

AUTHORITY

This Acquisition Letter (AL) is issued by the Procurement Executive pursuant to a delegation from the Secretary and under the authority of the Department of Energy Acquisition Regulation (DEAR) 901.301-70.

CONTENTS

CITATION

TITLE

DEAR 945.6	Reporting, Redistribution, and Disposal of Contractor Inventory
DEAR 970.5204-21	Property
DEAR 970.0801	Excess personal property

I. Purpose. The purpose of this AL is to establish the development of a "Personal Property Letter" (PPL) as a mechanism for providing guidance to contracting activities concerning implementation of the above cited regulations. The PPL will be amended from time to time to provide guidance and implementation direction to those contracting activities having implementation responsibility for the above.

II. Background. Several initiatives have occurred during the past year regarding the contractor's personal property management system in the Department. These initiatives include:

- (1) The Contract Reform Report which stated that the Department should improve its contracting practices and contract management techniques. One of the recommendations was to develop a matrix of criteria and performance measurements for real and personal property management. A Quality Improvement Team developed a report entitled "Matrix of Criteria and Performance Measurements for Real and Personal Property Management," dated July 15, 1994, in response to this request. The report should be used as a tool to support continuous improvement in personal property management. The performance measurements are intended to provide quantitative evaluation of the level of performance trending toward a goal of continuous improvement.

AL 95-06 (6/28/95)

- (2) A six-point plan to improve DOE contractor's personal property management systems was presented by the Assistant Secretary for Human Resources and Administration before the Subcommittee of Environment, Energy, and National Resources Committee of Government Operations. As part of this six-point plan, the Department is currently including a standard property clause for those management and operating (M&O) contracts which are amended or renewed. The six points presented by the Assistant Secretary were: (1) comprehensive coverage from the requirement identification through its life cycle to final disposition; (2) employee personal responsibility for Government-owned property; (3) establishment of baseline inventories covering all items of property furnished by the Government; (4) full integration with the contractor's other administrative and financial systems; (5) maintenance of a reliable method for implementing continuous improvements established by "best in class performers; and (6) incorporation of performance goals and measures in contracts.
- (3) In a memorandum, dated November 10, 1994, the Under Secretary issued the "Interim Guidelines on Export Control and Nonproliferation" and in a memorandum dated February 7, 1995, the Deputy Assistant Secretary for Procurement and Assistance Management issued revised "Interim Policies for Control of High Risk Personal Property." To implement this new policy, the Department is developing regulatory coverage to provide for comprehensive protection of Government-owned high risk property and comprehensive procedures related to the release of that property.

III. Guidance. The PPL established by this AL will be designated PPL Issue Number 970-1. Updates and additions will be issued from time to time, and the PPL republished as a complete, continuous document. Reissues adding new information and guidance will be consecutively numbered for such issuance. For example, the first reissue will be PPL Issue Number 970-2.

All changes and additions will be in bold print as in this sentence.

IV. Effective Date. This AL and the system it implements are effective immediately upon their release.

V. Expiration Date. This AL and the system it implements will remain in effect until rescinded or amended.

PERSONAL PROPERTY LETTER

ISSUE NUMBER 970-1

Date _____

This Personal Property Letter (PPL) is issued by the Deputy Assistant Secretary for Procurement and Assistance Management, to provide assistance in the implementation of the property clause of the Department of Energy Acquisition Regulations.

CITATION

Public Law 103-160

TITLE

**National Defense Authorization
Act for Fiscal Year 1994**

ECONOMIC DEVELOPMENT PROPERTY

I.Purpose. The purpose of this initial PPL, Number PPL 970-1, is to provide guidance concerning the transfer of Department of Energy (DOE) personal property identified as necessary for economic development and located at DOE sites and facilities that are undergoing reconfiguration or closure, or are expected to be scheduled for termination or other significant transition due to the downsizing of the Department's nuclear weapons production mission.

II.Background. Section 3155 of Public Law 103-160, the National Defense Authorization Act for Fiscal Year 1994, authorizes the Secretary of Energy to transfer, for consideration, all rights, title, and interest of the United States in and to excess, and under certain circumstances, non-excess personal property and equipment if the Secretary determines that such transfers will mitigate the adverse economic consequences that might otherwise arise from the closure of the DOE facility.

III.Effective Date. This guidance is effective immediately upon its release.

IV.Expiration Date. This guidance will remain in effect until rescinded or amended.



V.Guidance. This attached guidance is provided concerning the transfer of DOE personal property for economic development.

<p style="text-align:center">PERSONAL PROPERTY GUIDANCE</p> <p style="text-align:center"><u>SUBJECT</u></p> <p style="text-align:center">ECONOMIC DEVELOPMENT PROPERTY</p>

Delay in the transfer of DOE personal property and equipment to the commercial market place could result in reduced business opportunities and contribute to the loss of the highly skilled work force located at DOE's facilities undergoing changes and downsizing. Delay will also likely decrease the value and marketability of the property itself. Therefore, all such property located at DOE sites and facilities that are undergoing downsizing, reconfiguration, or closure, because of changing national security requirements and shifts in the Departmental mission, is subject to expedited reutilization procedures for the transfer of personal property for economic development. In carrying out the economic development program, it is required that the decision matrix reflected in Table 4 be used. The following guidance is also provided to assist in carrying out the reutilization determination.

Since community involvement is essential to successful local economic development, the Department will require communities affected by the reconfiguration or closure of nearby DOE facilities to establish a Community Reuse Organization (CRO) with a primary mission to determine and sponsor the actions the community may take to offset the local consequences of DOE downsizing. It is the Department's intention to only work with the CRO as the community's single voice for economic development issues.

Exempted from this initiative are weapons, nuclear ordnance, ammunition and explosives, guided missiles, aircraft and aircraft components, ships and marine equipment, and space vehicles.

1. GENERAL

All personal property will be subject to the DOE High Risk screening process, as specified in "Interim Policies For Control of "High Risk" Personal Property" dated February 7, 1995, before conveyance to internal or external users.

The screening process will review the property for export restrictions, proliferation concerns, public and

worker health and safety, and environmental issues. All equipment identified as necessary for non-nuclear reconfiguration will be shipped to other DOE sites to reestablish key technologies for National Defense programs. Such equipment will not be available for local economic development.

The Operations Offices, Field Offices, or Area Offices are expected to assist the local CRO in the development of a local economic development program plan. The plan should describe any personal property needed for specific economic development projects to be accomplished.

2. EXCESS DETERMINATION

An inventory of personal property identified for local economic impact will be provided to the CRO, however, no transfer of possession or *conveyance of title to such equipment will occur until the property is determined to be excess to the needs of DOE.*

The decision requiring the excess determination for personal property items identified with those Federal Supply Classification groups, listed as Group 1 (Table 1), and having an acquisition cost of less than \$5,000 may be made by the local activity where the property is located. Property in this Group 1 will not be subject to Departmental screening through the DOE Reportable Excess Automated Property System (REAPS).

Personal property items identified with those Federal Supply Classification Groups, identified as Group 2, (Table 2), are only occasionally reutilized in the Department and, therefore, items in this group with an acquisition cost of less than \$5,000 must be reported in REAPS but for only 15 days.

All other items of property not identified in either Group 1 or Group 2 will undergo REAPS screening for 30 days. REAPS procedures for processing personal property identified for economic development are at Attachment 3.

All personal property which has been: 1) determined to be excess to DOE needs and 2) has been identified as having possible application to local economic development projects will be so identified in a local personal property inventory database.

3. TRANSFER OF EXCESS

When it is concluded that there are no other DOE requirements, in exchange for reasonable consideration, the Department may offer the property to the CRO for the purpose of economic development.

If the CRO and DOE agree on the amount of consideration, the DOE will transfer the property to the CRO and move it to an area controlled by the CRO.

All rights, title, and interests of the United States in personal property that is transferred under this initiative will convey at the time of transfer.

The amount of consideration received by the United States for a transfer of excess property to a CRO of Federal personal property will be determined by the Heads of Contracting Activities (HCA). The amount received may be less than the fair market value of the property transferred if the HCA, acting on behalf of the Secretary, determines that the receipt of such lesser amount by the United States is in accordance with the purpose of such transfer under P.L. 103-160.

4. TRANSFER OF NON-EXCESS

Personal property at a site to be closed or reconfigured which is not excess, as determined by the property manager, and for which the replacement cost does not exceed an amount equal to 110 percent of the costs of relocating the property to another DOE facility, may also be transferred to a CRO for consideration. Relocation costs include storage, protection, removal, transportation, insurance if any, and other associated costs.

5. OTHER

When there is an item which has been identified for both economic development and DOE program need, a program need determination to claim such property for program needs may be made by the cognizant Manager of the Operations or Field Office. *Government property will not be transferred until it has been determined that it is no longer needed by DOE and declared excess, except as provided in the paragraph above.* If the Manager elects not to make a determination to resolve the competing claims for property, the issue will be forwarded to the Associate Deputy Secretary for Field Management and the Deputy Assistant Secretary for Procurement and Assistance Management for a coordinated final decision.

When the CRO declines to accept property offered to it by the DOE, the Department will proceed with disposal in accordance with the Federal Property Management Regulations and the Department of Energy Property Management Regulations.

Expedited Reutilization Procedures

These procedures only apply to excess personal property located at DOE sites which will be closed or reconfigured.

Group 1 - Local DOE Screening

Property which falls in the following Federal Supply Classification Groups, when the acquisition cost is less than \$5,000, may be determined to be excess by local DOE authority and transferred for economic development after completion of local screening. This property will not be subject to Departmental screening under the DOE Reportable Excess Automated Property System (REAPS).

<u>Group Number</u>	<u>Title</u>
25	Vehicular Equipment Components
26	Tires and Tubes
28	Engines, Turbines, and Components
29	Engine Accessories
31	Bearings
32	Woodworking Machinery and Equipment
40	Rope, Cable, Chain, and Fittings
43	Pumps and Compressors
47	Pipe, Tubing, Hose, and Fittings
48	Valves
51	Hand Tools
52	Measuring Tools
53	Hardware and Abrasives
54	Prefabricated Structures and Scaffolding
55	Lumber, Millwork, Plywood, and Veneer
56	Construction and Building Materials
59	Electrical and Electronic Equipment Components
60	Fiber Optics Materials, Components, Assemblies, and Accessories
61	Electric Wire, and Power and Distribution Equipment
62	Lighting Fixtures and Lamps
67	Photographic Equipment
69	Training Aids and Devices
72	Household and Commercial Furnishings and Appliances
73	Food Preparations and Serving Equipment
75	Office Supplies and Devices
76	Books, Maps, and Other Publications
77	Musical Instruments, Phonographs, and Home-Type Radios

78	Recreational and Athletic Equipment
79	Cleaning Equipment and Supplies
80	Brushes, Paints, Sealers, and Adhesives
81	Containers, Packaging, and Packing Supplies
83	Textiles, Leather, Furs, Apparel and Shoe Findings, Tents and Flags
84	Clothing, Individual Equipment and Insignia

<u>Group Number</u>	<u>Title</u>
85	Toiletries
87	Agricultural Supplies
88	Live Animals
89	Subsistence
91	Fuels, Lubricants, Oils, and Waxes
93	Nonmetallic Fabricated Materials
94	Nonmetallic Crude Materials

Group 2 - Expedited DOE Screening

Property which falls in the following Federal Supply Classification Groups, when the acquisition cost is less than \$5,000, require a 15-day Departmental reutilization screening period before becoming eligible for transfer for economic development. These items will be entered in the REAPS for 15 calendar days. All property considered for transfer for economic development will be in condition code 4 or better.

<u>Group Number</u>	<u>Title</u>
19	Small Craft, Pontoons, and Floating Docks (<u>Does not include Ships</u>)
23	Ground Effect Vehicles, Motor Vehicles, Trailers, and Cycles
24	Tractors
30	Mechanical Power Transmission Equipment
34	Metalworking Equipment
35	Service and Trade Equipment
36	Special Industry Machinery
37	Agricultural Machinery and Equipment
38	Construction, Mining, Excavating, and Highway Maintenance Equipment
39	Materials Handling Equipment
41	Refrigeration, Air Conditioning, and Air Circulating Equipment
42	Fire Fighting, Rescue, and Safety Equipment
44	Furnace, Steam Plant, and Drying Equipment (<u>Does not include Nuclear Reactors</u>)
45	Plumbing, Heating, and Sanitation Equipment
46	Water Purification and Sewage Treatment Equipment
47	Pipe, Tubing, Hose, and Fittings
48	Valves
49	Maintenance and Repair Shop Equipment
54	Prefabricated Structures and Scaffolding
56	Construction and Building Materials
63	Alarm, Signal, and Security Detection Systems
65	Medical, Dental and Veterinary Equipment and Supplies
68	Chemicals and Chemical Products
70	General Purpose Automatic Data Processing Equipment (Including Firmware), Software, Supplies and Support Equipment
71	Furniture
72	Household and Commercial Furnishings and Appliances
73	Food Preparation and Serving Equipment
74	Office Machines, Text Processing Systems and Visible Record Equipment
95	Metal Bars, Sheets, and Shapes
99	Miscellaneous

REAPS Procedures for Economic Development Property

"(ED)" will be entered at the end of the description of the property entered into REAPS. This will identify the item as property desired for economic development. All requests to freeze items for reutilization during the REAPS screening will be honored. The requirement must be identified. The first request will place the freeze, subsequent request will be placed on a "wait list" in Format 903. The freeze will remain up to 60 days pending determination by the Manager of the DOE Operations or Field Office.

Freezing Property - Data Collection Format 903

For each item identified as "(ED)", the holding activity user will record the freezes as follows:

- Transaction ID Code (TIC) - "B" Frozen for a DOE Activity
- DOE Activity Address Code - 89 ____

Freeze will remain up to 60 days.

Multiple Freezes for Same Property - Data Collection Format 903

If more than one DOE activity requested the same property, the holding activity user will record the freezes as follows:

- Transaction ID Code (TIC) - "S" Put on Waiting List
- DOE Activity Address Code - 89 ____

Transfer of Property - Data Collection Format 903

For each item identified as "(ED)," the holding activity users will record the transfers as follows:

1. For transfer at the holding activity:

- Transaction ID Code (TIC) - "A" Withdrawn for Use

2. For transfer to another DOE activity:

- Transaction ID Code (TIC) - "H" Transfer to Another DOE

Activity

- DOE Activity Address Code - 89 ____

All other (ED) items which have no requests for DOE reutilization should be reflected as a "Change" with Transaction Identifier Code "A" to withdraw the items for further screening by the economic development entity.

For items remaining after Departmental and economic development screening, update Format 903 to cancel the withdrawal by selecting the Action Code D=DEL. This will cause the items returned to automatically complete the rest of the screening cycle. These items will not be screened again within the Department.

Normal Departmental Screening

Items identified for economic development (ED) and items listed in Groups 1 and 2 having an acquisition cost greater than \$5,000 will undergo the complete REAPS screening cycle for Departmental reutilization. Also included in the normal departmental screening is all property not covered in either of the lists above. These items will be screened in accordance with the Federal Property Management Regulations and the Department of Energy Property Management Regulations.