

CHAPTER 6 - CONDUCTING NATIONAL SALES

A. GENERAL

1. Competitive Bidding System. The integrity of the competitive bidding system must be maintained at all times. Subject all bids to the maximum safeguards upon receipt. Keep all bids received prior to the time fixed for opening of bids, secured, in a locked safe, and unopened until the time of bid opening.

2. Eligibility of Bidders

a. Do not give priority or special consideration to any bidder.

b. Where there is a question regarding eligibility, refer it to the SCO. If the SCO knows or suspects that the bidder is ineligible, then he will refer the matter to assigned counsel. If successful bidder, the SCO will withhold award or removal of property until eligibility is determined.

3. DRMS Form 1458, Bid and Deposit Register. Prepare DRMS Form 1458 for all sales except national auctions. For sealed bid and national spot bid sales, prepare DRMS Form 1458 in duplicate except that a triplicate copy may be prepared for posting at the public bid opening or at the sales site, as applicable, for those in attendance to read. If posted, an announcement should be made to that effect.

4. Bidders Master File (BMF)

a. The name of the bidder and, if different, the name of the signer and/or name of the person or firm of the account on which a check is drawn, must be checked against the Bidders Master File (BMF) (except when the bidder submitted a "no bid"). The BMF is a list of individuals and firms who:

(1) Have committed a security trade control violation.

(2) Are indebted to the Government from surplus sales contracts.

(3) Are "cleared" for Security Trade Control purposes to purchase MLI/CCLI property.

(4) Are listed in the Department of Commerce Table of Denial Orders.

(5) Are listed on the DoD Debarred and Suspended Actions.

(6) Are listed on the General Services Administration Consolidated List of Debarred, Suspended and Ineligible Contractors.

(7) Have on file with the NSO an approved annual bid bond.

b. In instances where debarment is questionable, (e.g., when name and address variations are involved), assigned counsel must be contacted for guidance.

5. Current Market Appraisals (CMAs). DRMOs establish CMAs prior to referring sale item to NSO or cataloging for local sale. Develop CMAs from information available from statistics based on past sales experience, current market prices and trends, degree of market saturation, and value of basic material content. Submit CMA with sales referral. Auctioneers will be provided with the CMAs; however, the final determination of acceptance or rejection of bids is the responsibility of the SCO.

B. CONDUCT OF NATIONAL SEALED BID SALES

1. Bid Pickup

a. A person designated by the SCO will be at the location specified in the IFB at which mailed bids are to be received (e.g., post office, post office substation pickup point, communication center), at the exact time of the bid opening; to receive any mail telegrams, facsimiles or messages. If there is any mail, telegrams or facsimiles containing bids or bid modifications, they are to be promptly delivered to the person conducting the bid opening or that person advised immediately when there are no bids or messages for that sale.

b. The person designated in writing by the Sales Chief as authorized to pick up mail or messages also becomes the designee of the SCO (or NSO employee conducting the sale) for that purpose.

c. The NSO employee conducting the sale will make an announcement at the beginning of the sale as follows:

“My official designee has been sent to pick up mail and telegrams that may be at our (post office, post office substation or pick-up point) at the exact time of this scheduled bid opening. Another official designee will deliver any facsimile and electronic mail bids or modifications that are received prior to the exact time of this scheduled bid opening. Any bids or modifications delivered will be opened and considered for award. They are not considered late.”

d. The announcement made at the beginning of the sale may be modified depending upon the facts. For example, if the SCO's designee has telephonically reported no bids, only such fact need be announced.

2. Registration of Bids

a. Assign all acceptable bids a bidder's registration number upon receipt. For bids received by facsimile, mailgram or electronic mail, make a check to determine if a bid deposit was (if applicable) either accompanied with the bid (credit card information/statement) or was received independently. If there is a bid deposit, it should be kept with the bid. If a bid deposit cannot be located contact legal council for advice. The bid (and bid deposit if applicable), should be placed in an envelope, DRMS Form 101, annotated with the bidder's registration number and placed with other mailed-in/hand-carried bids. If the facsimile machine becomes inoperable and cannot receive bids or modification, notify assigned counsel for appropriate guidance.

b. Time stamp and date all envelopes containing bids (including late bids) at the time of receipt. Sort bids by IFB number. Those envelopes that do not have a bidder's identification number will have the name and address screened against the Bidders Master File to determine if the bidder has a bidder's identification number. If he does, annotate that number on the envelope. If he does not, then assign an identification number. Number each bid (including late bids that are opened for consideration) in sequence, beginning with number 001 for each sale, in the order in which it is received. Conspicuously place the number assigned on the envelope containing the bid.

c. Unidentified bids may be opened solely for the purpose of identification and then only by the Sales Chief or his designee, who will be someone other than contracting personnel. Whenever mail that is opened contains a bid, deliver it immediately to the Sales Chief or his designee who will annotate the IFB number, name and address and bidder's identification number on the face of the envelope. Reseal the envelope, initial and mark "opened for identification." The bid will then be registered and handled in the normal manner. If a bid is opened by mistake, the person who opened the bid will immediately write his signature, title, date and time on the envelope and deliver it to the Sales Chief or his designee, who will immediately write on the envelope an explanation, "opened in error," the date and time opened, the IFB number and his signature, and reseal the envelope. Then handle the bid in the appropriate manner.

d. After the registration process, the bid envelope should have the identification number and IFB registration number clearly annotated.

3. Acceptable Late Bids

a. Bids received by the sales office after the exact time set for opening, are "late bids." Do not consider late bids for award except as authorized below.

(1) In the instance of sealed bid sales, if the bid submitted by mail was received by the Contracting Officer prior to award, was mailed and, in fact, delivered to the address specified in the invitation for opening of bids, and except for delay attributable to personnel of the sales office or their designees would have been received on time; or

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

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

b. If the SCO determines that the bid or modification is to be considered, then open the bid and record on DRMS Form 1458-1, Abstract of Bids. The reason for delay, time of arrival, and the initials of the SCO will be entered on DRMS Form 1458. Attach the postmarked envelope or a copy of the telegraphic modification securely to the sales office copy of DRMS Form 1427 if the bidder is successful or to the unsuccessful bid, if applicable.

4. Unacceptable Late Bids. Return unacceptable late bids and modifications to the bidder as promptly as possible. It need not be registered. File a copy of the envelope of each late bid returned unopened or a copy of each unacceptable late telegraphic modification, in the unsuccessful bid file with the file copy of a cover letter or DRMS Form 879, Notice to Bidders, that was sent with the returned bid or modification, stating why the bid could not be accepted. If necessary, in order to ascertain the bidder's name and address or any other information concerning the bid, the sales chief or his designee will open and initial the envelope. State the reason for opening the envelope on the envelope and in the letter or form to be sent to the bidder. Do not include late bids on DRMS Form 63, Supplementary Sale Information, block 3, "No. Bids Received."

5. Mishandling of Bids

a. A timely bid improperly returned to a bidder by the NSO may be considered if it is returned by the bidder and examination of it by a Postal Service Crime Laboratory confirms that the envelope has not been opened or tampered with. In any case of this nature, refer such a bid to the Postal Service so that an appropriate analysis of the envelope can be made. If the Postal Service evaluation confirms the bid has not been tampered with, consider the bid.

b. The SCO should take those actions necessary to identify the items on which high bids are involved in the returned bid (contact bidder if necessary) and withhold award on those items pending resolution of the matter.

6. Misidentified Mailed or Misrouted Bids. Process misidentified, mailed or misrouted bids as follows:

a. Immediately upon receipt of a misidentified, mailed or misrouted bid, the bid will be examined to determine the time and date of bid opening. The NSO/DRMOs receiving mailed or misrouted bids will consult the cognizant SCO prior to making the decisions and taking the actions specified in the paragraphs below.

b. If it is apparent that the bid can be remailed so as to reach the NSO by the time and date set for the bid opening, the bidder involved will be contacted and advised of the receipt of the bid. The bidder also will be advised of the various corrective actions that may be taken:

(1) The bid may be returned to the bidder, who may submit a new bid to the NSO.

(2) The bidder may attend the sale in person.

- (3) The bidder may designate a representative to bid on his behalf.
- (4) The bidder may resubmit a bid by facsimile means.
- (5) The bidder may request the bid be mailed directly to the correct sales office

In the event the bidder elects option (5) above, he will be advised that the bid may not reach the sales office in time to be considered a timely bid.

If it is likely that the bid cannot be re-mailed so as to reach the NSO by the time and date set for the bid opening, the bidder will be advised in order to afford him the opportunity to submit another bid either personally or by a representative—the representative authority to act for the bidder must exist at bid opening time but may be established by evidence submitted later.

If it is certain that time will not permit either the bidder or his designated representative to submit a timely bid, then the receiving office will read the bid to the SCO prior to bid opening. This telephonic notice will be deemed constructive delivery of the bid. The bid will then be mailed immediately to the NSO for its consideration. The original recipient of the bid will retain a photographic reproduction of the bid and prepare an MFR of the action taken as required in the paragraph below.

(1) An MFR will be prepared to indicate the SCO and the bidder was contacted. The MFR as a minimum, will contain the following data:

- (a) Time and date bid was released.
- (b) Time and date bidder was notified.
- (c) Time and date NSO was notified and identity of party notified.
- (d) Information indicated on bidder's envelope:

Sale No. _____ Time _____

Date _____ Postmarked _____

Address _____

In the event the office who originally received the bid cannot, with due diligence, telephonically communicate the bid to the NSO prior to bid opening time or a mismailed or misrouted bid indicates a bid opening date that has expired, a letter will be written to the bidder informing him of the date and time the bid was received and advising that the bid was received too late for consideration. The bidder will also be advised that future bids should be mailed to the SCO according to the sample envelope contained in the General Information and Instructions included in each IFB. The bid will be returned to the bidder with the letter. A copy of the letter will be furnished the NSO for information. DRMOs receiving mismailed or misrouted bids will contact the NSO for guidance.

7. Bidder's Modifications or Withdrawal of Bid

a. Prior to Bid Opening

(1) Prior to the time specified for bid receipt, a bidder may modify, withdraw or resubmit his bid. In case of a withdrawal, return the unopened envelope containing the bid to the bidder in person (upon gaining positive identification of the bidder) or by certified mail.

(2) Modification or withdrawal of a bid may be accomplished either in person, by letter, facsimile or telegraph. To be acceptable, a modification increasing a bid must meet bid deposit requirements (if applicable) and any other bid evaluation criteria.

(3) Consider a telegraphic modification or withdrawal of a bid received by telephone from the receiving telegraph office, no later than the exact time set for opening of bids, if such message is confirmed by the telegraph company by sending a copy of the telegram. Also consider a facsimile modification or withdrawal of a bid received prior to the time set for bid opening. Modification/withdrawal of bids received by either telegram (include a record of those telephoned by the telegraph company) or facsimile will be sealed in an envelope (DRMS Form 101) by a proper official of the sales office, who will complete all entries thereon, and secured in a controlled area until bid opening. Consider late telegraphic modifications only as authorized in paragraph B3. Do not disclose information contained in the modification/withdrawals prior to the bid opening. Do not accept telephonic modifications/withdrawals under any circumstances.

b. After Bid Opening. Bids may not be modified or withdrawn after the bid opening, except as provided for under Bid Mistakes procedures contained in Chapter 8. The SCO will not permit the withdrawal of any bid after the bid opening, however, modifications that make the terms of an otherwise successful bid more favorable to the Government will be considered and may be accepted at anytime prior to award.

8. Bid Opening

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

b. Notwithstanding that performance of the procedure in paragraph a above may be delegated to an assistant, the SCO remains fully responsible for the actions of that assistant.

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

d. Attach DRMS Form 63 to the Abstract of Bids and include as a minimum the information prescribed below.

(1) Number of prospective bidders solicited.

(2) Number of bids received.

(3) Number of awards made.

(4) Item number for which no award is made and the reason therefore.

(5) Item number and statement of reasons for any award to other than the highest bidder.

(6) Information regarding whether a bid is submitted subject to condition, reservation or qualification in any respect.

(7) The following certification "I certify that I have personally supervised the opening of the sealed bids and verified all entries on this abstract extracted from those bids", signed by the Sales Contracting Officer or Authorized Representative.

(8) The following certification "I have made the awards or rejected the bids as indicated on this abstract", signed by the Sales Contracting Officer.

e. File the DRMS Form 1458 duplicate copy in the IFB folder, and the original, with the successful bidder numbers circled, utilized by the cashier. When disposition of all deposits has been completed, the original will displace the duplicate copy in the IFB folder and will serve the following purposes: a reference document for administrative purposes; a control register for all contracts issued against the sale; and a control for filing, auditing and records retirement. The successful bidder's name and address should be rechecked for accuracy when circled. Where more than one number has been assigned, circle the lowest number, and the other numbers cross-referenced to it. Discard the duplicate copy of the bid and deposit register. When an abstract of bids is prepared manually, attach the completed original bid and deposit register (after disposition of all deposits have been completed), to it.

9. Processing of Bids

a. When processing bids, the SCO will not permit any notations to be made on original bids, other than the assigned bidder's registration number (taken from the bid envelope) transcribed to the upper right hand corner of the Bid and Award page.

b. When corrections to the bid are necessary because of incorrect completion of "Total Price Bid" column or incorrect computation of unit bid prices, make the correction on DRMS Form 62, Bid Variation, Alteration, Discrepancy, and attach to the original bid.

c. Bid Deposit Requirement. When a bidder has not met the bid deposit requirement, such bids normally will be considered as non-responsive, except under any of the following situations:

(1) The bid deposit is less than the required amount by an inconsequential amount and the rejection of the bid would not be in the best interest of the Government.

(2) Only one bid has been received and it is considered to be adequate and the bidder agrees to submit the required deposit.

(3) A bidder who submits a bid deposit that is insufficient to cover all of the items for which he is in line for award, should be awarded those items for which the bid deposit would have been adequate had only those items been bid upon. The SCO must ensure such a partial award is not inconsistent with either the bid as submitted by the bidder, or the terms and conditions of the invitation, such as an all-or-none bid qualification. In determining which items should be awarded, the greatest possible return to the Government is the prime factor.

d. Ineligible Status. Do not make awards to the individuals or firms listed on the Bidders Master File Extract (BMF) as debarred, suspended, or TSC debarred, unless exception has been authorized or prior approval for the award has been obtained from assigned counsel. When a high bidder is on the BMF as a result of undergoing bankruptcy proceedings or for any other reason, and the SCO believes it is in the best interest of the Government to make an award to the high bidder, forward the following to assigned counsel:

(1) The high bid and second high bid.

(2) Expiration date for acceptance of bids and whether that date may be extended.

(3) Desirability or necessity for acceptance of bid.

(4) Recommended action.

e. Responsive Bids

(1) To be considered as responsive, bids must conform to the provisions of the Invitation of Bids. For example, bids must be based upon the unit specified for the item(s) and must cover the total number of units designated for that item; must be signed by the bidder (except as provided for in subparagraph B9e(3) below);

and where bid deposits are required, the bid deposit must be in the form acceptable to the Government, in at least the required amount.

(2) **Minor Informalities or Irregularities.** Minor informalities or irregularities do not render a bid non-responsive. A minor informality or irregularity is one that is merely a matter of form or is some immaterial variation from the exact requirements of the Invitation for Bid; not affecting the price, quality, quantity or delivery of the property. Correction or waiver must not be prejudicial to the rights of other bidders. The SCO will either give the bidder an opportunity to cure any such deficiency resulting from a minor informality or irregularity in a bid, or waive any such deficiency where it is to the advantage of the Government.

(3) **Unsigned Bids.** In order for a written bid to be binding upon the bidder, it must be signed by the bidder or his authorized representative. This signature will appear in the space provided. However, if the signature of the bidder or his authorized representative appears elsewhere, for example, on an acceptable check or in a letter of transmittal accompanying the bid indicating an intention to submit the bid, failure to sign in the space provided may be treated as a minor irregularity and be waived. Do not consider unsigned bids, except to the extent stated in this paragraph. Where a doubt exists as to the responsiveness of a bid, contact assigned counsel for guidance.

(4) **End-Use Certificate (EUC).** Failure to submit a completed EUC with a bid does not make the bid non-responsive. However, a completed EUC must be in the possession of and be examined by the SCO prior to making award.

f. **Non-responsive Bids.** Bids that fail to conform to the essential requirements of an Invitation for Bids are considered non-responsive. Generally, bids deviating from the provisions of the Invitation for Bids which affect either the price, quality, quantity or delivery of the property offered for sale are non-responsive. Reject such bids.

(1) As a general rule, a bid must be submitted on the basis of the unit specified in order to be considered for award. For example, if bids are solicited on a "pound" basis, bids submitted on a "cash" basis normally require rejection. However, a bid submitted on a "price for the lot" basis may be considered for property offered by the "pound" or "each" if the quantity available for delivery is within the permissible variation and the "lot" bid is higher than the total price which the Government would receive, assuming the maximum permissible quantity is available for delivery. (Example: Offered 14,000 pounds, Bidder 1 bids \$.03 per pound. Bidder 2 bids \$800 for the lot. The maximum deliverable is 17,500 pounds. The maximum proceeds from Bidder 1 is \$525 (\$.03 per pound x 17,500 pounds). Thus an award of \$800 for the "lot" would not adversely affect the integrity of the competitive bidding system and is acceptable). When a bid is received where application of the concept may be possible, obtain guidance from assigned counsel prior to award.

(2) Some deviations from the provisions of the IFB and other factors that may render a bid non-responsive are:

- (a) Type or method of payment.
- (b) Unit.
- (c) Offer subject to change.
- (d) Quantity of an item.
- (e) Qualifications limiting the rights of Government.
- (f) Unsigned bids (exceptions noted in paragraph B9e(3)).
- (g) Failure to submit proper bid deposits as and where required.

10. **Deposit and Performance Bonds.** The name and address on an SF 114, Bid and Award, of a high bidder whose bid cites an SF 151, Deposit Bond—Annual, in support of a company/personal check will be checked for

any deviation from that listed on the DRMS Approved Annual Bid Deposit Bond List. Any deviation should be discussed with assigned counsel for advice. In some circumstances, the deviation may be considered a minor informality and the surety permitted to clarify its obligation. In such event a certification substantially as follows would be acceptable:

“This is to certify the (Surety Co.) and (Name and Address of Principal exactly as specified on the bond) intended and so agreed on (date of bond) that bids of (exact name and address of bidder entered on the bid) were to be within the scope of Bond No. SF _____ and that (Surety Co.) would be fully liable under the terms of said bond for such bids.”

Execution Date

Signature of Attorney-in-Fact

b. This certification must be signed by an attorney-in-fact for the surety and must be accompanied by an appropriately dated certified copy of his power of attorney. Such a certificate, upon receipt and when obtained with the approval of assigned counsel, permits the application of the cited annual bid bond to the bid on the specific sale. In the event the principal wished to continue so bidding, he should take steps to amend the annual bid bond.

c. Sales offices will secure confirmation from the NSO prior to rejection of any high bid that is in line for award citing an SF 151 that is not on record at the sales office or listed on the Bidders Master File Extract.

d. Prior to approving an SF 150 Deposit Bond - Individual Invitation, sales offices will determine from the current Department of the Treasury Circular 570 Surety Companies Acceptable on Federal Bonds, if the surety(ies) listed on the bonds are acceptable surety on Federal bonds. If a surety listed on a bond is not shown in the circular as an acceptable surety, contact assigned counsel. (See Supplement 4 for samples of a properly executed SF 150 showing a corporate and partnership principal). (See Supplement 4 also for a checklist for Certifications of Power of Attorney accompanying SF 150.) The samples and checklist contained in Supplement 4 should be used as guides when approving these bonds. If there are any significant deviations on the bonds submitted to those in the sample, or any questions concerning the Power of Attorney, assigned counsel should be contacted for guidance.

e. When the **“Performance Bond”** condition of sale applies to an item, the SF 25 Performance Bond, or copy is to be retained in the contract file. If the surety requests the bond be returned after a contract has been fully performed, the SCO should prepare a copy of the bond and retain as evidence that the contractual requirements relative to the bond have been completed. Do not return the bond prior to full completion of the contract.

f. When a certified or cashier’s check, bank draft, post office money order or currency is furnished with a SF 25, in lieu of a designated acceptable surety company, enter the amount and type of deposit in the space designated “SURETY(IES),” and deposit the money to the Budget Clearing Account (Suspense) 97F6875. SF 25 should, in any event, be executed by the contractor as principal, and the form retained in the contract file. When the obligations of the bond have ceased, the SCO will refund the amount to the contractor.

C. NATIONAL AUCTION AND SPOT BID PROCEDURES

1. Bidder Registration

a. Bidders will register on DRMS Form 1581. Bidders are required to provide appropriate identification. Bidders registering as an agent for another must also furnish evidence of the agency. All bidders will be checked against the BMF. Bidders will not be allowed to register more than one time per sale under the same name. Any bidder attempting to register, whose name appears as “INDEBTED” on the BMF, will not be registered but will be reported promptly to DFAS-CO to determine status of the indebtedness. DFAS-CO will refer to DRMS-G for guidance when necessary. Should the bidder pay the debt in total (principal and interest) he should be allowed to register to bid. Any bidder attempting to register, whose name appears as “DEBARRED” on the BMF, will not be registered and will be denied access to the facility. If the customer

questions the debarment, then the assigned counsel must be contacted for verification. Post the following at the sale site:

BIDDER IDENTIFICATION

Bidders will be required to provide identification prior to participating in this sale. Successful bidders will be required to positively identify themselves at the time of payment.

b. A Bidder Registration Number (the paddle number for auctions) becomes part of the contract number if award is made. Thus, registration will be in sequence starting with 001 on the DRMS Form 1427. Throughout the course of the sale, receive bids and make awards made by registration number rather than by bidders' names.

c. DRMS Form 1581 may be preprinted with static information, e.g., entries to indicate that the Bidders Master File Extract (BMF) has been checked, date of sale, IFB Number and entries to indicate the deposit (partial payment) made the day of the sale. The deposits made may be entered in block 12B on DRMS Form 1427. Instead of writing the bidder's name (or name of firm), address, area code and telephone number on DRMS Form 1581, the bidder's personal calling card or business card may be stapled thereto at time of registration; however, the form must be signed by the registrant. DRMS Form 1581 may be used for the source document for input to DNSP, including deposit information.

2. Withdrawals from Sale. In the event there are numerous changes to a given sale, the SCO should consider issuing an amendment to preclude the need to obtain waivers. When amendments of the terms or conditions of an IFB are necessary, the amendments normally will be distributed at the time of bidder registration. When amendments of item descriptions in IFBs are necessary, if time permits, the amendments will be distributed at the time of bidder registration, or if time does not permit the amendments to be printed, item(s) will be withdrawn by oral announcement. In order to eliminate the necessity of having the bidder sign both the DRMS Form 1581 and the amendment, the NSO will have rubber stamps that state "with Amendment No. 1" and "with Amendments Nos. 1 and 2" in their possession. The applicable stamp will be used on the bidder registration in the block entitled "Invitation No." If the stamp is used, the bidder need sign only the registration form. By so doing, the bidders are also acknowledging the amendment. The following changes may be made by announcement in offering items advertised provided a DRMS Form 65, annotated with the reason for its execution (e.g., reduced quantity or change in unit of measure), is signed prior to announcement of the award of each IFB line item concerned.

- a. Correct quantities (reduced quantities only) when advertised with a unit of measure other than LOT.
- b. Correct quantities or weights (reduced only) in descriptions with unit of measure by the LOT.

3. National Spot Bid Sales. Keep all mailed-in and hand-carried bids for national spot bid sales secured in a controlled area and hold unopened until the day before the sale. On the last working day before the sale, the bids may be opened by contracting personnel in a closed bid room and applicable entries made on DRMS Form 1458, including bid deposit information. DRMS Form 1458 will show the assigned bidder registration number. Write the bidder's registered number on each applicable SF 114F submitted by the bidder. Determine eligibility of late mailed-in bids for consideration according to the late bids condition of sale in the IFB.

4. Announcement for Conduct of Sale. Start each sale with an announcement concerning the conduct of sale. Offer all items item by item, in the sequence in which they appear in the sales catalog.

5. Modified Pre-Sale Record. As each item is awarded, the recorder will post to the Modified Pre-sale Records the registration number of the successful bidder and the price accepted by the Government. Manually or mechanically prepared DRMS Forms 1427 will be used to document the contract and for computing the total awards to the successful bidders. If requested by the successful bidder, furnish information as to awards prior to his/her departure from the sale. Mail notice of award of contract or otherwise furnish to the purchaser as soon as practicable after the sale.

6. "No Bid" or "Rejected Bid" Items. In the event time permits, "no bid" or "rejected bid" (passed) items may be re-offered during the progress of the sale and may again be re-offered before the close of the sale, when deemed advisable and specific announcement is made to that effect at the time the item is passed.

7. Modified Pre-Sale Records. Use modified pre-sale records for sales auctions and may be placed in a separate file after the award documents and the List of Successful Bidders (LSBs) are prepared. The cards may be disposed of after completion of contract administration for any given sale (in no case later than the completion of DRMS Form 714 by the SCO).

a. The modified pre-sale records will be either preprinted or rubber-stamped with the following information:

BIDDER NO. _____

UNIT PRICE _____

TOTAL PRICE _____

b. For items not awarded the following will be recorded, as appropriate, on each card.

(1) For items withdrawn record one of the following, and an appropriate remark such as "Misdescribed" or "Government Utilization":

(a) WITHDRAWN - As noted in IFB.

(b) WITHDRAWN - By written announcement.

(c) WITHDRAWN - By oral announcement.

(2) NO BID (Use when no responsive bid is received).

(3) REJECTED (Use when responsive high bid is "rejected because of insufficient bid price," and record the "high amount bid".)

(4) PASSED (Use when items are not awarded for any reason other than shown above, such as suspected collusion or sales management purpose.)

D. NEGOTIATED SALE

1. General

a. Conditions under which a SCO may negotiate sales of surplus personal property are set forth in DoD 4160.21-M, Chapter 7, paragraph F.

b. SCOs will request approval from the Forward Support Team/NSO Sales Branch Chief prior to entering into negotiations for the sale of surplus property whose fair market value per line item is between \$1,000 and \$5,000. The request will contain sufficient information for the Forward Support Team/NSO Sales Branch Chief to decide whether or not sale negotiation is in the best interest of the Government and in accordance with the conditions set forth in DoD 4160.21-M, Chapter 7, paragraph F2. If the fair market value per line item is between \$5,000 and \$15,000, approval must be obtained from the Chief of the NSO or his designee.

c. When the fair market value of a sales line item exceeds \$15,000, forward the following information through the NSO to DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC)-MMSC for approval prior to conducting the negotiations:

(1) Description of property (including quantity and condition).

(2) Use of property (indicate how the Government used the property).

(3) Location.

(4) Reported excess by (name of agency and date).

(5) Excess and donation screening (show the extent of screening and results).

(6) Acquisition cost and date (if not known, estimate and so indicate).

(7) Income (all income known to the holding agency, if any, received by the Government for use of the property).

(8) Estimated fair market value (including date of estimate and name of estimator).

(9) Proposed disposal price.

(10) Proposed purchaser (name and address).

(11) Intended use (state how the proposed purchaser intends to use the property).

(12) Justification (a narrative statement containing complete justification for the proposed sale and other pertinent facts involved in the Government's decision to sell by negotiation).

d. If market impact clearance is predicated upon sale by negotiation only, that information will be passed to the appropriate reporting office.

e. Explanatory statement for negotiated sale.

(1) For sales over \$5,000, one copy of the explanatory statement (see paragraph D1c), will be forwarded to DRMS-LM.

(2) All other negotiated sales will be supported by a brief summary containing pertinent information justifying the use of this method of sale for the contract file.

f. When an emergency situation requires immediate disposition of surplus property, request for authority to enter into immediate negotiations may be transmitted by electronic means.

g. Do not divide property into separate sales to circumvent approval channels or dollar limitations. The anticipated sales value of each item of property included in an offering is the deciding factor for determining the approval and applicable authority under which the negotiated contract is to be consummated. The written request for approval will contain sufficient information to justify that negotiation of the identified property would be in the best interest of the Government. The written request will be initiated by the NSO except in cases where negotiations with purchasers who have been defaulted and terminated on competitive bid sales, then the written request will be initiated by the SCO. When the written request is initiated by the chief, it will be endorsed by the SCO with "Sale by negotiations authorized pursuant to (cite forwarded to the Sales Chief for approval or disapproval). If approved, the SCO will consummate the negotiation except that if a written "Request for Quotations" is required, it will be prepared by merchandising. Generally, "Request for Quotations" is used when soliciting offers for a large number of items; however, in most cases, oral quotations may be solicited to expedite the sale and ultimate removal of the property.

h. Prepare the DRMS Form 1458, in original only, for negotiated sales, to record "Bidder No." and "Bidder Name and Address" for each offeror who responds to the solicitation (oral or written). The other columns on the register need not be completed. The register will be filed with DRMS Form 1458-1, Abstract of Bids, in the contractor IFB folder.

i. When the sale is to be negotiated, submit proposals by the prospective buyers to the SCO by letter or upon such form as may be provided by the SCO. Public opening is not required, but keep all proposals secure in a safe or locked cabinet and open at the same time in order to preserve the integrity of the sale. In no event

will prices offered or the relative standing of prospective buyers be released prior to award. Such information will be considered FOR OFFICIAL USE ONLY until the contract is executed. Telegraphic/facsimile proposals may be considered. Proposals submitted in connection with a negotiated sale may be withdrawn at any time before acceptance by the Government. Prepare and maintain DRMS Form 1458 as provided for in paragraph B8 to this chapter.

j. Solicitations of quotations in writing or orally should be made to a reasonable number of prospective buyers to ensure adequate public notice and competition (except in certain circumstances such as negotiations with purchasers who have been defaulted and terminated on competitive bid sales contracts). The SCO must conduct further negotiations with all who submitted quotations or offers if the highest offer received from the initial solicitation does not represent a fair price for the property, all factors considered. The amount of the highest offer received may be revealed on the re-solicitations.

k. Public bid openings will not be held and individual prices offered, or the relative standing or prospective buyers will not be released during negotiations or prior to award.

l. Prior to award, the sales chief's approval is required on DRMS Form 63, Supplementary Sale Information. Prepare DRMS Form 1458 and DRMS 1458-1 for each negotiated sale.

m. Complete SF 114E as follows:

NOTE: For IFBs consisting entirely of FEPP, substitute the statement, "The property listed here has been determined to be foreign excess personal property as defined by the Federal Property and Administrative Services Act of 1949, as amended".

(1) For negotiated term contracts write: '-TERM" following NEGOTIATED SALES CONTACT in upper left block.

(2) In the upper portion of the form, insert reference to DRMS Form 84; for one-time contract, insert (in second space provided) the number of days to be allowed for removal after the date of notice of award; for a term contract, insert (in second space provided) a double asterisk and immediately below, insert a double asterisk and "For duration, see below." Do not make entries in the first space provided in subparagraph (2) of the form.

(3) Complete the columns for item, property description, etc. If additional space is required for property description, quantity, unit price and amount, use SF114B as page 2 and change "IFB number" to "contract number". Entries will vary depending on the property being offered, terms of sale, and the unit in which the property is offered. If SF 114B is used and space permits, General Information and Instructions, Conditions of Sale, may be added. If SF 114B is not used for supplemental page(s), no form is required.

(4) It does not matter if the purchaser does not complete the PURCHASER REPRESENTS section of any of the three blocks immediately below, but the signature and title of person authorized to sign the contract must be shown in appropriate block of the EXECUTION BY PURCHASER section.

(5) Complete the EXECUTION BY GOVERNMENT section.

n. If any general information and instructions or additional special conditions are required, prepare on supplemental page(s). Special conditions may be shown on the same page as the General Information and Instructions, space permitting.

o. The contract (originals and one copy with an SBR pamphlet) should be forwarded to the offeror for signature by letter of transmittal with the date specified (normally not more than 10 days) for returning the signed (original) contract, advising the offeror to retain the copy of the contract pending receipt of a Notice of Award signed by the SCO and advising if a deposit or payment should be forwarded with the signed contract. According to DoD 4160.21-M, Chapter 7, paragraph F, when sales are made to state and local governments, for payment of property prior to removal will be waived; however, payment prior to removal may be made if desired. Billings to state and local governments received within that period, a written or oral follow-up should be made;

however, interest charges will be assessed. If a deposit or payment is required, it must be received prior to execution of the contract by the Government (signing of DRMS Form 1427 by the SCO).

p. In executing DRMS Form 1427, in addition to showing the final removal date also indicate the loading hours and loading specifications as shown in the original contract (use of loading legends are not required).

q. In reference to the distribution prescribed in chapter 6, the copy of the contract (SF 114E, Negotiated Sales Contract) furnished to the DRMO will have a signed copy of DRMS Form 1427 attached. Furnish the purchaser necessary copies of DRMS Form 1427 (without a copy of contract, SF 114E). Furnish a copy of the contract, SF 114E (without a DRMS Form 1427 attached) to the NSO and to sales, each copy annotated in the "Execution by Government" block to indicate the date of award as shown on DRMS Form 1427. The original contract (SF 114E), a copy of DRMS Form 1427, and other pertinent documents on oral or written quotations, written approvals required, and documents covering justification for the negotiated sale, will be retained in the contract file.

2. Negotiated Sale to State and Local Governments

a. Acknowledge requests from state or local governments, hereinafter referred to as "want lists", and advise the prospective purchaser if the property is available. If not, retain the list on file for 60 days for future action should the property become available. In the event property does not become available, consider the request canceled. The acknowledgment letter also advises the prospective purchaser of restrictions imposed on negotiated sales, e.g., contracts for surplus property having a fair market value in excess of \$15,000 must have approval from higher authority. In addition, the letter acknowledging receipt of the list may be used, where appropriate, to request more information such as a more specific description of property desired, minimum acceptable condition of property, geographical area(s) within which the requester will be willing to inspect and purchase property and the name, title, address and telephone number of the requester's representative who would be authorized to negotiate contracts. The initial letter will advise the requesting agency to restrict all future lists to one type of property having a minimum fair market value of \$25.

b. Do not withdraw property listed on invitation for bids and already offered to the general public at the time a want list is received, for negotiation purposes under these procedures.

c. The NSO will maintain want lists in a manner that will assure adequate review of requirements against property reported to the sales office for disposition. Also, maintain other pertinent data as appropriate. A suggested method for accomplishing this is the establishment of a register-type file that indicates the following:

- (1) Date of receipt of list.
- (2) Type of property required.
- (3) Date list will be purged if no matches are made.
- (4) Minimum acceptable condition of property.
- (5) Dates of screening against property reported for sale.
- (6) Dates of referral of property to the requesting agency.
- (7) Inspection of items by the requesting agency.
- (8) Contract(s) consummated.
- (9) Date of completion of action on want list.

d. When an item on a want list is available or becomes available for sale, the interested state or local government will be contacted by the sales office and advised as to:

- (1) Complete description of item.
- (2) Condition, e.g., good, usable without repairs; fair, repairable; poor, extensive repairs required.
- (3) Location of item and full information concerning inspection.
- (4) The estimated fair market value, when only one state or local government is involved.
- (5) Date, not to exceed 15 days from date or advice of availability, by which the state or local government must indicate its interest in purchasing property.

e. Negotiated sales of surplus personal property to state and local governments are subject to:

(1) Obtaining such completion as is feasible under the circumstances. When the want list indicates that two or more entities desire to purchase the same property, competition is considered to be feasible and quotations should be obtained from each unit. When only one entity has indicated an interest in negotiating, competition is not necessary.

(2) Obtaining fair market value and other satisfactory terms of disposal. In estimating fair market value, the SCO should determine the prices paid for the particular item in similar condition from recent sales conducted on a competitive basis by the NSO. Further exterminations of fair market value may also be obtained from other sales offices, DRMS or local commercial sources. If no record of previous sale is available, fair market value should be established by means of appropriate market research.

(3) Completing satisfactory arrangements with the state or local government regarding payment and removal of property.

E. CONDUCT SPECIALIZED SALES OF DEFENSE ITEM WITH DEMILITARIZATION WAIVED.

Items requiring demilitarization which are determined to have substantial commercial value may be sold without demilitarization to legitimate and authorized individuals or firms after receiving approval from the Office of the Under Secretary of Defense for Acquisition and Technology. These specialized sales must comply with the guidance below:

1. The following criteria must be complied with in order to offer items normally requiring DEMIL for sale to authorized individuals/firms without DEMIL being required:

a. Items must first undergo screening according to established regulatory requirements.

b. Federal Stock Groups 10, 11, 13 and 14 (except Federal Stock Class 1450), either as an item or as a component of another end item, are not eligible for these specialized sales. Aircraft, space vehicles and combatant ships are also not included in this special sales method.

c. Each item must have substantial commercial value. Small quantities of small items of lotted property will not qualify. However, large quantities of lotted property can qualify provided it is separated by specific manufacturer.

d. Item(s) will only be offered on a national sealed bid sales.

e. Sales of property located in OCONUS will be under the provision that the successful bidder must return the property to the United States.

f. To qualify for an award for this type of property without having to perform DEMIL, individuals or firms must be able to:

(1) Submit proof of a current/valid Department of State registration as a U.S. company or U.S. person involved in the manufacture or supply of defense articles or services; and

(2) Submit complete End-Use Certificate that is acceptable by the appropriate DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) Trade Security Control Resident Office; and

(3) Agree that any resale or redistribution of the property will be restricted to Department of State approved U.S. companies or U.S. persons, agencies of the Federal Government or approved Foreign Governments and to submit a newly executed End-Use Certificate for each subsequent recipient of the property for approval prior to transferring the property; and

(4) Submit proof of a current/valid Department of State export license if the item is intended to be exported.

(5) Agree to allow periodic on-site inspection of the property at the purchaser's facility by the Government.

(6) Submit a minimum bid equal to or greater than 10 percent of the total acquisition value of the property.

g. Prior approval to initiate this method of sale and award items under these specialized conditions must be granted from the Office of Deputy under Secretary of Defense for Acquisition and Technology (ODUSD). In either case, the request will be forwarded through DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) MMLC to ODUSD by DRMS-LM. Information copies will also be provided to DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) GC and DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) CAAS-C.

2. Request to process an MLI/CCLI item under this sales concept can be initiated by:

- a. Individual/firm inquiries.
- b. DRMS/DRMO.

3. All requests for approval to sell an item by this specialized sale method must be in writing and must include the following: **Any information not provided as specified below will be cause for DRMS-LM to reject this request and return it to the DRMO without further action.**

- a. Noun, manufacturer and part number (if available) of the item.
- b. NSN.
- c. Quantity.
- d. Total acquisition cost of the item.
- e. Potential customer's name, address and telephone number.
- f. Potential customer's intended use.

g. Potential customer's awareness of the mandated requirements (see paragraph 1f), in order to be considered for award.

4. The above request will be processed as follows:

a. DRMO will transmit their written request by facsimile to DRMS-LM for approval/denial.

b. DRMS-LM will review the request and if approved, provide the appropriate concurrence on the request and forward it to DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) MMLC. If the request is denied, the rationale for the denial will be annotated on the request and transmitted by facsimile back to the DRMO.

c. DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) MMLC will review the request and if approved, provide the appropriate coordination and forward it to ODUSD for final approval/denial. If DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) MMLC denies the request, the rationale for the denial will be annotated on the request and transmitted by facsimile back to the DRMO with an information copy provided to DRMS-LM.

d. ODUSD will provide written approval/denial to DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) MMLC. If the request is denied, rationale for the denial will be clearly stated.

e. DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) MMLC will transmit by facsimile the ODUSD approval/denial to the DRMO with an information copy provided to DRMS-LM.

NOTE: Property will not be referred to the NSO under this sales concept unless the DRMO has received prior written approval from ODUSD. A copy of the approval letter from ODUSD, must be submitted with the transmittal.

5. The property description will include the manufacture and part number of each item. Under each description the conditions of sale will be listed as follows:

a. The following articles apply in all cases:

PART 2-3: Bid Acceptance.

PART 5-I: Military Munitions List Items (MLI).

PART 5-J: Commerce Control List Item (CCLI).

PART 5-K: Munitions and Commerce List Items (MLI/CCLI) Compliance.

THE END-USE CERTIFICATE ON PAGES____ AND____ MUST BE COMPLETED AND
SUBMITTED WITH BIDS IN ORDER FOR THE BID TO BE CONSIDERED FOR AWARD.

b. When demilitarization is required on Government premises, include, at a minimum, the following articles. Other appropriate articles should be added as required.

The following articles apply if the purchaser intends to demilitarize the property:

PART 5-D: Liability and Insurance or PART 8-J (if FEPP).

PART 5-B: Convict Labor.

PART 5-C: Contract Work Hours and Safety Standards Act-Overtime Compensations

(CONUS ONLY)

PART 6-A: Demilitarization or Mutilation on Government Premises.

PART 6-C: Failure to Demilitarize or Mutilate.

PART 6-D: Changes in Contract Requirements.

ARTICLE : Performance Bond.

ARTICLE : Demilitarization (Include special demilitarization instructions and surveillance plan with the referral).

c. When demilitarization is required off Government premises include, at a minimum, the following articles. Other appropriate articles should be added as required.

The following articles apply if the Purchaser intends to demilitarize the property:

PART 6-B: Demilitarization or Mutilation on other than Government Premises.

PART 6-C: Failure to Demilitarize or Mutilate.

PART 6-D: Changes in Contract Requirements.

PART 6-G: Government May Enter Premises.

ARTICLE : Inspection of Contract Performance.

ARTICLE : Evaluation of Bids for Demilitarization on Other than Government Premises.

ARTICLE : Demilitarization Timeframe for Property off Government Premises.

ARTICLE : Failure to Complete Demilitarization by the Time Specified.

ARTICLE : Demilitarization (Include special demilitarization instructions and surveillance plan with the referral).

PART 8-A: Taxes and Duties. (FEPP ONLY)

PART 8-B: Importation Restrictions. (FEPP ONLY)

PART 8-C: Compliance with Laws, Restrictions, Limitations, and Obtaining of Licenses, etc.
(FEPP ONLY)

PART 8-D: Government as Shipper. (FEPP ONLY)

PART 8-E: Representation of Non-collusion. (FEPP ONLY)

PART 8-F: Import Certificate and Delivery Verification. (FEPP ONLY)

PART 8-G: Disposition and Use of Property. (FEPP ONLY)

d. The following articles and conditions must be in any Invitation for Bid offering property normally requiring demilitarization with the provision that demilitarization may be waived:

ARTICLE : Qualifications Necessary to Qualify for an Award of Property with Demilitarization Being Waived.

ARTICLE : Compliance of Special Sale Requirements Certification.

ARTICLE : Inspection of Purchasers Facility and Records

ARTICLE : Resale or Redistribution Actions.

ARTICLE : Return of Property. (FEPP ONLY)

ARTICLE : Exemption to Demilitarization. (FEPP ONLY)

ARTICLE : End-Use Certificate

PART 8-A: Taxes and Duties. (FEPP ONLY)

PART 8-B: Importation Restrictions. (FEPP ONLY)

PART 8-C: Compliance with Laws, Restrictions, Limitations Obtaining of Licenses, etc.

PART 8-F: Import Certificate and Delivery Verification. (FEPP ONLY)

PART 8-G: Disposition and Use of Property. (FEPP ONLY)

**THE CERTIFICATION STATEMENT ON PAGE MUST BE COMPLETED BY THE
BIDDER AND SUBMITTED WITH THE BID IN ORDER FOR AN OFFER WITHOUT
DEMILITARIZATION TO BE CONSIDERED FOR AWARD.**

THE MINIMUM ACCEPTABLE BID PRICE FOR PROPERTY BEING WAIVED IS

**\$ _____ . (DRMO's will place the dollar amount at 10% of the total acquisition value for
property being offered under this option)**

e. In addition to the articles and conditions set forth in paragraph 5d, this chapter, the following provision must be inserted in the General Information and Instructions in any IFB offering property normally requiring demilitarization with the provision that demilitarization may be waived:

Bidding on Items _____ May Be Based on Either Performing Demilitarization or
Having the Demilitarization Requirement Waived.

Bids may be submitted on this property either with demilitarization being accomplished as a condition of sale or with the demilitarization requirements being waived. Bidders may also submit one bid with demilitarization being accomplished as specified in the condition of sale and another bid with the demilitarization requirements being waived. However, prior to awarding a contract where demilitarization requirements are waived, the Sales Contracting Officer (SCO) or his authorized representative must affirmatively determine that the potential purchaser possesses the necessary qualifications to meet the requirements set forth in this Invitation for Bid, which allow for the sale of this property to be made without demilitarization being performed.

6. All requests for approval to award a item by this specialized sale method must be in writing and must include the following:

- a. Copy of the item description from the Invitation for Bids.
- b. Copy of the high bidder's bid and award pages.
- c. Copy of the high bidder's End-Use Certificate.
- d. High bidder's Department of State Registration number and date of registration.

e. Copy of the high bidder's Department of State export license if their End-Use Certificate indicates an intent to export.

7. The request will be processed as follows:

a. DRMS-LM (Sales Contracting Officer) will transmit by facsimile their written request to DLSC-LC for approval/denial.

b. DLSC-LC will review the request and if approved, provide the appropriate coordination and forward to ODUSD for final approval/denial. If DLSC-LC denies the request, rationale for the denial will be annotated on the request and be transmitted by facsimile back to the SCO.

c. ODUSD will provide written approval/denial to DLSC-LC. If the request is denied, the rationale for the denial will be clearly annotated.

d. DLSC-LC will transmit by facsimile the ODUSD approval/denial to the SCO for processing. If the request is denied, the SCO will deem the high bidder nonresponsible and then may consider award to the second high bidder, with price and other factors being taken into consideration.

8. Copies of all documents related to this special sale method will be made a part of the official contract file.

9. The following are full text copies of the unique Articles and Conditions set forth in Paragraph 5 which must be in any Invitation for Bid offering property normally requiring demilitarization with the provision that demilitarization may be waived:

**QUALIFICATIONS AND CONDITIONS NECESSARY TO QUALIFY FOR AN
AWARD OF PROPERTY WITH DEMILITARIZATION BEING WAIVED**

To qualify for an award of property with the demilitarization requirements being waived, a bidder must:

a. Submit with the bid proof that the bidder possesses a Department of State registration as a U.S. company or U.S. person (as defined in 22 Code of Federal Regulations, 120.23) involved in the manufacture or supply of defense articles or services.

b. Submit with the bid a complete End-Use Certificate that is acceptable to the appropriate DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) Trade Security Control Resident Office, as provided elsewhere herein.

c. Submit with the bid proof of a valid Department of State export license if the item is intended to be exported, as provided elsewhere herein.

d. Submit with the bid a complete “**COMPLIANCE OF SPECIAL SALE REQUIREMENTS**” certification, as provided elsewhere herein.

e. Agree to allow the Government to conduct periodic on-site inspections of the purchased property at the purchaser’s facility, as provided elsewhere herein.

f. Agree to obtain the written approval of the DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) Trade Security Control Resident Office prior to any resale or other transfer of the property and to submit an executed End-Use Certificate from each subsequent recipient of the property prior to transferring it, as provided elsewhere herein.

BID ACCEPTANCE

In addition to the provisions in Part 2, Condition 3 of the Sale by Reference, entitled “Consideration of Bids”, the following also applies:

a. Notwithstanding anything herein to the contrary, the bidder agrees that their bid will remain firm and irrevocable for 60 calendar days following the opening of bids.

b. Award will be made to the highest responsive, responsible bidder who conforms to the specific requirements set forth in this Invitation for Bid for the method of disposal chosen by the bidder (demilitarization to be performed or demilitarization waived).

c. No bid submitted below the stated Minimum Acceptable Bid will be considered for award.

d. Prior to the award of a contract where the demilitarization requirements are waived, SCO or his authorized representative will ensure that the potential purchaser has the necessary experience, technical and organizational qualifications to meet all the requirements set forth in this Invitation for Bid. Under this provision, award will be made only upon advice from the Office of Deputy under Secretary of Defense for Acquisition and Technology that the bidder qualifies and conditions of this Invitation for Bid. In the event that the Office of Deputy under Secretary of Defense determines that the bidder does not fulfill these requirements, the bidder will be declared non-responsible and will not be eligible for award with the demilitarization requirements waived.

INSPECTION OF PURCHASERS FACILITY AND RECORDS

Purchasers of property where demilitarization requirements are waived are required and hereby agree to maintain an audit trail on all-subsequent sales or transfers of the property. The Purchaser agrees to cooperate with and to permit all authorized Government representatives to enter the premises of the Purchaser for the purpose of inspecting the property and all supporting records related thereto. In the event a Purchaser fails to make the property available for inspection or maintain and provide the supporting documents to the Government, the Government may, at its discretion, freeze future deliveries and/or declare the purchaser non-responsible for future awards until such time as these requirements are met.

RESALE OR REDISTRIBUTION ACTIONS

Any Purchaser of property under this Invitation for Bid where demilitarization requirements are waived will be required to obtain the written approval of the DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) Trade Security Control Resident Office prior to resale or other transfer of the property and will be required to submit an executed End-Use Certificate from each subsequent recipient of the property prior to transferring it. The Purchaser agrees to incorporate the prior approval and end-use requirement in any such subsequent sales or transfer agreement and to require each such sub-purchaser or transferee to impose similar conditions in any transfer of the property by them.

RETURN OF PROPERTY

The Purchaser agrees that any property purchased outside of the continental United States where on demilitarization requirements are waived is being purchased solely for and with the intent of returning it to the United State of America. In support of this agreement the purchaser will ship the property, at its risk and expense, on a commercial shipper, as follows: "United States of America (Name of Sales Contracting Officer) Sales Contracting Officer on behalf of (Name of Purchaser)" to a consignee and destination named by the Purchaser and acceptable to the United States. Each shipping document shall include this statement: "Only the United States Government may divert this shipment to other than the named consignee or destination." The purchaser further agrees to furnish the SCO a true copy of the original onboard bill of lading within 5 days after delivery of the property to the transporting carrier. All insurance will be borne and prepaid by the purchaser. The United States Government will in no way be held responsible for any loss or damage to the material or for any suits or claims arising from the loading, storage, carriage, discharging, damage to vessel or injury to personnel, general or particular average, nor in any other circumstances not covered above of any nature arising under or incidental to the contract by reason of the fact that the United States Government appears as shipper on the commercial bill of lading. Within 90 days after release of the property for import into the United States, the Purchaser agrees to furnish the Sales Contracting Officer evidence of its arrival at the approved destination and delivery to the approved consignee through a receipted copy of the bill of lading, a landing certificate issued by the United States, or other valid documented evidence identifying the final destination and consignee. Failure of the purchaser to meet the above requirements, falsification of information and/or concealment of any information regarding the disposition, export or re-export of this property is in direct violation of the conditions set forth under the provisions found at Part 8, Condition K of the Sale by Reference, entitled, "Munitions and Commerce Control List Item (MLI/CCLI) Compliance". These actions may also be cause for administrative action against the Purchaser, which could result in the denial of future contacts with the United States Government.

EXEMPTION TO DEMILITARIZATION

Items requiring demilitarization which are purchased outside of the continental United States, may only be sold with the demilitarization requirement waived to United States nationals or United States entities solely for and with the exclusive intent of importation into the United States. Property sold to other than United States nationals or United States entities must be demilitarized according to the applicable demilitarization article prescribed for each item. Resale of this property by foreign nationals to United States nationals or United States entities for import into the United States is not authorized unless the property is demilitarized as required by the articles prescribed within this Invitation for Bids. Purchasers agree that property sold for import into the United States will be stored in a United States Government approved bonded area or retained in United States Government possession pending actual shipment.

END-USE CERTIFICATE

The bidder must submit with its bid a completed End-Use Certificate which is acceptable to the appropriate DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) Trade Security Control Resident Office and must also submit proof of a current/valid Department of State Export License when this document indicates an intent to export.

COMPLIANCE OF SPECIAL SALE REQUIREMENTS CERTIFICATION

In order for an offer without demilitarization to be considered for award, the bidder must submit with its bid the **Compliance of Special Sale Requirements Certification** appearing hereafter in this Invitation for Bid.

COMPLIANCE OF SPECIAL SALE REQUIREMENTS CERTIFICATION

(TO BE RETURNED WITH BID)

a. The undersigned is registered with the Department of State according to 22 CFR 122.1 as a U.S. person (as defined in 22 CFR, Part 120.15) involved in the manufacture or supply of defense articles or defense services. My/our registration number and date of registration is:

Registration Number: _____

Date of Registration: _____

b. The undersigned acknowledges that it understands the terms of this contract provide that the property may not be exported outside the Continental United States without a valid export license issued by the Department of State.

c. The undersigned acknowledges that it understands the terms of this contract provide that, it must allow the Government to conduct periodic on-site inspections of the purchased property at the undersigned's facilities.

d. The undersigned acknowledges that it understands the terms of this contract provide that it must obtain written approval from the Government to resell or otherwise transfer the property.

e. The undersigned understands that this property originated in the United States and that its use, disposition, export and re-export is subject to all applicable United States laws and regulations, including the Export Administration Control Act of 1979 (50 U.S.C. Appendix 2401, et. seq); the Arms Export Control Act (22 U.S.C. 2751, et. seq); the International Traffic-in Arms Regulation (22 C.F.R. 121); and the Export Administration Regulation (15 C.F.R. 368 et. seq) which, among other things, prohibit:

(1) The making of false statements and concealment of any material information regarding the use or disposition, export or re-export of the property; and

(2) Any use or disposition export or re-export of the property not authorized in accordance with the provisions of this contract.

f. The information provided by this statement will be considered a part of the offer under this Invitation for Bid and will become a part of the contract of sale if and when our offer is accepted by the United States of America. The undersigned hereby certifies that all of the information given in this statement is true and correct to the best of my knowledge and belief.

Date of Signature

Signature of Bidder (in ink)

Print or type name of signer

F. AWARDS

1. Highest Responsive Bidder. Awards normally go to the highest responsible and responsive bidder. SCOs will evaluate bids and determine whether to accept or reject bid prices based upon sound personal judgment and the agency's written policies and procedures. They will consider the number of bids received, range of bids, geographical areas from which bids were received, cost of re-advertising, etc. Items receiving three or more bids will normally be awarded unless circumstances did not permit the best price to be obtained even though bids are received enter the reasons for not making an award on the sale record.

a. Contracts resulting from sealed bid sales will be executed on an SF 114, SF 114A, SF 114B or SF 114C. On the SF 114, in the ACCEPTANCE BY THE GOVERNMENT section, the block stating "Accepted as to Item(s) Numbered", place the following statement: FOR ACCEPTANCE INFORMATION SEE DRMS FORM 1427.

b. Contracts resulting from negotiated sales will be executed on an SF 114E and will include (either by reference or in their entirety) the appropriate General and Special Terms and Conditions of Sale. On the SF 114E, in the EXECUTION BY GOVERNMENT section, the block titled "Name and Title of Sales Contracting Officer", place the following statement: FOR ACCEPTANCE INFORMATION SEE DRMS FORM 1427. **Error! Bookmark not defined.**

2. The Confirmation of an Award is when:

- a. There is a bid with the bidder's original signature.
- b. The SCO signs the DRMS Form 1427.
- c. It was mailed or otherwise furnished on DRMS Form 1427 to the bidder.

3. Supplemental Agreements. Prepare supplemental agreements on SF 114D, with continuation sheets on blank paper with each sheet identified with page, contract and supplemental agreement numbers. Immediately following the last line of text, enter NOTHING FOLLOWS. Supplemental agreements require approval of assigned counsel prior to issuance. The purchaser and the SCO will sign supplemental agreements. Distribution will be the same as the original contract.

4. Prompt Awards. The SCO should make awards as promptly as possible. In no event should the awards be delayed beyond 5 workdays after bid opening unless:

- a. Some or all bids may be rejected.
- b. Suspension of action is necessitated by a claim, allegation of mistake in bid, or protest.
- c. The bid or bids must be submitted to the Attorney General of the United States for antitrust advice.

d. It is desired to submit the bids to a higher echelon for advice or approval.

e. Awards are delayed due to requirements for security trade control clearances or approval of a proposed hazardous property buyer.

f. Possibility of withdrawal for utilization requirement exists.

g. Otherwise directed by a higher echelon.

5. Delays in Awards. When circumstances exist such as those listed above that will delay the making of an award, generate a Summary of Items Pending Award, for each applicable sale as indicated below.

a. The SCO and/or designee will generate Summary of items pending award report from DNSP by entering appropriate information for each line item affected by delayed award actions. Information needed to complete the form is summarized from DRMS Form 62 and/or DRMS Form 1458-1, Abstract of Bids, with the exception of bid acceptance dates, which will be calculated from the bid acceptance period indicated on each affected bid.

b. The SCO and/or designee will monitor the report to ensure that appropriate actions are completed prior to expiration of the bid acceptance date(s).

c. After all actions have been completed for every item pending an award, the report will be filed in the IFB folder.

6. DRMS Form 1427, Notice of Award, Statement and Release Document. Notice of Award, Statement, and Release Documents (DRMS Form 1427) will be used for the notice of award and statement of financial transaction for all contracts, and additional copies will be used to effect the release or shipment of the property. One completed copy will be filed in the official contract file, and one completed copy in the DRMO source document file. Bidder registration, signature on the bid form and acceptance (spot bid sales) or bidder registration and acceptance (auctions) constitute an award. Contracts and confirmation of awards on spot bid and auctions will be accomplished on DRMS Form 1427, signed by the SCO. (DRMS Form 1427c is exempted from use under mechanized procedures.)

7. Bidder Representation. Bidders are only required to check block (3) (BIDDER REPRESENTS) on the SF 114 where the total contract price exceeds \$25,000 (\$5,000 for negotiated sales). Hold award of any such contract until receipt of the required information.

8. Rejection of Bids or No Bids

a. Bids may be rejected by the SCO when bid prices offered are not considered reasonable and, are below the current market appraisals and it is affirmed by the SCO that the current market appraisals are valid.

b. When no bid has been received or bid prices have been rejected by SCO, the DRMO and the SCO will discuss the most advisable disposition action for the property, within 10 working days. DRMOs should submit necessary inputs to the accountable record to reflect the true status of the property.

NOTE: Notification via email of those hazardous items for which no bids were received will be expeditiously sent to the DRMS-LHP Return to Manufacturer Program Manager. Additionally, control of those referrals will be returned via DNSP to the DRMO no later than 7 work days after bid opening.

c. When items for which bids have been rejected or no bids have been received are to be readvertised on a subsequent IFB, sales offices will notify the DRMO concerned of the action to be taken.

d. When it is necessary to re-offer an item for sale, every attempt will be made to widen the distribution of the offering both geographically and through trade channels.

e. When it appears that there was a collusive attempt by bidders to hold down prices, reject bids and re-offer the item(s) offered for sale. Fully document the circumstances and refer to assigned counsel.

9. **Withdrawal or No Award Made.** For each item that is withdrawn prior to bid opening and for each item where there is no award made, make an entry on DRMS Form 63. Although the Abstract for Bids is public information at all times after completion of the public opening of bids, the successful bidder for each item is not designated until the item has been circled and the abstract, or document attached to the abstract, has been signed by the SCO. In the interest of good public relations, those viewing an abstract should be so informed.

10. **Identical Bids**

a. Identical bids means two or more bids received for the same item on an Invitation for Bid that are identical as to unit price, total line item amount or, in the case of tie-in, aggregate or all-or-none bids, are identical in total amount. The term "line item" means a numbered item of sales offering that, under the terms of the invitation, is susceptible to a separate award. When an Invitation for Bid results in the submission of identical bids, give consideration to whether adequate price competition was obtained. Whether there is adequate price competition for a given sale is a matter of judgment to be based on the circumstances of the sale. If a price competition was inadequate, bids should be re-solicited.

b. When identical (tie) bids are received on the same item, award can be made by either the manual drawing lots in the presence of three witnesses or using the DNSP Bid Evaluation Process to arbitrarily select the winning bid. If manually drawing lots, document the names and addresses of witnesses and the person supervising the drawing on DRMS Form 741, Identical (Tie) Bid, Record-Sealed Bid and Spot Bid Sales. Prepare DRMS Form 741 in original only. Record the bidder number of bidders involved other than the name/number drawn on the form. File the completed form in the contracting IFB folder.

11. **Price Breakdown for Sale of Lost, Abandoned or Unclaimed Privately Owned Personal Property.**

a. Prior to award of items containing lost, abandoned or unclaimed privately-owned personal property, the SCO will obtain from the high bidder a breakdown of his total price for the lot on DRMS Form 131, Lost, Abandoned, or Unclaimed Privately-Owned Personal Property. The high bidder must provide an itemized breakdown for each sub-item in the lot and the breakdown must equal the total price for the lot. This applies to all private/abandoned property, whether or not the owner is known.

b. The completed DRMS Form 131 must be signed and dated by the high bidder and returned to the SCO. The original DRMS Form 131 should be filed in the appropriate contract folder. Copies may be made for the DRMO cashier and servicing DFAS-CO as necessary.

12. **Sales to Foreign Nationals and Friendly Foreign Governments.** Sales may be made to foreign nationals and friendly foreign governments of property located in the United States, Puerto Rico and the Virgin Islands.

a. Foreign nationals and representatives or agents of friendly foreign governments may purchase surplus personal property unless ineligible for other reasons.

b. Prior approval of proposed awards to foreign nationals or representatives or agents of friendly foreign governments is not required solely due to their national origin. Awards to these purchasers are subject only to the approval requirements applicable to awards generally.

NOTE: Foreign nationals representing themselves or foreign companies/firms (not foreign governments) that are high bidders on MLI/CCLI property and do not appear on the BMF as "STC CLEARED" will be referred to the Region TSCRO for clearance through the appropriate American Embassy prior to award. This takes considerably more time than a U.S. clearance and will more than likely cause a delay in award.

c. Withhold awards of property located in the ZI to representatives or agents of any foreign government not listed below pending clearance from the NSO.

Austria	France	Japan	Spain
Australia	Germany	Luxemburg	Switzerland
Belgium	Iceland	Netherlands	Taiwan
Canada	Ireland	New Zealand	United Kingdom
Denmark	Italy		

d. Furnish the NSO, the following information pertaining to proposed awards in the ZI to those foreign governments not listed above:

- (1) Name and address of country and representative or agent.
- (2) Identity of item or items.
- (3) Amount of proposed award.

e. Sales of Foreign Excess Personal Property (FEPP) to foreign countries and international organizations. Actions in DoD 4160.21-M, Chapter 9, relating to foreign military sales when applied to foreign excess will be performed by the overseas sales offices. Requests for approval of subject sales when required will be made by the NSO directly to DUSD, Department of State/U.S. Embassies concerned with information copies to HQ DEFENSE LOGISTICS SUPPORT COMMAND (DLSC-LC) and DRMS. Negotiations will be concluded by the overseas sales offices after receipt of approval notification from DUSD.

13. Denied Areas.

a. No award of any property will be made where the ultimate destination of the property is one of the following countries or entities: For a current list, go into DNSP, Article KJ.

b. No award of property coded as MLI/CCLI (non-DEMIL A) will be made where the ultimate destination of the property is one of the following countries identified in DNSP, Article KJ.

14. Notice to Bidders. DRMS Form 879, Notice to Bidders, will be used to advise unsuccessful bidders if their bid was late and/or why it was non-responsive. The item number(s) may be added after any checked entry if this adds to the clarity of the notice to the bidder and any appropriate remarks may be added in the "Remarks" section of that form.

15. Restrictive Statement on Negotiable Instruments. Examine negotiable instruments to assure that none are annotated to circumvent General Sale Terms and Condition No. 10, Setoff of Refunds. Instruments annotated with statements, such as, "Do not cash, deposit or negotiate this check unless an award and contract are made pursuant to the bid for which this is a deposit", may be nonnegotiable and, therefore, unacceptable under the Forms of Bid Deposits and foregoing or other qualifying language should be referred to counsel for guidance concerning its acceptability.

16. Waivers for Withdrawn Property

a. Execute waivers applying to property withdrawn from items offered in IFB by the lot (prior to and after award) on DRMS Form 70, Waiver Applying to Withdrawn Property. Delete inappropriate words from the form.

b. Prepare DRMS Form 70 in original and two copies. Furnish the original and one copy to the purchaser (use of window envelope is recommended), and one copy held in suspense pending receipt of the signed form (original or copy) from the purchaser. No signature of any sales office personnel is required on this form. Do not release the property involved to the purchaser until the signed waiver is received by the NSO sales office or DRMO.

c. The sales office self-addressed envelopes may be used for return of the waivers. It is recommended that some appropriate mark be placed thereon to expedite referral of the waivers to the SCO/contract clerk upon receipt in the sales office.

17. Waiver by Purchaser

a. Prepare DRMS Form 65, Waiver by Purchaser, in original and three copies; the original and one copy to the purchaser, one copy to the DRMO with DRMS Form 1427 (as advice that the applicable items cannot be removed until the signed waiver is received by the sales office or the DRMO), and one copy held in suspense pending receipt of the signed form from the purchaser. Signatures by sales personnel are not required on the form.

b. Furnish DRMS Form 1427 to the purchaser with DRMS Form 65 and a sales office self-addressed envelope enclosed to expedite return of the signed waiver.

18. Letter of Acknowledgment

a. In cases prior to award, when the quantity advertised in an IFB (other than by lot) is not available for delivery within the prescribed variation in quantity, notify the high bidder of the shortage and ask whether the remaining property is still desired on the basis of the bid submitted. If the bidder still desires the item the sales office will proceed with the award of the lesser quantity. (The quantity on hand available for delivery should be verified with the DRMO prior to contacting the high bidder.)

b. In cases where the quantity available for inspection and delivery is in excess of the quantity advertised in the IFB (other than by lot) and the prescribed variation in quantity, only the quantity advertised plus the prescribed variation in quantity may be delivered. Where there is a large disparity between the advertised quantity and that available, the NSO will seek advice from assigned counsel.

c. Award of contracts need not be held up pending acknowledgment from the bidder; however, do not release the property involved until the acknowledgment is received by the NSO or DRMO.

19. Notice of Items pending Award or Resolved. When written notification to bidders is required regarding items pending award or resolved, use DRMS Form 845, Notice of Items Pending Award or Resolved.

20. DRMS Form 63, Supplementary Sales Information. Prepare DRMS Form 63 for each national sale contract awarded. Prepare DRMS Form 63 in original and one copy the first workday after the majority of items involved in the sale are awarded. Make the original copy a part of the IFB folder/negotiated contract file. Provide a copy to Sales Branch.

21. Prepare DRMS Form 542, Auction/Spot Bid Information Form, for each national and local/zone sale. Signature by the SCO conducting the sale constitutes verification of the information identified therein. Maintain the signed copy of the form in the sale IFB folder.

G. AWARD OF ITEMS REQUIRING SPECIAL PROCESSING

1. Aircraft, Vessels or Boats. Transfer of title of Government-owned aircraft, vessels or boats to private purchasers must be accomplished by DRMS Form 1829, Bill of Sale - Vessel or Aircraft. The SCO must execute the bill of sale and the SCO's signature must be acknowledged by a notary public.

2. Alcohol. Whenever alcohol is offered in an IFB, the SCO prior to award will forward a description of the item(s) along with a copy of the certificate signed by the high bidder to the Regional Office, Bureau of Alcohol, Tobacco and Firearms in that regional area that services the person/firm bidding and request an approval concerning the proposed award. SCOs should take note of bid acceptance periods so they do not expire prior to receiving approval to award.

3. All-or-None Bids on Term Contracts. Evaluate all-or-none bids for property offered for term contracts which provide for bid prices related to commodity market quotations (usually a percentage thereof) and contracts administered as follows:

a. Evaluate bids as submitted and do not prorate.

b. Careful consideration should be given to each bid to assure that the bid is not out of line with the usual bids for the commodity for the area. SCOs who feel bids are out of line contact assigned counsel prior to making award or rejecting bid.

c. Review contractual actions carefully, especially during the first 2 or 3 months of the contract, and analyze any suspicious actions on the part of the purchaser, e.g., voluntary default on a low yield of the All-or-None bid.

4. Expended Small Arms Cartridge Cases. After the bid opening, the designated SCO will examine each bid to determine that it meets the prerequisites of the IFB as follows:

a. The End-Use Certificate (EUC) is completed and signed and also indicates whether the property is to be used as scrap or for reuse.

b. The certification contained on the item bid page is signed.

c. If the bidder indicates that the property will be exported from the United States, then do not make award and do not consummate sale until the SCO affirmatively determines that the bidder can comply with the requirements of the IFB.

NOTE: When bidder's EUC indicates property will be exported, this should be brought to the attention of the Security Trade Control Office.

5. Ammunition, Explosives, and other Dangerous Articles (AEDA). The following will be the Standard Operation Procedures (SOP) for the SCOs to follow when handling AEDA range residue concerns.

a. SCO receives call from buyer regarding AEDA problem.

b. If the questions from the customer are general in nature, then SCO will handle accordingly with no further action necessary.

c. SCO reviews problems with buyer and resolves as necessary and makes appropriate modifications to the contract if necessary.

d. SCO notifies customer to stop processing (if there is a specific item found by customer) until an EOD team can inspect property.

e. SCO tells customer that they will be contacted by the EOD team regarding time and date of inspection.

f. SCO contacts appropriate DRMO to contact EOD inspection team.

g. EOD team contacts customer and sets date and time for inspection.

h. If no EOD support is available at nearest base then SCO contacts generating DRMO. The DRMO will follow the guidance provided in DRMS-I 4160.14 Vol. 7.

Items a through h are to be completed within twenty-four (24) hours of being contacted by the customer.

i. DRMO generates sit-rep on AEDA problem if live AEDA discovered.

j. DRMO notifies SCO of inspection results and files written report.

k. SCO takes appropriate action regarding contract if necessary.

l. Documentation is made to the contract file regarding the incident and results of inspection and any necessary modifications.

Sales Contracts for AEDA/Range Residue Property.

a. SCOs to assure that all-appropriate IFBs contain "Dangerous" clause reference.

DRMO inputs/keystrokes in item description upon referral; inert certificate, inert certification authorization letter, DEMIL certificates and MOA on hand in the NSO remarks block in referral. NOTE: Do NOT accept accountability or physical custody of range residue; sales service only may be provided if supported by a MOA.

b. SCO reviews item description to assure the "Dangerous" clause in the IFB under that item description and is incorporated into the Sales Contract by way of the "Sales by Reference".

c. SCOs for AEDA property will now be required to review the DEMIL Video, take a short course on the ABCs of DEMIL, and review AEDA/EOD recognition training.

d. SCO will determine if a pre-award meeting will be necessary. If necessary it will be held at the generating DRMO with the customer.

e. EOD and DRMO DEMIL representative to be in attendance.

Pre-Award Meetings with Customers

a. New contracts will require that the buyer meet with SCO, DEMIL expert, DRMO rep and EOD at site where property will be picked up.

b. SCO will review terms and conditions of contract and "Dangerous" clause aspects.

Buyer will be provided AEDA recognition training and procedures to be followed if live or suspected live ordinance is found.

c. SCO will determine if final award is to be made based on this meeting and review of buyer ability to handle AEDA property.

d. Documentation made to file that buyer is approved and has attended the pre-award meeting.

Release Checklist will be reviewed with customer at pre-award meetings. (This checklist is for range residue contracts only).

NOTE: All procedures above will be documented and placed in the contract file or in an administration file marked AEDA inquiries.

6. Bedding and Upholstered Furniture

a. State law about the purchase and resale of used bedding and upholstered furniture vary from state to state. Some of the restrictions are:

(1) Need for sterilization and disinfection of used or second-hand bedding.

(2) Need for an annual license or registration fee as a supply dealer or renovator.

(3) Option of using stamps or a stamp exemption permit.

(4) Need for the manufacturer's or vendor's name and address on the tag.

b. The terms "bedding and upholstered furniture," as used here, apply to the following:

(1) Bedding. Any box spring, comforter, cushion, davenport, hammock, pad, lounge mattress, mattress pad, mattress protector, pillow, quilt, quilted pad, sleeping bag, sofa, studio couch, or upholstered spring bed used for sleeping, resting or reclining purposes.

(2) Upholstered furniture. Any article of furniture, wholly or partially stuffed or filled with any concealed material, which is intended for use for sitting, resting, or reclining purposes. Filling material, as it relates to *bedding and upholstered furniture*, can be African fibre, bamboo, cotton, down, excelsior, feathers, felted cotton, fibre, foam rubber, hair husks, jute, kapok Louisiana tree moss, sea moss, shoddy, wool, or any other soft material.

c. Surplus bedding and upholstered furniture which are considered to be detrimental to public health shall be destroyed in accordance with Chapter 8 DoD 4160.21-M, *Abandonment or Destruction*.

d. Donation documents releasing surplus bedding or upholstered furniture shall contain a statement advising recipients as follows: "Donation of bedding and upholstered furniture is made on the condition that the recipient shall ensure that this material is treated in accordance with applicable laws and regulations before reuse."

e. Sale of used surplus bedding or upholstered furniture shall be made in accordance with the following:

(1) The sale solicitation shall contain a statement that the purchaser is advised to comply with applicable State law pertaining to the resale of such property.

(2) A copy of contract award document or similar notification shall be furnished to the State health agency for the State in which the successful bidder maintains his or her business. Notices to State health agencies, regardless of type of form used, shall include the name and address of the purchaser and the types, quantities, and locations of the articles sold.

(3) Where there is no conflict with State law, this type of material may be sold by the retail sale method. DRMOs shall furnish the pertinent State health agency any necessary sale information as may be required by the State in which the buyer is located.

(4) Sale of foreign excess material of this type shall be made in accordance with host country health regulations.

7. Explosives

a. After the bid opening, designated SCO will examine each bid to determine that it meets the prerequisites of the IFB as follows:

(1) Bidder's signature appears under the Certification on the Item Bid Page.

(2) The End-Use Certificate is complete and signed.

(3) The bidder provided a copy of the current Federal license - ATF Form 4706 (certified true copy if a reproduction) or if a multi-licensed organization, a list certified to be true containing name, address, license number and date of license expiration, or copy of application for license - ATF Form 4705, or application for permit - ATF Form 4707.

b. SCO will determine apparent high bidders on the sale. Examine the bid documents for these bidders to determine that the purchase, storage and intended use of the explosives bid upon as indicated in the bidder's End-Use Certificate falls within the class of license and explosives indicated on bidder's copy of license or

permit, Form 4706 or application for license. If the required documents (End-Use Certificate and copy of license or application therefore) are not with the bid, SCO will notify apparent high bidder to submit the documents.

c. The SCO will contact the Chief, Special Operations Branch, Bureau of Alcohol, Tobacco and Firearms, 1210 Pennsylvania Avenue, N.W., Benjamin Franklin Post Office, Room 3239, Washington, DC 30336, (BuATF), to verify license/permit status of apparent high bidders in relation to the quantity and type of explosives being offered. Any discrepancies must be resolved prior to making awards. Do not make awards until BuATF confirms that a valid license or permit has been issued. Summary of conversation will become a memorandum for record.

d. For TSC purposes, high bidders of explosives will undergo a more detailed clearance than those that appear on the BMF as "TSC CLEARED". Accordingly, the SCO will refer all high bidders of explosives to the Security Trade Control Office, with a notice that they are potential awardees of explosives.

e. Then prepare and distribute awards. Furnish a copy of the List of Successful Bidders to BuATF.

8. Garbage Contracts

a. These procedures apply in the ZI and are provided to assist in implementing the basic agreements originally entered into between the United States Department of Agriculture (USDA) and DoD.

b. SCOs have certain obligations with respect to contracts wherein raw garbage is sold and subsequently used for feeding livestock or poultry. Because of their obligation, SCOs must be constantly aware of the status of these contracts and must take expeditious corrective action, should such be necessary.

c. Term contracts provide for a 30-day termination for the convenience of the Government and a 15-day termination in the event of default for failure to pay for the removal; however, there are no provisions for termination of the contract when the purchaser fails to cook raw garbage at 212 degrees for at least 30 minutes. Therefore, when it becomes necessary to terminate such contracts as a result of information received from USDA representatives, the SCO will contact assigned counsel.

d. In the event it is discovered that the original purchaser is subcontracting or distributing this garbage to other parties, assigned counsel will be contacted for appropriate guidance.

9. Hazardous Property

a. An environmental assessment for potential purchasers of hazardous property is required in order to ensure that purchasers manage hazardous property in an environmentally responsible manner, minimizing government liability and protecting our environment. This assessment is made through the conduct of a pre-award survey utilizing the procedures set forth in DRMS-I 6050.1, Chapter XVII. Environmental responsibility shall be determined by DRMS-LHP using information collected during telephone surveys and, when necessary, from pre-award on-site surveys.

b. SCOs will examine all bids submitted for items being sold under the provisions of current DRMS policy regarding the sale of hazardous property. DRMS-LM shall provide DRMS-LHP with a copy of the IFB, list of apparent successful bidders, DNSP Facility Maintenance Process Reports and properly completed Statement of Intent. NOTE: Each Statement of Intent submitted by the high responsive bidder will be examined for completeness. Where necessary, have the bidder provide additional information to make a determination as to the bidder's responsibility. The prospective purchaser is required to confirm such additional information via a resubmission of a signed and complete Statement of Intent. It is imperative that generalities not be accepted. The bidder is required to provide the name, phone, address and nature of business of the principal. The bidder must also provide, as applicable, the Transporter and Treatment, Storage, or Disposal Facility (TSDF) EPA permit and/or ID numbers. For hazardous waste items, the name of the destination facility, in addition to a complete address and/or post office boxes are not acceptable. If the bidder does not know the destination of the property, then advise that they must either provide the location of any interim storage facilities being used or provide the name, complete address and phone number of the recipient of the property. In order to avoid unnecessary delays, notify and request the bidder to provide such information within a specified period of time, generally not more than 15 calendar days, or their bid will not be considered. However, if required, and if the

bidder originally gave the full bid acceptance period, request the prospective purchaser to extend his bid acceptance period.

c. If property is not awarded, the SCO will initiate DRMS Form 63, Withdrawal of Property Reported for Sale Prior to Award and Property Status, delineating reason property was not awarded.

NOTE: Property will not be re-offered for sale, exceptions being:

(1) Cases where known markets exist.

(2) Defaults wherein responsive bids on related property were received from parties other than that which has defaulted.

(3) Situations where continuance of storage will impose no significant impact on the DRMO/generating activity/host installation.

(4) Where the Sales Chief, after consulting with appropriate staff members, determines that re-offer of the property will be in the Government's best interest.

d. If property is awarded, the SCO must provide a copy of the applicable DRMS Form 1645, Statement of Intent, to the DRMO.

e. Pre-award on-site visit and post-award audit reports/determinations will be filed in accordance with DLAI 5015.1. The retention period/destruction date is when the file is obsolete, superseded, or no longer needed. Because of the "case history" nature of these files, discretion should be used in determining when such files are to be destroyed.

10. Medical Device Items. Medical device items, as well as that property identified as an "FDA Regulated Medical Item" on any DTID, received by the CONUS DRMOs and DRMOs Hawaii and Guam may be sold provided that the bidder:

a. Completes and signs a Food and Drug Administration (FDA) certification.

b. In the event that the high bidder does not provide a signed FDA certification, the SCO will give the bidder the opportunity to do so prior to award. If the bidder refuses, consider the bid non-responsive. In no event will property be released without a completed and signed FDA certification. For those bidders that are successful in purchasing medical items, retain the FDA certification in the applicable sales contract file.

11. Munitions List Items/Strategic List Items (MLI/CCLI)

a. All MLI/CCLI property offered for sale is subject to TSC and the procedures contained in DLAR 2030.1, Trade Security Control Procedures Applicable to DoD Surplus/Foreign Excess Personal Property. The SCO, prior to award, will verify that high bidder, and any sub-purchasers, if identified on the EUC, are listed on the BMF as TSC CLEARED, or that they are referred to the Region TSCRO and an acceptable clearance obtained. Bidders on MLI/CCLI are required to submit a completed EUC, which will be reviewed and approved by the SCO and forwarded to the Trade Security Control Office prior to award. Once cleared by the TSC office, the SCO will proceed with the award. As a post sale action a copy of the Bid, EUC and DRMS Form 1427 will be provided to the TSC TSCRO.

b. Evaluate End-Use Certificates as follows:

(1) Name and address must be legible, complete and the same as entered on the item bid page (sealed bid) or bidder registration (local).

(2) Block 3, the main ingredients are that the address in 3b must be a valid location address (i.e., street address or bldg. no., etc.), PO Box alone is not acceptable, and if acting as an agent (block 3e) that the complete name and address of the principal is given. The remainder of the block is self-explanatory.

(3) Block 4, blocks c or d must be checked. If the bidder/purchaser checks 4a, b, or c, that the destination is not to a denied area and that if 34c is checked, the name and address is adequate. If awarded, or potential award of, multiple MLI/CCLI items and the bidder/purchaser wants to identify multiple sub-purchasers,

he can annotate 4c with "see attached" and submit the item numbers and names separately or he can provide multiple EUCs.

(4) Blocks 5 and 6, that the production or manufacture and distribution are not in or to a denied area.

(5) Block 7, self-explanatory.

(6) Block 8, that certification is signed in ink.

(7) Ensure that names and addresses of firms/individuals appearing on the EUC that do not appear as "TSC CLEARED" on the Bidders Master File Extract (BMF) are referred to the Central/TSCRO prior to award for sealed bid sales and as a post sale action for local sales. If a name appears on the BMF for Indebted, Debarred or TSC Debarred, elevate as appropriate.

c. Exports to Hong Kong with the exception of MLI property which has been properly demilitarized and has no value except for its basic material content, in the event a buyer intends to export MLI to Hong Kong, the SCO must forward a copy of that buyer's completed End Use Certificate as well as the page(s) from the sales catalog which identifies the purchased MLI items to the addressees listed on that portion of Supplement 4 entitled. "Offices Reviewing MLI Exports to Hong Kong."

12. Precious Metals-Bearing Property. Before award of any Precious Metals-Bearing Property, the SCO will compare the price received against the value of the contained precious metals. If the highest responsive bid is greater, then the SCO will proceed with award. If the highest responsive bid is lower, then the referral will be returned to the DRMO and the item processed for precious metal recovery.

13. Decorations, Badges, Service Awards, Medals, Ribbons, Distinctive (metal) Buttons and Other Insignia.

a. Purchaser is advised that Decorations, Badges, Service Awards, Medals, Ribbons, Distinctive (metal) Buttons and Other Insignia are being offered for sale with the following legal restrictions:

(1) 18 USC 704 governs the wear, manufacture, and sale of military decorations, medals, badges, and their components and appurtenances, or their colorable imitations.

(2) 18 USC 701 governs the manufacture, sale, possession, and reproduction of badges, identification cards, insignia, or other designs prescribed by the head of a U.S. department or agency, or colorable limitations of them.

b. The statutory provisions are codified in 32 CFR 507.

NOTE: This information will be placed on the General Information page of the catalog.

14. Explosive-and Acid-Contaminated Property. DRMS will provide a sales service only, not accountability or physical custody. This includes all 3X (partially decontaminated explosive - and/or acid-contaminated) property. DoD Ammunition Plants (government owned, contractor operated (GOCO) plants) will export 3X property directly to the NSO. All other generators will report 3X to their servicing DRMO for further reporting to the NSO. This does not include 5X (completely decontaminated) contractor inventory which will be sold in the regular manner by the NSO. Definitions of contamination, decontamination, partial decontamination (XXX or 3X), and complete decontamination (XXXXX or 5X) are contained in enclosure 5 this contaminated) will be reported directly to the NSO. The NSO will:

a. Catalog items reported by GOCO plants and promptly prepare IFBs, listing only contaminated property as accumulations warrant.

b. Group by manufacturer as may be practicable and determine salable quantities.

c. Inform reporting GOCO plants, upon their requests, as to the status of items.

d. Coordinate with servicing GOCO plants to obtain any presales assistance as may be required.

e. Reference Part 7, ARTICLE E: DANGEROUS PROPERTY, Special Circumstance Conditions, Sale by Reference (SBR) pamphlet, for the sale of 3X property.

f. Include the: "Acid Contaminated Property" CLAUSE, in the Special Conditions for the sale of 3X property, if applicable.

g. Include the following certification on the Item Bid Page:

CERTIFICATION: It is hereby certified that the purchaser will comply with all the applicable Federal, State and local laws, ordinances and regulations with respect to the care, handling, storage, shipment, resale, export and other use materials capable of complying with all applicable Federal, State or local laws. This certification is made in accordance with and subject to the penalties of Title 18, Section 1001, the United States Code, Crime and Criminal Procedures. The purchaser warrants and covenants that he will include this certification in its entirety in any later sale or transfer of title or possession by the purchaser herein or his successor in title or interest.

h. In listing property in the IFB, the following statement will be included at the top of the first page of Item Description pages, following the statement, "It has been determined that this property is no longer needed by the Federal Government": - "All items offered on this sale may be contaminated with (insert procedures of any accumulations of) contaminants." For explosive contamination, add: "The items are hazardous. Explosive materials may remain in exposed to flame, excessive high temperature, sparks or heat creating friction, this material may ignite or explode." For acid contamination, add: "Chemical agents of this property may cause skin burn or other toxic effects. This material should be handled with mechanical equipment or other appropriate means to avoid harmful effects." (See Supplement 4 concerning other appropriate information to be included).

i. In addition to the information normally requires to be entered on the cover sheet of the IFB, prominently enter the statement, "Offering (insert "Explosive" or "Acid", as appropriate) Contaminated Equipment."