

CHAPTER 3 - LOCAL/ZONE SALES

A. GENERAL

1. Local/Zone Sales. Local/zone sales will offer property having primarily local interest. Property offered on local/zone sales should be lotted to ensure the maximum net return to the Government. Consideration should be given to offering the property in different size lots to attract the greatest number of bidders.

2. Suitability of Property for Local Sale. In examining the suitability of property for local sale, determine whether:

- a. The property has national interest and is better suited for sale through the NSO.
- b. There is sufficient local competition for the property.
- c. Such a sale appears to be economically feasible.
- d. The property is required to be sold through the NSO.

3. Processing of Munitions List Items (MLI), Commerce Control List Items (CCLI) Property.

a. Do not offer MLI/CCLI property on Local, Zone or Retail Sale. NOTE: This includes DEMIL code B and Q items that have been downgraded to scrap. The only exceptions to this policy (CONUS only) are:

(1) Parachutes that are mutilated (see guidance in DRMS-I 4160.14, Vol II, Chapter VIII, paragraph B57).

(2) In CONUS, expended small arms cartridge cases (.50 caliber and under).

(3) Expended shot gun shells.

(4) Commercially available personal computers which do not incorporate tempest technology.

b. 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 property 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 in that portion of Supplement 4 entitled, "Offices Reviewing MLI Exports to Hong Kong."

c. All property must be DEMIL Code "A" unless specifically allowed for local sale. At present, only small quantities of expended small arms cartridge cases (.50 caliber and under), parachutes that are mutilated, and expended shot gun shells are the only non-DEMIL "A" property allowed for local sale in CONUS only. To ensure that no Munitions List Items (MLI) or Commerce Control List Items (CCLI) are sold on local sale the DRMO will:

(1). DRMO Chiefs will sign the following certification statement and maintain this statement in the Local Sales file. .

(2) . ***"I (or my designee) have physically inspected this property, and taken appropriate action to ensure management that only DEMIL Code A property (unless specifically allowed for Local Sale) is being offered on Local Sale. I certify to the best of my knowledge this sale contains no MLI/CCLI property."***

(NAME AND DATE)

(3) . For zone sales each DRMO Chief/designee will certify for their particular items. A copy of the certification will be maintained at the DRMO site conducting the sale.

4. Material Requiring Special Processing:

a. Small Arms Cartridges

(1) CONUS stores may sell expended small arms cartridge cases (.50 caliber and under) and shotgun shells on local/zone sales for the purpose of satisfying the local demand for small arms ammunitions reloading. Overseas DRMOs must check with their host governments regarding sale of this materiel. Sales may offer a maximum of 250 pounds per line item, per DRMO, per sale. Individual buyers may purchase multiple lots. Total monthly sales per DRMO will not exceed 2000 pounds.

(2) Current Market Appraisals will be at least 80 percent of local market value for similar expended cartridges.

(3) The following statements must be annotated on all DRMS Form 1427s:

“The small arms cartridge cases offered for sale contain items of dangerous nature, but they are considered to be suitable for reloading. The purchaser agrees that this property will not be exported or sold to any parties outside of the United States without total destruction.”

(4) A properly completed End Use Certificate (EUC) must be submitted by the successful purchaser prior to award. The SCO will review the EUC for accuracy and compliance, and will also check the Bidders Master File Extract to ensure that the purchaser has not been debarred, indebted, has written bad checks or has a trade security control violation. If SCO finds purchaser is non-responsive, the SCO or his/her representative will contact assigned counsel for guidance.

(5) The EUC will then be forwarded to the servicing Defense Logistics Support Center, Trade Security Control (TSC) Office. However, prior Defense Logistics Support Center, TSC approval is not a prerequisite to award/removal.

b. Non-Regulated Hazardous Property. DRMS-L will maintain a record of all hazardous items approved for Local sale.

(1) To determine if property in a hazardous FSC can be sold on local sale each DRMO must find out if the property is a regulated hazardous material, substance, or waste which requires special handling and could have potential environmental liability. Guidance on determining whether an item meets the criteria of this paragraph is in Supplement 4 “Steps to Determine if Property in Hazardous FSC can be Sold on Local Sale”. Do not sell the following property by local sale:

- (a) RCRA regulated.
- (b) State regulated.
- (c) DoT regulated for transport.
- (d) Contains any CERCLA hazardous substances.
- (e) Contains any extremely hazardous substances.

(2) If the item does not already appear on the approved list and it does not meet any of the criteria above, then the DRMO can request that the item be added to the approved list. For guidance on obtaining approval, see Supplement 4, discussion on the procedures to obtain local sale authorization for property in a hazardous FSC. DRMOs will forward by facsimile their documented evaluation, (See Supplement 4, Local sale Authorization request/matrix) and the following to the Forward Support Team, or DRMS-O:

- (a) Noun name.
- (b) NSN/LSN.

- (c) MSDS serial number.
- (d) HMIS manufacturer's CAGE code, or MSDS if not HMIS.
- (e) Any additional information supporting the eligibility of the request for local sale.

(3) If Forward Support Team or DRMS-O approves that the item should be eligible for local sale under this policy, they will forward this information to DRMS-LHP.

c. Regulated Hazardous Property

(1) Do not sell regulated property on local/zone sales. Non-hazardous items in hazardous FSCs that meet the requirements of Chapter 2, Paragraph D4 and the quantity restriction found at Chapter 2, paragraph D5c, may be sold on local sale.

(2) Hazardous items which are commercially available may be sold on local sale if the waivers are approved by DRMS-LHP (example: batteries). Waivers will be considered on a case by case basis and if approved, will contain specific conditions to minimize liability. At a minimum, the conditions will address minimum price, quantity, and record keeping requirements. DRMOs will comply with all conditions included in this waiver. To apply for a waiver to sell commercially available hazardous property via local/zone sale, DRMOs will contact DRMS-LHP and provide the following information:

- (a) Noun name.
- (b) Manufacturer.
- (c) NSN/LSN.
- (d) MSDS, if applicable.
- (e) Property condition.
- (f) Quantity.
- (g) Any other information to support the eligibility of the item to be sold on local sale.

d. DEMIL A scrap may be sold locally without quantity limitation. Offer all nonferrous and ferrous more than 5000 pounds by weight not "lot". Low dollar nonmetallic scrap may be sold by the "lot".

e. Medical Devices. Any medical device or property identified as an "FDA Regulated Medical Item" on any DTID received by the CONUS DRMOs and DRMOs Hawaii and Guam may be sold by the local/zone sales method provided that the following criterion is met:

(1) A statement is incorporated into the catalog that "Buyers interested in medical device items must complete and sign a Food and Drug Administration (FDA) certification." The Statement will also list (by item number) which items are medical devices requiring the certification.

(2) A FDA certification, annotated with the applicable sale number, is properly filled out and signed by each potential buyer of medical device items at time of registration. In the event that the property is awarded without a signed FDA certification, the sales contracting officer will give the buyer the opportunity to sign the certification prior to removal. If the buyer refuses, the medical device item(s) will be canceled from the contract. In no event will the property be released without a completed and signed FDA certification. For those bidders that are successful in purchasing medical items, the FDA certification will be retained in the applicable sales contract file.

5. Loading Catalogs and Successful Bidders Lists on Facsimile Machines. Load all Catalogs/Successful Bidders Lists on a polling facsimile machine for customer downloading. Facsimile machines must remain operational 24 hours a day.

6. Mailing Catalogs to Customers. When mailing a catalog to a new customer, include a cover letter which explains the overall program, how sales are conducted, and that if they participate in a local sale, they will remain on the mailing list for the next upcoming sale. However, if they do not participate in sales conducted at the DRMO, they will not receive further catalog mailings.

7. Fees. The charging of bid deposits, registration fees, storage fees, loading fees, catalog charges, liquidated damages, or any other fees and charges are not allowable except for the assessment of Freedom of Information requests fees as authorized.

8. Monthly Local/Zone Sale Schedule. Zones will maintain a local sales schedule and provide a copy to all other zones in the region. In developing this schedule, consider factors such as: Other Government sales (e.g., NASA, GSA, on-base direct sales, etc.). Forward Support Teams will ensure that sales for DRMOs do not have participatory sales scheduled on the same day (within 250/300 miles of each other).

NOTE: DO NOT CONDUCT SEALED BID OPENINGS ON MONDAYS.

B. LOCAL/ZONE CATALOG.

1. General. Use the latest version of the local sales program to process a local/zone sale. Ensure all pages in the catalog are numbered and that the sale number appears at the top of every page (except the cover). Local Sales catalogs will be printed and distributed before the first day of inspection.

2. Catalogs Covers. A catalog cover is generated in the local/zone sales program. Use this as the catalog cover. Include the following information on catalog covers:

a. Method of sale.

b. Sale number.

(1) The first two digits represent the origin of the sale:

(2) A dash separates the first two digits from the rest of the numbers.

(3) Third digit is the last digit of the fiscal year of the bid opening.

(4) The fourth, fifth and sixth digit is the chronological number of the sale.

(5) Example of a sale number. The Number 21-7003 represents a sale at an Illinois/Ozark Zone DRMO that is the third sale of fiscal year 1997.

c. Generic list of property.

d. Time registration begins.

e. Date and time of sale begins.

f. Date and time for receipt of mailed, faxed, electronic mail and hand carried bids.

NOTE: For sealed bid sales this date/time must be the same as the Bid Opening Date and time (i.e., you must receive bids up until the BOD). A time bid receipt deadline may be established prior to the BOD for local/zone auctions and spot bid sales.

g. Date inspection begins and inspection hours. Allow 3 workdays for inspection for all local sales and up to 5 workdays for zone sales.

h. Sale site.

i. Person and phone number to contact for additional information.

j. The statement that property will be offered for sale on a limited guaranteed description basis and other terms and conditions posted at the sale site apply. Make copies of the statement available at the time of the sale.

k. The following statement must be in bold letters on every local sale catalog cover:

PAYMENT FOR PROPERTY AWARDED MUST BE BY CASH OR GUARANTEED INSTRUMENTS. SEE CONDITIONS OF SALE POSTED AT THE SALES SITE.

3. Inside Front Cover. DRMOs should include maps on the inside cover providing directions to the property locations, including other DRMO sites.

4. Item Description. When selling specialized items on local sales, expanded item description should be used to maximum extent possible. Item descriptions are to be complete, clear and concise and contain information that would be beneficial to distant buyers. At a minimum these descriptions should include noun name, manufacturer, model number, NSN, acquisition value, estimated total weight and condition. See Supplement 4 for sample item descriptions.

5. Terms and Conditions.

a. Add the applicable terms and conditions from the local sale program to the item descriptions. Note that those terms and conditions found in the Sale By Reference (SBR) Parts 1 and 2 are applicable to all sales (unless specifically excluded in the catalog) and are not duplicated in the local sale program. Parts 3 and 4 are applicable to sealed bid and term sales respectively and should only be cited for those sales methods. Parts 3 and 4 are also not included in the local sale program. Those terms and conditions found in Parts 5 through 7 must be specifically cited in the item description to be applicable. The local sale program prints a notice referring the bidder to the applicable SBR article rather than printing the full text of those articles.

b. Prepare DRMS Form 83, Conditions of Sale - Local Sealed Bid.

(1) Three payment clauses are provided, one allows payment to be made by credit cards, one allows payment by credit card and debit cards and one does not allow payment by credit or debit card.

NOTE: Overseas facilities must adjust the payment article to fit their specific collection requirements.

(2) Accept electronic mail, mailed in, hand delivered and faxed bids for all sale methods. Incorporate the following article into each IFB:

ARTICLE PA: MAILGRAMS, TELEGRAPHIC, ELECTRONIC MAIL AND FACSIMILE BIDS.
Notwithstanding the provisions of Condition 3, General Sale Terms and Conditions (Standard Form 114C), telegraphic, electronic mail (Internet) and facsimile bids or bids submitted by mailgrams are acceptable under this Invitation for Bid. By submitting a telegraphic, electronic mail, facsimile or Mailgram bid, the bidder agrees to be bound by all terms, conditions and provisions of this Invitation for Bid. Bidders are cautioned that all such bids must be in the possession of the Sales Contracting Officer by the bid deadline that appears on the Invitation for Bid.

(3) Offer usable property with the LIMITED GUARANTEED DESCRIPTION provision. The following clause must be made part of the terms and conditions in each local/zone sale instead of the SBR, Part 2, Condition 30:

ARTICLE AD: LIMITED GUARANTEED DESCRIPTION
Notwithstanding the provisions of Part 2, Condition 30, Sale by Reference, prior to the property being removed from Government control, the Government guarantees to the original purchaser of the property that the property offered for sale will be as described in the Invitation for Bids. If a misdescription is determined to exist prior to removal of the property from Government control, the sole and exclusive remedy will be to cancel the item from the contract and refund the purchase price paid. Subsequent to removal of the property from Government control, the provisions of Part 2, Condition 2, Sale by Reference, applies (as-is, where-is) and there will be no further relief available under this article. The foregoing is in place of all other guarantees or warranties,

expressed or implied. The Government does not warrant the merchantability of the property or its fitness for any use or purpose. The amount of recovery under this Article is limited to the purchased price of the misdescribed property. The purchaser is not entitled to any payment for loss of profit or any other monetary damages, special, direct, indirect or consequential.

(4) Offer scrap property with the LIMITED GUARANTEED DESCRIPTION (SCRAP PROPERTY) provision. The following clause must be made part of the terms and conditions in each local/zone sale instead of the SBR, Part 2, Condition 30:

ARTICLE AX: LIMITED GUARANTEED DESCRIPTION (SCRAP PROPERTY)

Limited guaranteed description for scrap property offered by the "pound" or "kilogram", in this sale. Notwithstanding the provisions of Part 2, Condition 30, Sale by Reference, prior to the property being removed from Government control, the Government guarantees to the original purchaser of the property that the property offered for sale will be as described in the Invitation for Bids. If a misdescription is determined to exist prior to removal of the property from Government control, the sole and exclusive remedy will be to cancel the item from the contract and refund the purchase price paid. Subsequent to removal of the property from Government control, the provisions of Part 2, Condition 2, Sale by Reference, applies (as-is, where-is) and there will be no further relief available under this article. The foregoing is in place of all other guarantees or warranties, expressed or implied. The Government does not warrant the merchantability of the property or its fitness for any use or purpose. The amount of recovery under this Article is limited to the purchased price of the misdescribed property. The purchaser is not entitled to any payment for loss of profit or any other monetary damages, special, direct, indirect or consequential. All property will be weighed on delivery. The Government reserves the right to vary the weight tendered or delivered to the purchaser by 25 percent: where quantity advertised does not equal quantity delivered. The purchase price will be adjusted upward or downward in accordance with the unit price and on the quantity or weight actually delivered.

(5) For local/zone auctions and spot bid sales use the following clause as part of the terms and conditions instead of SBR, Part 2, Condition 9:

ARTICLE AE: DEFAULT (LOCAL SALES)

If the Purchaser fails to pay for and remove the property by the removal date stated on the DRMS Form 1427, Notice of Award, Statement, and Release Document, or any additional days granted by the Sales Contracting Officer, then the Purchaser will be considered to be in default and, without further notice, shall lose all right, title and interest in the property and will be entitled to a refund of any portion of the purchase price paid for the property, unless the Purchaser has removed any portion of a line item in which case, the Purchaser will not be refunded any portion of the purchase price paid for that line item. Buyers who default on sales contracts may be proposed for debarment and restricted from participating in future Government sales.

(6) Add a continuation page of Sales Articles in alphabetical sequence. If required, use more than one page.

c. Prepare DRMS Form 82-3, Additional General Information and Instructions.

(1) Ensure IFBs contain the following instruction concerning submission of bids:

SUBMISSION OF BIDS. Bids can be submitted at any time but must be in the possession of the Sales Contracting Officer by the date and time specified in this invitation. Bids must be submitted on the bid forms provided in the invitation, prepared in ink, indelible pencil or typewritten, electronic signature and signed by the person submitting the bid (includes electronic "signatures"). Envelopes containing bids must be sealed and identified by the name and address of the bidder, sale number and date of bid opening.

(2) Type sale number, bid opening date and Sales Contracting Officer's address on the envelope.

(3) Type Sales Contracting Officer's address, facsimile and telephone number where indicated in paragraph 29.

(4) If a bid page is not used, the IFB must inform the bidder that the following must be clearly identified in their offer:

- (a) Name and title of sender.
- (b) Complete firm name (if applicable).
- (c) Complete address and telephone number.
- (d) Invitation for Bid number.
- (e) Item number(s) being bid on.
- (f) Unit price for each item.

(g) The bidder must agree to be bound by the terms and conditions of sale by including and signing the following statement with their bid:

<p><i>"I AGREE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE INVITATION FOR BID".</i></p> <p>_____</p> <p><i>(Bidder's Signature)</i></p>
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(5) Add a continuation page of Additional General Information and Instructions in numerical sequence for each sale. If required, use more than one page. Add the following statement to the Additional General Information and Instructions page:

The condition of property being offered for sale in this Invitation for Bids may be used, unused or scrap. Potential bidders are urged to inspect all property prior to bidding.

6. Prepare Loading Table.

a. Allow 5 workdays for payment and removal for local/zone auctions and spot bid sales. Allow 10 workdays from date of award for payment and removal on local/zone sealed bid sales. A longer removal period may be granted for large quantity or multiple line contracts. Property must be paid for and removed within the allotted time or purchaser will lose all right, title and interest in the property.

b. Type in dates for award and removal.

c. Type the loading hours, item(s), location, loading legend and loading notes as required for each item.

7. Prepare Bid and Award Page Local Sealed Bid. Prepare the Bid and Award page (must be odd numbered page in IFB catalog), by completing the blocks titled: "ISSUED BY-", "ADDRESS YOUR BID TO", "FOR INFORMATION CONTACT", and "BIDS WILL BE OPENED AT" (see supplement 4).

8. Prepare Item Bid Page. Prepare the Item Bid page (must follow the Bid and Award page in a Local Sealed Bid IFB) (see supplement 4).

9. DRMS Form 1581. Include a DRMS Form 1581 (Bidders Registration Form) in local auction/spot bid sale catalogs. Bidders may then fill out the form in advance and bring it to registration on the day of the sale. This accelerates the registration process.

10. Applicable Information. DRMOs may insert other applicable information describing the DRMO's sales procedures into the local sales catalog in a brief informational page.

11. Piggyback.

a. The “piggyback” concept allows the adding of like material to a sale up to the start of the inspection period. Piggybacking items to a sale should be used with some measure of caution, as it may not afford some prospective bidders the opportunity to decide whether to participate.

NOTE: The piggyback concept will not be used on local/zone sealed Bid Sales (i.e., do not add items (piggyback) to a sealed bid sale once the catalog has been completed and forwarded for printing/distribution).

b. To use the piggyback concept.

(1) Place a notice in the catalog as follows:

NOTICE! Additional items may be added to this sale; items such as (include the types of items that may be added). Descriptions of items added will be available at the sale site.

(2) Type the added items in catalog format for distribution on the first day of the inspection period.

(3) Furnish each individual inspecting the property a copy of the supplement.

(4) Before the sale starts, announce that additional items have been added to the sale and a copy of the related item descriptions can be obtained from the registration clerk.

C. REGISTRATION AND RECEIPT OF BIDS.

1. Pre-registration and Registration Procedures:

a. Ensure that the Sale By Reference (SBR) and other applicable terms and conditions of sale are posted at the sale site and that those terms and conditions contained in the SBR that do not apply (e.g., Part 2, conditions 9, 30 and 32) are annotated as “deleted”.

b. Registration will be from the first day of distribution of the sale notice throughout the sale.

c. Registration will be accomplished by using DRMS Form 1581 (bidder registration). At the time of registration, a registration number will be assigned to each bidder and a registration (if applicable) furnished to the bidder to reflect the registration number assigned to him.

d. Compare all completed DRMS Form 1581 to the DNSP Bidder Master File (BMF) for bid bond holders, indebted bidders, Security Trade Controls violations, or bidders listed in the Department of Commerce Table of Denial Orders, the DoD Debarred and Suspended Actions or the General Services Administration Consolidated List of Debarred, Suspended and Ineligible Contractors.

2. Processing Mailed, Facsimile, Electronic Mail and Hand Delivered Bids

a. Strict controls must be maintained during the receipt, handling, and processing of all bids. To ensure bid integrity only the cashier(s) or an appointed SCO representative will be involved in this process. Under no circumstances will a SCO handle or process bids until the date and time set for bid opening.

b. Upon receipt, immediately give all mailed in, hand carried or facsimile bids to the SCO representative who will immediately (electronically or manually) annotate on the envelope the date and time the bid (including late bids) was received, with the next available bidder registration number annotated on the outside.

c. As bids are received, the SCO representative will assign bidder registration numbers in sequence, starting with 001 for each sale. Annotate the number in the lower right hand corner of the bid envelope. Record the bidder’s name, address, and registration number into the local sale program, in numerical sequence. Maintain separate bid registers for each sale.

NOTE: Do not check bids against the Bidder Master File (BMF) at this point.

d. All facsimile and electronic bids after printing will be folded in half (so the bid is not visible) and stapled shut and handled as above.

e. At the end of each business day check the facsimile machine to ensure it is fully operational. Sufficient paper, toner, or any other necessities must be adequate enough to keep the machine functioning properly while the DRMO is closed. In order to maintain bid integrity these facsimile machines must be kept in a limited access area.

f. If a bidder wishes to submit a bid while at the DRMO, either post or inform the bidder of the following actions that must be accomplished by the bidder:

- (1) Complete the bid pages provided in the sales catalog.
- (2) Place the bid in an envelope, provided by the DRMO, and seal it.

NOTE: Use the DRMS Form 101, envelope. If none are available, use a blank envelope and include the same information listed on the front of the DRMS Form 101. DO NOT USE WINDOW TYPE ENVELOPES.

(3) Annotate the front of the envelope with the name, address, and sale number that appears on the bid page.

NOTE: DRMOs must provide a specific location for bidders to complete the above process. This location should include tables, chairs, envelopes, pens, SBRs, additional terms and conditions not listed in the IFB, etc. Instructions should also be displayed to show bidders how to complete the envelope properly.

g. Allow bidders to personally give their sealed envelope to the SCO representative, or place it in a locked receptacle at the DRMO. If a receptacle is used it must be specifically identified "FOR LOCAL SEALED BIDS". The SCO representative will be the only person authorized to obtain the receptacle key, remove and process these bids. At the end of business day the appropriate DRMO personnel will remove all bids from the locked receptacle, record the required bidder information on the bid register and annotate the corresponding registration number from the bid register onto the sealed envelope. These envelopes must remain sealed until the actual time set for bid opening unless the bidder failed to place the required information on the bid envelope. In this case, see the procedures in paragraph D2i.

h. Keep all bids submitted for local sealed bid sales under the control of the SCO representative to ensure bids are properly safeguarded. These bids must be kept in a secured area (DRMO safe) until the date and time established for bid opening.

i. Handle all unidentified bids, bids received (in envelopes) without the sale number, bidder's name and address, as follows:

(1) Hand carried by a DRMO employee to the distribution chief or designee specifically assigned by the DRMO chief to open the envelope for identification. (Cannot be the SCO, SCO representative, cashier, or any other individual involved with the sale.)

(2) The authorized employee will open the envelope and review the bid to determine the sale number, name and address of the bidder. Annotate the envelope (in ink) with, "Opened for identification," the sale number, bidder's name and address, name of the individual who opened the envelope, and the date and time the envelope was opened.

(3) The employee authorized to open the envelope will reseal the envelope with tape and give it to the SCO representative for receipt processing as required.

j. On the day of and prior to the time set for bid opening a designee(s) must collect any bids submitted by facsimile, sent by electronic mail or sent to the post office. Make collection up to the exact bid opening time. Consider these bids timely and process as above.

NOTE: Consider facsimile bids timely if they are in the process of being printed before the exact time set for bid opening. If the facsimile machine becomes inoperable during the bid acceptance period and bids cannot be retrieved from the facsimile memory, or complaints are made from bidders that this problem caused their bid to be late, contact assigned legal counsel.

k. Acceptable Late Bids. A late bid shall be considered for award only:

(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 in sufficient time to have been received by the contracting officer by the time and date set forth 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 or time stamp, or a log entry.

(4) If it has been determined that the bid or modification is to be considered, open and record the bid on DRMS Form 1458-1. Abstract of Bids. Enter the reason for delay, time of arrival, and the initials of the SCO on DRMS Form 1458. Attach the postmarked envelope or a copy of the modification securely to the sales office copy of DRMS Form 1427 if the bidder is successful or unsuccessful bid.

l. Return unacceptable late bids and modifications to the bidder as promptly as possible. These bids should be forwarded unopened to the sales clerk for processing. The clerk must make a copy of the envelope (both sides, if markings on both sides) and prepare a Notice to Bidder, Sale of U.S. Government Personal Property (DRMS Form 879), in duplicate, (see Supplement 4). Give the completed DRMS Form 879 back to the SCO for review and signature. File a copy of each unacceptable late bid/modification in the unsuccessful bid file with the file copy of a cover letter or DRMS Form 879, Notice to Bidders, that will be 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 Chief of sales 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."

D. CONDUCT OF LOCAL/ZONE AUCTIONS AND SPOT BID SALES.

1. Announcements (See Supplement 4). When amendments of the terms or conditions of an auction/spot bid IFB are necessary, the amendments normally will be printed, and distributed at the time of bidder registration. If time does not permit the amendments to be printed, withdraw item(s) by oral announcement.

2. Offer Items in Number Sequence

a. As each item is awarded, the recorder will record the registration number of the successful bidder and the accepted price.

b. If time permits, "no bid" or passed items may be re-offered before the close of the sale.

3. Mailed in and Hand Delivered Bids. Consider mailed in, facsimile, electronic mail and hand delivered bids as follows:

a. Auctions. The amount of the highest acceptable mailed, facsimile, electronic mail and hand carried bid will be announced to start the bidding. If no further bids are received the item is awarded to the bidder

submitting the mailed, facsimile, electronic mail or hand carried bid, provided that the bid amount is deemed sufficient. If the bid is rejected, and the item reoffered during the sale, the item will not be awarded at less than the rejected sent in bid.

b. Spot Bids. The amount of the highest acceptable mailed in, facsimile, electronic mail or hand delivered bid, will not be disclosed until all the spot bid cards have been collected for that item, from those in attendance. At that time the mailed in, facsimile, electronic mail and hand carried bids will be considered with the spot bid cards collected, and award made to the highest bid provided that the bid amount is deemed sufficient. If the bid is rejected, and the item reoffered during the sale, the item will not be awarded at less than the rejected sent in bid.

E. CONDUCT OF A LOCAL/ZONE SEALED BID SALE.

1. Local Sealed Bid Opening Preparations

a. Since this method of sale is open to the general public anyone interested in attending the bid opening has the right to do so. To meet this requirement, a specific bid opening room, accessible to and with adequate seating for, the general public must be used during the bid opening process.

b. Prior to the bid opening time, the SCO will:

(1) Annotate on the front of the IFB catalog (file copy) all items requiring special attention, e.g. withdrawals, waivers.

(2) Prepare the pre-sale announcement. Make this announcement at the beginning of the sale as follows:

“The bid opening of sale xx-xxxx will now begin. My official designee(s) has/have been sent to pick up mail, electronic mail and facsimile bids that may be at our post office or DRMO facsimile machine or computer at the exact time of this scheduled bid opening. Another official designee will deliver to this bid opening any bids that were placed in our bid receptacle or personally given to the SCO representative prior to the exact time of this scheduled bid opening. These bids are not late and will be opened and considered for award.”

NOTE: This announcement may be modified depending upon the facts. For example, if the SCO’s designee has telephonically reported no bids, only such fact need be mentioned.

(3) Ensure the clock in the bid opening room is accurate.

(4) No less than 15 minutes before bid opening time, announce the time of day to all bidders present and remind them that bids must be submitted prior to the time scheduled for the opening in order to receive consideration. Repeat this announcement again closer to bid opening time.

c. No less than 15 minutes prior to the sale, the SCO representative will remove all bid envelopes from the safe and ensure all bids are accounted for on the Bid and Deposit Register by verifying the sequence of registration numbers on the envelopes against the registration list.

d. Although the SCO need not be present at the bid opening, they must be accessible to the individual(s) opening the bids. The SCO is solely responsible for and is the only one who can respond to sales related questions pertaining to any aspect of the sale.

e. At the specific time and date of bid opening, a SCO representative will ensure the DRMO bid receptacle is sealed (with tape), all bids are removed and hand carried to the bid opening room, assigned a bidder number, recorded on the bid register and placed in numerical sequence for opening.

2. Conducting Sealed Bid Opening

a. Keep all bids secured in a safe area and held until bid opening. Bid security is of the utmost importance. At the appointed bid opening time the SCO or a designated SCO representative will begin the public bid opening by making the appropriate announcements including information concerning items withdrawn, or requiring a waiver.

b. As bids are opened the SCO or designated representative(s) will perform the following:

(1) Open in public all envelopes containing bids in bidder registration number sequence commencing with bidder 001. In red ink, transcribe the registration number previously placed on the envelope to the upper right hand corner of the Bid and Award page and circle.

NOTE: No one is authorized to make any other marks on the Bid and Award page. Staple the envelope behind that Page.

(2) Annotate any variations, alterations, deviations or discrepancies on DRMS Form 62, Bid Variation, Alteration, Discrepancy, and attach to bid (examples: lack of bidder's signature, bid qualifications, deviation from 60-day acceptance period, suspected or obvious mistakes in bid, etc.).

(3) Verify name, address zip code, bidder identification number and sale number on bid form with same on envelope. If the DRMS bidder registration number is not recorded on the bid form or envelope, screen for the number from the Bidders Master File (if there is no bidder identification number in DNSP, let DAISY assign a "temp" number). Record the number on DRMS Form 62, and attach to bid form.

(4) Compare each bidder's name, address and bidder number against the bidder registration list. Ensure the DRMS bidder registration number has been recorded on the Bid and Award page. If a bidder's name does not appear on the bidder registration list, add that name and address after the last entry on the registration form, assign the next sequential bidder registration number, and transcribe that number to the upper right corner of the Bid and Award page.

(5) Continue processing as stated above until all timely bids are open and if manually abstracted, recorded on the Abstract of Bids (DRMS Form 1458-1). If an automated system is used, the Abstract of Bids will be generated after all bids are opened.

c. 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 of 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.

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

e. 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 after 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.

f. Close the sale after all bids have been opened and manually recorded (if required) on the Abstract of Bids by announcing "The bid opening for sale xx-xxxx is now closed".

g. As soon as possible after all bids are opened, but not more than 4 hours thereafter, mark one copy of the Abstract of Bids "unofficial" and post in Bid Opening Room or Sales Area For Public Viewing.

3. Processing Bids after Bid Opening

a. If an automated PC system is used to create the Abstract of Bids, ensure all bids are entered into the system and print the abstract (original and three copies) in item number/high bid sequence.

b. Proofread the bids against the manual/automated Abstract of Bids and make corrections, in red ink, as required.

c. Screen the abstract for tie bids. If any item receives the identical bid price from two or more bidders accomplish the following actions:

(1) Determine high bidder by drawing a bidder’s name or number from all bids involved.

(2) The drawing will be under the supervision of, but cannot actually be accomplished by, the SCO. Three other witnesses will be in attendance; one of those individuals will do the physical drawing.

(3) Mark the abstract beside the drawn bidder’s number with HTB (High Tie Bid).

(4) Complete DRMS Form 741, Identical Tie Bid Record, (original only) obtaining required signatures and file in the IFB folder.

d. For each item on the Abstract of Bids, screen the apparent high bidder against the BMF for indebtedness, bad check, debarment, suspension, security trade control violations, etc. If the bidder appears on the BMF, annotate the applicable code (see below) on the abstract, beside the bidder’s number for each item they have submitted a bid for and check the next high bidder. Continue this process until a bidder does not appear on the BMF; at that point check the next item and bidder.

e. Annotate each item on the abstract that requires special attention, e.g., withdrawals, tie bids, waivers, etc., with the following codes:

BC	Bad Check.	Contact DRMS-TRR if status is required.
DB	Debarred/Suspended bidder.	Contact DRMS-G if status of bidder is unknown or questionable.
HTB	High Tie Bid.	High bidder determined by drawing as specified in paragraph c, above.
ID	Indebted Bidder.	Contact DRMS-TRF for status of debt.
MD	Misdescribed.	Item misdescribed.
NB	No bids.	No bids received for item.
PA	Pending Award.	Item pending award; waiting for return of the signed waiver.
RIB	Rejected Item Bid	Bid rejected.
W	Waiver required.	Item requires a signed waiver prior to award being made.
WD	Withdrawn.	Item withdrawn.

f. Once the abstract has been corrected with appropriate annotations, post a copy marked “unofficial”. Forward the original and remaining copies of the corrected abstract to the SCO along with all bids (in bidder number sequence).

g. The SCO will review the Abstract of Bids and all supporting documents. The abstract will be analyzed and evaluated against each bid for acceptability by the SCO as follows:

(1) Ensure each high bid is properly signed.

(2) Analyze the low to high range of bid for each item.

NOTE: If the high bid appears out of line (considerably higher) with other bids, the bidder must be called and asked to verify the intended bid price. The call must be documented and include all specific information provided by the bidder. Attach the conversation record to the bid page.

(3) Consider market value of each item and the actual price offered.

(4) Ensure each high bidder has not reduced the bid acceptance period on the bid and award page to less than 10 days. Do not consider offers made that provide less than 10 days for award.

NOTE: Any questions concerning bid acceptance e.g., erroneous marks, incompleteness, no signature, etc., on the bid pages, must be directed to legal counsel for assistance prior to making any awards involving those items.

h. Awards for each item will be made by the SCO as follows:

(1) Make annotations on the Abstract of Bids in ink.

(2) Determine if each item will be awarded or rejected. If rejected annotate the abstract with BR (bid rejected).

(3) Determine if the price offered by the apparent high bidder is appropriate, with consideration given to items that require a waiver to be signed due to partial withdrawals, misdescription, etc. When waivers are required the following applies:

(a) The apparent high bidder must be contacted and informed of the circumstances which require the waiver.

(b) When a bidder does not agree to sign the waiver, annotate the abstract (WD) to show the item is withdrawn.

(c) If the bidder agrees to sign the waiver, prepare a DRMS Form 70 in triplicate. Forward the original and one copy to the bidder and hold one copy in suspense pending receipt of the signed form from the bidder. The property involved will not be awarded or released to the bidder until the signed waiver is received by the SCO. A conversation record must be attached to the bid page of the apparent high bidder supporting decision between the SCO or SCO representative and bidder. Annotate the abstract beside the bidder's number with PA (award pending return of the signed waiver).

(d) Determine from the bids listed on the abstract which bidder each item will be awarded to and either circle in red ink or highlight the awarded bid price.

(5) Return the abstract and all supporting documents to the SCO representative(s) who will perform the following:

(a) From the information on the abstract, sort the successful forms of high bidders from the unsuccessful bids. File all unsuccessful bids by bidder number sequence, in the unsuccessful bid folder.

(b) Using the abstract, prepare the DRMS Form 1427 for each item circled in red or highlighted. If more than one property location exists for the items awarded to a bidder, use a separate page of the DRMS Form 1427 for each property location. (NOTE: Date of final free removal will be 10 workdays from the date each DRMS Form 1427 is signed by the SCO.)

(c) Prepare contract folders/files with appropriate labels.

(d) Forward the DRMS Form 1427, abstract and bid pages of each successful bidder to the SCO or review and signature.

F. CONDUCT OF LOCAL/ZONE NEGOTIATED SALE.

(See Chapter 6, paragraph D for specific guidance).

G. PROCESSING AWARDS.

1. DRMS Form 1427. The SCO will review each DRMS Form 1427 against all documents provided by the SCO representative(s), for accuracy and completeness. Once verified the SCO will sign the DRMS Form 1427s and return them to the SCO representative(s) for distribution.

NOTE: SCOs will not sign blank or incomplete DRMS Form 1427s.

2. Awards. Make awards the day of the sale for auctions/spot bids and within 5 work days after the bid opening date for sealed bid sales.

NOTE: For awards to buyers who are not in attendance (including all sealed bid sales), contracts must be mailed the same day the award documents (DRMS Form 1427) are signed by the SCO.

3. DRMS Form 1427 Distribution Preparation. The SCO representative(s) will prepare the DRMS Form 1427s for distribution as follows:

a. Count DRMS Form 1427s and compare against the abstract to ensure all awards were made.

b. Furnish two copies of DRMS Form 1427, including the original, signed by the SCO to the purchaser. Bidders who have requested facsimile notification on the bid page will be faxed one copy of the DRMS Form 1427 and mailed the original.

c. Forward four copies to each storage facility.

d. Forward two copies to the cashier.

e. File remaining copies along with all supporting documents in the contract folder, by sales contract number sequence. Ensure all supporting documents relevant to each award are attached to the DRMS Form 1427.

4. Bids Pending Award. In a separate folder file all bids being held pending award, by bidder number sequence. When appropriate documents are obtained, pull the related bid and process.

5. DRMS Form 542. A DRMS Form 542 is required for every local/zone sale.

6. Payment and Removal. Property must be paid for and removed within the time allocated in the IFB or the Purchaser will lose all right, title and interest in the property. However, when removal is delayed and the cause of that delay is beyond the control and without fault or negligence of the Purchaser, a reasonable extension of the free removal period can be granted by the SCO. The justification for this excusable delay will be documented and placed in the contract file. This extension will normally be commensurate with the amount of time delay caused, at no cost to the Purchaser and as specified by the Sale By Reference, Part 2, Condition 8. If the Purchaser fails to remove the property by the extended date, the contract will terminate. When the Purchaser asks for an extension of the free removal period and no valid reason exists, the request will be denied and contract performance will continue.

H. MISDESCRIPTIONS.

1. After Award. Items alleged by the purchaser to be misdescribed after award and before removal may be canceled from the contract by the SCO, providing the SCO or SCO representative has physically inspected the property, compared the property to the catalog description and confirmed a misdescription. The SCO will annotate the DRMS Form 1427 removing the item in question. The SCO will prepare and sign a memo (initialing and dating the correction) for the contract file which details the reason for the cancellation. In these cases, written requests from the purchaser are not required for canceling misdescribed items. No collections will be made for items canceled on local/zone sales.

2. After Removal. Items alleged by the purchaser to be misdescribed after removal. Property on local/zone sales is sold using the Limited Guaranteed Description Clause. Generally speaking, this clause limits the buyer's ability to claim misdescription prior to property removal. Contact assigned counsel for further guidance.

3. Defaults, Disputes, Appeals, Claims, Protests. For SCOs to process all defaults, disputes, appeals, claims, and protests see procedures in Chapter 8.

I. ESTABLISHING AND MAINTAINING OFFICIAL CONTRACT FILES.

1. Contract Administration Files. Contract administration files shall consist of a sale solicitation folder, individual contract folder and financial folder as well as an unsuccessful bids folder for each sale. The sale solicitation folder, financial folder and individual contract folders may be combined in one folder if desired. (See Supplement 4).

2. Sale Solicitation Folder. The sale solicitation folder shall be identified by sale number and shall contain the following:

- a. Sale flyer and property listing or sales catalog.
- b. Any conversation records from prospective bidders pertaining to property offered for sale.
- c. Bid and Deposit Register (DRMS Form 1458).
- d. High Bidder Sales Data (DRMS Form 763).
- e. DRMS Form 1833.
- f. DRMS Form 1709 (retained in the financial folder until all refunds/transfers are accomplished).
- g. DRMS Form 542.
- h. Copies of other pertinent documents or correspondence pertaining to the overall sale.

3. Contract Folder. File the contracts in ascending contract order (NOTE: During the removal period the file can be separated into open and closed contracts). Each contract file **MUST BE ABLE TO STAND ON ITS OWN MERIT**. Specifically, each must contain sufficient documentation to tell the complete story about that individual contract from receipt of the bid to final removal, including any and all claims. To meet this requirement, at a minimum, the following is to be filed by action sequence in each contract folder, identified by contract number: copy of completed DRMS Form 1427, DRMS Form 3 or mailed, faxed in, electronic mail or mailed bid (if applicable), successful bidder's registration card (if applicable), any memos or other documents pertaining to the contract, any documents, letters or records pertaining to protests, defaults, claims, cancellation of contract, termination of contract, etc..

4. Financial Folder. Prepare a separate financial folder for each sale containing the DRMS Form 1709 and the following documents filed by document type in voucher number sequence:

- a. Collection vouchers.
- b. Adjustment/reversal vouchers.
- c. Transfer vouchers.
- d. Refund vouchers.

5. Unsuccessful Bid Folder. File unsuccessful bidders' registration cards and unsuccessful bids (spot bid cards, mailed, and faxed, electronic mail, and hand carried bids) in order of registration. This documentation and audiotape of the auction (if applicable) must be retained in accordance with DLAI 5015.1, DLA Records Management Procedures and Records Schedule.

NOTE: Documents involved in any protest or dispute must be retained for 30 days following final resolution of such protest or dispute.

J. CONTRACT ADMINISTRATION REVIEW

1. Establish a systematic internal review of contract files.

2. The SCO having primary interest or succession responsibility for specific contracts for a given IFB, is responsible for ensuring the "in process" review of contract files and timely completion of required actions is accomplished.

a. Within 45 days after final free removal date of sale, run tape of vouchered documents in the financial folders; reconcile differences when required; and attached tape to applicable documents.

- b. Run tapes on total contract price of all completed contracts. **EXCEPTION:** The review and certification of contract files will not be postponed for more than 90 days pending completion of claims, protests, litigation or investigation of any kind, when all other contract files are complete.
- c. Compare with tapes attached to voucher documents in the financial folder. Reconcile differences, as necessary.
- d. Separate contracts still pending action from those that are completed using Optional Form 23, Chargeout Record, and establish a suspense file for those files pending action.
- e. Separate contract files into three categories; one file \$24,999.99 and less; one file \$25,000.00 and more; and one for hazardous property contracts. Label and dispose of the contracts according to the instructions contained in DLAI 5015.1, DEFENSE LOGISTICS AGENCY Records and Management Procedures and Records Schedule 11/19/97. NOTE: For ease of disposition, hazardous property sales contracts may be stored in a separate location from other sales contracts. If this option is used, the hazardous contracts will be displaced by an Optional Form 23, or other appropriate form, to indicate that the removed contract is a hazardous contract and where it is being stored.
- f. Within 90 days after the final free removal date, arrange completed contracts in contract number sequence with the lowest number on top. Prepare original and three copies of DRMS Form 714, annotating in the remark section the specific contract file number(s) still pending action.
- g. Review content of completed financial folder, sales invitation folder, and completed contracts to ensure completeness of documentation. Determine that all required actions have been taken on each completed contract, reconciling any discrepancies.
- h. Sign DRMS Form 714, log in DRMS Form 840, file one signed DRMS Form 714 with the hazardous contracts, one with contracts \$24,999.99 and less, and one with contracts \$25,000 and over. Suspense file one copy if there are contracts pending completion. Discard suspense copy when all pending contracts have been completed, reviewed and filed.
- i. File folders in completed sales files, as appropriate. NOTE: IFB/financial folders will be filed with contract files \$25,000 and over.
- j. Mark off the specific contract number in all copies of DRMS Form 714 when a previously pending contract has been completed, reviewed and filed.
3. It is the responsibility of the DRMO chief, or designee, to review monthly the status of the completed sales to ensure that a contract review is accomplished within 45 days after final free removal date. Initial the remarks column for any sales where review is overdue and initiate appropriate action to have the contract completed and reviewed.
4. For zone sales, the lead DRMO SCO maintains the official sales invitation, individual contract and financial folders as well as the unsuccessful bids folder. The lead DRMO SCO will send a copy of the DRMS 1427 to the DRMO having the property. The buyer can pay for the property at any DRMO having a cashier and the DRMO will process the collection using normal procedures. The original stamped paid copy of the DRMS Form 1427 and release information as well as the original DD Form 1131, Cash Collection Voucher, and DFAS receipt voucher, will be expeditiously sent to the lead DRMO SCO in order to reconcile the official contract folders. Refer any disputes or defaults to the lead DRMO SCO for resolution. The lead DRMO is responsible for performing the functions identified above.