

Welcome to module five in our Asset Management 101 course. My name Gwen Rush and I'm the Property Utilization Specialist for the Bureau of Land Management at the National Operations Center. The fifth and last cycle of asset management is retirement and disposal. In this module you will learn to determine when an asset should be retired, how to determine the most earth friendly and cost effective method of disposal, the required approvals to dispose of property, completing the disposal action and finally retiring the asset.

Retirement is the removal of an asset from the property system, whereas disposal is the physical removal of the property. Disposal could be warranted because the property is obsolete or unserviceable due to fair wear and tear or the property is not needed at all because of a change in mission or a change in the environment such as an office move. Remember my take on Carlin's too much stuff in module three. Stuff you accumulate in your office, conference rooms, storage areas; there's junk everywhere. Piled up computers, never know when you need a replacement, A box full of old radios; don't even know if they work or not. Hey check this out an old bike, can't ride it though; it's got a flat. Oh no there's some live turkeys running around. You get the idea. Just as property in the second cycle of asset management is received and entered into the accountable offices inventory and financial records; the same property must be retired at the end of the life cycle whatever the reason.

Disposal is the hands on part where you must make decisions based on many things such as the current condition of the property, if there may be value to other offices or agencies or if there is sale or scrap value. What happens when one of your coworkers doesn't need a property item anymore or when property gets damaged or destroyed? What happens to those project materials when the project is finished? It ends up in your warehouse or ware-yard to dispose of. As a Property Manager, your initial decision on the proper method of disposal will be crucial in determining the most environmentally responsible efficient and cost effective method of disposing of the asset. The process you choose and the path the property will take is called property disposition. You may learn of interest from another federal, state, government agency or from the public or even from another BLM or federal employee and there's a process to allow for almost anyone to acquire excess property. There are laws and regulations concerning property disposition and you will learn the property pyramid of who can receive property at what point in the disposition process. It's very important that you understand these laws and regulations because you may very well be the only employee in your office that will have the technical knowledge about these laws.

If you remember back, some of the more spotlighted incidents in the new; you will remember federal employees and members of the public being handcuffed and ushered off to prison for mismanagement of excess personal property and illegal disposal actions. Some of the old schools of thought are; the office doesn't need it anymore, it's junk or I could use that. I'm familiar with the

operation and who else would want it or no one will miss it and it'll just be thrown away anyway. Sometimes even upper management in your office has an organization they would like to give the old equipment to and this is where you and upper management can get into big trouble if you don't follow the laws and regulations. There's a big spotlight on excess property and how it's disposed of. Now you understand why your Accountable Officer depends on you to know these laws and regulations and appropriately dispose of excess property. So if you have any doubt about the importance of your position I hope I've cleared that up.

Here are some examples of property mismanagement and what can happen. On December the 9th in 2008, the headline on this real case read, "Major Investigation Nets FAA Repair Technician and Co-conspirators for Excess Property Theft." In November of 2008 over forty federal agencies and local law enforcement personnel participated in a series of search warrants that led to the arrest of two people and over one million dollars worth of stolen property was seized. The co-conspirators were charged with the theft of federal excess property. They screened and successfully transferred over two hundred assets valued at approximately 2.8 million dollars including construction equipment, a jeep and a fifty foot Cheoy Lee fishing yacht valued at five hundred thousand dollars. Closer to home, another instance involved a BLM employee who had stored excess computer items in his garage because he said he was trying to protect them from being stolen. He also found in his house in the crawl space

were BLM radios, some hard hats and various property items. I think he's probably still in Leavenworth.

Now that I have your attention; let's start with identifying property for disposal. What you need to identify in your office and warehouse space is property that has not been used within the last year, changes in the level of personnel from restructuring or downsizing causing excess equipment, technology or project mission changes changing some property and making it obsolete, project or program changes that cause an excess in the quantity of property purchased, property is damaged or destroyed beyond economical repair. These types of situations cause property to pile up and become increasingly obsolete and weathered and depreciate by the day. Not only that but these situations are wasting your budget dollars by occupying expensive storage space; you need to get rid of them. After you have identified property items that need to be disposed of, you must determine the most appropriate disposal method and we have a disposal decision tree to help you.

First, has the asset been replaced by another property item? If not then does the asset require any special handling or does it contain any hazardous materials requiring special disposal? If the answer is no; is there scrap value in any of the parts or the asset as a whole? No then ask is the asset a computer or computer related item? If so, are any schools interested in acquiring computers and computer equipment? If you answer no, then is the asset damaged or destroyed

beyond reasonable repair? Not this either; is the asset usable and working properly even if minor repairs are required to bring it up to standard. Would it have any value to another office federal agency, state agency or any interest from the public? The questions I have just asked are part of a disposal decision tree that's posted on the property web site to help you determine the most appropriate and ecologically sound method of disposal.

Now let's go back to the first question; has the asset been replaced by another property item? If you answered yes, you can consider trading in the old asset to the vendor who the new asset is purchased from or your office may be able to retain the proceeds of a sale to offset the purchase of the new asset. So let's talk about the process of trading in an asset or selling the asset and retaining the proceeds. This is the most beneficial method of disposal for your office because your purchase price is lowered by the trade-in value from the vendor or the income of the sale proceeds and the property is in and out of your warehouse quickly. The decision to trade in or replace the old asset with a new one is made at the second cycle of asset management, acquisition. Custodial Property Officers will coordinate with the purchasing department to arrange for the vendor to trade in the old property at the time the new is acquired. As a Property Manager you should be made aware of this transaction at the same time the purchasing department is but we all know how that goes so be prepared. If you are asked to receive an asset and see on the purchase order that the old asset has been traded in you now need to receive the new asset and retire the old

asset that was traded in. The new asset will reflect the true value of the asset in the property system; not the price paid for it. Remember the purchase price has been lowered by the value of the old asset traded in. It makes sense. If you trade your car in for a new car and receive five thousand dollars for your old car your new car would not be worth five thousand dollars less, right?

What happens if the vendor will not accept the trade-in offer? Your property item can be sold to another federal agency or a state government agency for a fair market value or it can be sold to the public. The proceeds from the sale will be credited back to the account that paid for the new asset. This is called exchange sale. Both trade-in and exchange sale authorizations are regulated by the same chapter of the federal management regulation so you will often hear both terms used synonymously.

The ideal scenario for trade-in or exchange sale approval is when you the Property Manager are consulted prior to the trade-in being made. The reason for consulting you first is because not all classes of property are allowed under any circumstances to be traded in or sold under the exchange sale authority. The federal stock groups restricted from trade-in or exchange sale are; weapons, fire control equipment, hand tools, pre-fabricated structure and scaffolding, pre-fabricated and portable building, rigid wall shelters, chemicals and chemical products except medical chemicals and clothing, individual equipment and insignia.

To complete your trade-in action; after you have retired the old asset a copy of the purchase order or other document you used showing the trade-in is sent to the Operations Center in Denver for annual reporting and filing. The completion of an exchange sale action will be discussed later in this module as we discuss reporting property for disposal. So let's go to the next question in our disposal decision tree.

If the property is not being traded in or replaced does the asset require any special handling or does it contain any hazardous materials requiring special disposal? There are always exceptions to the routine disposal route and some required by law; some required by the department or bureau. Let's talk about some of the exceptions. The most common assets that have a different disposal route are fire arms, radios, K-9 dogs, horses, ATVs and UTVs, soil testers that have radioactive materials in them and computers. There may be others but the list above is the most common to BLM offices.

Let's begin with firearms that are not law enforcement. Some of these could be bear rifles from Alaska to shotguns used in our field offices in various programs. Firearms in good condition are reported to the Operations Center on BLM form 1520-34 the available personal property report. The following information is required on the report; the manufacturer, the model, serial number, the barrel length of the firearm, whether it's auto or semi-auto, whether it has a scope or

not, original acquisition cost, condition code. Each firearm should be reported as a separate line item. Do not group them together as a lot. The disposal unit will report the firearms to the Program Manager at GSA in Denver, the only GSA Office that's authorized to transfer or donate firearms. GSA will advertise and transfer usable firearms to other federal agencies or local law enforcement agencies. If GSA cannot find a home for the firearms disposal authority will be returned to you with instructions to mutilate the firearms so they cannot be reused or made into any type of weapon. The most efficient method of destroying a firearm is to have it melted down. You might find a reputable business that will destroy the firearm or you can ask your local law enforcement office or gunsmith. The most important thing is to make sure you are handing the firearm over to a reputable business to melt down and watch the process. Law enforcement firearms are managed by the Nation Interagency Fire Center or NIFC because the Accountable Officer for law enforcement firearms is located at NIFC. Law enforcement firearms are reported for disposal by NIFC just as you report other firearms. Your local BLM law enforcement office will have instructions on where and how to ship the weapons to NIFC. Next let's talk about radios.

The first thing you should do is talk to your communications people in the office. Radios are an exception because of the frequencies assigned to BLM and the need for the right people to be able to communicate and to prevent the wrong people from using BLM frequencies. The people who are most knowledgeable

about the ins and outs of radios are employees in your communications branch. Some types of radios equipment can be treated like any other property item. It's certain types of radios that require special handling and you will depend on your experts to assist you in identifying the exceptions. The move from wide band analog to narrow band analog in the communications community requires preliminary action before the radios and radio equipment reaches the usual disposal route. Let's walk through the preliminary steps. When you receive portable hand held radios, repeaters, base stations, dispatch consoles, mobile radios and other radio equipment your Radio Technician will provide a certification document regarding each individual piece of radio equipment as being P25 capable or not and whether it is narrow band analog or wide band analog. This certification will also disclose if the frequencies are hard coded to the microprocessor or if the radio can be reprogrammed electronically. All P25 capable radios are sent to the Property Officer at the National Interagency Fire Center, NIFC and the accountability is transferred in the property system from your office to the NIFC property office. Radios that are wide band analog capable or have the frequency information hard coded to the microprocessor must be destroyed locally. These radios cannot be transferred out of the bureau. Trade-in approval for portable and mobile radios is given by the fire and aviation property office at NIFC. So you, your Radio Technician and procurement office will work together to get the appropriate approval and complete the trade-in action. Radios that are narrow band analog capable and can be reprogrammed electronically will be cleared of federal frequencies by the NIFC communications

staff and disposed of through the excess property process. First the radios are made available to other federal agencies using BLM form 1520-34 Available Personal Property Report which we'll discuss later in this module. What you need to know now is that the following statement must be typed on the form. It must say quote. These radios are not P25 capable. Frequency reprogramming can be done by the gaining agency. These radios do not meet the federal standards for use on wild land fire incidents and are not to be used by federal employees for that purpose; unquote. If your office has identified a local fire agency who is interested in purchasing these radios add the following statement to your report. If these radios are not picked up by another federal agency please release them back to BLM for sale in accordance with current general services administration waiver to a city rural fire department or other- other local cooperating fire suppression agency, unquote. We talked about exchange sale property earlier and this is one instance where exchange sale applies. The BLM also has a waiver from GSA for direct sales to fire departments so it's important that the interest is noted on the report.

K-9s are handled differently first of all because they're live animals and because their training and service to law enforcement. Dogs who work as K-9 dogs are especially trained and are loyal to one handler or trainer. If they're not allowed to remain with their handler most K-9s would have to be euthanized. In spite of the above, K-9s are also government property procured with appropriated federal money and the property records must reflect the retirement and disposal of these

dogs. Under the unique circumstances of the K-9s, they may be retired from BLM to live out the remainder of their lives with their handlers. To accurately reflect the property records K-9 dogs are reported on a certificate of unserviceable property discussed later in this module with the recommendation that they be retired to their handler's home and are removed from BLM ownership by that document.

ATVs are considered dangerous and cannot be sold to the public. Many ATVs are replaced by new ATVs or UTVs; therefore they can be traded in or sold as exchange sale to offset the purchase price of the new ATV. But if the old ATV is not being replaced it should be reported on an available property report BLM form 1520-34 and offered to other federal and state agencies through GSA for reuse. If there's no government agency requirement the ATV must be mutilated and sold for parts or scrap. The proceeds from any sale or recycling proceeds will be deposited into the general treasury. We will discuss proceeds for property later in this module.

Property requiring special licenses by the user such as soil testers that contain radioactive materials and are licensed by the Nuclear Regulatory Commission must be disposed of in accordance with the licensing agency. It depends on the required disposal method to determine what form to document the retirement and disposal on.

Software falls under the same category of license agreements. If the software is not opened or licensed it can be considered as personal property and should be disposed of through normal disposal methods. However if the software has been opened and licensed, the disposal is the information technologies group's responsibility. Licensed software is not considered personal property so there's no documentation you need to forward to Operations Center for property accountability. There is one exception however. If the original acquisition cost of the software is over fifteen thousand dollars it will receive an inventory number and is entered into the property system as capitalized property. Under these circumstances you will need to document the retirement and disposal of the capitalized software.

There are two presidential executive orders that put computer equipment and property that supports mathematical and science education into the special handling category. We will cover these next as we talk about usable property that is no longer needed by your office. Before we move on through our disposal decision tree, let's recap the exceptions or assets requiring special handling. First we have firearms that are either transferred or donated by GSA or are melted down and recycled. Next we have radios that require a team effort between you, the Property Manager and your Radio Technician or communications department. Then there are the K-9 dogs that are retired and go home with their handlers to live out a happy life. The ATVs and UTVs are either transferred or donated to another government agency or are mutilated and

sold for parts and the scrap material is recycled. The disposal of specialized property such as soil testers is regulated by other agencies and you simply follow their disposal requirements. Computers and other scientific and mathematical research equipment we will discuss next when we talk about reporting usable property.

Now let's talk about property turned into you for disposal that is still in good condition and could be put back into use. Okay I need a little mindset adjustment at this point because many of your fellow employees and maybe even you consider this property to be junk because your office doesn't need it anymore. Well there's an old saying that one man's junk is another's treasure. I've worked in property disposal for over thirty-three years and I'm also a die hard garage sale person. I can tell you from experience that millions of your tax payers dollars are saved each year by reutilizing property that one office didn't need anymore. The availability of usable property which is defined as property in working condition as it is or with minimal repairs begins in your own office. You as Property Manager are the focal point for your office when property needs arise as well as property that is no longer needed by your office. You are the one that can save the government, thousands even millions of dollars simply by using your knowledge to promote the transfer or donation of property your office doesn't need. That is pretty powerful. Now you understand why I still love my job after thirty-three years. As you learned in module two about screening other agencies' excess property to fill your own office's needs, it's your turn to strut

your stuff so to speak. I think I'll come up with a motto for the usable property disposal game. He who distributes the most property wins. Actually you'd be winning at three games; the disposal game, the greening game and the cost savings game. Okay so let me jump off my soap box and talk about the pecking order for screening and acquiring government property.

First other offices in your state should have the first opportunity to acquire your property; it's only right. Next other BLM Offices and other DOI Offices have a shot at it. Up until now the property is considered available property because it's being made available to other offices and bureaus in our agency, the Department of Interior. If no one needs the property within the department then the property is declared excess to the needs of the agency and all other federal agencies have a chance to acquire it. Next in line are the state government agencies and donees who are recipients of tax dollars such as county sheriff's office or libraries. Then if there's still no home for the property, the public has a chance to buy it. As you noticed on the screening flowcharts there is a specific amount of time a property item is available to each group. To help maximize your chances of finding a home for the property, consider the following. Have an end result in mind before you begin and be ready for anything that may happen; packaging and shipping out, people that want to see the property, digital photos to accurately reflect them, storage, you know things like that; just think ahead. Is there a deadline by which the property must be removed? In the instance of office moves; are there dates for viewing, availability and removal? Is there any

known interest in the property? If so, put a note of interest in the description column of the available report noting the interested agency and a contact name and phone number so they can be contacted by the Property Utilization Officer at the Operations Center. Is the property computer or computer related? If so are there any schools interested in the computers? EO 1299, better known as Computers for Learning, allows agencies to transfer directly to schools K-12 after initial screening. Likewise do you know of any interest by any educational agency for the promotion of scientific or mathematical education? Let us know. Be sure someone is available to answer questions about the property and is available to issue property that's been approved for transfer or sale, especially if you're going to be out of the office. If you're going to be out of the office for any reason, enable your e-mail out of office feature and leave the name and phone number of an alternate contact. Also make sure you give the same information on your phone message. Make sure the receptionist at the front desk is aware of any property that might be allocated and to whom the receptionist should refer any questions or calls to in your absence. Many times the receptionist at the front desk will be the first to receive calls or greet buyers who have come to pick up property they have successfully acquired. These are just a few things to consider so you can be the most organized got it together Property Manager.

Now that we've got it together; let's take the first step to report usable property preparing an available personal property report BLM form 1520-34. It may seem like a lot of steps to get it together but you should have it together within five

working days of taking possession of the property your office doesn't need.

Remember you are expediting the removal of this property so it does not become obsolete and it doesn't sit in storage any longer than it has to.