

PART 19
PROPERTY MANAGEMENT

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19.1 GOVERNMENT-FURNISHED PROPERTY (GENERAL).

INFORMATION: This part prescribes policies and procedures for providing Government--herein after referred to as the Bonneville Power Administration (BPA)--personal property to contractors, for contractor's use and management of BPA personal property, and for reporting, redistributing, and disposing of contractor inventory.

19.2 DEFINITIONS.

INFORMATION:

"Adjusted Depreciated Value" means the final adjusted value of an asset taking into account the depreciated value and the asset's physical condition.

"Asset Center Representative (ACR)" means an individual who has been designated by BPA to be responsible for managing a particular category of equipment, i.e. ADP, office equipment, communication equipment, etc. See BPA Personal Property Instruction (PPI) for a listing of ACR's.

"BPA-furnished Property" means property in the possession of or directly acquired by BPA and subsequently made available to the contractor.

"BPA Property" means all property and materials owned by or leased to BPA, or acquired by BPA under the terms of the contract. It includes both BPA-furnished property and contractor-acquired property as defined in this section.

"Capitalized Equipment" means personal property items having a unit acquisition cost of \$10,000 or more with a useful service life of one year or more, and generally has a property tracking number assigned and is carried on the financial ledger as an asset (i.e., not expendable due to use.)

"Contract Inventory" means:

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(a) Any property acquired by and in the possession of a contractor or subcontractor under a contract for which title is vested in BPA.

(b) Any property to which BPA is obligated or has the option to take title to under any type of contract as a result either of any changes in the specifications or plans or of the termination of the contract (or subcontract thereunder), prior to completion of the work; and

(c) BPA-furnished property that exceeds the amounts needed to complete full performance under the entire contract.

"Contractor-acquired property" means property acquired, by whatever means, by the contractor for performance of a contract, to which BPA has title or the right to take title under the contract terms.

"Custodial records" means any document or electronic record such as requisitions, property receipts, issue documents, tool checks, stock record books, etc.

"Excess" means any property that is no longer used, needed, or required by BPA.

"Expendable Property" means property or material, which when put to use, are consumed, lose their identity, or become an integral part of other property.

"Material" means property which may be incorporated into or attached to a deliverable end item or which may be consumed or expended in the performance of a contract. It includes assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in the performance of a contract.

"Non-Expendable Equipment" means property which has continuing usefulness as a self contained unit, is not consumed in use, and does not lose its identity when put to use or does not ordinarily become a component of other equipment or plant. It may or may not be capitalized.

"Personal Property" is all property other than real property, property that becomes permanently affixed to real property, or property that becomes a component part to another asset.

"Physical Inventory" means the actual observation and count of the property to be reconciled with custodial records.

"Property" means all property, both real and personal. It includes facilities, material, special tooling, special test equipment, and agency-peculiar property.

"Real Property" means land and rights in land, ground improvements, installed utilities, and buildings and other structures.

"Salvage" means property that has some value in excess of its basic content, but which is in such condition that it has no reasonable use for any purpose as a unit, and its repair or rehabilitation is clearly impractical or uneconomical.

"Scrap" means property that has no reasonable value except for the recovery value of its basic material/mineral content.

"Sensitive property" means items, regardless of value, requiring special control and accountability because of susceptibility to unusual rates of loss, theft, or misuse, or due to National Security and Export Control considerations

"Surplus" means inventory excess to the contract that is not required by other Federal agencies..

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"Termination Inventory" means any property purchased, supplied, manufactured, furnished, or otherwise acquired for the performance of a contract subsequently terminated and properly allocable to the terminated portion of the contract.

19.3 POLICY.

Contractors are ordinarily required to furnish all property necessary to perform BPA contracts. However, if contractors possess BPA property, BPA shall minimize to the extent practical any competitive advantage that might arise from using such property. BPA shall also

- (a) Require contractors to use available BPA property to the maximum practical extent in performing BPA contracts to avoid duplicate and unwarranted purchases;
- (b) Permit the property to be used on non-BPA contracts only when prior written consent of the CO is obtained, and such use is in the best interest of BPA;
- (c) Require contractors to be responsible for, and to keep official records of, BPA property in their possession or control, as provided for in the contract;
- (d) Determine, in consultation with the requisitioner and the appropriate ACR's prior to award, whether BPA property will be returned to BPA upon completion of the contract. If a determination is made to not require the return of the property upon contract completion, the contract shall either state the disposition of the property or stipulate that the CO will provide disposition instructions for the property upon contract completion;
- (e) Require the COTR to maintain a file of all invoices and supporting receipts identifying all contractor-acquired property.

19.4 CLAUSE USAGE PRESCRIPTIONS.

PROCEDURE: The CO shall include a clause similar to 19-1, BPA-Furnished/Contractor-Acquired Property, in solicitations and contracts when BPA will furnish property for use on the contract, or when BPA will reimburse the contractor for the cost of purchasing property as an item of direct cost. See 19.9 for Clause 19-4, BPA Property to be Transferred to the Contractor, to be used when transferring BPA property to contractors.

19.5 CONTRACTING OFFICER'S RESPONSIBILITY.

PROCEDURE:

- (a) The CO should advise the contractor prior to award regarding its responsibility for managing BPA-furnished and contractor-acquired property. If the CO determines that there is a need to provide the contractor written instructions, the CO shall furnish the contractor with a copy of BPI Appendix 19-A, Property Management Procedures for Contractors, prior to final negotiation of the contract price.
- (b) The CO shall ensure the contractor's property control system is in compliance with the property provisions in the contract.
- (c) The CO should notify the contractor in writing when its property control system does not comply with contract requirements, and shall request prompt correction of deficiencies. If the contractor does not correct the deficiencies within a reasonable period, the CO shall --
 - (1) Notify the contractor in writing of any required corrections and establish a schedule for completion of actions;

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(2) Caution the contractor that failure to take the required corrective actions within the time specified will result in withholding or withdrawal of system approval; and

(3) Advise the contractor that its liability for loss or damage to Government property may increase if the property control system approval is withheld or withdrawn.

(d) The CO should provide the appropriate Asset Center Representative with a listing of personal property that is no longer required at the end of the contract.

(e) The CO should request assistance or guidance from the Organizational Property Management Officer (OPMO) when necessary, on such issues as: contractor property control system; periodic contractor property system surveys; assignment of contractor liability or relief from liability for BPA property lost, stolen, damaged, or destroyed; and disposition of property. The CO shall notify the OPMO in writing, with a copy to the ACR, of any tagged and tracked BPA-furnished property that is no longer available as a result of loss, theft, or damage.

19.6 BPA-FURNISHED MATERIALS.

PROCEDURE:

(a) BPA contractors shall ordinarily furnish all material for the performance of BPA contracts. However, BPA will provide material to a contractor when necessary to achieve significant economy, standardization, expedited production, or when it is otherwise in BPA's interest.

(b) Solicitations shall specify material that BPA will furnish in sufficient detail to enable offerors to evaluate it accurately.

19.7 PROVIDING BPA PROPERTY "AS IS."

INFORMATION: Ordinarily when BPA provides material (property) to a contractor for the performance of a BPA contract, such property must be suitable for its intended contract use. Failing to provide suitable material may entitle the contractor to an equitable contract adjustment per the Changes clause (see clause 19-1, BPA-Furnished/Contractor-Acquired Property). However, the contractor may benefit in the performance of the contract from BPA-furnished property for which BPA makes no warranty with respect to its condition, and is furnished "as is."

19.7.1 Clause Usage Prescriptions.

PROCEDURE: The CO shall include clause 19-2, BPA Property Furnished "As Is", in solicitations and contracts when BPA property is to be furnished in "as is" condition. The CO shall insert the appropriate information in the clause to identify and describe the "as is" condition (or availability for inspection of condition) of the property to be transferred, or a clause similar to 19-4, BPA Property to be Transferred to the Contractor, modified as necessary to distinguish "as is" property from other property to be furnished to the contractor.

19.8 PROVIDING MOTOR VEHICLES.

POLICY: Contractors shall not be furnished Government motor vehicles for use in the performance of BPA contracts, due to potential liability against BPA in the event of an accident, unless the CO has determined that it is in the best interest of BPA to do so. Such a determination shall be documented in the contract file (see 12.8.2).

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19.8.1 Clause Usage Prescriptions.

The CO shall include clause 19-3, Contractor Use of Government-owned Vehicles, in solicitations and contracts where the contractor will be permitted to use Government-owned vehicles. See 16.3.1 for insurance requirements for automobile liability.

19.9 TRANSFER OF BPA PROPERTY TO THE CONTRACTOR.

(a) **INFORMATION:** It may be in BPA's interest to authorize the transfer of title of BPA-funded, contractor-acquired property to the contractor. This would typically be the case when the value of the property at the end of the contract would be minimal, technology would be obsolete, the equipment is of such a specialized nature that it would be of no use to BPA, etc.

(b) **POLICY:** Contractor-acquired BPA property may be transferred to the contractor either at the time of acquisition or at contract completion when it has been determined by the program office, CO and the ACR that it is BPA's interest to do so. Whenever possible, this determination should be made prior to contract award. The material to be transferred and the time of transfer shall be specified in the contract.

(c) **INFORMATION:** When BPA property is transferred to other federal agencies, BPA may receive credit against its outstanding treasury debt. The credit would be equal to the adjusted depreciated value of the property at time of transfer, which is determined by the condition of the property, or acquisition cost if transferred at time of acquisition. When such a transaction is contemplated, contact the OPMO for further information.

19.9.1 Clause Usage Prescriptions.

PROCEDURE: The CO shall include a paragraph similar to clause 19-4, BPA Property to be Transferred to the Contractor, when BPA property is to be transferred to the contractor. The CO shall insert the appropriate information in the clause to identify the property to be transferred.

19.10 DISPOSITION OPTIONS.

PROCEDURE:

The contractor may be directed or authorized by the CO to dispose of BPA property in the following sequence:

- (a) Deliver the contract inventory to BPA.
- (b) Transfer title of property to the contractor in accordance with 19.9(b) above.
- (c) Return excess contractor-acquired property to suppliers for full credit less the supplier's normal restocking charge. The cost of returning contractor-acquired property to suppliers shall not be included in any claim for reimbursement.
- (d) Return to BPA for reutilization, or disposal in accordance with the BPA Personal Property Instruction. The CO shall provide the appropriate Asset Center Representatives (ACR) a listing of the unrequired property. The listing should contain the nomenclature, identification number (if any), quantity, and property condition. The ACR will determine if the equipment is required or should be reported as excess property to asset recovery. The ACR shall provide instructions to the CO on the handling of returned property.

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(e) Destruction or abandonment. Surplus property may be destroyed or abandoned only after every effort has been made to dispose of it by other authorized methods. Unless permitted by the contract, no contractor inventory shall be abandoned on the contractor's premises without the contractor's written consent. Before authorizing destruction or abandonment, the CO shall determine in writing that:

- (1) The property has no commercial value and no value to BPA;
- (2) The estimated cost of care and handling is greater than the probable sale price; or
- (3) The property does not constitute a danger to public health, safety, or welfare.

(f) If the determination has been made under subparagraph (e)(1) or (2) above, the property may be donated to public bodies or educational institutions in lieu of abandonment or destruction. All costs incident to donation shall be borne by the contractor.

19.11 ALTERNATE METHOD FOR DISPOSAL OF MATERIALS.

INFORMATION: Occasionally a BPA project will involve replacing old materials and equipment with new materials and equipment. When the removed materials and equipment are released to the contractor as part consideration for removal and construction work performed by the contractor, BPA derives the benefit of the salvage without the necessity of handling, accounting for, inspecting, storing, or performing the involved process of disposal of salvaged materials or equipment.

POLICY: It is BPA's policy to evaluate the cost/benefit of retaining title versus releasing the removed materials and equipment to the contractor for disposal as part consideration for the removal of the facility and the construction of the new facility. See BPI Part 24.3 for additional policy discussion.

PROCEDURE: When negotiating the contract, the CO shall consult with the project manager to determine the merits of incorporating the above policy into the contract terms. See BPI Part 24.3 for additional procedural guidance. If hazardous materials may be involved, see BPI Part 15.3. If the project manager and the CO mutually decide that BPA should retain title to the removed materials and equipment, the CO shall document the decision in the contract file.

19.50 TEXT OF CLAUSES.

The following clauses are referenced in BPI Part 19:

- 19-1 BPA-Furnished/Contractor-Acquired Property
- 19-2 BPA Property Furnished "As Is"
- 19-3 Contractor Use of Government-Owned Vehicles
- 19-4 BPA Property to be Transferred to the Contractor

Clause 19-1 BPA-FURNISHED/CONTRACTOR-ACQUIRED PROPERTY (SEP 02)(BPI 19.4)

(a) The Contractor shall manage BPA-furnished, contractor-acquired property in accordance with BPI Appendix 19-A if that appendix is made a part of this contract. If Appendix 19-A is not made a part of this contract, property should be managed in accordance with ASTM Property Management Standards and/or sound industry practices.

(b) BPA shall deliver to the Contractor, at the time and locations stated in this contract, BPA-furnished property described in the Schedule, statement of work, or specifications. If that

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property, suitable for its intended use, is not delivered to the Contractor, the Contracting Officer shall equitably adjust affected provisions of this contract in accordance with the Changes clause of the contract when--

- (1) The Contractor submits a timely written request for an equitable adjustment; and
- (2) The facts warrant an equitable adjustment.

(c) Title to BPA-furnished property shall remain with BPA, unless specifically identified elsewhere in this contract. The Contractor shall use BPA-furnished property, except as provided for in BPI subpart 19.3, only in connection with this contract. The Contractor shall maintain adequate property control records in accordance with sound industry practices and will make such records available for BPA inspection at all reasonable times.

(d) Upon delivery of BPA-furnished property to the Contractor, the Contractor assumes the risk and responsibility for its loss or damage, except--

- (1) For reasonable wear and tear;
- (2) To the extent property is consumed in the performance of this contract; or
- (3) As otherwise provided for by the provisions of this contract.

(e) Unless specified elsewhere in this contract, title to all property purchased by the Contractor for which the Contractor is entitled to be reimbursed as a direct item of cost under this contract shall pass to and vest in BPA upon the supplier's delivery of such property to the contractor.

(f) Title to BPA property shall not be affected by its incorporation into or attachment to any property not owned by BPA, nor shall BPA property become a fixture or lose its identity as personal property by being attached to any real property.

(g) Upon completion of this contract, the Contractor shall follow the instructions of the Contracting Officer regarding the disposition of all property, title to which is held by BPA, which was not consumed in the performance of this contract or previously delivered to BPA. The Contractor shall prepare for shipment, deliver f.o.b. origin, or dispose of BPA property, as may be directed or authorized by the Contracting Officer. The net proceeds of any such disposal shall be credited to the contract price or shall be paid to BPA as directed by the Contracting Officer.

(End of clause)

Clause 19-2 BPA PROPERTY FURNISHED "AS IS" (Sep 98)(BPI 19.7.1)

(a) BPA makes no warranty whatsoever with respect to BPA property furnished "as is", except that the property is in the same condition when placed at the f.o.b. point specified in the solicitation as when inspected by the Contractor pursuant to the solicitation, or if not inspected by the Contractor, as when last available for inspection under the solicitation.

(b) The Contractor may repair any property made available on an "as is" basis. Such repair will be at the Contractor's expense except as otherwise provided in this clause. Such property may be modified at the Contractor's expense, but only with the written permission of the Contracting Officer. Any repair or modification of property furnished "as is" shall not affect the title of BPA.

(c) If there is any change in the condition of BPA property furnished "as is," from the time inspected or last available for inspection under the solicitation to the time placed on board at the location specified in the solicitation, and such change will adversely affect the Contractor, the Contractor shall, upon receipt of the property, notify the CO detailing the facts, and, as directed

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by the CO, either (1) return the property at BPA's expense or otherwise dispose of the property, or (2) effect repairs to return the property to its condition when inspected under the solicitation, or if not inspected, its condition when last available for inspection under the solicitation. After completion of the directed action and upon written request of the Contractor, the CO will equitably adjust any contractual provisions affected by the return, disposition or repair, in accordance with the procedures provided for in the Changes clause of this contract. The foregoing provisions for adjustment are the exclusive remedy available to the Contractor and BPA shall not be otherwise liable for any delivery of BPA property furnished "as is" in a condition other than that in which it was originally offered.

(End of clause)

Clause 19-3 CONTRACTOR USE OF GOVERNMENT-OWNED VEHICLES (Sep 98)(BPI 19.8.1)

In those instances where BPA provides access to sources of Government-owned vehicles for the Contractor's use, the Contractor agrees to indemnify and save and hold harmless BPA from any and all claims and damages or other costs where BPA was not at fault.

(End of clause)

Clause 19-4 BPA PROPERTY TO BE TRANSFERRED TO THE CONTRACTOR (Sep 98)(BPI 19.9.1)

BPA transfers title to the BPA furnished, or contractor-acquired property listed below to the contractor at the time specified.

Property to be Transferred

Time of Transfer

(CO insert appropriate information)

(CO insert appropriate information)

(End of Clause)