 10g with the total quantity of the sales item listed in block 10c of the DRMS Form 1427.

C6.9.4.2.2. When the final quantity is less than the quantity offered, annotate on the DRMS Form 1427, “All quantities available have been delivered.” If none of the item has been removed by the day following the default cure date, or any extension thereto as has been granted by the SCO, enter “0” in block 10g.

C6.9.4.2.3. When the quantity offered has not been completely removed and the purchaser indicates no further removal will be made on the item, indicate on the DRMS Form 1427 the quantity remaining and annotate as follows: *“Purchaser advises no additional property will be removed.”* Have purchaser complete DRMS Form 1647, Voluntary Default. Forward one copy to the SCO.

C6.9.4.2.4. Refer any discrepancies to the SCO for resolution.

C6.9.4.2.5. Obtain the signature of the purchaser/agent in block 11A of the DRMS Form 1427.

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C6.9.4.2.6. The person who actually releases the property will enter his signature in block 11B and the date of delivery in block 11C of DRMS Form 1427. If property was released on DLA Form 1367, enter *"See Attached 1367s"* in block 11B on the DRMO's copy of the DRMS Form 1427; annotate the SCO's copy with *"Released in Partials"* in block 11B and the date shown on the last DRMS Form 1367 in block 11C.

NOTE: DRMO personnel responsible for signing release documents for sold property will not be the same as those responsible for signing receipt documents for property received in the DRMO. In those instances where it is not feasible to adhere to this policy, the DRMO chief will document the reasons for deviating from it and place it in the file. The DRMO Chief will review and update this documentation annually or when personnel changes impact policy. Do not consider the accountable property officer for this deviation. Designate in writing those personnel authorized to receipt for and release for the DRMO.

C6.9.4.2.7. Give one unauthenticated copy of DRMS 1427 to purchaser/agent and release carrier.

C6.9.4.2.8. For national sales, DRMOs are to file one copy of the DRMS Form 1427 (DRMS Form 1943 for HM Sale), marked *"PAID"* and other accompanying documents e.g., EUC, SOI, etc., in the appropriate transitory contract file in contract number sequence.

C6.9.4.2.9. For OCONUS local/FST sales, file DRMS Form 1427, marked *"PAID"* and other supporting documents, e.g., IFB and amendments thereto, DRMS Form 1458, DRMS Form 763, etc. in appropriate contract file.

C6.9.4.2.10. It is imperative that each original releasing DRMS Form 1427 be provided the administering SCO/SCO's technician not later than the day following the actual release of property or the default cure date if no property was removed.

C6.9.4.3. Releasing Hazardous Material

C6.9.4.3.1. Except for those materials identified at C6.1.5, the DRMO must provide a Material Safety Data Sheet (MSDS), if applicable, for each hazardous material being removed, even if the purchaser does not request one.

C6.9.4.3.2. The DRMO must ensure that the property is still packaged in at least DOT standard packaging or host country equivalent. If the packaging is substandard or has deteriorated to the point that the packaging is substandard to DOT requirements, or host country equivalent, then it must not be released. The purchaser may elect to repackage the property to meet DOT specifications of host country equivalent.

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C6.9.4.3.3. The purchaser is required to prepare and sign the DOT Emergency Response Guidebook and that the shipping papers are accurate and complete before releasing the property.

C6.9.4.3.4. The DRMO must ensure that the purchaser either has a DOT Emergency Response Guidebook and that the shipping paper correctly references the guide page or that such emergency response information is on the shipping paper itself.

C6.9.4.3.5. Provide the host's 24-hour emergency response telephone number and ensure that the number is included on the shipping property.

C6.9.4.3.6. The Hazardous Property Release Checklist (DRMS Form 1943) must be completed and signed prior to the release of any (DZ) hazardous property.

C6.9.4.3.7. After removal of the hazardous property, attach a copy of each DRMS Form 1943 and a copy of the applicable shipping paper to the DRMS Form 1427, DRMS 1367 (DZ) and forward to the SCO administering the contract for inclusion in the contract file.

C6.9.4.4. Releasing Hazardous Waste.

C6.9.4.4.1. Before removal of hazardous waste, DRMO personnel must verify the transporter's EPA identification number and treatment, storage and disposal facility (TSDF) EPA permit number on the manifest as being the same as those on the Statement of Intent. Additionally, verify that the manifest is complete according to Section 2, Chapter 8 - Environmental. Attempt to resolve discrepancies with the transporter. If they cannot be resolved, contact the SCO. Do not release the waste without a properly completed manifest.

C6.9.4.4.1.1 Verify that the property being loaded out is as described on the applicable uniform hazardous waste manifest.

C6.9.4.4.1.2 Process the uniform hazardous waste manifest as follows:

C6.9.4.4.1.2.1 Sign the manifest as generator.

C6.9.4.4.1.2.2 Obtain the handwritten signature of the initial transporter and date of acceptance.

C6.9.4.4.1.2.3 Retain the generator's copy.

C6.9.4.4.1.2.4 Give the remaining copies to the transporter.

C6.9.4.4.1.2.5 Process retained copy.

The provisions of this publication apply to all non-A-76 sites and Government Personnel at A-76 sites. This publication may be mandatory or advisory to the Service Provider, as stipulated in the Performance Work Statement.

C6.9.4.4.2. DRMO personnel are not required to sign any type of certification that a drum/container is empty.

C6.9.4.4.3. The releasing official must ensure that the transport vehicle of freight containers are placarded, marked, labeled, and loaded according to Section 2, Chapter 8 - Environmental.

C6.9.4.4.4. After removal, attach a copy of the manifest to the DRMS Form 1427 and forward to the SCO for inclusion in the contract file.

C6.9.4.4.5. Upon receipt of a signed copy of the manifest from the transporter of the treatment, storage, disposal facility, make a photocopy and forward to the SCO. This copy should be annotated with the contract number. If no copy is received by the DRMO within 35 days (or sooner depending on state requirements) after removal, the procedures outlined in Section 2, Chapter 8 - Environmental must be initiated.

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