

PART 45

GOVERNMENT PROPERTY

TABLE OF CONTENTS

45.000 Scope of part.

SUBPART 45.1 - GENERAL

45.102 Policy.
45.103 Responsibility and liability for Government property.
45.105 Records of Government Property.

SUBPART 45.2 - COMPETITIVE ADVANTAGE

45.205 Solicitation requirements.

SUBPART 45.3 - PROVIDING GOVERNMENT PROPERTY TO CONTRACTORS

45.302 Providing facilities.
45.302-1 Policy.
45.306-90 Acquiring special tooling.
45.307-2 Acquiring special test equipment.

SUBPART 45.4 - CONTRACTOR USE AND RENTAL OF GOVERNMENT PROPERTY

45.407 Non-Government use of plant equipment.

SUBPART 45.6 - REPORTING, REDISTRIBUTION, AND DISPOSAL OF CONTRACTOR INVENTORY

45.608 Screening of contractor inventory.
45.608-1 General.
45.612 Removal and storage.
45.612-3 Special storage at Government's expense.

45.000 Scope of Part.

This part is also applicable to those items for which the rotational/storage stock concept is used to maintain a sufficient quantity of items with short shelf life needed for wartime requirements. Rotational stocks should be considered government property (GP) and the appropriate GP clauses prescribed in this part should be incorporated to ensure that the stocks are properly maintained and accounted for by the contractor. Specific or unique requirements over and above those contained the GP clauses, such as a provision for acceptable replenishment rates, should be spelled out in the statement of work for the contract.

SUBPART 45.1 - GENERAL

45.102 Policy.

(90) It is DLA policy to rely on the private sector to furnish all the production equipment needed to produce the contracted item. Where property is unique to the production of an item and it is not economical for contractors to own such equipment, DLA may be required to acquire and retain this production equipment.

(a) Government property (GP) associated with the production of end items being assigned to DLA for management under the consumable item transfer (CIT) should be identified, located, moved to DLA-controlled storage, and entered into an accountable property record to assure availability for production when needed. For that property in the hands of contractors, steps should also be taken to ensure proper accountability of the property.

(b) Property will be retained in the DLA Industrial Equipment Reserve (DLAIER) to meet current and future production requirements and will be disposed of when no longer justified. Retention of DLAIER equipment will require a biennial certification. Detailed guidance and procedures on management of GP are contained in DLAI 4215.4, Acquisition and Management of Industrial Resources.

45.103 Responsibility and liability for Government property.

(90) Management of property associated with CIT.

(a) Each Supply Center that has GP will establish a property focal point who will:

(1) Verify the location, quantity, type, and condition of property being transferred to DLA. DCMC personnel can be used to assist in this process.

(2) Work with supply management and technical and logistics services to develop the identifying number (NSN, local stock number, part number) that will be used in the official system to account for GP.

(b) Supply management personnel are responsible for storage and accountability of GP.

(91) Management of property in DLAIER.

(a) The property focal point will:

(1) Ensure that a copy of the record for each set/piece of equipment under the Center's cognizance is available for authorizing its use on contracts as needed.

(2) Provide verification of availability and authorization to use equipment to contracting officers.

(3) Review the items in the DLAIER for continued retention or disposal. If continued retention is required, a biennial certification should be prepared for those items at the end of each even FY in accordance with the retention criteria in DLAI 4215.4.

(b) Supply management personnel are responsible for storage and accountability functions for GP.

45.105 Records of Government property.

(90) The property focal point will document additions and deletions to the DLAIER of idle and active equipment to ensure availability of this information and serve as the basis for the biennial certification signed by the chief of the contracting office.

(91) The supply management function will maintain the accountable inventory record of property under a Center's cognizance and report the property into DLA's accountable record.

SUBPART 45.2 - COMPETITIVE ADVANTAGE

45.205 Solicitation requirements.

(b) The preferable evaluation procedure is to use rental equivalents and authorize rent -free use of GFP because the resulting award price will be lower. This conserves DLA's funds because rental monies flow back into the U.S. Treasury at the expense of the DLA budget. Charging the contractor rent shall be used only when absolutely necessary.

SUBPART 45.3 - PROVIDING GOVERNMENT PROPERTY TO CONTRACTORS

45.302 Providing facilities.

45.302-1 Policy.

(a) Maximum reliance shall be placed on the use of contractor -owned facilities to support current production requirements for DLA-managed items. If the Government authorizes the contractor to acquire facilities for the account of the Government, no fee or profit will be allowed, regardless of the type of contract used to reimburse the contractor for the cost of the facilities. This policy does not apply to the acquisition of general purpose components of special tooling or special test equipment.

(4) Requests for new facilities will be forwarded to HQ DLA, ATTN: MMPON, for approval by the Executive Director, Procurement **Management**. Sufficient documentation shall be provided with the request to show that the need for supplies or services cannot be met by any other practical means or that the furnishing of facilities will be in the public interest. A copy of the contractor's written statement, expressing its unwillingness or financial inability to acquire the necessary facilities with its resources, shall be included as a part of requests for new facilities. In addition to a contractor's statement of inability or unwillingness to own facilities essential to contract performance, the following certification must be made by a contracting official at least one level above the contracting officer:

(90) That private financing of individual facilities was sought but was not available or that private financing was determined not to be advantageous to the Government.

(91) That the defense contract cannot be accomplished without Government - owned industrial facilities being provided. This requirement for certification applies to new facilities or existing facilities and to extending the authorized period of use. The original of the

certification shall be included in the contract file and copies retained in a central office for oversight review. The certification will be included in the request for approval to acquire facilities or to provide existing facilities.

(c) When determination is made that solicitations should include an offer to furnish existing Government facilities because adequate price competition cannot be otherwise obtained, the case will be fully documented to indicate the basis for such determination.

45.306-90 Acquiring special tooling.

Criteria for acquisition. When the contracting officer receives notice of the contractor's intent to acquire or fabricate special tooling, the contracting officer will, before agreeing to the classification and approval for payment of the property as special tooling, obtain a written determination from a Defense Contract Management Command (DCMC) representative that the property is needed and properly classified. The written determination by the DCMC technical evaluator will be included in the contract file.

45.307-2 Acquiring special test equipment.

(b) Notice and approval. When the contracting officer receives notice of the contractor's intent to acquire or fabricate special test equipment, the contracting officer will, before permitting contractor acquisition or fabrication of the equipment as special test equipment, obtain a written determination from a DCMC representative that the property is needed and properly classified. The written determination by the DCMC technical evaluator will be included in the contract file.

SUBPART 45.4 - CONTRACTOR USE AND RENTAL OF GOVERNMENT PROPERTY

45.407 Non-Government use of plant equipment.

(a)(i) Authority to approve non-Government use of metalworking machinery exceeding 25 percent is delegated to the Heads of the contracting activities (HCAs) without power of redelegation. All other contracting offices for which the Executive Director, Procurement **Management** serves as HCA, shall forward requests for approval to HQ DLA (MMPON).

SUBPART 45.6 - REPORTING, REDISTRIBUTION, AND DISPOSAL OF CONTRACTOR INVENTORY

45.608 Screening of contractor inventory.

45.608-1 General.

(a) Approval to transfer GP to a DLA contract must be based upon known requirements under the gaining contract or other appropriate justification. Approval for transfer, and the justification upon which it is based, will be placed in the contract file of the gaining contract. The justification will specify the consideration the Government will receive for transfer of the property. If there is no known use for the property under an existing contract, but there is adequate justification and approval for retention of the property, the property shall be transferred to a facilities contract or directly funded storage agreement. Approvals for transfer and the justification upon which the approval is based shall be placed in the file of the gaining contract/agreement. The approval must be at a level above the contracting officer. Property which does not meet this criteria for transfer to another contract will continue to be screened through the plant clearance process. For each item transferred, the contracting officer will include the following descriptive data in the contract to which the items are transferred:

Category of Property (facilities, special tooling, special test equipment, material, and agency-peculiar property).

National Stock Number (NSN) and Part Number (P/N), or P/N if NSN is not assigned.

Noun.

Acquisition Cost.

Condition Code.

Age, if known.

45.612 Removal and storage.

45.612-3 Special storage at the Government's expense.

(b) Storage of GP for which there is not a known contract requirement will be separately priced and directly funded by the DLA contracting office benefiting from the storage. Storage will not be charged to indirect costs to be paid by the Government. Retention plans will be prepared for storage of inactive property. Retention plans will provide a detailed description of the property requiring storage, storage cost, location, planned period of storage, and source of funds for storage. Retention plans will be submitted to HQ DLA, ATTN: MMPON.

(90) The use of no cost or no direct cost storage agreements is prohibited. Individual activities justifying retention of the property are responsible for funding storage agreements. Consideration of storage costs should be included in retention/disposition decisions.