

CHAPTER 8 - DISPOSITION OF PROPERTY

8-1. Policies. Property disposal will promote maximum utilization of excess or surplus personal property and reclaimed precious metals. Disposition and disposal of personal property, both civil and military funded, will be in compliance with the applicable FPMR, Army and DOD regulations, and the local maintenance plan.

8-2. Excess and Unauthorized Property.

a. Hand receipt holders will be responsible for identifying property to the property book officer that is on hand, but not needed in the performance of their missions. The HRH will remain accountable for the excess or unauthorized property until it has been transferred.

b. Copies of all property disposal documents will be furnished to the finance and accounting office (F&AO) and PBO in order for property items to be removed from the accounting records. The property disposal document, regardless of which form is used, must include: (1) a description of the item(s) being removed from service; (2) the original acquisition date; and (3) the original acquisition cost.

8-3. Circularization Within USACE.

a. The PBO will review requests for property items originating from elements within the command to determine if on-hand excess property can be redistributed to fulfill those requests. Items of excess or unauthorized property at the command will be promptly reported to other USACE commands to determine if there is a need for the property within USACE.

b. Prior to reporting to GSA or DLA for reutilization action, all bulk, expendable property with a line item value of \$5,000 or more, and reportable property as defined in FPMR 101-43.4801, will be circularized throughout USACE.

c. Cost considerations should be taken prior to obtaining property through the circularization process. Nonexpendable property having less than a \$5,000 original acquisition cost may be circularized if it is in like-new condition. Judgment should be used prior to offering such items for screening within USACE. Circularization must be coordinated with the installation PRIP

manager when determining revolving fund-owned property is excess.

d. All commands with intentions of deleting/disposing of any revolving fund/PRIP-funded items from their inventory that are serviceable or usable without major repairs should contact the Office of the Deputy Commanding General for Civil Works, prior to disposal actions, for the current reporting criteria.

e. Users will identify all excess property in the property book using the APPMS transaction code "Excess to the property book."

f. The PBO will run excess listings from APPMS a minimum of monthly. E-mail will be used to advertise excess property. [HQ USACE is developing an automated reporting process based on APPMS to accomplish this function. We anticipate this process will be available in mid-FY2001 after programming has been completed.] The PBO will ensure all items on the list have been advertised for USACE-wide use. The list will contain a full description of each item (to include the NSN or FSC), condition code, location of the property, acquisition date and acquisition cost, missing major components, POC and phone number, and any other information which would assist a potential recipient in determining the condition and serviceability of the items. Assignment of a condition code should be made by a qualified technical inspector. MSCs may establish policies/procedures requiring circularization within their respective MSC prior to screening USACE-wide.

g. Logistics organizations interested in items of excess property listed on another USACE command excess report will contact that command directly and make arrangements to have the property transferred using normal property transfer procedures. The recipient organization will normally be responsible for transportation costs incurred in the transfer. Items obtained from excess must be required for mission accomplishment, and documentation of this need must be on file to support transfer to the gaining organization.

h. The success of a reutilization program depends on the accuracy of the condition code on excess property. An erroneous condition code on a shipped item may incur the shipping organization the cost necessary to upgrade the condition.

i. Equipment will be transferred through property book channels and supported by a documented need by the gaining activity.

j. Only property authorized for acquisition will be requested for transfer.

k. Normally, property will not be transferred for the purpose of cannibalization.

8-4. Materiel Returns Program (MRP).

a. Certain excess TDA equipment must be reported to military inventory control point (ICP) item managers for disposition instructions prior to disposal actions:

(1) equipment originally received via direction of the item manager;

(2) which has been a reportable item through CBS-X; and

(3) which has not been dropped from the ICP's accountable records.

b. Activities will not ship this materiel before receiving advice from the ICP. The reporting activity will be accountable and responsible for care and preservation until the item is shipped.

c. End items will be accompanied by all component parts. This includes all economically repairable basic issue items or components as listed in applicable technical manuals.

8-5. Reporting USACE Excess for External Screening.

a. Following the USACE-wide circularization period established, "reportable" property items, as defined in FPMR 101-43.4801, which remain unclaimed will be reported to the General Services Administration (GSA) or the Defense Reutilization and Marketing Office (DRMO). USACE will report civil-funded property to either GSA or DRMO. Military-funded property, except vehicles, must be disposed through DRMO. The following procedures are only a synopsis of the complex disposal process and should not be relied upon solely in taking property disposal action. Refer to Title 41, Code of Federal Regulations (specifically, the Federal Property Management Regulations [FPMR]) and DOD 4160.21-M for complete disposal procedures.

b. Excess personal property in the following categories will not be reported for screening, either within DOD or by GSA, regardless of the Federal supply class:

(1) Ammunition.

- (2) Waste and refuse.
- (3) Classified material.
- (4) Radioactive waste.
- (5) Thermal batteries.
- (6) Property ordered to be destroyed.

(7) Lost, abandoned, and unclaimed privately owned personal property processed under 10 USC 2575.

8-6. Processing Through DRMO.

a. Requirements and guidance for reporting excess property to DRMOs is found in DOD 4160.21-M.

b. In the event the DRMO does not accept physical custody, responsibility for the property will remain with the command pending physical transfer. Donation, sale, abandonment or destruction action will not be taken until the automatic release date, as provided by DRMO, has passed.

c. If the DRMO has taken possession of the property, generally that organization will complete required disposal actions and the command is relieved of responsibility.

d. When reporting revolving funded property, Civil River and Harbor Flood Control Act property, or project-funded property to the DRMO, the DD Form 1348-1A (DOD 4000.25-1-M) will include the statement:

"This property was purchased through revolving fund, Civil River and Harbor Flood Control Act, or project funds, and is to be reimbursed to the following appropriation: (Insert funding information obtained from F&AO)."

e. The properly annotated copy of DD Form 1348-1A (DOD 4000.25-1-M) is the authorization to delete the property from the accountable record.

f. For property that by law DRMS must reimburse gross proceeds, it will reimburse, and then bill and collect necessary fees from USACE. A cost-benefit analysis should be undertaken when considering using DRMS for the disposal of excess property.

- (1) For usable property physically received at the DRMO,

the fee is \$140 per sales line item.

(2) For usable property received by the DRMO but remaining at a USACE site, the fee is \$54 per sales line item.

(3) For scrap property physically received at the DRMO, the fee is three percent of proceeds plus one cent per pound of scrap.

(4) For scrap property received by the DRMO but remaining at a USACE site, the fee is three percent of proceeds.

8-7. Processing Through GSA.

a. Reportable property that must be reported to GSA for reutilization screening is identified in FPMR 101-43.4801. This applies to all civil-funded property not reported to a DRMO.

(1) Standard Form 120, Report of Excess Personal Property (FPMR), will be used for reporting such property to GSA. Regional officer addresses and assigned areas are identified in FPMR 101-43.4802.

(2) If the excess property was purchased through revolving funds, the SF 120, Report of Excess Personal Property (FPMR), must contain the appropriation to be reimbursed in block 6. A statement should also be written on the SF 120 that the property was acquired by the use of funds not appropriated from the general fund of the U.S. Treasury.

(3) If GSA effects reutilization as a result of the screening process, a Standard Form 122, Transfer Order of Excess Personal Property (FPMR), will be generated. A signed copy of this form, indicating GSA's approval, is authorization for transfer of the property and deletion from the property book.

(4) If, in the GSA screening process, the property is not reutilized by any Federal agency, GSA will attempt to dispose of the property through donation. If GSA locates a donee, a Standard Form 123, Transfer Order of Surplus Personal Property (FPMR), will be generated. The signed form is authorization to release the property and to delete it from the command property book. Activities do not have authority to donate property. GSA is the approving authority for property donation.

(5) All excess property reported to GSA will automatically become available for sale if no utilization or disposal

instructions are received within 21 days after the surplus release date established by GSA. The sales action may be handled by GSA.

b. Nonreportable property is civil-funded property that is exempt from the reporting regulations of FPMR 101-43.311 due to Federal stock class, condition code, or dollar value of the property. However, as this is a valuable source of supply for Federal agencies, the following procedures will be followed if the command opts not to use the DRMO:

(1) Nonreportable excess property will be held at the command for a minimum of 21 days for Federal screening, during which time all local Federal agencies that may have an interest in the property should be notified of its availability. An additional 21 days is required for donation screening. GSA will assist in local screening during this 42-day period.

(2) The property must be secured and segregated from further usage during screening to facilitate inspection by prospective transferees.

(3) At the end of the donation-screening period, the property may be referred to GSA for sale using Standard Form (SF) 126, Report of Personal Property for Sale (FPMR). The SF 126 will include a statement specifying revolving-fund reimbursement from sales proceeds. The appropriation to be credited must be cited.

8-8. Sales of Surplus Property.

a. The decision to conduct sales of surplus property involves complex regulatory requirements and issues. It is essential that proper marketing concepts, policies, principles, and techniques be applied to the maximum extent possible. A variety of creative selling efforts must be used to increase demand, streamline distribution, and increase net return to the government. Trained and experienced sales personnel are essential to the process. Civil-funded property that is excess and that survives the USACE-wide screening must be screened within the Department of Defense and the rest of the Federal government via GSA prior to donation or sale. DRMO facilities are staffed and trained to complete all the necessary disposal activities mandated by regulation to include sale if warranted. GSA also is available to conduct sales of surplus property. The appointed sales contracting officers (SCO) who conduct sales actions must have training, at the minimum, in basic Federal contracting (i.e., Defense Acquisition University's "Fundamentals of Contracting" [CON 101]).

b. Activities, because of location or unique circumstances, may have a need to conduct a sale of surplus civil-funded property. A request must be submitted through the MSC logistics office to the MSC commander in memorandum format. The MSC commander must approve all requests to conduct each sale. A copy of all sales appointments will be provided to HQUSACE, ATTN: CELO-MS. The memorandum must address the following issues:

(1) Procedures by which the command will obtain DOD and GSA clearances prior to sale.

(2) Certification that the SCOs who will process and complete all sales actions have training in basic Federal contracting.

(3) Concurrence of both the F&AO and contracting offices, if applicable, that they will properly resource the sale activity.

(4) Comments as to the cost effectiveness of conducting a local sale considering all direct and indirect cost factors. Considerations should include such items as storage costs, administration, labor, transportation, security and handling costs.

c. While conducting public sales it is extremely important that commands avoid all appearances that any employee, through prior use, or close association with those familiar with the property, is in a more advantageous position than a member of the general public. In this regard, all sales of personal property conducted by commands will be subject to the following limitations:

(1) Any employee who was involved in the decision to determine personal property to be excess or is connected with any aspect of the sale is ineligible to bid or accept award of said items.

(2) Any employee whose past association with the property being sold has been such that he might reasonably be considered to be bidding from an advantageous position is also ineligible to bid or accept award of said items.

(3) These provisions are applicable to all employees and to members of their immediate families, specifically the spouses and children of such employees.

(4) Authority is 5 USC 301 and 40 CFR 486 (c).

d. The logistics management office will dispose of the surplus property through the competitive bid sale methods prescribed in FPMR 101-45.304.1.

e. Sales actions conducted under this regulation require the appointment of a sales contracting officer (SCO) and an authorized collector to accept receipts from the public in accordance with ER 37-2-10.

8-9. Abandonment and Destruction. If government property cannot be disposed according to the preceding policies and procedures, abandonment or destruction actions will be initiated as follows:

a. A determination is prepared in memorandum format by a technically qualified person that the property has no commercial value, or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale. This determination must also include that donation is not feasible. The commander's signature is required on this memorandum. If, at any time prior to actual abandonment or destruction, these determinations are reversed, such sale or donation will be made.

b. If any line item of the property proposed to be disposed by abandonment or destruction had an original acquisition cost (estimated, if unknown) of more than \$50,000, the determination addressed above will be forwarded through logistics channels to ACSLOG before action is taken.

c. No abandonment or destruction shall be made in a manner detrimental or dangerous to public health, safety, environment, or that would cause infringement of the rights of other persons.

d. Advance public notice must be given except when immediate destruction is in the best interest of the public because of the cost of handling, or the line item had an original acquisition cost of less than \$500. Such notice must be displayed in the area in which the property is located, containing a general description of the property to be abandoned or destroyed, and must include an offer of the property for sale.

e. The abandonment/destruction action must be witnessed by one other person, and the two individuals must sign a statement to this effect.

8-10. Items Requiring Special Processing. The following items of personal property require special processing as outlined

below:

a. Information technology equipment (ITE).

(1) Excess ITE must be reported directly to the Defense Information Systems Agency (DISA) using the Defense Information Technology Management System (DITMS, formerly ARMS). The e-mail circularization required by this regulation satisfies the requirement for MACOM screening.

(2) The DITMS program will also be used to request permission for donations to schools IAW the instructions contained in DOD 8000.X. Upon release by DISA, the local PBO will prepare the proper documentation for transfer to the school. Schools must pay all transportation costs for the transfer.

(3) ITE assets that do not require reporting IAW DOD 8000.X will be transferred directly to the DRMO.

b. Computer software (CS).

(1) Report excess software to the local information management officer (IMO). The IMO will then report it to DISA. The following must be reported to DISA prior to disposition:

(a) Any commercially-obtainable CS that was used initially and is now scheduled for replacement, or which is to be discontinued because of change in mission. Unused CS can also be reported.

(b) CS initially acquired for computer programs, procedures or routines specifically designed to make use of and extend the capabilities of ITE, including operating systems, assemblers, compilers, interpreters, data base management systems (DBMS), sort/merge programs, maintenance/diagnostics programs and applications programs.

(c) Contractor CS excess. All CS excess generated from contracts funded by DOD components can be subjected to the procedures in this program. Contracting officers and/or their designated representatives are to ensure that contractors identify and report the CS through the excess software screening procedures.

(2) Exceptions. The CS should be destroyed or returned to vendor when the following criteria apply:

(a) CS classified under DOD 5200.1-R, "DOD Information Security Program," that is not eligible for computer software screening through DISA.

(b) CS that provides direct security protection to ITE or systems that process classified information.

(c) CS related to or associated with a weapon, intelligence, command and control, communication, or tactical data system.

(d) CS that will not operate or perform the application for which it was intended will not be screened as excess software through DISA.

(e) Copy-protected CS.

(f) CS becoming excess as a result of hardware being reported as excess should be reported when the hardware is reported.

(3) Software exchange/trade-in. An alternate method of disposing of excess CS that survives excess screening is to exchange it with the original vendor toward the purchase of newer software (upgraded versions or other related software) as part of an acquisition process. DOD activities can use this process to acquire more favorable discounts, trade-in allowances, and/or other price considerations for the government. All such transactions should be properly documented to provide an adequate audit trail. Under no circumstances do these procedures authorize sole-source procurement or non-compliance with established selection and acquisition regulations and applicable congressional direction.

c. Civil aircraft. Before taking disposal action, contact ACSLOG for disposal instruction. ACSLOG is responsible for coordinating with the PRIP manager.

d. Radioactive and Nuclear Regulatory Commission-controlled materials. These materials are not disposed through GSA, but should be reported to the Chief, Safety and Occupational Health Office, HQUSACE, for disposal instructions. NOTE: Radioactive and hazardous material will be identified as such on the property book.

e. Vessels. When disposal of vessels in excess of 1,500 gross tons is considered, coordination with the Secretary of Transportation is required. Therefore, ACSLOG will handle all disposal actions for these items in coordination with the PRIP

manager.

f. Motor vehicles. Civil works motor vehicles that have been replaced or are eligible for disposal in accordance with ER 56-2-1 are not to be considered excess. Vehicles will be disposed under the exchange/sale program.

(1) Authority from HQUSACE is not required for sale of replaced motor vehicles that have been programmed and acquired in accordance with ER 56-2-1.

(2) Authority to dispose of excess motor vehicles (vehicles which have not been replaced and are excess to requirements of the command) must be obtained by submission of a memorandum through logistics channels to ACSLOG.

(3) Military-funded motor vehicles will not be disposed by the command without approval of ACSLOG.

(4) Sale of exchange (replacement) vehicles purchased with civil funds is required. Sales activities may be coordinated with the regional GSA sales office. In all sales activities, care must be taken to ensure that all funds are collected and returned to the revolving fund.

(5) Exchange/sale provisions of FPMR 101-46 are applicable. Vehicles identified under exchange/sale criteria do not require screening or circularization. Vehicles may go directly to sale. Agencies must coordinate with GSA regional sources to establish sale action.

g. Technical library books. Disposition of technical library books, and law library books, is the responsibility of the respective property book officer.

h. Hazardous property. The terms "hazardous waste", "hazardous material", and "hazardous substance" all have specific legal and scientific definitions in the Federal regulations. Collectively, these chemicals are often identified using the vernacular term "hazardous property."

(1) The local Defense Reutilization and Marketing Office (DRMO) will provide assistance in disposing of hazardous property. This is generally accomplished via a contract awarded through the Defense Reutilization and Marketing Service (DRMS). The payment for the contract will be made prior to disposal by either the command providing funds to DRMS, or by providing a

fund cite and the USACE paying office.

(2) Recyclable materials should be deflected from the waste stream and considered for reuse/recycling in accordance with applicable executive orders and public law.

i. Flags, guidons, and streamers will be disposed in accordance with AR 840-10.

8-11. Exchange/Sale.

a. The exchange/sale program does not apply to excess property. Exchange/sale concerns disposing of equipment when a similar item is being acquired as replacement. USACE is authorized to apply the exchange allowance or the proceeds from sale, in whole or in part, as payment for the replacement property acquired. The money does not go to the U. S. Treasury but remains with USACE. This is a way to save money during acquisition, and may be particularly profitable when replacing equipment at project sites.

b. Generally, the replacement should be one for one. The only exceptions allowed are if greater or fewer pieces of equipment must be acquired to perform most of the tasks the old items performed; and for parts or containers. If a one-to-one exchange between old and new items is not available, sufficient data shall be recorded to establish the following: that the items acquired were similar to the items exchanged or sold; that any exchange allowances or monies applied in payment for property acquired were available for such payment; and that the transaction was otherwise in compliance with the Federal Property Management Regulation, Chapter 101-46.

c. At the time of exchange or sale (or at time of acquisition, if it precedes the sale), a written administrative determination must be made to apply the exchange allowance or proceeds of sale in acquiring property.

d. Any such property to be sold will be reported to GSA sales offices only, and will be identified as replacement property, subject to the same exemptions and exceptions on reports as otherwise would be applicable to surplus personal property.

e. ITE that qualifies for exchange or sale must first be reported for possible reutilization among Federal agencies. If not transferred for other reutilization among Federal agencies, ITE may be exchanged or sold.

f. Exchange-sale program eligibility includes military-funded property that is not centrally-managed by a national inventory control point.

8-12. Cannibalization.

a. Cannibalization is a supply source, and takes place only when the normal supply system cannot provide spare parts to meet mission requirements.

b. Commanders will approve the establishment of all cannibalization points (CP), and will ensure that accountability requirements are properly maintained for equipment to be cannibalized.

c. A CP will be established as an inventory account.

d. A CP will maintain a separate record on each end item turned over to it. A record will contain the following:

(1) Transfer document for the item (receipt document).

(2) A record of each repair part, component, or assembly removed and issued from the end item, including an issue document.

e. After cannibalization actions have been completed, the PBO will follow normal disposal procedures in disposing of remaining items.

f. Cannibalization of communication security (COMSEC) equipment and controlled cryptographic items (CCI) by commands is expressly prohibited.

g. Cannibalization is prohibited on all civil-funded administrative-use commercial-design vehicles.

h. ITE cannibalization must be authorized on a case-by-case basis by DISA.

8-13. Precious Metals Recovery Program (PMRP).

a. Military-funded activities must participate in the DOD Precious Metals Recovery Program (DOD 4160.21-M). This program is operated by the Defense Logistics Agency, which is the integrated manager for precious metals, and has the responsibility for the storage and issue of refined precious


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metals. The DOD program requires generating activities to turn in all excess precious metals and precious metal-bearing material to their servicing DRMO. This is accomplished by following the uniform turn-in procedures previously discussed. In addition, include in the DD Form 1348-1A (DOD 40Q0.25-1-M) or attached documentation, any available information pertaining to the precious metal content (i.e., metal type, quantity, location, etc.) of scrap material or non-standard items being disposed.

b. Transportation, packaging, crating, and handling costs incurred in the shipment or transfer of precious metal-bearing material from a generating activity to a DRMO will be borne by the generating activity. Transportation costs incurred in making DRMO-authorized shipments of precious metal-bearing material from a generating activity direct to a designated collection/recovery activity or contractor facility will use the appropriate fund citation obtained for that servicing DRMO.

FOR THE COMMANDER:

1 Appendix
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MILTON HUNTER
Majbr General, USA
Chief of Staff