DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PRO

3 Oct 97

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 98-1, New Authority for the Sale of Old or Obsolete Nonexcess Government Personal Property

1. Enclosed is memorandum, SARD-PP, 29 Aug 97, SAB, which provides a two year waiver of DOD policy which will allow the sale of old and obsolete nonexcess personal property in the acquisition process.

2. For additional information or questions, please contact Steve Hunnicutt, DSN 367-5691, hunnicus@ftmcphsn-emh1.army.mil or Alan Schantz, DSN 367-6227, schantza@ftmcphsn-emh1.army.mil.

Encl

CHARLES J. GUTA
Colonel, AC
Chief, Contracting Division, DCSL&R
Principal Assistant Responsible
for Contracting

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

REPLY TO
ATTENTION OF

29 AUG 1997

SARD-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: New Authority for the Sale of Old or Obsolete Nonexcess Government Personal Property

At our request, the Deputy Under Secretary of Defense for Logistics has approved a 2-year waiver of DOD policy which will allow the sale of old and obsolete nonexcess personal property in the acquisition process. The exchange of such property has long been permitted, however, sale authority is just now being permitted for the first time in more than a decade.

The allowance/proceeds of such a sale, or exchange, may be used as payment, in whole or in part, for obtaining new property. Any personal property (including repair parts, inventories on hand) may now be exchanged or sold provided that the new item to be acquired is similar; not excess to agency requirements; represents a valid requirement, and will perform substantially all of the functions of the item(s) exchanged or sold. The rules governing this new authority are set forth in an attached memo (e.g., same restrictions on Federal Supply Classification groups eligible to be sold/ exchanged). Note the requirement for an annual report, which covers transactions under the existing exchange authority as well as the new sales authority. Reports should be consolidated at the contracting activity (PARC) level and a copy provided to this office.

This new authority can have a very positive impact on our efforts to maximize the efficiency and effectiveness of our acquisition program. However, since the authority is strictly limited to nonexcess items, it is imperative that you take immediate steps to ensure that your command does not identify or declare any item of government personal property as excess until the possibility of its exchange or sale in acquiring replacement items has been fully explored. To facilitate the use of the sales authority I have granted a limited class deviation to Defense Federal Acquisition Regulation, copy enclosed.

Additional information on the how-to's of exercising this authority, and best practices/lessons learned, as we identify them, will be made available. Any questions you may have concerning this new authority or its Army-wide

implementation should be directed to either Mr. Curtis Stevenson, telephone (703) 695-8476, e-mail stevensc@sarda.army.mil or Mr. R. L. Endicott, telephone (703) 695-5830, e-mail endicotr@sarda.army.mil/.

Edward G. Elgart
Acting Deputy Assistant Secretary of the
Army (Procurement)

Attachment

DISTRIBUTION:
HEAD OF CONTRACTING ACTIVITY (HCA)
Administrative Assistant to the Secretary of the Army, 105 Army Pentagon Washington, DC 20310-0105
Deputy Chief of Staff for Research, Development and Acquisition, HQ, U.S. Army Materiel Command, ATTN: AMCRDA, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001
Commander, U.S. Army Aviation and Troop Command, ATTN: AMSAT-G, 4300 Goodfellow Boulevard, St. Louis, MO 63120-1798
Assistant Deputy Chief of Staff for Acquisition, Contracting, and Production Management, HQ, U.S. Army Materiel Command, ATTN: AMCRDA-A, 5001 Eisenhower Avenue, Alexandria, VA 22333-0001
Commander, U.S. Army Communications-Electronics Command, ATTN: AMSEL-CG, Fort Monouth, NJ 07703-5000
Commander, U.S. Army Industrial Operations Command, ATTN: AMSIO-CG, Rock Island, IL 61299-6000
Commander, U.S. Army Missile Command, ATTN: AMSMI-CG, Redstone Arsenal, AL 35898-5000
Commander, U.S. Army Tank-Automotive and Armaments Command, ATTN: AMSTA-CG, Warren, MI 48397-5000
Assistant Deputy Chief of Staff for RDA-Acquisition, Contracting, and Production Management, U.S. Army Materiel Command, ATTN: AMCRD-A 5001 Eisenhower Avenue, Alexandria, VA 22333-0001
Commanding General, Forces Command, ATTN: AFCG, Fort McPherson, GA 30330-6000
Deputy Commanding General, U.S. Army Forces Central Command, 1881 Hardee Avenue, S.W., Fort McPherson, GA 30330-1064
Deputy Commander for Health Care Operations, 2050 Worth Road, Fort Sam Houston, Texas 78234-6000

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
INSTALLATIONS LOGISTICS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110

August 11, 1997

MEMORANDUM THRU THE DIRECTOR OF THE ARMY STAFF

FOR THE DEPUTY UNDER SECRETARY OF THE ARMY
(INTERNATIONAL AFFAIRS)
ASSISTANT SECRETARY OF THE ARMY (RESEARCH, DEVELOPMENT AND ACQUISITION)
DEPUTY CHIEF OF STAFF FOR LOGISTICS

SUBJECT: Waiver of DoD Policy - Sale of Nonexcess Property

For appropriate action.

Eric A. Orsini
Deputy Assistant Secretary of the Army
(Logistics)
OASA(I,L&E)

Enclosure

Printed on Recycled Paper

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION AND
TECHNOLOGY
(L/MDM)

10 1 AUG 1997

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY
(LOGISTICS)

SUBJECT: Waiver of DoD Policy - Sale of Nonexcess Property

This responds to your memorandum of July 29, 1997, on the above subject. As you requested, a waiver to DoD policy is hereby granted to the Department of the Army for two years from the date of this memorandum to allow sale (as well as exchange) of nonexcess property.

As discussed by Tom Carter of this office and Bill Croom of your staff, the attached guidance will govern the Department of the Army's implementation of this waiver. If there are any questions, Tom Carter may be reached at 697-5216.

Roy R. Willis
Acting Deputy Under Secretary
of Defense (Logistics)

Attachment

B. Exchange/Sale of Nonexcess Personal Property

1. Policy. Exchange/sale processing for replacing eligible nonexcess items shall be used to the maximum extent consistent with the economical and efficient accomplishment of an approved program.

2. Procedures

a. In accordance with 40 U.S.C. 481(C) (reference (xx)), any equipment, including repair parts, may be exchanged/sold subject to part 101-46 of the Federal Property Management Regulation (reference (yy)) and the limitations below.

(1) The application of exchange/sale allowances as whole or partial payment in the acquisition of personal property is authorized only when all of the following conditions apply:

(a) The item or items to be exchanged/sold are similar to the item or items to be acquired.

(b) The item or items to be exchanged/sold are not excess and the item or items to be acquired are required for approved programs.

(c) The item or items to be acquired replace and perform substantially all of the functions of the item or items being exchanged. A written administrative determination of economic advantage has been prepared by the acquiring activity. This determination shall indicate:

1 The anticipated economic advantage to the Government resulting from the use of the exchange/sale authority.
2 That exchange/sale allowances shall be applied in payment for the items to be acquired.
3 That if required, the property has been rendered safe or innocuous, or has been demilitarized.

(2) In documenting exchange/sale transactions, detailed cross-reference between old and new items is not required, but records shall be maintained that are adequate to substantiate that the items acquired were similar to the items exchanged and that any exchange/sale allowances applied a whole or part payment for property acquired were, in fact, available for such application.

(3) Exchange/sale transactions may not be executed in Federal Supply Classification Groups (FSCGs) listed as not eligible for such transactions by Federal Property Management Regulation 101-46, except where a waiver has been obtained from GSA.

(1) The Director, DLA shall consolidate the DoD Components' reports and submit a consolidated report to GSA no later than December 31 of each year.
(2) This reporting requirement has been assigned Interagency Report Control Number 1528-GSA-AN.