

CHAPTER 1 - INTRODUCTION

PLEASE NOTE:

- a. This instruction supplements DoD 4160.21-M and DoD 4160.21-M-1. DRMO must maintain hardcopy publications if required by local authority or Host Country. All DoD/DLA/DRMS publications are accessible through World Wide Web (WWW) see DRMS-I 4160.14, Volume I, Supplement 1.
- b. Frequently used acronyms/terms are spelled out in Supplement 1.
- c. Form titles are provided in Supplement 2. Forms can be found on the LAN or Internal Web page under Tech Support <http://techweb.drms.dla.mil/>.
- d. All samples are located in Supplement 3.
- e. To locate a specific word/subject in any publication use the find feature on your website.
- f. If a process affects both a Central/Satellite DRMO it will be referred to in the instruction as "DRMO". If a process is performed only by the Central DRMO it will be referred to as "DRMO Central" or "the Central DRMO". Or if a process is performed only at the satellite it will be referred to as "DRMO Satellite" or "Satellite DRMO". OCONUS DRMOs should refer to themselves as DRMO or Central DRMO.

Additional guidance is located in CORALS User Manual, CORALS National Referral Users Manual, the DNSP and the FTS Users Manual.

A. GENERAL

1. References: DoD 4160.21-M, Defense Materiel Disposition Manual and DoD 4160.21-M-1, Defense Demilitarization Manual.
2. Purpose. This instruction supplements, but does not supersede, instructions contained in the references. This instruction provides DRMS policy and procedures for the merchandising, sale and contract administration of surplus, foreign excess and other categories of property authorized for sale in the DoD Personal Property Reutilization and Marketing Program.
3. Scope. This volume is applicable to DRMS field activities worldwide. In the event that guidance contained in this volume conflicts with the reference DoD publication, the DoD publication takes precedence. Compliance by DRMS field activities worldwide is mandatory. ***DRMOs requiring waivers or deviations to this instruction should submit their requests through Forward Support Team (FST), to Waivers email group, see DRMS-I 4160.14, Volume I, Chapter 1.***

B. AUTHORITIES

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). 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.

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

a. Competitive Bid and Negotiated Sales

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

(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.

(3) Any person or organization intending to ship property, directly or indirectly, to a denied area.

(4) Persons under 18 years of age.

(5) Individuals or firms who are ineligible as purchasers due to suspension or debarment.

b. 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.

3. Sales Contracting Officer (SCO) Appointments

a. 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 DRMS-I Commander **DRMS-N Director**.

b. SCO appointment authorities are as follows:

(1) LOCAL UNLIMITED - Conduct local/zone sales; award contracts and perform all contract administration.

(2) LOCAL UNLIMITED WITH NEGOTIATION - Same as local unlimited, plus authority to negotiate sales within prescribed limits.

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

c. Procedures for processing the appointment

(1) DRMO Chiefs will forward nominations for an SCO appointment through the Forward Support Team to **DRMS-N or DRMS-I, as appropriate**. Requests for National Sales SCOs will be forwarded through the DRMS-N or DRMS-I, as appropriate. Nomination request will contain the following information:

(a) 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.

(b) List of nominee's qualifications, i.e., training, experience, etc.

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

(d) Explanation of any derogatory information that was/was not contained in OPF and/or security records.

(e) Type of appointment requested.

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

(g) 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.

(2) DRMS-N/DRMS-I will decide whether the individual should be appointed and either sign a SCO warrant if approved or notify the requesting official if disapproved.

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

e. The requesting official will notify DRMS-N/DRMS-I whenever an SCO's appointment is no longer required or valid. The requesting official will also notify DRMS-O 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.

f. 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.

g. DRMS-O may revoke a SCO's appointment at any time. Revocation will not be retroactive.

4. Contract Award Approval Restrictions

a. 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.

b. Awards of contracts valued at \$100,000 or more can only be made after review by DRMS-N/DRMS-I.

(1) Request for review must be supported by the following documents:

(a) Copy of the IFB and any amendments thereto.

(b) Bid and Deposit Register.

(c) Abstract of Bids or equivalent (except auction sales).

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

(e) Copy of the DRMS Form 1427 (auction, spot and sealed bids).

(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.

(3) Approval/disapproval and rationale will be documented on DRMS Form 63, Supplemental Sales Information. A copy of the request and DRMS Form 63 will be included in the contract file.

c. SCOs with Unlimited authority must obtain approval from DRMS-N Director or designee/DRMS-I Commander 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.

d. 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 is required when the sale price will be \$1,000 to \$5,000 and DRMS-N or designee/DRMS-I Commander or designee, when over \$5,000 but less than \$15,000.

5. Antitrust Advice.

a. 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).

b. Forward notification through DRMS-N/DRMS-I and include the following information:

- (1) Location, acquisition cost and description of property (specify weight if scrap).
- (2) Proposed sale price of property (explain if proposed purchaser was not the highest bidder).
- (3) Method of sale and Invitation for Bid number.
 - (a) Sealed Bid (specify number of bidders solicited and the bids received).
 - (b) Auction or spot bid (state how sale was advertised).
- (4) Proposed purchaser's name and company name (if applicable).

(a) 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.

(b) If a partnership, give the name and address of each partner and their other business connections.

(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.

(6) Proposed purchaser's intended use of the property.

c. 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.

C. METHODS OF SALE

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

a. 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/zone sales and national sales, however the terms and conditions differ. See Chapter 3 for local/zone sale procedures and Chapter 6 for National Sale procedures.

(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).

(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.

(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.

b. Negotiated Sales.

(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:

(a) 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.

(b) 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 readvertising 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.

(c) Disposal is to a state, territory, possession, political subdivision thereof, or tax-supported agency therein.

(d) 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.

(e) 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:

(1) Particular items of personal property identified by the Administrator of General Services.

(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).**

(f) 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.

(2) For procedures for negotiated sales see Chapter 6.

c. Retail Sale. Retail sale involves the sale of property at fixed prices on a first come first served basis. Retail sale procedures are contained in Chapter 2.

d. Alternative Sales Methods: Alternative sales methods include, but are not limited to, Commercial Venture Sales (CV), 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.

D. DETERMINING THE SALES VENUE.

Property can be sold through a retail store, by local/zone 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. Property that has national or international appeal should be sold through the DRMS-N/DRMS-I, respectively. Low dollar property having only local interest should be sold through local/zone or retail sale.

1. Retail Sale. For property allowed to be sold at retail sale see Supplement 4. 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 Chapter 2 for exceptions and further guidance.

2. Local/Zone Sales. A sale that involves only one DRMO is considered a local sale. Sales that involve many DRMOs are considered a zone sale. Commodity specific sales involving many DRMOs are called Commodity zone sales. Local, zone and commodity zone 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 zone and commodity zone sales instead of local sales, whenever possible. Do not sell environmentally regulated property by local, zone or commodity zone sale. See Chapter 3 for procedures for these sales.

3. National/International Sale. Property that has national interest will be sold by DRMS-N, Internationally by DRMS-I. All environmentally regulated property, combatant ships, and explosives will be sold through the NSO. See Chapters 5-7 for procedures for national/international sales.

E. HAZARDOUS PROPERTY SALES.

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:

- a. Compliance with Federal, state and local environmental laws is required.
- b. 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.
- c. 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.
- d. 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.
- e. 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 DRMS-I 6050.1. 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.
- f. Prior to removal, buyers will always be given the right to refuse, without penalty, any hazardous property for which they have no need.
- g. Prompt action will be taken to terminate sale/delivery of hazardous property to buyers with environmental violations which justify termination.
- h. A complete audit trail will be maintained both by the DRMO and by DRMS-N/DRMS-I.

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-N/DRMS-I 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 should be considered and pursued.

- a. National Sale.
- b. Negotiated Sale.
- c. Local sale of non-environmentally regulated hazardous property in hazardous FSCs under the procedures in Chapter 2, paragraph D.4.
- d. Commercially available hazardous property in consumer quantities may be sold on retail sales under the procedures in Chapter 2, paragraph D.5.
- e. Specific waivers issued by DRMS-N/DRMS-I for commercially available hazardous property on local sale other than retail.

3. Identification/Labeling/Marking. Hazardous property must conform with applicable identification, labeling/marketing, 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 DRMS-I 6050.1.

a. 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).

b. 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-N/DRMS-I. The most common labeling regulations/requirements for DoD property includes but is not limited to:

(1) OSHA-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:

(a) EPA hazardous waste.

(b) PCB waste.

(c) Wood or wood products.

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

(e) 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).

(f) Bulk mixed items, such as used petroleum products, spent solvents, etc.

(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.

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

(a) PCB Label requirements (TSCA) (40 CFR 761.40).

(b) Asbestos label requirements (TSCA) (40 CFR 763.171).

(c) Pesticide label requirements (FIFRA) (40 CFR 156).

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

c. Supporting Documentation. Hazardous materials undergoing sale require a material safety data sheet unless exempted 29 CFR 1910.1200, see b1 above. Hazardous waste requires a hazardous waste profile sheet (DRMS Form 1930 or equivalent).

4. National Sale. The following hazardous property will only be sold by DRMS-N/DRMS-I.

a. All Federal and state regulated hazardous waste.

b. 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.

- c. Bulk chemical products.
 - d. 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.
 - e. Empty containers regulated by 40 CFR 261.7 of 49 CFR 173.29.
 - f. Property meeting national sales criteria.
 - g. PCB power distribution equipment.
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.
- a. 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.
 - b. 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.
 - c. Selected PCBs and PCB floor sweeping compounds, such as, PCBs regulated by the Toxic Substances and Control Act, 40 CFR 761.
 - d. Discharged or expended shelf-life lithium batteries.
 - e. 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.
 - f. Friable asbestos and friable asbestos containing items as defined in 40 CFR 61.141.
 - g. 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.
 - h. Chemical defense equipment containing ASC whetlerite charcoal and other chemical defense equipment which is listed at Supplement 4. (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).
 - i. Shelf-life items that exceed the extended shelf life by 12 months except those that can be sold as HW to legitimate recyclers/reprocessors/manufacturers. This is limited to the State of California and any other states with similar restrictions.
 - j. 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).
 - k. Hardened paints/adhesives/sealing compounds.
 - l. Paint chips/rollers/brushes/rags/clothing and sludge from paint stripping operations.
 - m. Spill residues.
 - n. 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.

- o. Spent blasting media contaminated with HM/HW.

6. Timing. All hazardous material in unopened, good condition containers, without regulatory constraints should go through screening. Reference DRMS-I 4160.14, Vol. IV, Chapter 2, Attachment 1 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.

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-N/DRMS-I to obtain past national sales history information on a specific item, contacting local potential markets, or re-offering property for local sales.

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:

- a. Where a known market exists. The known market concept must be addressed in the context of reasonableness and applied with common sense.
- b. Where defaults occurred on sales which received responsive bids on identical property from other than the bidder that defaulted.
- c. Where continued storage will impose no significant adverse impact on the DRMO/generating activity or host installation.
- d. Where the NSO and the DRMO determines that the re-offer of the material will be in the Government's best interest.

F. STANDARD OPERATING PROCEDURES (SOP) FOR HAZARDOUS MATERIAL SALE

<p><u>GENERAL</u></p>	<p>Standard Operating Procedures (SOP) for Hazardous Material Sale.</p> <p>This SOP is designed for use by DRMS and DRMO personnel with the purpose of setting forth standards for Hazardous Material Sale contracting. All processing shall be in accordance with policies and procedures as set forth in DRMS-I 4160.14. Vol. V, Hazardous material, DEMIL required property, property-requiring mutilation as condition of sale.</p> <p>To ensure accurate cost tracking it is imperative that all time expended toward HM contracting is reported correctly. Use the appropriate cost code for the job you're performing. For Hazardous Material Sale use cost code (4.1.2.2.3) Hazardous Property Sales.</p>
<p><u>DRMO</u></p>	<p><u>A. Review of HM for Sale:</u> Ensure only hazardous property is referred. Before offering HM for sale, the DRMO must review the red list and DEA list on DRMS web site to see if special provisions are required for the property being offered. (These lists need to be reviewed each time, as item maybe added or removed from these lists.)</p> <p>On one-time sales (and a guideline for term HM property) a DRMS form 1920 (HP Sales Referral Certification) is required to be completed. If the property fails the requirements of the DRMS form1920, the property will be sent to U/D. For all other property, the DRMS form 1920 will be saved in the DRMO's sale file with the corresponding DD 1348-1.</p> <p><u>B. Inputting referrals into DNSP:</u> (Process HM sales in accordance with DRMS-I 4160.14 Vol. V)</p> <p>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 concentration. The following information, as a minimum, must be included in each referral: Type of material (paint, cleaner, solvent) Ingredients of the material (for petroleum base products (grease, gas, oil, diesel) the "words" petroleum base). HMIRS/MSDS serial number for unused property. Analysis will be required for used property (fuel, oil, PCBs, etc). Shelf-life date, if applicable. If the packaging does not meet DoT standards the words "The packaging does not meet DoT standards and the purchaser must repackage prior to removal" (See DRMS-I 4160.14 Vol. V chap 4). In the referral, the field "DOT HAZ CLASS" put the Hazardous Class number or for non-regulated: N/R. In the referral, in the field "RFRL CERT" provide the name of the person who signed the DRMS form 1920 for the material. If any of the above information is missing, DRMS will return the referral back to the DRMO for rework. (The DRMO is not required to submit copies of the DD 1348-1, DRMS-1920 or analysis to DRMS, unless requested, copies of these forms must be kept in the DRMO sales files).</p>
<p><u>DRMS N</u></p>	<p>The Sale Contracting Officer (SCO) will review all referrals for accuracy and completion, including DEA Watch list property. The SCO will initial off on both the ENV (Environmental) and PMS (Property Management Specialist) review in DNSP for referrals that do not require special provisions.</p>

<p><u>DRMO</u></p>	<p>For Red list and special provisions referrals that require a Market Research to be completed: The DRMO with the help of DRMS-NOP will conduct a market research to see if there is a valid market for the property. If no market is found the property will be sent to U/D. In cases where a valid market is located, DRMS-NOP will submit supporting documentation to DRMS-NPC for review. If DRMS-NPC agrees with the supporting documentation, DRMS-NPC will initial off on the ENV review portion of the referral and the SCO will initial off on the PMS review portion. In cases were DRMS-NPC disagrees with selling of the property, DRMS-NPC will provide the SCO with the reason(s) why the property should not be sold. The SCO and the DRMO will work with DRMS-NPC to come to a final decision on whether the property can be sold or sent to U/D.</p> <p>The SCO will review the catalog prior to it being sent to the printer and web to ensure that all applicable articles and conditions are included in the catalog. When a Red list or special provisions item(s) is included in the catalog, a hard repro copy of the catalog will be forwarded to DRMS-NPC to review those items.</p> <p>After bid opening the SCO will provide DRMS-NPC will a copy of the apparent high bidder list (DRMS-NPC will pull a catalog from the web prior to bid opening date.)</p> <p>SCOs will examine all bids submitted for items being sold under the provisions of current DRMS policy regarding the sale of hazardous property. For each apparent high bidder the SCO will require a properly completed Statement of Intent (SOI).</p> <p>A DLA two-way Memorandum, a copy of the SOI, a DNSP Facility Maintenance Screen print out with the name and address of the facility, and any other available pertinent documents to assist in the ERD process, i.e., permits, inspection reports, regulatory contact/ telephone numbers, etc., will be forwarded to DRMS-NPC. NOTE: Each SOI submitted by the high responsive bidder will be examined for completeness and. where necessary, have the bidder provide additional information to make a determination as to the bidder's responsibility. The prospective purchaser is required to provide the 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, telephone number, address and nature of business of the principal destination/facility. The bidder must also provide, as applicable, the Transporter and Treatment, Storage, or Disposal Facility (TSDF) EPA permit and/or ID numbers and regulatory contacts and telephone numbers. For hazardous waste items, the bidder must provide the name and complete address of the destination facility; post office box addresses 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 telephone 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 responsible. However, if required, and if the bidder originally gave a 60 day bid acceptance period, request the prospective purchaser to extend his bid acceptance period.</p> <p>If the facility (ies) is determined to be environmentally responsible, <u>the SCO will be notified</u> and the property may be awarded. If the property is awarded, DRMS-NOP will fax and mail a copy of the DRMS form 1427 to the high bidder and will fax a copy of the DRMS form 1427 and a SOI(s) to the controlling DRMO.</p> <p><u>If the item being removed is listed in 49 CFR, part 172 shipping table regardless of weight, shipping papers will be required</u> Prior to removal, the DRMO will review shipping papers to ensure that the</p>
---------------------------	--

items for these categories by “each.” Many dealers and distributors handle products of a single manufacturer such as Clark, Caterpillar, etc. Lotting sale items by manufacturer will attract these specialized buyers.

c. 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 you in identifying an applicable Air Force and Navy aircraft.

d. 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 FSG/FSC Lotting Guide (see supplement 4).

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.

3. Conditions. Unused items, whenever possible, should be lotted by make or manufacturer. 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.

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.

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.

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 you determine lot size and select the method of sale.

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.

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.

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.

H. DOWNGRADING PROPERTY TO SCRAP.

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. The source document for the downgrade transaction is the Sales Placard or DRMS Form 222, Downgrade to Scrap Request (after 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.

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:

a. 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.

b. 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.

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 following Critical Federal Supply Classes and Groups: 10, 11,12, 13, 14, 1560,1670, 1710, 1720, 1810, 1820, 1830, 1840, 1905, 2305, 2330, 2350, 2840, 2845,2915, 3690, 4230, 4470,4921, 4923, 4925, 4927, 4931, 4933, 4935, 4960, 5810, 5811, 5821, 5825, 5826, 5840, 5841, 5845, 5850, 5855, 5860, 5865, 5963, 5985, 5998, 5999, 6615,6920, 6930, 6940, 8470, 8475. See DRMS-I 4160.14, Vol. II, Chapter 2, paragraph D for additional guidance.

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.

I. WITHDRAWAL FROM SALE.

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

a. For local/zone sales, DRMOs may approve withdrawal any time prior to award. After award, the DRMO will forward the request to DRMS-N/DRMS-I, as applicable. The DRMS-N/DRMS-I will review the request, prepare a recommendation and forward the package to DLSC-LC. (See paragraph H3a, this chapter.)

b. For national sale DRMS-N/DRMS-I is authorized to approve requests from the referral date until the property is awarded. After award, but before removal of property, DRMS-N/DRMS-I will forward the withdrawal request, as stated by paragraph H3a, this chapter, with recommendation for approval/disapproval to DLSC-LC.

- 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-N and DRMS-I as applicable for further review.
- 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.

- 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.

c. 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-N/DRMS-I approve the withdrawal from sale.

d. 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.

e. 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.

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

a. DRMO will promptly forward all withdrawal requests for items referred to DRMS-N/DRMS-I with the following information:

- (1) Property list number.
- (2) Item numbers.
- (3) Noun description and quantity.
- (4) Inventory value.
- (5) Physical location of property.
- (6) Name and address of activity requesting withdrawal.

(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.

b. DRMS-N/DRMS-I will take the following actions when an item is withdrawn from a catalog prior to printing:

(1) Obliterate the full description, quantity and unit of measure and insert the word "WITHDRAWN" beside the item number.

(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.

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

(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).

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

3. DLSC Approvals.

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

(1) IFB number and opening date.

(2) Item number(s).

(3) Noun description, NSN, quantity, acquisition cost and sales price of property requested to be withdrawn.

(4) DRMO requesting withdrawal and location of the property.

(5) Final removal date specified in the award.

(6) Name of activity requesting the property from the DRMO.

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

(8) Justification for the recommended approval or disapproval.

(9) Whether the property is still in the physical custody of the DRMO.

b. An exception to referral to DLSC 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.

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

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

(2) Mission impact statement from a support, procurement and funding standpoint, if the property is not withdrawn from sale.

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

J. DISPLAY.

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.

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.

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.

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 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.

K. SPECIAL HANDLING, LOADING AND OTHER SERVICES.

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 also. 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.

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

b. 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.

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

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

b. 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 purchaser's labor cost are only a fraction of DRMO cost or if it would be clearly advantageous for a purchaser to segregate property during the loading process.

c. 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 removed by water you must state wharfage charges and any additional loading charges that are applicable in the IFB Loading Table. 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".

L. PROPERTY STATUS IDENTIFICATION.

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.

M. MARKET RESEARCH.

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.

N. SALES PROMOTION.

1. Publicity.

a. 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.

b. 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.

c. Commerce Business Daily (CBD). When a proposed national competitive bid sales 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.

(1) Notices may be prepared for sales not meeting the above criteria and where further publicity is considered warranted.

(2) Omit the total acquisition cost.

(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.

(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. 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, if no more than two are involved.

d. News Release

(1) When you prepare a news release, list all the outstanding/noteworthy/important facts. Be sure WHO, WHAT, WHEN, WHERE and BENEFITS appear toward the top of the release. If desirable, add the HOW and then go into details of the story. Arrange news material in an inverted pyramid. Each succeeding paragraph should be less important (or no more important) than the one before. Then, any copy-desk "casualties" at the end of the story will be of little consequence. Use short sentences and short paragraphs. Use punctuation carefully and precisely. Put the full name, address and phone number of your activity at the top of the release.

(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. This gives 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 areas coverage, the best logical alternative is to submit a fact sheet. Keep at least two copies of all news releases. Never submit carbon copies.

(3) If you submit photographs with news releases, a glossy, black and white, 8 by 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.

(4) News releases may be mailed or delivered in person and should be distributed to all media at approximately the same time. They should be 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 your local newspapers and the staff of radio and television stations. It can be very helpful in promoting the surplus sales program.

e. 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.

f. 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.

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

h. 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.

i. 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.

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

k. 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.

2. Paid Advertising

a. 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-LM.

b. 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.

c. Review local/zone 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.

d. 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.

e. 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.

(1) DRMOs may use the Government Credit Card 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.

(2) For over \$2,500 or if use of a credit 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.

f. 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).

O. GENERAL SALES PROCEDURES.

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.

2. Referring Property for Sale.

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

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

c. 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.

d. Input the Accumulation Closing Date for each Accumulation Number.

3. Preparing Property for Sale.

a. 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.

b. 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 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.

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.

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

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.

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.

8. DEMIL Items.

a. 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-BD, 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-BD 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 661-4759.

b. 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.

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.

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

(1) udaz30 - Sale/Shipment (DTID).

(2) udaz31 - Sale/Shipment (Scrap).

(3) udaz32 - (IFB Item No.).

b. 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.

c. 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.

(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.

(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 allow you to add a BIN. Follow the screen prompts. Then press F9 to save the BIN.

(3) If you only have part of a bidder or company name, press SHIFT/F3 and enter the available information. For example, if you know the first 2 letters of the individual or company name, enter those 2 letters followed by an asterisk, e.g. SM*. This type of entry will pull a large number of records. You can narrow the search by adding additional information such as city, state or zip code. Press F4 to view all the records found in the search.

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

(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.

(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.

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.

11. Defective Items, Parts, and Components Containing Latent Defects.

a. Category 1 (CAT 1) defective property

(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.

(2) Does not meet commercial specifications.

(3) If used, would create a public health and/or safety concern; RTDS as usable property is prohibited
Must be mutilated by the generating activity, according to specific instructions provided by the item manager.

b. Category 2 (CAT 2) defective property

(1) Does not meet military/Federal Government specifications but may meet commercial specifications.

(2) Cannot be used for its intended military purpose and therefore, must not be redistributed within DoD, as directed by the Item manager.

(3) May be used for commercial purposes; and may be transferred, donated, or sold as usable property.

(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.

c. DRMO shall store CAT 1 and CAT 2 property in separate locations to prevent commingling with non-defective property

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

P. CUSTOMER SERVICE.

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: "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." When customers request pre-lot listings or itemized listings for narrative lots, provide them in a timely manner on a reimbursable basis. (See DRMS-I 4160.14 Volume VI, 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.

2. 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-N and take appropriate action for Local Sales.

3. Photographs.

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

b. Advise the requester whether photographs can be furnished. If you have photographic capability within your 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.

4. 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.

5. 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 DRMS-DDH. The following procedures will permit DRMO employees and customers to safely test items:

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

b. 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 your host/DRMS-DDH safety specialist.

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

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

6. Testing Vehicles. When vehicles are offered for sale, let customers attempt to start vehicles that can be safely started; however, vehicles may not 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.

7. Minute Samples. There are occasions when, to ensure the best sales returns, prospective purchasers may be allowed to examine items offered for sale more comprehensively than can be accomplished by a mere on-site inspection. In such cases, and at no expense to the Government, you may permit prospective purchasers to take samples of property such as chemicals, oil or other bulk materials for sale on other than an "each" basis. Sample quantity will be the minimum volume required to adequately determine the characteristics of the property. Whenever a sample is furnished, the DRMO must advise the prospective purchaser that the property is not being sold by sample. If a hazardous material sample is provided to a prospective buyer, a Material Safety Data Sheet (MSDS) must accompany the sample. If a sample of hazardous waste is provided, a waste profile sheet must be given to the prospective purchaser. DRMS-N must notify the prospective purchaser that the property must be handled according to applicable local, state and Federal laws.

8. List of Inspection Services, Common Carriers and Packing Concerns. 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.

a. 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.

b. The list will include the following paragraph: "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."