



**DEFENSE LOGISTICS AGENCY**  
**Disposition Services**

**INVITATION FOR BID (IFB)**  
**Number 16-6049**

**Scrap and Salvage Recycling**  
**Term Sale**

**STEP TWO OF TWO-STEP SOLICITATION**

**Revised: February 18, 2016 (changes in red)**

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Scrap and Salvage Recycling  
INVITATION FOR BID  
Number 16-6049

STEP TWO OF TWO-STEP BIDDING PROCESS

This Invitation For Bid (IFB) is issued by DLA Disposition Services to initiate Step Two of a two-step sealed bid sale that may be followed with a live auction. The only bids the Sales Contracting Officer (SCO) may consider for award of a contract are those received from bidders that have submitted an acceptable technical proposal during Step One of this solicitation under Request for Technical Proposal (RFTP) 16-6049.

The Key Personnel designations in the successful bidder's technical proposal shall be incorporated into any contract awarded in response to this IFB. *In all other respects, the provisions of this IFB shall govern the contract contemplated hereby without regard to assumptions, plans, forecasts, conditions or any other matters set forth in any prospective bidder's technical proposal submitted in Step One.*

Forms for submitting a bid are provided on the DLA Disposition Services web site, <https://www.sales.dla.mil/dlab2b/init.do>, under "Links" select View Sales Documents. Your completed Bid Forms and \$100,000.00 bid deposit shall be delivered to and received by DLA DISPOSITION SERVICE'S SCO before the bid opening at **9:00 a.m. EST** on Wednesday, March 2, 2016. Address your Bid Forms and Bid Deposit to:

Mr. Leonard Clyde  
Sales Contracting Officer  
DLA Disposition Services J-422  
74 North Washington Avenue  
Battle Creek, Michigan 49037-3092  
Fax: (269) 961-7568

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## GENERAL STATEMENTS OF CONTRACT

*Certain contents and provisions of this IFB, including Appendices, Attachments and Schedules, are described in general. The following General Statements of Contract are not intended to be complete and do not take precedence over the terms and conditions of this contract. The requirements for all matters discussed in the General Statements are fully defined in the Terms and Conditions Section of this IFB. Any historical data provided in support of this IFB was derived using existing sources and is presented for general reference only.*

This IFB relates to scrap and salvage material that the Government has determined to be surplus to the needs of the Department of Defense (DOD) and the Federal Government. Scrap **material** is defined as recyclable waste and discarded materials derived from items that have been rendered useless beyond repair, rehabilitation, or restoration such that the item's original identity, utility, form, fit and function have been destroyed. Salvage material is defined as material that has value greater than its basic material content but for which repair or rehabilitation is clearly impractical and/or uneconomical. DLA Disposition Services does not accept rubbish, refuse or trash from its customers and this type of material shall not be issued under the contract. Scrap and salvage material issued under this contract shall be comprised of assigned a Demil code A or Q6; serviceable and unserviceable material **not safe-for-sale** with Demil codes of B, Q3, C, D, E or F that shall be destructively scrapped, Demil or mutilated. The Government has sole discretion to determine what material shall be sold to the Purchaser, and the Purchaser has a contractual obligation to purchase and accept all material referred by the Government except for hazardous material. Under no circumstances is culling for the purpose of effecting partial or incremental removals authorized.

DLA Disposition Services may issue material received at DLA Disposition Services facilities in the Continental United States (CONUS), Alaska, Hawaii, Guam and Puerto Rico (and possibly the Virgin Islands). DLA Disposition Services may also issue material from Receipt-In-Place (RIP) locations or other locations that are not located at DLA Disposition Services facility.

The successful bidder commits to purchase, enhance **value**, and re-sell material issued under this contract for a thirty-six (36) month performance period commencing from the date of submission of the initial material referral to the Purchaser. DLA Disposition Services may exercise options to extend the performance period for up to an additional twenty-four (24) months via two twelve month options, based on Government requirements and mutual agreement of the Purchaser.

A bid shall consist of a percent of the gross revenues the **Purchaser** shall return to the Government of all material sales conducted by the **Purchaser** to affect removal of material from **designated** DLA Disposition Services locations.

Within ten (10) business days of contract award, the Purchaser shall pay DLA Disposition Services a payment deposit totaling one hundred thousand dollars (\$100,000.00). This amount is in addition to the \$100,000.00 bid deposit required at the time of bid submission. The payment deposit and bid deposit shall be held by DLA Disposition Services until the conclusion of the contract wind-down period **to secure DLA Disposition Services claims against the Purchaser for Material Breaches of the contract**. The Purchaser is also required to provide a financial guarantee bond in the amount of \$3,000,000.00 within thirty (30) business days of award.

Prior to award of this contract, the Purchaser shall be required to obtain a Trade Security Control (TSC) assessment by providing the SCO a properly completed End-Use Certificate (EUC) in the form of a DLA Form 1822 (copy available on the DLA Disposition Services web site, <https://www.sales.dla.mil/dlab2b/init.do>, click on View Sales Documents). The TSC assessment verifies the entity as claimed, that the entity is doing business at the name and location claimed, and that there are no disqualifying factors present (e.g., convictions for illegal export of military technology, debarment by a Government activity, etc.).

Occasionally, the **Purchaser** may receive salvage material (Demil A or Q6) that has value greater than the scrap market value. Unless the material has been previously exempted (Art 11 Section 4) from the destructive scrapping requirement, if the **Purchaser** intends to resell without destructive scrapping then the **Purchaser** shall obtain a waiver from the SCO and perform material assurance **or TSC** responsibilities (**Article seven, Section two**). The Government may deny any waiver request due to a not safe for sale determination or for other reasons determined by the SCO. The SCO has sole discretion in making determinations on all mutilation waivers.

There may also be occasions when the Government shall request the return of material issued to the Purchaser because it is **operationally** required for DOD/DLA Disposition Services mission. DLA Disposition Services does not anticipate a large volume of material shall be requested in this manner. DLA Disposition Services shall advise Purchaser of return process at DLA Disposition Services expense.

Purchaser agrees to fully cooperate with the Government when informed by DLA Disposition Services of any reviews or investigations by any DOD or Federal Government investigative service or agency. Purchaser agrees to provide DLA Disposition Services with all requested information regarding the material or information relating to the customer purchasing the material. Purchaser shall make all sales records, material, and customer's records pertaining to such investigations available to DLA Disposition Services upon request.

DLA Disposition Services shall provide the Purchaser on site space to allow for sorting, re-sale transactions, and administration for the purposes of this contract **at designated locations**. **Designated locations may occasionally be added or withdrawn with not less than 30 days' notice**.



**Scrap or salvage material** may be stored, indoors, and outdoors in all kinds of weather conditions. The Purchaser is expected to accomplish removal in a timely manner to maintain an orderly scrap area. The Purchaser shall also accomplish removal from receipt in-place locations.

Existing Government owned Material Handling Equipment (MHE) currently being used for scrap operations shall be made available to the Purchaser. However, the Government shall not provide maintenance and the Purchaser is required to maintain equipment in safe operational condition throughout the term of the contract or return it to the Government. **Purchaser** shall load **resale buyer** owned conveyances. **Purchaser** shall unload and sort all material in preparation for **removal**.

The contract requires that the **Purchaser** fulfill certain requirements related to national security, DLA Disposition Services customer service, and compliance reviews. In addition, the **Purchaser** is fully auditable and therefore, shall remain cooperative with DLA Disposition Services audit requirements to include accounting statements, insurance coverage, inventory control/asset tracking, and returning/retrieving controlled material. Any and all of the Purchaser's records relevant to this contract shall be made available to DLA Disposition Services, to include providing DLA Disposition Services copies and/or allowing DLA Disposition Services to make copies of all records requested. Records shall be made available in either electronic or hard copy form as required by DLA Disposition Services.

The Purchaser shall work effectively with DLA Disposition Services personnel with regard to logistics, national security matters, customer service requests, financial reporting, compliance monitoring, Demil/Mutilation certification/verification and dispute resolution.

The Government reserves the right to conduct a post-award conference as early as two weeks after award. The purpose of the conference is to ensure the Purchaser fully understands the terms and conditions of this contract. The location and date of the conference shall be determined by DLA Disposition Services and the costs incurred by Purchaser personnel attending shall be paid in full by the Purchaser without reimbursement by DLA Disposition Services.

Prospective bidders should be aware of certain risk factors that could affect a bidder's assessment of this contract and the calculations supporting the resulting bid. Although DLA Disposition Services does not represent that it has identified all such risk factors, the following, in addition to those risks identified elsewhere in this IFB, should be considered by a prospective bidder:

**The future volume, quality, condition, market value, mix (e.g., brass, aluminum, copper, ferrous metal) of the material cannot be predicted. Applicable statutes, regulations, policies and inter-service agreements govern whether the disposition of particular items of surplus is through DLA Disposition Services or through other disposition methods. The volume and nature of the material referred for sale under this contract could be affected by such changes.**

Described generally, applicable statutes and regulations grant DLA Disposition Services less flexibility to agree to amend a contract after award than prospective bidders may have experienced in other contractual settings. Prospective bidders should assume that **this** contract cannot be significantly amended after award.

This IFB may be the subject of one or more protests to the U.S. General Accountability Office **or the Court of Federal Claims**. Moreover, it is possible that, either pending or after award, one or more third parties that object to this contract could institute litigation involving both DLA Disposition Services and the Purchaser. DLA Disposition Services cannot predict the likelihood or the possible grounds for such litigation. Nevertheless, this is a risk factor that should be assessed by a prospective bidder.

The following categories of scrap or not-safe-for-sale usable material may be referred under this contract:

- (A) **Destructive Scrapping Required:** This product pool is a result of the Military Services turning into DLA Disposition Services inventory that is deemed unserviceable or **unusable** by the Generator or DLA and is downgraded to a scrap pile. This **material** is generally Demil A, Demil Q6, **Demil Q3 (noncritical FSG/FSC) and Demil B (noncritical FSG/FSC)**. **Destructive** scrapping of this material shall be accomplished in a manner that prevents recognition or reconstruction and a certificate of destruction is required unless a waiver is granted or items are specifically exempted. Unless this material is sold locally within timeframes allotted, it shall be shipped at the Purchaser's expense to one of the Purchaser's re-sale facilities or otherwise disposed of at Purchaser's expense. .
- (B) **Mutilation Required:** This product pool is a result of the Military Services turning into DLA Disposition Services inventory that is deemed "not-safe-for-sale" by DLA and is downgraded to a scrap pile. This inventory may have Demil B (**with a critical FSG/FSC**), Demil Q3 (**with a critical FSG/FSC**), Flight Safety Critical, Counterfeit and other Items that shall be destroyed. This inventory shall be processed with Government oversight at a Resale Buyer's facilities or (for bulk materials) as a condition of sale within the vicinity of the responsible DLA Disposition Services location. This inventory, unless sold locally, shall be shipped at the Government's expense to the Purchaser's Resale Buyer facility.
- (C) **Demil Required:** This product pool is DEMIL C, D, E or F and shall be destroyed or mutilated with Government oversight. This inventory is not safe for sale and includes items that may have fluids (fuel, oil, **batteries**, hydraulics, etc.) which shall be drained prior to cutting, crushing, shearing operations. This inventory is sold with Demilitarization as a Condition of Sale (DCOS) within the vicinity of the responsible DLA Disposition Services location.

The Government has sole discretion to determine what **material** shall be sold to the Purchaser, and the Purchaser has a contractual obligation to purchase and accept all material referred by the Government except for hazardous **material**. Purchaser has no right to any **material** that is not referred under the terms of this contract. DLA Disposition Services reserves the right to sell material or offer material through alternative sales or contract means for all **material** not considered part of this contract. The Government guarantees to issue the Purchaser 100 million pounds per year (**defined as any continuous 12 month period of time during the contract performance period excluding the Phase-In and Phase-Out Periods**) under this contract.

The link provided, <http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>, provides historical information relating to past generations of material similar to what is being offered in this IFB. Bidders are advised that any sales history information provided is for informational purposes only. Prior year material generations and sales data are not predictors of future generations or sales.

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## ITEM DESCRIPTION

**ITEM 1:** Scrap and salvage material that DLA Disposition Services is accountable for in the CONUS, Alaska, Hawaii, Guam, Puerto Rico, and the U.S. Virgin Islands. **Material** issued under this contract shall be assigned a Demil code of A, B or Q **that requires destructive scrapping or mutilation.** Serviceable and unserviceable material with a Demil code C, D, E, or F that requires DCOS may also be referred. The Government may elect to offer material consisting of hazardous material (**under mutual agreement**), such as batteries and some petroleum based products. The Government may elect to offer **material** consisting of range residue (**under mutual agreement**). The Government guarantees to issue the Purchaser **100 million pounds** per year (**defined as any continuous 12 month period of time during the contract performance period excluding the Phase-In and Phase-Out Periods**) under this contract. Excluded from this sale is material with a Hazardous Materials Code of “W” (Hazardous Waste), precious metals coded material (Standard Waste and Scrap Classification Codes [SCL] beginning with a P or V), rubbish, refuse and trash, and electronic scrap in SCL codes; D4R, DMF and FPI.

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## **TERMS AND CONDITIONS OF SALE**

The General Information and Instructions and Special Conditions of Sale contained in the DLA Disposition Services pamphlet entitled, "Sale by Reference - Instructions, Terms and Conditions Applicable to Department of Defense Personal Material Offered for Sale by DLA Disposition Services, July 2012" (hereinafter, Sale by Reference);, is hereby incorporated by reference and becomes a part of this IFB and any resulting contract **except** for the following:

**Part 1 Article 15**

**Part 2 Articles 4,6,22,29,30,31**

**Part 3 Article E**

**Part 4 All**

**Part 5 Articles: A, G,**

**Part 6 Articles: , D, H, I**

**Part 7 Articles: G, H, I, P, T, Y**

**Part 8 All**

**Part 9 All**

**Part 10 All**

A copy of the Sale by Reference is available on the DLA Disposition Services web site, <https://www.sales.dla.mil/dlab2b/init.do>, under "Links" select View Sales Documents.

Note: Where articles in the IFB contradict any articles in the Sale by Reference, the Articles in the IFB shall over-ride the Sale by Reference.

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## **ADDITIONAL TERMS AND CONDITIONS OF SALE**

The following Articles (not part of the Sale By Reference, July 2012) apply and constitute additional terms and conditions of this sale:

### **ARTICLE ONE**

#### **Bid Evaluation and Contract Award**

**Section 1 – Bidding Process** – The bidding process shall commence on the bid opening day and time specified by the Government. **Prior to bid opening bidders shall submit a** sealed bid consisting of one bid percentage specified by the bidder. The bid shall be expressed as a percentage of the gross revenue that the Purchaser shall return to the Government when material issued under this contract is resold. The bid shall exceed zero, and is limited to only two (2) digits to the right of the decimal without rounding. The SCO shall open each sealed bid at the specified bid opening day and time. Bids shall be read by the SCO. From the bids offered, a high bid shall be determined which shall be the starting point for the live auction. Bidders shall then be offered an opportunity to increase their bid incrementally during the live auction. The auction shall end when no further bid increases are received. The high bid offered at that time shall be considered the apparent high bid. All bids shall remain open and awardable for no less than one-hundred twenty (120) calendar days after bid opening. **Attendance is not mandatory. All bids must be received prior to bid opening to be considered.**

**Section 2 – Bid Evaluation** - Award shall be made to the responsive, responsible bidder that offers the highest bid price. The purchaser's back-end purchase price for material shall consist of the percent of gross revenue (to include any bidder's premium or other administrative fees) that the Purchaser shall pay to the Government when material issued under this contract is resold. The Government reserves the right to not award a contract if such contract is deemed not to be in the Government's best interest.

**Section 3 – Contract Award** – The SCO shall determine if each bid is responsive and responsible prior to award of the contract. The contract shall be awarded to the highest responsive, responsible bidder. In the event of a termination of the original Purchaser within one-hundred twenty (120) calendar days of the date of bid opening, the SCO may award the contract to the next highest responsive, responsible bidder if bids have not expired, and such award is otherwise determined to be in the Government's best interest, price and other factors considered.

**Section 4 – Post-Award Conference** - The Government reserves the right to conduct a post-award conference as early as two weeks after award. The purpose of the conference is to ensure the Purchaser fully understands the terms and conditions of this contract. The location and date of the conference

shall be determined by DLA Disposition Services and the costs incurred by Purchaser personnel attending shall be paid in full by the Purchaser.

**Section 5 – Pre-Award Survey** - The Pre-Award survey is one of the factors used by the Government to ensure the Purchaser’s ability to satisfactorily perform the work in accordance with their technical proposal submitted in step-one of this solicitation. After bid opening and prior to award, the Government may conduct a Pre-Award survey of the apparent high bidder. The Pre-Award survey may be conducted at the Purchaser’s facility(ies) or other location(s) as deemed necessary by the Government and may include a review of Purchaser’s facilities and equipment, financial capability or disclosure of a Purchaser’s financial condition, quality assurance, safety, and transportation. Bidders shall cooperate in the Pre-Award process by assisting in arrangements and/or by providing requested information in a timely manner. Bidders are advised that accomplishment of a Pre-Award survey or furnishing documents to the Government in support of the Pre-Award survey is part of the evaluation of the responsibility process and is not a guarantee the bidder shall receive award of a contract.

**ARTICLE TWO**  
**Parties to the Contract**

**Section 1 – Purchaser Information** - Within thirty (30) calendar days of the date of contract award, the Purchaser shall provide DLA Disposition Services the following information:

- (A) Designation of key persons, if any, in addition to those identified in Purchasers technical proposal.
- (B) Purchaser shall provide the SCO notification of any changes to the above within ten (10) calendar days of the change.
- (C) Certain Purchaser personnel shall have a security clearance and obtain a Common Access Card (CAC) in order to enter and conduct business at designated DLA Disposition Services Field Site locations.

**Section 2 – Transfer and Hypothecation**

- (A) **General Prohibition** - Except as specifically provided herein or specifically approved by DLA Disposition Services in writing, the Purchaser may not directly or indirectly sell, transfer, assign, pledge, offer as collateral or otherwise hypothecate all or any part of its rights or obligations under the contract.
- (B) **Attempted Transfer** - Any attempted transfer in violation of the provisions of this Article shall be null and void, and shall constitute a material breach of this contract.

**Section 3 – Contract of Sale**

- (A) **Relationship of Parties** - This contract is an agreement for the sale of the **material** by

DLA Disposition Services as seller to the Purchaser. Purchaser and DLA Disposition Services expressly disavow the creation of any other relationship, including without limitation principal-agent, master-servant, employer-employee, general or limited partnership, or joint venture, between DLA Disposition Services and the Purchaser.

**(B) Parties to Contract** - The parties to this contract are DLA Disposition Services and the Purchaser. The exclusive representative of DLA Disposition Services for all purposes under this contract is the SCO, and all notices, demands, requests, consents, approvals, declarations, reports and other communications to DLA Disposition Services from Purchaser shall be deemed ineffective unless addressed to the SCO. Communications from the Purchaser to anyone other than an SCO shall not be deemed received by DLA Disposition Services.

**Section 4 – Authority of Sales Contracting Officer (SCO)** - On behalf of DLA Disposition Services, the SCO has the authority to represent DLA Disposition Services and to commit DLA Disposition Services to take such actions as permitted or required and to extend or waive timing requirements or deadlines as may reasonably be required under the performance of this contract.

**ARTICLE THREE**

**Contract Financial Retention & Insurance and Bond Requirements**

**Section 1 – Bid Deposit** - Each bid shall be accompanied by a refundable bid deposit in the form of a guaranteed instrument (cashier’s or certified check) in the amount of one-hundred thousand dollars (\$100,000.00) payable to U.S. Treasury. It is within sole discretion of the SCO to determine adequacy of guaranteed instrument provided as a bid-deposit. DLA Disposition Services shall retain the apparent high Bidder’s bid deposit until completion of the wind-down period. The bid deposit shall be applied to any unpaid billings or to offset any other claim that DLA Disposition Services may have against the Purchaser. DLA Disposition Services shall return any available balance of the bid deposit, without interest, to Purchaser at the completion of the wind-down period.

**Section 2 – Payment Deposit** - Within ten (10) calendar days of contract award, Purchaser shall provide DLA Disposition Services the amount of one-hundred thousand dollars (\$100,000.00) referred to as the payment deposit. The payment deposit shall be made via guaranteed instrument, cashier/certified check, wire transfer or Electronic Funds Transfer (EFT). DLA Disposition Services shall retain the payment deposit until the completion of the wind-down period. The payment deposit shall be applied to any unpaid billings or to offset any other claim that DLA Disposition Services may have against the Purchaser. DLA Disposition Services shall return any available balance of the payment deposit, without interest, to Purchaser at the completion of the wind-down period.



**Section 3 – Financial Guarantee Bond** – Within thirty (30) calendar days of award Purchaser shall obtain a financial guarantee bond in favor of DLA Disposition Services the amount of **three** million dollars (\$3,000,000.00). The purpose of the Financial Guarantee Bond shall be to provide a source of payment to DLA Disposition Services in an amount reasonably sufficient to satisfy the financial obligations of Purchaser or for damages arising out of a material breach by Purchaser. The Financial Guarantee Bond shall be issued by such surety and in such form that are acceptable to DLA Disposition Services. The Bond shall be carried for the duration of the contract, however, may be renewed on an annual basis, renewable at the sole option of the surety.

**Section 4 – Insurance and Bond Contract Requirements** – Purchaser shall obtain and maintain the following insurance and bond requirements throughout the performance and wind-down period.

**(A) – Modification of Special Circumstance Conditions** – Sale by Reference (SBR) Part 5 - Additional Special Circumstance Conditions – Miscellaneous (DLA Disposition Services Form 86, Oct 93), Article D, Liability and Insurance, paragraphs (a)(2) and (a)(3,) is modified as follows:

1. Bodily Injury Insurance in an amount of not less than two hundred fifty thousand dollars (\$250,000.00) any one individual and one million dollars (\$1,000,000.00) any one accident or occurrence.
2. Material Damage Liability Insurance in the amount of two hundred fifty thousand dollars (\$250,000.00) (which shall include any and all material whether or not in the care, custody or control of Purchaser). The annual coverage shall be not less than one million dollars (\$1,000,000.00).

**(B) – Further Modifications** – Sale by Reference Part 5, Article D, paragraph (a) is also amended as follows:

1. All risk coverage for fire and other material perils for all material owned by Purchaser with aggregate coverage of five million dollars (\$5,000,000.00).
2. Umbrella liability coverage **not less than** two million dollars (\$2,000,000.00).
3. Fidelity or blanket bond coverage in the amount of at least five million dollars (\$,000,000.00). Purchaser shall obtain and maintain such coverage with a responsible surety company with respect to all of Purchaser's employees, officers and directors to protect Purchaser against losses, including, without limitation, those arising from theft, embezzlement, fraud, or misplacement of funds, money, or documents. The issuer, policy terms and forms and amounts of coverage, including applicable deductibles,

shall be satisfactory to DLA Disposition Services, and the policy shall include a provision that the issuer shall notify DLA Disposition Services in writing within five (5) business days of the cancellation or termination of any such coverage or of any modification of such coverage. Purchaser shall notify DLA Disposition Services in writing within five (5) business days after filing a claim under such coverage.

4. Comprehensive general liability, automobile liability, umbrella liability, Worker’s compensation and other insurance coverage as may be required by law. At its option, Purchaser may obtain and maintain such additional insurance, including directors and officers coverage and errors and omissions coverage, as Purchaser deems appropriate.

**(C) – Evidence of Insurance** - Within thirty (30) business days from the date of award, and annually thereafter, Purchaser shall provide DLA Disposition Services copies of policies, certificates of insurance or other proof evidencing the coverage required. Purchaser shall obtain the minimum coverage specified unless DLA Disposition Services approves a variance from such minimum coverage.

## **ARTICLE FOUR** **Contract Performance**

**Section 1 – Performance Period** - Subject to the early cancellation option provisions and the Termination for Convenience of the Government provisions, the Government shall provide material for a thirty-six (36) month period from the date of the initial material referral to Purchaser. DLA Disposition Services may exercise two one-year options to extend the performance period for up to an additional Twenty Four (24) months based on Government requirements. The Government may extend the term of this contract by providing written notice to the Purchaser within one-hundred twenty (120) calendar days of contract end.

**Section 2 – Phase-In Period** - Purchaser shall begin accepting material within thirty (30) calendar days following award and follow the Phase-In schedule to meet full operational capacity (FOC) at all locations within one-hundred **fifty** (150) calendar days of contract award or as approved by the SCO via negotiations. Purchaser may request acceleration of referrals at any delivery point, and DLA Disposition Services shall respond to such request in the exercise of its sole discretion.

**Section 3 – Termination for Convenience of the Government** – The Government may terminate performance of work under this contract in whole or, from time to time, in part if the SCO determines

that a termination is in the Government's interest. The SCO shall terminate by delivering to the Purchaser a Notice of Termination specifying the extent of termination and the effective date.

After receipt of a Notice of Termination, and except as directed by the SCO, the Purchaser shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

- (A) Stop work as specified in the notice.
- (B) Unless otherwise directed by the SCO, place no further subcontracts or orders (referred to as subcontracts in this clause) for materials, services, or facilities. Stop any pending sales and make no further sales to Resale Buyers to the extent they relate to the work terminated.
- (C) Terminate all subcontracts to the extent they relate to the work terminated.
- (D) Unless otherwise directed by the SCO, assign to the Government, as directed by the SCO, all right, title, and interest of the material referred whether in Purchaser or Resale Buyer facilities. Whether material is in Purchaser or Resale Buyer facilities, coordinate with the SCO the return of any material issued to the Purchaser to the Government or move material to Purchaser owned facilities for Government retrieval upon written direction from the SCO.
- (E) With approval or ratification to the extent required by the SCO, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts.
- (F) Take any action that may be necessary, or that the SCO may direct, for the protection and preservation of the material related to this contract that is under title and/or in the possession of the Purchaser or Resale Buyer and in which the Government has or may acquire an interest until surrendered to the Government or its agent. The Purchaser and SCO shall agree on payment for the preservation and protection of goods. Failure to agree on an amount shall be a dispute under the Disputes clause.

The Purchaser shall submit a complete termination inventory schedule to include a list, certified as to SCL, description and quantity, of termination inventory no later than thirty (30) calendar days from the effective date of termination unless extended in writing by the SCO, upon written request of the Purchaser, during this thirty (30) calendar day period. The Government shall review the inventory list within fourteen (14) calendar days and contact the Purchaser with any discrepancies and notify the Purchaser of items that the Purchaser can retain title. The retention of title of these items shall be by mutual agreement.

If the Purchaser has any cost it wishes the Government to consider prior to the Government assessing settlement costs, they shall be submitted within fourteen (14) calendar days of final removal of returned surplus material to the Government. Any cost submitted by the Purchaser shall be determined to be allocable, allowable, and reasonable and supported with documentation to the degree required by the SCO. Unless extended in writing by the SCO, upon written request of the Purchaser, the SCO shall determine the settlement proposal within fourteen (14) calendar days of receipt of any submission of final Purchaser settlement costs. If the Purchaser fails to submit their proposal for settlement cost within

the time allowed, the SCO may determine, on the basis of information available, the amount, if any, due the Purchaser or owed by the Purchaser.

The Purchaser has fourteen (14) calendar days to review the contract settlement proposal and request any additional information. Payment to be made by either party shall be made within thirty (45) calendar days of Purchaser receipt of the settlement proposal, except the Government may choose to issue payment due the Purchaser in the form of a credit applied to the next summary bill. Any amount due the Purchaser may include a reasonable allowance for profit for work completed. If the Purchaser fails to pay settlement cost within the specified time, the cost shall be deducted from any deposit funds available from the performance of this contract. Any remaining funds from the deposit shall be returned by the Government.

If the Purchaser and the SCO fail to agree on the amount that may have been determined due to the Purchaser by the Government, due to the termination of the sales contract, the SCO shall pay the Purchaser the amounts determined by the SCO within the specified time. Any amount due to be paid by the Purchaser and not paid within the specified time period shall be charged interest fees based on the rate determined by the Secretary of Treasury.

The cost principles and procedures of Part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

The Purchaser shall have the right of appeal, under the Disputes clause, from any determination made by the SCO, except that if the Purchaser failed to submit the termination settlement proposal or a request for equitable adjustment within the time provided.

In arriving at the amount due the Purchaser under this clause, there shall be deducted;

- (1) Any claim which the Government has against the Purchaser under this contract; and
- (2) The agreed price for, or the proceeds of sale of, materials, supplies, or other things acquired by the Purchaser or sold under the provisions of this clause and not recovered by or credited to the Government.

This clause has the same full effect, if this contract is terminated in partial.

Unless otherwise provided in this contract or by statute, the Purchaser shall maintain all records and documents relating to the terminated portion of this contract for 3 years after final settlement. This includes all books and other evidence bearing on the Purchaser's costs and expenses under this contract. The Purchaser shall make these records and documents available to the Government, at the Purchaser's office, at all reasonable times, without any direct charge. If approved by the SCO, photographs, microphotographs, or other authentic reproductions may be maintained instead of original records and documents.

**Section 4 – Purchaser Early Cancellation Notice** – If the Purchaser elects to terminate prior to the term of this contract the Purchaser shall provide the Government a notice to terminate and shall continue the terms of the contract for 270 days following the termination to include wind-down and phase-out period.

**Section 5 - Wind-Down Commencement Date** – Beginning with the date that is the earlier of either the end of the performance period or the effective date of termination by reason of DLA Disposition Services or the Purchaser exercising the early cancellation option or by reason of a material breach, the contract shall wind-down for a period of one-hundred twenty (120) calendar days.

**Section 6 - Conduct of Wind-Down** - From the wind-down commencement date forward, the Purchaser shall perform their remaining obligations hereunder in accordance with the provisions of this contract. Submission of Purchaser required reports shall continue as before the wind-down commencement date until the wind-down is completed. There shall be no further referrals of material by DLA Disposition Services to Purchaser from the wind-down commencement date forward.

**Section 7 - Phase-Out Period** - Beginning with a date not earlier than one-hundred twenty (120) calendar days prior to the Wind-Down Commencement Date; the Government may cease material referrals at individual DLA Disposition Services' field locations (includes all Receipt In Place (RIP) locations serviced by the field location) on a schedule to be determined by the Government. The Purchaser shall concurrently cease removals as of the date and locations identified in the schedule. The Phase-Out Schedule shall be provided to the Purchaser not less than sixty (60) calendar days prior to the first scheduled cessation of material referrals. Material not removed by the Purchaser or a Resale Buyer at any location prior to the dates identified in the Phase-Out Schedule for that location shall be considered a material return to DLA Disposition Services. Two (2) weeks following the cessation of material referral at a field location the Government shall no longer make its facilities available to the Purchaser. During the thirteen (13) calendar days immediately following the cessation of material referral at a field location the Government may reduce the amount of administrative and storage space made available to the Purchaser.

## **ARTICLE FIVE** **Distributions/Payments**

**Section 1 – Up-Front Material Purchase Price** – Purchaser shall pay DLA Disposition Services \$1,000.00 each month of the performance period. This payment is a pre-condition to the transfer of title as provided in Article 6, Section 3. This payment shall be billed each month and reflected in the Statements of Account (SOAs) referenced in Section 3 of this Article. The Government shall not credit

the Purchaser any amount of the Up-Front Material Purchase Price for any reasons except when the Government fails to refer to the Purchaser the minimum guaranteed annual quantity.

**Section 2 – Back-End Material Purchase Price** – Purchaser shall pay DLA Disposition Services the Purchaser’s bid price when material is resold. Purchaser’s bid of the resale gross revenue includes any resale revenue from the material sold to the Purchaser by the Government. These proceeds include any direct proceeds received from the Purchaser in the initial sales transaction and any subsequent proceeds or other revenue received by the Purchaser in any subsequent arrangements/contracts with other parties. The Purchaser shall not enter into any resale transaction other than on an arms-length basis, except as authorized by the SCO, or with pricing or other terms less favorable to the Purchaser than otherwise reasonably obtainable. The Purchaser shall **re-sell via competitive auction, sealed bid or negotiated sales** all material purchased from the Government. Any revenue received from such transaction, at time of transaction or deferred, shall be considered revenue for purposes of the percentage bid by the Purchaser under this contract. DLA Disposition Services shall generate a bill for the bid price of all resale transactions occurring in each monthly billing period as reflected in the Statements of Account (SOAs) referenced in Section 3 of this Article.

**Section 3 – Monthly Payments** – Purchaser shall pay DLA Disposition Services the billed amount for material delivered in each monthly billing period which normally runs through the 25<sup>th</sup> day of each month. DLA Disposition Services may issue multiple SOAs to the Purchaser no later than the Wednesday following the first Monday of the month following the billing period. The SOA(s) shall reflect the up-front purchase price and back-end payment of the material resold by the Purchaser during the prior billing period plus credits and debits as required. The balance reflected on the SOAs shall be the amount owed to DLA Disposition Services by the Purchaser for the particular month billed. Purchaser is required to submit payment to DLA Disposition Services no later than the 15th of each month or within two weeks from receipt of the bill whichever is later. A letter accompanying the monthly bill may indicate a payment due date other than as described herein and is not to be construed as relinquishing the Purchaser from compliance with the payment due date as described in this IFB.

**Section 4 – Method of Payment** – Payments made to DLA Disposition Services shall be via an Electronic Funds Transfer (EFT). The account number for EFT and wire transfers shall be provided by the SCO and updated whenever necessary.

**Section 5 – Failure to Make Timely Payment** - Should Purchaser fail to pay to DLA Disposition Services the full amount owed as reflected on the SOAs each month on or before the date that such payment is due, DLA Disposition Services may, in its sole discretion, (i) apply that portion of the payment deposit that is necessary to pay the amount owed, and (ii) notify Purchaser that such failure constitutes a material breach that the Purchaser shall cure within **fifteen (15)** calendar days of notice thereof by paying to DLA Disposition Services an amount equal to one-hundred twenty percent (120%) of the subject amount owed, which payment shall be applied by DLA Disposition Services to replenish and increase the amount of the payment deposit. The Purchaser shall also be assessed interest on the

payment based on the current rate as determined by the Secretary of Treasury. The interest shall be added to the next month's Statement of Account(s).

**Section 6 – Payment of Seller Indirect Costs** – Pursuant to a DLA Disposition Services mission change, certain Purchaser costs directly related to the mission of DLA Disposition Services may be deemed Seller Indirect Costs (SIC), thus, the costs to perform such duty can be deducted entirely from distributions otherwise payable to DLA Disposition Services. This mechanism largely leaves the risks associated with these issues with DLA Disposition Services and accordingly should considerably lessen these concerns for the Purchaser. All costs permitted as SIC, shall be allocable, allowable, reasonable, and pre-approved by DLA Disposition Services on a case-by-case basis prior to being executed by the Purchaser. DLA Disposition Services approval of SIC shall be in writing and not assumed to be approved. SIC are never authorized for reimbursement of lost profits. Material surges that may result are not eligible for SIC. Unless otherwise stated, transportation costs and Purchaser's Direct Costs are not considered for SIC.

**Section 7 – Supporting Documentation** – Each disbursement for a SIC shall be supported with bona fide documentation (including records in an electronic medium) that adequately demonstrate that each such disbursement is in the proper amount for goods or services actually provided in advance of such disbursement.

## **ARTICLE SIX**

### **PRODUCT POOL, MATERIAL REFERRALS, TITLE TRANSFER AND RETURNS & MATERIAL BREACH**

#### **Section 1 – Product Pool**

(A) **Material Flow** – Material shall be issued as scrap in weight or as usable material that shall be rendered to scrap through additional processing. All material shall be transferred as pounds. Inventory shall be located in the **United States**, Guam, and Puerto Rico. The Government may include additional locations by mutual agreement with the Purchaser. (Under no circumstances is culling for the purpose of effecting partial or incremental removals authorized.) DLA Disposition Services reserves the right to sell material or offer material through alternative sales or contract means for all material not considered part of this contract.

(B) **Material Referral** – The Government has sole discretion to determine what material shall be sold to the Purchaser, and the Purchaser has a contractual obligation to purchase and accept all material referred by the Government except for hazardous **material**. Under no circumstances is culling for the purpose of effecting partial or incremental removals authorized. The Purchaser is not required to take hazardous material or material that could pose a safety or health issue

(mold, asbestos, paints). DLA Disposition Services reserves the right to sell material or offer material through alternative sales or contract means for all material not referred under this contract.

**(C) Mutilation Required** – Items delivered under this category require **TSC clearance and complete destruction with Government oversight**. This inventory is controlled and shall be completely mutilated to prevent reconstitution of any functional device.

**(D) Demil Required** – Items delivered under this category require **TSC clearance and Demil with Government oversight**. This inventory is Demil required and shall be completely mutilated to remove the offensive and defensive capabilities and prevent reconstitution of any functional device.

**(E) Destructive Scrapping Required** – Unless a waiver is granted pursuant to Article 11 Section 4, items delivered under this category require Destructive Scrapping and the return of a Certificate of Destruction (COD) with occasional Government oversight. Except for the material specifically listed in Article 11 Section 4 all other material not included in the two preceding paragraphs shall be processed by cutting, tearing, crushing, mangling, shredding or melting. Destructive Scrapping of this material shall be accomplished in a manner that prevents recognition or reconstruction. **Destructive Scrapping shall take place within 60 days of removal from Government facilities.**

## Section 2 – Material Referrals

**(A) Locations** – Material that is referred for sale to the Purchaser is located within the United States, Guam, and Puerto Rico.

**(B) DLA Disposition Services' Locations** – Material is referred for sale at or in the vicinity of a DLA Disposition Services' scrap yard. Material is normally issued as a Generator receipt of scrap delivered to the scrap yard or downgraded material placed in or near the scrap yard or other agreed upon delivery point, which may vary by location.

**(C) Receipt In Place (RIP)** – Certain items may be issued to the Purchaser from a RIP location. DLA Disposition Services shall identify this material to the Purchaser at the time it is referred for sale.

**(D) Material for Direct Shipment to the Purchaser** – DLA Disposition Services may also ship material directly to the Purchaser's Resale Buyer location. Such shipments may be either Demil required material or mutilation required material. All such shipments require 100% Government oversight of the material destruction.

**(E) Initial Material Referral** - DLA Disposition Services shall issue the initial material referral to the Purchaser on the dates that are (i) within the time specified for the phase-in period (Attachment C of this IFB), and (ii) the date DLA Disposition Services has received and approved all the information required under the provisions of this contract.

**(F) Material Surges** - Purchaser acknowledges that during the performance of this contract, changes in Government processes or procedures could result in large generations of material being turned into DLA Disposition Services which could ultimately be referred under this contract. DLA Disposition Services and the Purchaser agree to cooperate and institute special



procedures as necessary in connection with material surges. Any costs of the increased workload upon the Purchaser would not be at any additional costs to the Government.

### Section 3 – Title Transfer

(A) **Material with DEMIL Code A** – Title to the material shall transfer to the Purchaser upon physical receipt at a scrap yard or upon verbal or written notification of sufficient quantities of material at a RIP location.

(B) **Material with DEMIL Code Q6** – Unless a waiver to the destructive scrapping requirement has been issued, title to the material shall not transfer until return of the Certificate of Destruction (COD). If a waiver to the destructive scrapping requirement has been issued, title to the material will transfer to the Purchaser upon physical receipt at a scrap yard or upon verbal or written notification of sufficient quantities of material at a RIP location.

(C) **Material with DEMIL Code B (with a non-critical FSG/FSC) or Demil Q3 (with a non-critical FSG/FSC)** – Title shall transfer upon return of the Certificate of Destruction (COD).

(D) **Material with DEMIL Code B (with a critical FSG/FSC) or Demil Q3 (with a critical FSG/FSC)** – Title shall not pass until mutilation has been witnessed by the Government.

(E) **Material that has Demilitarization as a Condition of Sale (DCOS)** – Title shall not transfer until proper Demil has been both completed and certified and verified on a Demil Certificate.

### Section 4 – Return of Material to the Government

(A) **Controlled Material Located at Point of Resale** – Material issued to the Purchaser may later become required by the Government. The material shall be returned at no cost to the Government as directed by the SCO.

(B) **Material Resold - Not Removed from Point of Resale** – Purchaser may have resold items as scrap or with mutilation or DCOS and later become required by the Government. The material shall be returned to Government control as directed by the SCO. The Purchaser shall not be reimbursed for lost proceeds but may pass on cost incurred by their Resale Buyer based upon evidence of the expense. Returns from a DLA Disposition Services' scrap yard to the scrap yard's owning site shall be considered to have no associated costs.

(C) **Material Resold - Removed from Point of Resale** – Purchaser may have resold items that the Resale Buyer has physically removed from the point of resale and not yet rendered scrap via mutilation or Demil and later becomes required by the Government. Within three (3) business days of the DLA Disposition Services notification, Purchaser is required to notify their customer and facilitate the item's return if the Resale Buyer has not destroyed the item. The Purchaser shall initially contact their customer by either e-mail or registered letter. If the Resale

Buyer is non-responsive to the initial request or fails to return the material, Purchaser is responsible for contacting the Resale Buyer again within **fourteen (14)** business days of the initial contact via a registered letter. DLA Disposition Services shall advise the method for return based on the applicable item and shall reimburse the Purchaser **transportation** costs associated with the return of the material.

**(D) Sales Participation of Non-Responsive Resale Buyers** - Based on the national security concern of the material being requested to be returned, DLA Disposition Services reserves the right to request that the Purchaser no longer conduct a resale to non-responsive customers. DLA Disposition Services shall notify the Purchaser of individuals/companies falling into this category on a case by case basis.

**(E) No Purchaser Returns of Non-Hazardous** Material- Purchaser does not have right to return unsaleable material or material with low to no sales profit margin. The Government recognizes that some commodities shall be delivered that represent recycling challenges (Tires, wood, scrap furniture, textiles, and other non-metallic) that shall require unique and challenging solutions. The Government shall not reimburse for disposal or land fill costs for any material referred in this contract.

**(F) Right of Return for Hazardous Material and Range Residue** - The Purchaser shall be permitted to return hazardous material or range residue in the event material has proven to be unsaleable or creates a risk unacceptable to the purchaser. The Purchaser shall return the material in the original condition it was in prior to accepting for resale.

**(G) Right of Return, Receipt in Place or Deconstruction:** Periodically the Government may request the purchaser to offer a sale with deconstruction (e.g. Cranes, Antennas) or Special Services (e.g. moving or accumulating property for transportation/packing) requirements or other unique service requirements at a receipt in-place location. The Purchaser shall have the right to return the material after an attempt to sell (with no buyer premium or reserve) or at the discretion of the SCO.

**(H) Waivers for Back-end Material Purchase** - On a case by case basis and after the Purchaser has exercised due diligence in attempting to sell the challenging commodities referred to in section E above, the Purchaser may request that the provisions in Article 5, Section 2 regarding payment of back-end material purchase price be waived.

**Section 5 – Notice of Material Breach** - In the event of a material breach or default of the respective duties in the performance of this contract, the Purchaser or DLA Disposition Services, the party asserting such material breach, shall serve notice upon the party that committed or is alleged in the notice to have committed such material breach.

**Section 6 – Response to Notice** - Except as otherwise provided, the breaching party may cure the material breach within thirty (30) calendar days of such notice referred to as the cure period or within such longer cure period as the notice may provide unless, within the cure period, the non-breaching party withdraws the notice in writing or extends the cure period in writing.

**Section 7 – Termination** - Termination shall be effective upon notice by the non-breaching party to the breaching party served upon or after the date of such decision. Unless otherwise provided, Purchaser and DLA Disposition Services shall continue to perform their respective duties under the contract during the cure period.

**Section 8 – Intentional Breach** - An asserted material breach comprised of an intentional breach of the duty of loyalty or the duty of care may not be cured unless DLA Disposition Services, in its sole discretion, specifies a cure period in the notice. Termination shall be effective upon the later of the date of service of such notice or the expiration of the cure period.

**Section 9 – DLA Disposition Services Remedies for Material Breach by Purchaser** - If the breaching party is the Purchaser, DLA Disposition Services may take any one, any combination or all of the following actions to satisfy its claims for any non-payments or other damages:

- (A) Apply the payment deposit
- (B) Present a claim against Purchaser
- (C) Present a claim upon the Fidelity Bond or any other applicable insurance or surety policy
- (D) Seek appointment of a receiver or trustee for Purchaser
- (E) Seek monetary damages, restitution or any other legal or equitable remedy to which it is entitled
- (F) Assert any other right, claim, or remedy available pursuant to the contract disputes act

## ARTICLE SEVEN

### **Demilitarization Codes and Trade Security Control (TSC) Requirements**

**Section 1 – Demilitarization Codes** - Many of the items in the product pool are subject to Trade Security Controls (TSC) assessment/clearance based on their Demil code assignment. All material other than Demil code "A" issued under this contract requires a TSC assessment of the Resale Buyer prior to completion of the sale. The Purchaser is required to comply with all current or future TSC procedures as mandated during the performance period of this contract. Such new requirements may impose higher costs upon the Purchaser in order to comply.

**Section 2 – Purchaser’s Trade Security Control (TSC) Requirements** - Prior to award of this contract, the Purchaser shall be required to obtain a TSC assessment/clearance by providing the SCO a

properly completed EUC in the form of a DLA Form 1822 (copy available on the DLA Disposition Services web site, <https://www.sales.dla.mil/dlab2b/init.do>, under “Links” select View Sales Documents). The **assessment** may need to be renewed during the performance period of this contract and at the request of the Government. The **assessment** investigation determines that the entity is who it claims to be, doing business at the name and location claimed and that there are no disqualifying factors present (e.g., convictions for illegal export of military technology, debarment by a Government activity, etc.).

**(A) Resale Buyer’s Trade Security Control (TSC) Requirements** - All Resale Buyers of other than Demil code A **material** shall also receive a TSC assessment/clearance. The Purchaser shall be required to notify prospective **Resale** Buyers in catalogs and re-sale documents of the necessity to comply with TSC requirements, **U.S. law** and export controls. The Purchaser shall be required to obtain and keep information on file for review by DLA Disposition Services or other Government entities to include a properly completed EUC from the Resale Buyer of each lot (or group of lots at a single re-sale event) of non- Demil code A material before releasing such items to the prospective Resale Buyer. The Purchaser’s export control compliance responsibilities shall generally be limited accordingly to obtaining a properly completed EUC, releasing material to a Resale Buyer only after confirming that the Resale Buyer is cleared and has acknowledged their responsibilities for follow-up sales (i.e., advising Resale Buyers not to sell beyond the United States without proper Department of State/Department of Commerce documents/notice), and maintaining the associated compliance records.

**(B) Purchaser’s Responsibilities Prior to Award to Resale Buyer** - Upon receipt of a properly completed EUC, the Purchaser shall also obtain Government approval before re-selling any TSC required item and releasing material to the **Resale Buyer**. The TSC Assessment Office is the assessment/clearance authority and the determining authority relative to the proper completeness of EUC. Purchaser agrees to comply with any change to current TSC procedures should they occur.

**(C) Purchaser’s Liaison Responsibilities** – The Purchaser shall assume liaison responsibilities when processing a Trade Security Control **assessment** for their resale customers by forming a Liaison office in the DLA Disposition Services at 74 North Washington Avenue, Battle Creek, MI 49037. Responsibilities shall include collecting, reviewing, delivering, EUC to the Government. Interactions shall be required between the TSC Assessment/Clearance Office and/or DLA Disposition Services. SCO assistance in obtaining the necessary office shall be provided, however, the Government assumes no costs for establishing the Purchaser’s Liaison Office outside of providing an administrative work station and telephone lines. A Government furnished computer with internet access shall be provided once the Purchaser’s employee has been issued a security clearance (Purchaser Access Card and background investigation). The Government shall not provide office supplies or other equipment that the Purchaser may require to complete this requirement.

**(D) System for Awards Management (SAM)** - Purchaser is prohibited from awarding a contract to a customer identified as being suspended, debarred, **or from a Denied/Embargoed**

**Country.** Prior to awarding any contract, Purchaser agrees to search the System for Awards Management (SAM) at the following link: <https://www.sam.gov/portal/public/SAM>

### **Section 3 – United States Munitions List Items and Commerce Control List Items -**

**(A) Acknowledgment of Export Restrictions** - Purchaser acknowledges that some items in the product pool may be subject to export restrictions and Trade Security Controls (TSC) Assessments/Clearances.

**(B) Seagoing Containers** – Purchaser acknowledges that whenever a seagoing container is used by a Resale Buyer to remove material, Purchaser shall report the container number and, if known, the destination port to DLA Disposition Services before the container is loaded.

## **ARTICLE EIGHT** **Material Resale and Purchaser Responsibilities**

### **Section 1 – Scrap Yard Management –**

**(A) Receipt of Scrap in a Scrap Yard** – Purchaser is required to unload scrap from Generator conveyance and to remove downgraded material from the delivery point (as agreed upon by location). **Purchaser will advise DLA Disposition Services personnel, at time of receipt, which SCL it will advertise when reselling material that has been identified as a reimbursable receipt.**

**(B) Sorting Scrap** – Purchaser removes dunnage from referred material and sorts the material into the appropriate storage locations for resale.

**(C) Storage of Material** – Scrap storage bins and piles shall be clearly labeled with the location, Description (SCL), and Demil Code of the material. Purchaser maintains sorted material that is suitable for containerization, in containers off the ground when sufficient yard space is available and the local scrap industry supports removals through the use of a roll-off container inventory. Material staged for resale, not by weight, shall be organized and segregated by Demil code; the storage areas shall be labeled with the description, location and either Demil code “A” or “Q6.” Some Host Installations or Environmental Agencies with control over these facilities may require storage of scrap off the ground as a part of their Storm Water Pollution Prevention; on these installations the Purchaser is required to maintain all scrap in containers **or off the ground**. Some material referred to the Purchaser as scrap may contain more value as an item than its basic material content and may be exempt from this requirement. Additionally, exemptions may be granted for certain types of material that are too large, bulky or could contain residual fluids that could leak if the item were dropped into a container. Schedule G lists the current locations requiring containerization and covering of scrap or other mitigating actions ensuring compliant handling of material and DLA Disposition Services does not warrant or guarantee the accuracy of Schedule G at time of contract award; DLA Disposition Services

further reserves the right to add or remove locations from Schedule G as required by the Host Installation or other Environmental Governing Body. Purchaser shall take appropriate action to protect both the value of the material and the environment. Scrap Yards may not have adequate covered storage for material that requires protection from the elements (such as tires and ESACC in cardboard containers) and the Purchaser may need to employ the use of tarps or canvas to protect this material.

**(D) Removal** – The Purchaser or Purchaser’s Resale Buyer shall remove the material. All removals shall be weighed on Government owned scales when available or a State or other Local Government Agency certified scale **when Government scales are not available**. DLA Disposition Services reserves the right to operate scales or oversee the weighing of all removals. DLA Disposition Services shall provide a copy of the weight ticket to the Purchaser. Purchaser shall fully describe the material being removed and provide a copy of the bill of sale to DLA Disposition Services personnel monitoring/weighing the removal.

**(E) Removal Timelines** – All Scrap Material stored in a Scrap Yard may be subject to maximum storage limits from the Host Installation or other Governing Agency. Tires are an example of this; they are normally subject to a maximum storage limit by count or weight and shall be removed prior to exceeding the storage limit. DLA Disposition Services further imposes the following timelines.

1. Material exempt from destructive scrapping in accordance with Article 11, Section 4 and sold as an item shall be removed within ninety (90) calendar days.
2. Material requiring a destructive scrapping waiver and sold as an item shall be removed within one-hundred twenty (120) calendar days.
3. Material sold by weight through a term contract shall be removed prior to exceeding storage limits or within five (5) working days of accumulating a full truck load if there has not been a removal within the past ninety (90) calendar days.
4. Material sold by weight in One Time Sales shall be removed prior to exceeding storage limits or within fifteen (15) working days of accumulating a full truck load if there has not been a removal within the past ninety (90) calendar days.

**Section 2 – RIP Scrap Management –**

**(A) Receipt** – RIP referrals shall be written or verbally communicated to the Purchaser by the local DLA Disposition Services POC or the SCO. Specific requirements may need to be included in the Resale (such as hours of operation, requirements for access to the material, etc.) and shall be provided by the SCO or the local DLA Disposition Services POC. **Purchaser will advise DLA Disposition Services personnel, at time of receipt, of the SCL it will advertise when reselling material that has been identified as a reimbursable receipt.**

**(B) Removals** – The Purchaser or Purchaser’s Resale Buyer shall remove the material. All removals shall be weighed on Government owned scales when available or a State or other Local Government Agency certified scale. DLA Disposition Services or its appointed agent reserves the right to operate or oversee the weighing of all removals. DLA Disposition Services or its appointed agent shall provide a copy of the weight ticket to the Purchaser. Purchaser shall fully

describe the material being removed and provide a copy of the bill of sale to DLA Disposition Services personnel or its appointed agent monitoring/weighing the removal.

(C) **Removal Timeline** – Within sixty (60) calendar days of referral, the material shall be removed for all one-time and initial referrals. Most RIP material removals are expected to be accomplished through a term sale and following the initial removal, subsequent removals would be accomplished within five (5) business days of verbal notification or seven (7) business days of written notification. More stringent removal timelines may be included in the requirements at time of referral and shall be included in the advertisement and any resulting resale contract (example; some material streams referred at Puget Sound Naval Station require removal within 36 or 48 hours).

**Section 3 – Unmanned DLA Locations** – All references to DLA Disposition Services in this Section are deemed to include DLA DISTRIBUTION locations that perform these functions on behalf of DLA Disposition Services.

(A) **Receipt** – DLA Disposition Services may downgrade material at locations with no scrap yard or not within the vicinity of the scrap yard on the same installation. Some limited Government sorting may or may not be available at some of these locations. These locations are identified in Schedule F and DLA Disposition Services does not warrant the completeness or accuracy of Schedule F at time of contract award and further reserves the right to effect changes to Schedule F due to oversight, establishment or closure of any DLA Disposition Services Site.

(B) **Removals** – DLA Disposition Services may provide limited sorting at some of these locations. The Purchaser shall offer this material for resale to effect direct removals and reduce transportation costs. All Resale Buyer removals shall be weighed on Government owned scales when available or a State or other Local Government Agency certified scale. DLA Disposition Services or its appointed agent reserves the right to operate scales or oversee the weighing of Resale Buyer removals. DLA Disposition Services shall provide a copy of the weight ticket to the Purchaser. Purchaser shall provide a copy of the bill of sale to DLA Disposition Services personnel or its appointed agent monitoring/weighing the removal. Additional requirements may be required by location and the Purchaser is obligated to advertise and include them in any resulting contract.

(C) **Restriction on Purchaser Removals** –The material shall be removed within five (5) business days of verbal notification or seven (7) business days of written notification. The Purchaser may request exceptions to this removal timeline from the SCO.

**Section 4 – Restrictions on Purchaser Removals** –The Purchaser shall seek and receive agreement from the SCO prior to removing material by other than a Resale Buyer removal. The Purchaser may relocate, material to another DLA Disposition Services' scrap yard or to a Purchaser facility; the Purchaser facility shall be located within fifty (50) miles of the DLA site from which the material is removed. The Purchaser agrees to permit DLA personnel access to their facility for the purpose of material assurance, material inventory management and monitoring Resale Buyer removals.

**Section 5 – Demil as a Condition of Sale (DCOS)** – DCOS may be conducted on or off Government premises. Purchaser is required to advertise these sales with additional requirements as conveyed by the SCO or his designee and as may be stated in the Government’s approved Demil Surveillance Plan for each sale. The Purchaser or his Resale Buyer shall provide personnel to certify the destruction in accordance with Article 11, Section 7 of this IFB. The weight tickets and sale price for each resale may include or exclude the dunnage and other unrecyclable material, but the Purchaser shall ensure an appropriate process to capture the weight if the dunnage is excluded in the sale price and receive approval from the SCO for the process. **The Purchaser shall submit draft advertisement and contract for all DCOS sales to the SCO for review prior to advertising the sale. The Purchaser shall include the DEMIL Surveillance Plan in all advertisements and the resulting contract. All Demil shall be conducted in compliance with the Department of Defense Manual Number 4160.28, Volumes 1, 2 and 3.**

**Section 6 – Mutilation as a Condition of Sale (MCOS)** – MCOS may be conducted on or off Government premises. Purchaser is required to advertise these sales with additional requirements as conveyed by the SCO or his designee and as may be stated in the Government’s approved Demil Surveillance Plan for each sale. The Purchaser or his Resale Buyer shall provide personnel to certify the destruction in accordance with Article 11, Section 7 of this IFB. The weight tickets and sale price for each resale may include or exclude the dunnage and other unrecyclable material, but the Purchaser shall ensure an appropriate process to capture the weight if the dunnage is excluded in the sale price and receive approval from the SCO for the process. **The Purchaser shall submit all draft advertisement and contracts for MCOS sales to the SCO for review prior to advertising the sale. The Purchaser shall include the Mutilation Surveillance Plan in all advertisements and the resulting contract or other requirements approved by the SCO when a Mutilation Surveillance Plan is not provided.**

**Section 7 – Centralized Mutilation as a Condition of Sale (MUT Site)** – MUT Sites shall be conducted off Government premises. The SCO shall provide the requirements, some of which may be included in a Mutilation Surveillance Plan. The material includes controlled material in SCL codes MUT, MFS, CSI and M14 from DLA Disposition Services sites and also includes some additional Demil code “B” and “Q” material from DLA DISTRIBUTION. Due to the extra security concerns of this material, the Government shall at most times and locations retain custody and ship directly to the MUT Site. Government personnel shall be stationed at these Resale Buyer locations to verify the Mutilation of this material. This alleviates the field sites from this oversight requirement except when they have bulk, uneconomical to ship or other material in this category that could otherwise be sold locally on an MCOS. The Purchaser shall provide for up to three MUT Sites in locations to be determined by the SCO.

**Section 8 – Additional Material Resale Requirements** – The Purchaser is expected to resell all material referred under this IFB **via competitive process** and the resulting contract. Purchaser is expected to enhance the value of the material and employ marketing techniques that result in improved revenue. Due to National Security concerns and other operational requirements the Government deems relevant; the Government reserves the right to impose specific restrictions, requirements, terms and



conditions upon the Purchaser for specific sales that may result in less than favorable and lower revenues. Purchaser also agrees to allow Government personnel to inspect Resale Buyer facilities prior to award of DCOS or MCOS at the Resale Buyer's facility; such inspection may include but are not limited to Environmental Compliance, Security Measures (when Demil or Mutilation required material may be stored overnight). Purchaser is responsible for the disposal of dunnage. **Purchaser shall ensure that prior to resale that the material is identifiable as formerly Government owned material. Purchaser shall promulgate in all cartridge case and range residue resell advertisements and catalogs, as well as the terms and conditions, a notice to prospective Resale Buyers that; "Regardless of the care exercised, the Resale Buyer is cautioned that live round and/or other contamination may remain in these items. The Government assumes no liability for damages or personal injuries, illness, disabilities, or death of the Purchaser, its employees or any member of the general public arising from or related to the purchase, transportation, sorting, use or other disposition for these items."** Purchaser shall submit to the SCO all proposed advertisements and contracts for concurrence, prior to advertising the sale, for all types of material resales located at Puget Sound Naval Station. Purchaser shall not award resell contracts for DCOS, MUT Site or Hazardous Material sales until the Government has completed required inspections (including but not limited to Environmental Review Compliance and Site Security Surveys) and given its concurrence.

## **ARTICLE NINE**

### **Government Furnished Equipment (GFE)**

**Section 1 – Availability** – Schedule A identifies Government-owned equipment that may be available to the Purchaser. DLA Disposition Services does not represent or warrant that such GFE is completely or accurately identified on such Schedule or is in fact available at the locations specified or that such equipment is useable or could be made useable for any particular purpose with any particular amount of parts, repairs or maintenance, that such equipment has received an appropriate amount of repairs or maintenance or any amount of repairs or maintenance whatsoever, or that such equipment is safe to operate. Subject to applicable law and Host Installation instructions, including without limitation any required inspections, DLA Disposition Services hereby grants a license to Purchaser to use, maintain and repair such GFE as is identified in such attachment to the extent and in the manner that Purchaser elects in the exercise of its sole discretion, and the costs thereof shall be borne by Purchaser, provided, however, that such GFE shall be used solely to perform Purchaser's obligations under this contract, and provided further that DLA Disposition Services may at any time, **with not less than 30 calendar days' notice to the Purchaser**, relocate such GFE to another location for Government use as determined by DLA Disposition Services in the exercise of its sole discretion. Should any GFE require repair or replacement due to misuse and negligence by Purchaser, Purchaser shall be responsible for such repair or replacement at no cost to the Government. When Purchaser determines a particular item of GFE is

not economically repairable (defined as estimated repair costs in excess of 75 percent of the replacement cost), Purchaser may return the GFE to DLA Disposition Services as a condemned item and shall submit a written report to the SCO. Purchaser agrees to comply with all regulations and requirements pertaining to the use of any GFE including without limitation the completion of Government required inspections, training, licensing and dispatching.

**Section 2 – Material Handling Equipment (MHE)** – MHE that may be made available to Purchaser shall be designated as Shared or Dedicated.

(A) Dedicated MHE is used primarily by Purchaser to perform Purchaser's obligations under this contract; Purchaser agrees to provide scheduled maintenance, fuel and repairs for this MHE. DLA Disposition Services reserves the right to operate this MHE in the absence of the Purchaser's licensed personnel to support the scrap mission.

(B) Shared MHE is available for occasional use by Purchaser or DLA Disposition Services to perform Purchaser's obligations under this contract.

**Section 3 – Containers** – Containers that may or may not be made available to Purchaser shall be designated as Dedicated or Restricted.

(A) Dedicated containers are used primarily by Purchaser in support of the scrap mission (sorting and storage of scrap material); Purchaser agrees to provide repairs for these containers. DLA Disposition Services reserves the right to reallocate or use occasionally for other mission support requirements.

(B) Restricted containers are utilized primarily by DLA Disposition Services and Generators for delivery of referred material to the scrap yard. Purchaser shall immediately return such containers or exchange for an empty container.

## **ARTICLE TEN**

### **Purchaser Owned Equipment**

**Section 1 – Purchaser Equipment Utilization and Storage** - The Purchaser may use and store its material handling equipment in the Scrap Yards. The Purchaser shall not offer the use of Purchaser owned equipment to DLA Disposition Services employees and neither shall the DLA Disposition Services employees utilize the Purchaser's equipment. Equipment for the performance of industrial operations is subject to the approval of DLA Disposition Services and Host Installation constraints.

**Section 2 – Purchaser Equipment Support Requirements** - The Purchaser is required to provide MHE in the scrap yard when sufficient GFE is not available. The recommended equipment requirements are listed in Schedule E. The Schedule is not warranted to be whole and accurate at time of

contract award. The Government reserves the right to adjust and update the requirements in Schedule E as may be reasonably required in response to changes in material flow, base or scrap yard closures and the establishment of new scrap yards.

## **ARTICLE ELEVEN**

### **Contract Operational Requirements**

**Section 1 – Purchaser Awareness of the DLA Disposition Services Environmental Management System (EMS)** - DLA Disposition Services implemented Environmental Management System (EMS) in accordance with ISO 14001:2004(E). An EMS is an overall management system that includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy of an organization. The DLA Disposition Services EMS is designed to ensure all personnel, including Purchasers whose work activities are being conducted on Government premises and could cause real or potential environmental impacts, are aware of how their work supports the EMS.

**Section 2 – Web Accessible Application** – Purchaser shall develop an application or process for use on this contract with regard to requesting a mutilation waiver for Demil code “A” and “Q6” items that may have a value exceeding their basic material content value. The Government shall review the material to determine if it is safe to sell and if there are any RTD customers requiring the material. The SCO shall provide the requirements during the post award conference.

**Section 3 - DLA Disposition Services Inspection of Material** – Purchaser is required to allow DLA Disposition Services or a DLA Disposition Services sponsored agency to perform physical inspections of material when requested.

**Section 4 – Material Assurance** – All Material offered under this contract shall be processed by cutting, tearing, crushing, mangling, shredding or melting. Destructive scrapping of this material shall be accomplished in a manner that prevents recognition or reconstruction and a Certificate of Destruction shall be provided, the destructive scrapping requirement includes DEMIL Code “A” material. However, DEMIL Code “A” material specifically excluded from the destructive scrapping requirement includes: tires, lockers, ammunition cans, production stock/residue (bars, plate, sheet, rod, wire, borings and turnings), wire and cable, pipe and tube construction material/residue (lumber, block, brick, windows, I-beams), vehicles, wood products, furniture, FSG 78 fitness equipment and white goods (appliances, e.g., refrigerators). The Purchaser may request from the SCO that other DEMIL “A” and “Q6” material be excluded from the destructive scrapping or mutilation requirement through the Web Accessible Application. Demil code “Q6” material that is generally excluded from the Mutilation requirement are

Expendable Small Arms Cartridge Cases (ESACC) also known as Fired Brass; includes ESACC that are 50 caliber (12.7 mm) or smaller. The material referenced above in this section is subject to change to include deletions and additions at the Government's sole discretion.

**Section 5 – Government Facilities** – Disposition Services shall make, subject to Host Installation and Dispositions Services approval, its scrap yards available for the Purchaser's use, in as much that use is restricted to the performance of this contract, free of charge and allocate the space and facilities (including administrative space) available for use. Disposition Services may at its own discretion and at any time during the performance of this contract reallocate the space and facilities made available to the Purchaser. Purchaser is responsible to maintain all Government facilities (including inventory referred to the Purchaser) and equipment, made available for its use, in a professional and presentable manner. DLA Disposition Services shall conduct inspections (example inspection form is provided in Attachment B to this IFB) of its facilities and equipment; these inspections include checks for safety and housekeeping. Purchaser is responsible to correct deficiencies identified by DLA Disposition Services as soon as reasonably possible, but in not less than five (5) business days from notification. Purchaser shall be responsible to DLA Disposition Services for any physical damage that is caused to any Government equipment or facility that arises out of an accident or negligence of Purchaser, its vendors or its Resale Buyers. Purchaser shall be responsible for cleaning up spills of hazardous material that are caused by Purchaser, its vendors or its Resale Buyers, including spills from hydraulic lines on GFE, without regard to degree of culpability. For any spill that occurs, Purchaser will follow the Spill Prevention Control and Countermeasures Plan and Spill Contingency Plan if available. Purchaser shall notify the SCO and DLA Disposition Services site lead reasonably promptly of any such spill on a Government installation that is caused by Purchaser, its vendors or a Resale Buyer and shall cooperate with the SCO to support the installation's requirements for a report thereof.

**Section 6 – Purchaser Staffing of Scrap Yards –**

(A) Normally Scheduled Hours - Purchaser is required to be present during the scheduled customer services hours of each DLA Disposition Services Site. Purchaser shall staff at a level sufficient to accomplish all requirements in this IFB. The Purchaser manned Scrap Yards are identified in Schedule F of this IFB. DLA Disposition Services does not warrant the completeness or accuracy of Schedule F at time of contract award and further reserves the right to effect changes to Schedule F due to oversight, establishment or closure of any Scrap Yard.

(B) Curtailed Staffing Locations – At a few low volume sites, the Purchaser shall be required to staff on only certain days of the week; the Purchaser shall continue to accomplish all requirements in this IFB. The curtailed staffing days are the days DLA Disposition Services shall schedule Generator scrap turn-in appointments, the Purchaser may need to be present on additional days to effect Resale Buyer removals, sorting and other requirements of this IFB. The Purchaser Manned, Curtailed Staffing Location, Scrap Yards are identified in Schedule F of this IFB. DLA Disposition Services does not warrant the completeness or accuracy of Schedule F at time of contract award and further reserves the right to effect changes to Schedule F due to oversight, establishment or closure of any Scrap Yard.

**Section 7 – Certificates of Destruction, Mutilation and Demilitarization –**

(A) Certificates of Destruction (COD) – All scrap requiring mutilation under the terms and conditions of this IFB shall require a COD be returned to the SCO in an electronic format and a printed copy to the responsible DLA Disposition Services site. The Purchaser shall witness the destruction and attest to it or require the Resale Buyer to attest to the destruction and return the completed COD. If the Purchaser chooses to have the Resale Buyer return the COD, the Purchaser shall randomly select ten percent of the removals from each location to witness the destruction and complete the COD. The Purchaser shall promulgate in all advertisements and resulting contract that both the Purchaser and the Government have the right to enter the Resale Buyer's premises to verify or witness the destruction of this material.

(B) Mutilation and Demilitarization Certificates – For all material requiring the completion of a mutilation certificate or a Demil certificate the Purchaser shall provide personnel to witness and attest to the mutilation or Demil of this material. The Purchaser may require the Resale Buyer provide the personnel to witness and attest to the mutilation or Demil of this material. All personnel selected to perform as a Certifier shall complete a Demil course provided by the SCO. The Purchaser shall submit the course completion certificates to the SCO or his designated representative; the Certifiers shall be appointed in writing by the SCO for a period of two years. The Government shall provide Verifiers for this material.

**Section 8 – Purchaser's vendors and Resale Buyers** – Purchaser is responsible to escort its vendors and Resale Buyers at all times while on the DLA Disposition Services premises. Additionally, the Purchaser's requirement to escort its vendors and Resale Buyers at some installations is extended from the installation entry point and back due to security requirements. The Purchaser is hereby informed that due to unforeseen security exercises or increases in security measures some installations or portions thereof may become inaccessible to its employees and/or its vendors and Resale Buyers for undetermined periods of time; the occasional inconvenience should be expected and shall not be considered as the basis for any claim against the Government or consideration for reimbursement.

## ARTICLE TWELVE

### **Contract Compliance, Audits and Reviews**

**Section 1 – Compliance with Applicable Laws and Regulations** – Purchaser and its Resale Buyers shall comply with the requirements of all applicable federal, state, installation, and local laws, regulations, ordinances, directives and instructions connected with the performance of this contract, including without limitation such requirements pertaining to income and payroll taxes, environmental matters and occupational safety.

**Section 2 – Licenses and Permits** – Purchaser shall obtain any necessary licenses and permits, and comply with all federal, state, and local laws and regulations in connection with the **performance** of the

work. This responsibility requirement shall be a matter of inquiry during the SCO's pre-award evaluation of the bidder's capability to perform the contract satisfactorily. It shall also be a continuing matter of inquiry by the SCO during the performance of the contract.

**Section 3 – Duties of Care and Loyalty** – The Purchaser shall not cause or permit any action or omission in the course of performing the contract that constitutes gross negligence, recklessness or intentional harm. Purchaser shall carry out their responsibilities under the contract with honesty, good faith and fairness toward DLA Disposition Services.

**Section 4 – Prohibited Activities** – Purchaser shall not undertake the following activities without written permission from the SCO, which permission may be granted or withheld by DLA Disposition Services in the exercise of its sole discretion:

- (A) Enter into a partnership, joint venture or other arrangement where the purpose or effect is to engage indirectly in a transaction that would be prohibited by the provisions of this contract if undertaken by the Purchaser directly; or
- (B) Enter into contracts or other arrangements that would assign all or substantially all responsibility for and control of performance of the contract to another party or parties, without the prior written approval of DLA Disposition Services which shall consider such request in accordance with the Assignment of Claims Act of 1940, as amended, 41 U.S.C. sec. 15, and the Government's best interest. In the event of any improper assignment without the written approval of DLA Disposition Services, this contract shall be terminated at the option of the Government in the exercise of its sole discretion; or
- (C) File a voluntary petition seeking liquidation, reorganization, arrangement or readjustment, in any form, of its debts under Title 11 of the United States Code (or corresponding provisions of future law) or any other federal or state insolvency law; file an answer consenting to or acquiescing in any such petition; make any assignment for the benefit of Purchaser's creditors; or admit in writing Purchaser's inability to pay its debts as they mature, without the prior written consent of DLA Disposition Services.

**Section 5 – Purchaser Cooperation in DOD Investigations/Audits** – Purchaser agrees to fully cooperate with the Government when informed by DLA Disposition Services of an ongoing investigation by any DOD or Federal Government investigation service or agency or during DLA Disposition Services Compliance Reviews or Audits. Purchaser agrees to provide DLA Disposition Services with all requested information regarding material or information relating to the Purchaser's Resale Buyer. Purchaser shall make all sales records pertaining to such investigations available to DLA Disposition Services at the earliest available opportunity but no later than three (3) business days **from the date** of the request. Requests for information **shall** be provided in electronic format when possible. Purchaser personnel with knowledge of the particular subject matter shall be available to cooperate with any Government investigation.

**Section 6 – Purchaser’s Responsibility for Independent Audit at Government’s Request** - DLA Disposition Services may request the Purchaser seek a review and analysis to be conducted by an independent audit firm agreed upon by the Government. The audit may be requested in regard to every aspect of contract performance or could be limited to a specific concern. The cost of such audit shall be handled as a Seller Indirect Cost and shall be approved by DLA Disposition Services prior to the onset of the audit.

**Section 7 – Purchaser Record Retention** - Purchaser shall make all books, records, documents and other supporting evidence available to satisfy contract administration and audit requirements by any Government agency identified by the SCO. Records shall be made available for six (6) years after the wind-down period is concluded, or for such period of time as Purchaser, for its own purposes, retains its books, records, documents, and other supporting evidence, whichever is longer.

**Section 8 – Records Maintenance** – Purchaser shall maintain all records accurately and in a manner that shall allow clear and accurate auditing.

**Section 9 – Inspection of Records and Workplace by Government** - The Government has the right to audit the records and inventory in order to review Purchaser’s operations. The audit may consist of a complete or random sample examination. Purchaser shall ensure that, prior to any resale, the material is readily identifiable as formerly Government material.

**Section 10 – Purpose and Content of Compliance Audits, Reviews and Further Reviews** - DLA Disposition Services shall have the right to conduct Compliance Reviews of Purchaser. DLA Disposition Services may actually conduct the compliance reviews, or use other Government agencies or private firms, as the SCO deems appropriate. DLA Disposition Services shall also have the right to conduct Further Reviews as provided herein. The purpose of such Compliance Reviews or Further Reviews is to determine, after the fact, the extent of Purchaser’s compliance with the terms and provisions of the contract and applicable laws and regulations.

**Section 11 – Methods and Procedures for Compliance Reviews**

(A) **Method** - Compliance Reviews and Further Reviews may include, without limitation, examination of records, and, if necessary, personal interviews of persons who may have knowledge of facts regarding Purchaser’s compliance with the provisions of this contract, including employees or of any supplier or Resale Buyer.

(B) **Procedures** - A Compliance Review shall be conducted at any time during normal business hours and on any business day. Purchaser shall permit inspection of any physical location used by the Purchaser, including, without limitation, the inventory (including the records relating thereto), examination of the records, making copies and abstracts, and discussions of the affairs, finances and accounts of Purchaser with any employee, subcontracting attorney or certified public accountant of Purchaser. Purchaser shall produce any records identified by DLA

Disposition Services as necessary to support the review process and DLA Disposition Services may maintain copies of all documentation/electronic files that support the review being conducted. DLA Disposition Services shall use its best efforts to assure that Compliance Reviews are conducted in a manner that does not unduly burden or unreasonably impinge upon the efficient operation of the affairs of Purchaser.

**(C) Scope** - The scope of Compliance Reviews shall be as necessary to confirm Purchaser's compliance with the provisions of the contract.

**Section 12 – Further Reviews** - If a Compliance Review determines there is a reasonable basis to believe that a default or breach of this contract has occurred, DLA Disposition Services, upon written notice to Purchaser, may conduct any such further investigation that it deems appropriate under the circumstances, using such outside consultants, including attorneys, as it deems necessary or advisable. Purchaser shall permit such persons, as are designated by DLA Disposition Services, to visit and inspect any physical location used by the Purchaser, including, without limitation, the inventory (including the records), and to examine the records, make copies and abstracts, and discussion of the affairs, finances and accounts of Purchaser with any employee, subcontracting attorney or certified public accountant of the Purchaser. Notwithstanding the foregoing, if Purchaser gives notice to DLA Disposition Services stating that a Further Review is not justified, DLA Disposition Services shall delay the commencement of any such Further Review for a period of fourteen (14) calendar days after the delivery of its notice thereof to permit Purchaser to seek a determination of the appropriateness of the Further Review.

**Section 13 – Compliance Notification** - After completing the Compliance Review and/or Further Review, DLA Disposition Services shall notify Purchaser in writing of any breach or default identified during the Compliance Review and/or Further Review.

**Section 14 – Costs of Oversight** - DLA Disposition Services shall pay all fees, costs and expenses DLA Disposition Services incurred in connection with its Compliance Reviews and Further Reviews.

**Section 15 – Notice of Audit Adjustment** - If any party determines that the records reflect any inaccuracies requiring entry of an adjustment, including, without limitation, the disbursement of any amount from the operating account or a transfer account that is inconsistent with any provision of the contract or the disposition of an item of material that is inconsistent with any provision of the contract, such party shall give written notice thereof to the other party or parties.

**Section 16 – Procedures for Adjudication of Audit Adjustments** - If either Purchaser or DLA Disposition Services disputes an asserted audit adjustment, it may submit such dispute for resolution. Upon resolution of such dispute or, if no party submits a dispute for resolution within sixty (60) calendar days of the notice of audit adjustment, the audit adjustment shall be deemed confirmed as asserted.

**Section 17 – Remedies for Audit Adjustments** - Upon confirmation of an audit adjustment, Purchaser shall pay to the party in question, or the party shall pay to Purchaser, as the case may be, the amount



required to restore the parties to their respective positions status quo ante, and Purchaser shall correct the records in accordance with the audit adjustment as confirmed. If, as a result of the audit adjustment, Purchaser is to pay DLA Disposition Services, each such payment shall include interest calculated by the US Treasury or at the rate provided by applicable law.

**Section 18 – Contracts with Third Parties** - Purchaser shall ensure that all contracts entered into shall expire or shall be terminable by Purchaser within the Performance Period.

## **ARTICLE THIRTEEN**

### **Disputes**

**Section 1 – Disputes** – Any contract awarded as a result of this sale is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613).

**Section 2 – Claims** – The term, “Claim” as used in this Article is defined as a written demand or a written assertion by one of the contracting parties seeking the payment of money, adjustment, or interpretation of the contract terms, or other relief arising under or relating to this contract. A claim by the Purchaser shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the SCO for a written decision. A claim by the Government against the Purchaser shall be subject to a written decision by the SCO. A voucher, invoice, or request for payment that is not in dispute when submitted is not a claim for the purposes of the Contract Disputes Act. However, where such submission is subsequently not acted upon in a reasonable time, or disputed either as to liability or amount, may be converted to a claim pursuant to the Contract Disputes Act.

**Section 3 – Decisions** - For Purchaser claims, the SCO shall render a decision within sixty (60) calendar days of the request or shall notify the Purchaser of the date by which the decision shall be made. The SCO’s decision shall be final unless the Purchaser appeals or files a suit as provided in the Act. The Purchaser shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the SCO.

**Section 4 – Alternative Dispute Resolution (ADR)** – The parties agree to use their best efforts to resolve any disputes that may arise without litigation. If unassisted negotiations are unsuccessful, the parties shall use Alternative Dispute Resolution (ADR) techniques in an attempt to resolve the dispute. If the ADR is not successful, the parties retain their existing rights. If the Purchaser refuses an offer for ADR, the Purchaser shall inform the SCO in writing, of the Purchaser’s specific reasons for rejecting the

offer. Litigation shall only be considered as a last resort when ADR is unsuccessful or has been documented by the party rejecting ADR to be inappropriate for resolving the dispute.

## **ARTICLE FOURTEEN** **Miscellaneous Provisions**

**Section 1 – Binding Effect** - Subject to the restrictions on transfers and encumbrances set forth, this contract shall insure to the benefit of and be binding upon DLA Disposition Services and the Purchaser and their respective legal representatives, successors and assigns. Whenever this contract refers to any party, such reference shall be deemed to include a reference to the legal representatives, successors and assigns of such party.

**Section 2 – Notices** - All notices, demands, requests, consents, approvals, declarations, reports and other communications required with regard to this contract shall be in writing except as otherwise provided and addressed to the SCO.

**Section 3 – Severability** - If any provision of this contract or the application to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this contract and the application of such provisions to other persons or circumstances shall not be affected and the intent of this contract shall be enforced to the greatest extent permitted by law, DLA Disposition Services may in the exercise of its sole discretion cause termination by notice served within thirty (30) calendar days of the date upon which such judgment becomes final, such termination to be effective five (5) calendar days after the date of service of such notice.

**Section 4 – Headings** - The headings appearing in this contract are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any article or section of this contract.

**Section 5 – Survival** - The rights and obligations of the parties under this contract shall survive for a period of six (6) years after the completion of the wind-down period.

**Section 6 – Waiver** - No consent or waiver, expressed or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations under this contract shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party under this contract. Failure on the part of any party to complain of any act or failure to act by any of the other parties or to declare any of the other parties in default, regardless of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

**Section 7 – Force Majeure** - The parties shall be excused for the period of any delay in the performance of any obligations under this contract when prevented from performing such obligations by

cause or causes beyond their reasonable control, including, without limitation, civil commotion, war, invasion, rebellion, hostilities, military or usurped power, sabotage, pestilence, riots, fire or other casualty or acts of God.

**Section 8 – Use of DLA Disposition Services Name; Public Communications** - Purchaser shall not use the name of DLA Disposition Services, DLA or DOD or its logos for any marketing or other purposes without the express prior written consent of DLA Disposition Services, which consent may be withheld for any reason whatsoever and is subject to the sole discretion of DLA Disposition Services. Purchaser shall not publicly denigrate the surplus material disposition program of the Department of Defense or the conduct thereof by DLA Disposition Services. **Purchaser agrees to coordinate public releases with the SCO.**

**Section 9 – Tense and Gender** - Unless the context clearly indicates otherwise, the singular shall include the plural and vice versa. Whenever the masculine, feminine or neuter gender is used inappropriately in this contract, this contract shall be read as if the appropriate gender had been used.

**Section 10 – Entire Agreement; Modification** - This contract, and the materials incorporated herein by reference, constitute the entire agreement between the parties regarding the matters contained in this contract. If there is any inconsistency between the terms of this contract and those of any Appendix, Schedule or Exhibit, the terms of this contract shall govern. There are no promises or other agreements, oral or written, express or implied, between the parties other than as set forth in this contract. No change or modification of, or waiver or compromise under, this contract shall be valid unless it is in writing and signed by a duly authorized representative of the party against which it is to be enforced. Purchaser understands and agrees to submit a written request for contract modification to the SCO prior to effecting any change from that stated in its technical proposal (including any Resale Buyers identified therein), and/or sale of Government material-item bid page, whether occurring before or after the release of the material. Purchaser further agrees not to effect such changes without first receiving the written approval of the SCO.

**Section 11 – Computation of Time** - In computing any period of time prescribed or allowed by this contract, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is not a business day, in which event the period runs until the end of the next business day.

**Section 12 – Electronic Communication** - DLA Disposition Services and Purchaser shall cooperate to facilitate delivery of Delivery Order Reports, Statement of Accounts, and other required reports to the extent reasonably practical by electronic transmission, such as by electronic mail or file transfer, rather than by delivery of a physical removable magnetic or optical storage medium.

**ARTICLE FIFTEEN**  
**Government Required Reports**

**Section 1 – Inventory Reports** – Purchaser is required to provide DLA Disposition Services monthly reports reflecting a complete list of inventory received and processed. Purchaser shall provide a breakdown of all scrap material received, removed and remaining on inventory by SCL code by weight and location in pounds. The report is due the 15<sup>th</sup> of the month following the month reported. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 2 – Purchaser’s Resale Report** – Purchaser is required to provide a weekly (Sunday through Saturday) report to DLA Disposition Services, by Wednesday of the following week. The report shall include the fields listed below for each type of sale by removal. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the contract phase-in period.

(A) Term Contracts – Resale Buyer, contract/sale number, field site plant code, gross revenue expressed as price per lbs., SCL, date of removal, weight of removal; each removal during the week would be a separate line entry.

(B) One Time Sales – Resale Buyer, contract/sale number, field site plant code, gross revenue expressed as price per lbs., SCL or description of item, date of removal, weight of removal; each removal during the week would be a separate line entry.

**Section 3 – Seller Indirect Cost (SIC) Report** - In the event SIC is approved by the SCO, Purchaser shall provide a monthly report detailing the costs actually incurred. The report shall be in a spreadsheet format and shall include supporting documentation of the SIC to include the date and initials of the SCO approval of SIC. At no time does SIC include lost profits. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 4 – Non Responsive Resale Buyer Report** – The Purchaser is required to report to DLA Disposition Services, by the 15<sup>th</sup> of each month in a spreadsheet a listing of Resale Buyers who failed to either respond or return material when requested by the Purchaser. The spreadsheet shall identify the resale Event and Lot number applicable and includes all fields provided on the Delivery Order Report. In addition, the spreadsheet shall provide the dates of Purchaser’s attempts to retrieve the material and the customer’s responses/non-responses. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 5 – Classified Inventory Report** – Purchaser is required to report, within 24 hours, to the SCO the discovery of all items inadvertently delivered with classified markings intact. The report shall

document the: Date, Item Description, Make, Model, Serial Number and copies or photographs of all Government markings and documentation (no photographs of the item).

**Section 6 – Purchaser Owned Equipment** – Purchaser shall report monthly the Purchaser and Resale Buyer owned equipment located at DLA Disposition Services locations. The report shall indicate the type, quantity, location and ownership of all equipment. The report is due the 15<sup>th</sup> of each month. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 7 – Government Owned Purchaser Dedicated Equipment** – Purchaser shall report monthly the Government owned Purchaser dedicated equipment located at DLA Disposition Services locations. The report shall indicate the type, quantity and condition of all equipment by location. The report is due the 15<sup>th</sup> of each month. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 8 – Purchaser’s Demil Certifier Training Status** – Purchaser shall report monthly the current status of all Purchaser and Resale Buyer employees trained and certified to perform, witness, certify and attest to the Demil or mutilation of Government material. The report is due the 15<sup>th</sup> of each month. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 9 – Purchaser and Resale Buyer Operating Schedules** – Purchaser shall report all planned or unplanned changes to operating schedules of both the Purchaser and Resale Buyers when such schedules would have an impact upon DLA Disposition Services mission, Government employees or Government shipping and deliveries. Planned changes shall be reported not less than sixty (60) calendar days prior to the first affected date if Government shipping and deliveries are potentially disrupted. All other planned changes shall be reported not less than two weeks prior to the first affected date and unplanned changes are to be reported within 24 hours of the Purchaser receiving notice or from the date of an event causing an unplanned change. The specific reporting requirements shall be further coordinated between the SCO and the Purchaser during the post award conference.

**Section 10 – Monthly Reimbursement Report** – DLA Disposition Services is required to reimburse certain customers with the proceeds resulting from the sale of certain materials. The SCO shall provide to the Purchaser a monthly reimbursement report by the tenth day of the month following the report period. The Purchaser shall populate the report with the gross resale multiplied by the Purchaser’s bid percentage for the materials identified therein by material type and location. The Purchaser shall return the completed report within five days.

**Section 11 – Government Use of Purchaser Reported Information** – Purchaser agrees the Government may use all reported information as it deems necessary in the execution of its operations. This may entail, but is not limited to public disclosure of information. The Government agrees to not

publicly disclose either the proceeds of individual sales or the cost of individual services but this provision does not preclude the public disclosure of aggregated proceeds and aggregated costs.

**Section 12 – Monthly COD Report:** Purchaser shall maintain a log of COD's that have not been returned to the Government. The monthly report shall contain at a minimum re-sale buyer unique identifier, date material was removed, and location of DLA Disposition Service site.

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## ADDITIONAL CONTRACT ADVISEMENTS

Prospective bidders **shall** note that work performed on Government premises, such as at field locations and other delivery points, may be subject to the provisions of Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973 (convict labor), and/or the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) and regulations of the Secretary of Labor there under (overtime compensation).

Prospective bidders **shall** also note that there are certain Public Laws that may impact the flow of items:

The Food, Drug and Cosmetic Act, 21 U.S.C. 311 et seq. and regulations promulgated there under forbid the sale of adulterated or misbranded medical devices.

**Cartridge Cases & Range Residue:** Regardless of the care exercised, the Purchaser is cautioned that live round and/or other contamination may remain in these items. The Government assumes no liability for damages or personal injuries, illness, disabilities, or death of the Purchaser, its employees or any member of the general public arising from or related to the purchase, transportation, sorting, use or other disposition for these items.

**Hazardous Material:** Should hazardous material be issued under this contract, the Government cautions that the item, material, or substance, or one or more components, parts, constituents or ingredients thereof may be corrosive, reactive, ignitable or exhibit other hazardous or toxic properties. The Government assumes no liability for any damage to the material of the Purchaser, to the material of any other person, or the public material, or for any personal injury, illness, disability or death to the Purchaser, Purchaser's employees, or any other person subject to Purchaser's control, or to any other person including members of the general public, or for any other consequential damages arising from or incident to the purchase, use, processing, disposition, or any subsequent operations performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance. The Purchaser agrees to hold harmless and indemnify the Government for any and all costs and expenses incurred incident to any claim, suit, demand, judgment, action, debt, liability costs and attorney's fees or any other request for monies or any other type of relief arising from or incident to the purchase, use, processing, disposition, subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance, whether intentional or accidental. **Moreover, hazardous wastes may be generated by contractor activities related to repair, maintenance and recycling of materials offered under this contract. The Purchaser is required to ensure its operations are compliant with RCRA and all federal, state and local environmental laws, regulations, and ordinances.**

**Resource Conservation and Recovery Act Notice:** EPA Hazardous Waste Regulations, 40 CFR Part 260 et seq. published at 45 Federal Register 33063-33285, May 19, 1980, became effective on November 19, 1980. These cradle-to-grave regulations detail the responsibilities of Generators, transporters, treaters, storers, and disposers of hazardous waste. Civil and criminal penalties are available for noncompliance. DLA Disposition Services does not intend to transfer any RCRA regulated hazardous waste under this contract as regulated waste is disposed of under DLA Disposition Services' hazardous waste contracts. However, DLA Disposition Services can make no representations as to when and under what circumstances state, federal or local environmental regulations may be applicable to Material transferred to and held by the Purchaser.

**Chemical Agent Resistant Coating (CARC) Paint:** Prospective offerors are cautioned that that some items are, or likely to contain or be coated with a chemical agent resistant to coatings containing trivalent chrome, lead, cobalt-zinc hexamethylene disocyanate and other chemicals which are a hazard to human health if not processed properly. The Government brings the following precautions/warnings to the attention of prospective offerors who plan to apply the CARC paint or disturb the coating on the material in any way:

*Airline respirators shall be used during application processing (applying/sanding/torch cutting, etc.) unless air sampling shows exposure to be below OSHA/host Government standards, then a chemical cartridge air-purifying respirator shall be used.*

*CARC paint shall be isolated from heat, electrical equipment, sparks and open flame during storage or application. Local exhaust ventilation shall be used for inside processing.*

*Exposure to vapor/mist/dust or fumes can cause irritation to respiratory tract (lung, nose, throat), edema, dermatitis, dizziness, rash, itching, swelling of extremities, eye irritation or damage to nervous system, kidney or liver. Coating may be fatal if swallowed.*

**Refrigerant:** Refrigeration equipment and appliances are subject to the Clean Air Act (CAA) Amendments of 1990 which prohibit the venting or release to the environment of Class I or Class II ozone depleting substances, and are also subject to the Refrigerant Recycling Rule in 40 Code of Federal Regulations (CFR) Subpart F 82, 150-166, requiring the recovery and verification of refrigerant removal by a certified technician, using certified recovery equipment prior to final disposal as scrap or in a landfill.



## **DEFINITIONS**

**Actual Cost:** An amount determined on the basis of the cost incurred.

**Allocable Cost:** A cost is allocable to a Government contract if it is incurred specifically for the contract, if it benefits both the contract and other work and can be distributed to them in a reasonable proportion to the benefits received, or is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown. A cost is allowable only when the cost is reasonable and allocable. The Purchaser is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that any cost claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in FAR Part 31 and DOD or DLA supplements. The SCO may disallow all or part of a claimed cost that is inadequately supported.

**Alternative Dispute Resolution (ADR):** Any procedure (for example, mediation, conciliation, facilitation, fact-finding, etc.), or any other method to which the parties agree for resolving issues in controversy, except the term does not include unassisted negotiations.

**Bid Percentage:** The amount, expressed as a percentage of Gross Revenue, offered by the Bidder.

**Business Day:** Any day that is not a Saturday, Sunday or a Federal Government observed holiday. Federal holidays presently include New Year's Day, Martin Luther King, Jr. Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day and Christmas Day.

**Centralized Demil Division (CDD):** Field location for the centralized processing of Demil required material.

**Purchaser's Purchase Price:** The monthly up-front purchase price of \$1,000.00 plus the Gross Revenue multiplied by the applicable Bid Percentage offered.

**CONUS:** Continental United States not including Alaska.

**Day:** A business calendar day (except when identified as calendar days which include the weekend and holidays).

**DLA Disposition Services:** The organization vested with operational command and administration of the disposal solutions for Department of Defense (DOD) surplus material.

**Demilitarization (Demil):** The act of eliminating the functional capabilities and/or inherent military design features from DoD personal property. Methods and degree range from removal and destruction of critical features to total destruction by cutting, crushing, shredding, melting, burning, etc. DEMIL is required to prevent property from being used for its originally intended purpose and to prevent the release of inherent design information that could be used against the United States. DEMIL applies to material in both serviceable and unserviceable condition.

**Demilitarization as a Condition of Sale (DCOS):** A sale of Demil code "C", "D", "E", or "F" scrap material resulting from the Purchaser or Resale Buyer completing the Demil of Demil required material as a condition of the sale. **TSC assessment is required prior to resale**

**Demilitarization Code (Demil Code):** A single character alpha code assigned by the Item Manager identifying the degree of Demil necessary prior to accomplishing final disposition of an item.

**DEMIL Code A:** Non-United States Munitions List (USML)/Non-Commerce Control List Items (CCLI) – No Demilitarization required. No Trade Security Control Assessment/Clearance required. Department of Commerce (DOC) may impose licensing requirements to certain destinations. This material requires destructive scrapping unless waived from this requirement.

**DEMIL Code B:** United States Munitions List Items - Mutilation to the point of scrap required worldwide. **TSC assessment is required prior to resale.**

**DEMIL Code C:** United States Munitions List Items - DEMIL required. Remove and Demil installed key point(s) if known and/or Mutilate to the point of Scrap. **TSC assessment is required prior to resale**

**DEMIL Code D:** United States Munitions List Items: Destroy item and components to prevent restoration or repair to a usable condition and mutilate to the point of scrap. **TSC assessment is required prior to resale**

**DEMIL Code E:** United States Munitions List Items - Demilitarization instructions to be furnished by the DOD Demilitarization Program Office. **TSC assessment is required prior to resale**

**DEMIL Code F:** MLI (SME)—Demilitarization instructions to be furnished by the Item/Technical Manager. Customers shall obtain Demil F instructions prior to turning their material in to the DRMO. **TSC assessment is required prior to resale**

**DEMIL Code Q:** Commerce Control List Items (CCLI). There are two types of DEMIL Code “Q” material (Q3 and Q6). Demilitarization not required for either, however mutilation is required for Q3 material and waivers shall not be granted. Q6 material may be sold if a Certificate of Destruction waiver is obtained. Trade Security Controls (as set forth by the Department of Commerce) are required for both Q3 and Q6 at time of disposition. Mutilation to the point of scrap required outside the United States and its territories for both. **TSC assessment is required prior to resale**

**Direct Cost:** A cost identified specifically within a contract.

**DOD:** Department of Defense.

**Disposal Turn in Document Number (DTID):** A 14-position alpha/numeric combination used to identify a line item of material consisting of Department of Defense (DOD) address code, julian date and serial number. The DD Form 1348-1A/2 is the standard document for turn-in of material.

**Expended Small Arms Cartridge Cases (ESACC):** Expended cartridge cases .50 caliber or 12.7mm and below in size.

**Federal Supply Class (FSC):** A commodity classification code primarily used in the National Stock Number (NSN). The first 2 digits of the code identify the group and the last 2 digits identify the classes within the group.

**Generator:** The activity that produces the excess, surplus, foreign excess or other material; usually the entity formerly in physical possession and/or control of the material.

**Gross Revenue:** **The sum or all revenue (converted to US Dollars), to include bid deposit, buyers' premiums, fees, cash, financial or monetary instruments of any kind, or any good or service with value.**

**Hazardous Material (HM):** Any material that is capable of posing an unreasonable risk to health, safety, and material during transportation in the United States. Overseas, HM is defined in the applicable Final Governing Standards or Overseas Environmental Baseline Guidance Document, and/or host nation laws and regulations.

**Hazardous Waste (HW):** Any material regulated under the Resource Conservation and Recovery Act (RCRA) or state regulation as a hazardous waste.

**Invitation For Bid (IFB):** An offer for bid submission.

**Line Item:** A single line entry on a reporting form that indicates an item of material located at any one activity having the same description, condition code and unit cost. A line item may be comprised of one or multiple units.

**Local Stock Number (LSN):** A locally purchased item with no NSN assignment.

**Mutilation as a Condition of Sale (MCOS):** A sale of Demil code “B” or “Q” scrap material resulting from the Purchaser or Resale Buyer completing the mutilation of Mutilation required material as a condition of the sale. **TSC assessment is required prior to resale**

**MUT Site:** A centralized MCOS located at a Resale Buyer’s facility; the property sold at this location requires mutilation to the point of scrap with 100% Government oversight.

**National Item Identification Number (NIIN):** A 9-digit number (immediately following the FSC) assigned to an item of supply that differentiates it from other items of supply.

**National Stock Number (NSN):** A 13-digit number consisting of the 4-digit FSC and the 9-digit NIIN that is assigned to identify an item of supply within the materiel management function.

**Purchaser: The Company awarded this contract to buy and resell scrap and salvage recycling material.**

**Performance Period:** Timeframe of the contract, to include any options offered.

**Reasonable Cost:** A cost is reasonable if, in its nature and amount, does not exceed that which would be incurred by a prudent person in the conduct of competitive business. Reasonableness of specific costs shall be examined with particular care in connection with firms or their separate divisions that may not be subject to effective competitive restraints. No presumption of reasonableness shall be attached to the incurrence of costs by the Purchaser. If an initial review of the facts results in a challenge of a specific cost by the SCO, the burden of proof shall be upon the Purchaser to establish that such costs is reasonable.

**Receipt In Place (RIP):** Material being held at a location outside the DLA Disposition Services network although on the DLA Disposition Services accountable record during the disposal process and safeguarded by the Generator.

**Resale Buyer:** Companies, firms or individuals buying material from the Purchaser.

**R/T/D:** Reutilization/Transfer/Donation.

**Rubbish or Refuse:** Trash, garbage, other unwanted things, things that are worthless or of very poor quality.

**Sales Contract:** An agreement between two parties that binds both parties and transfers title of specified material.

**Sales Contracting Officer (SCO):** A duly appointed individual granted the authority to sell surplus and foreign excess personal material by various prescribed methods of sale.

**Salvage:** Material that has value greater than its basic material content but for which repair or rehabilitation is clearly impractical and/or uneconomical.

**Scrap:** Recyclable waste and discarded materials derived from items that have been rendered useless beyond repair, rehabilitation, or restoration such that the item’s original identity, utility, form, fit and

function have been destroyed. Items can be classified as scrap if processed by cutting, tearing, crushing, mangling, shredding, or melting. Intact or recognizable USML or CCL items, components, and parts are not scrap. Section 102-36.40 of Reference (e) and Section 770.2 of Reference (w) provide additional information on scrap.

**Standard Waste and Scrap Classification (SCL) Codes:** SCL codes are used to classify scrap into its proper scrap commodity group to obtain maximum sales potential and to provide a uniform method for maintaining accounting records.

**Trash:** Discarded, unwanted or worthless material or objects.

**TSC:** trade security controls

**Unallowable Cost:** Any cost that, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a Government contract to which it is allocable.

**Usable Material:** A designation assigned by or with the approval of DLA Disposition Services personnel meaning that the item has value in excess of that of the item's material content.

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## ATTACHMENTS

ATTACHMENT A: SALE BY REFERENCE; this attachment shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

ATTACHMENT B: DLA Checklist 2000; this attachment shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

## SCHEDULES

SCHEDULE A: GOVERNMENT FURNISHED EQUIPMENT LIST; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

SCHEDULE B: STANDARD WASTE AND SCRAP CLASSIFICATION (SCL) CODES; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

SCHEDULE C: PHASE-IN SCHEDULE; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

SCHEDULE D: PLANT CODES; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

SCHEDULE E: **RECOMMENDED** MHE REQUIREMENTS; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

SCHEDULE F: RECOMMENDED STAFFING, SCRAP YARD LISTING & UNMANNED LOCATIONS; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.

SCHEDULE G: CONTAINER REQUIREMENTS; this schedule shall become available on the following Website,  
<http://www.dla.mil/DispositionServices/Offers/PublicSalesOfferings/nationalrecyclingsales.aspx>. This document shall also be provided with the final IFB to bidders that submitted an acceptable Technical Proposal.