

# PGI 245.602-70 Plant clearance procedures.

(1) Upon receipt of acceptable inventory schedules, the plant clearance officer (PLCO) shall assign a plant clearance case number using DD Form 1635 (or an automated equivalent) and establish a case file.

(2) The plant clearance case number shall be established using a three-part, 11-character number as follows:

(i) Part 1: DoD Activity Address Code (six-character alphanumeric code) assigned to the contract administration activity.

(ii) Part 2: Locally assigned four-character consecutive alphanumeric code, beginning each calendar year with "001" continuing as necessary through "zzz." The fourth character is the last digit of the calendar year, e.g., "0013" for the first case of calendar year 2003.

(iii) Part 3: The 11th character is a single letter identifying the department or agency:

C-Army

Q-Navy

E-Air Force

L-Marine Corps

U-Defense Logistics Agency

N-*Defense* Threat Reduction Agency

M-National Geospatial-Intelligence Agency

S-NASA

D-Other DoD activities

O-Non-DoD activities

(3) The case file shall contain copies of all documents relevant to the case, e.g., correspondence, review board findings, anti-trust clearances, and reports.

(4) PLCOs will use DD Form 1638, Report of Disposition of Contractor Inventory, or an automated equivalent to report the disposition of contractor inventory. Do not include disposition actions transferred to other offices. Complete only the column total for each line of this report. The report is self-explanatory except—

(i) Line 1—insert totals from line 7 of the preceding report;

(ii) Line 2—insert net changes due to shortages, overages, errors, or withdrawals (other than purchases or retention at cost);

(iii) Line 3—insert total excess inventory reported by contractors during the report period;

(iv) Line 5—insert total plant clearance cases completed during the report period. Do not report cases as completed until all property has been disposed. Acquisition cost must equal line 19;

(v) Line 8—insert amount retained or withdrawn at full cost;

(vi) Line 9—insert acquisition cost in the “Acquisition Cost” column and insert acquisition cost less handling, transportation, or restocking charges, in the “Proceeds” column;

(vii) Line 10—insert acquisition cost of all transfers completed during the report period. On lines 10A through 10H, insert subtotals representing transfers to the agency indicated. Exclude amounts on lines 10A through 10H when computing line 19 totals;

(viii) Line 12—insert the acquisition cost and gross proceeds;

(ix) Lines 14 and 15—used to identify and report other transactions, and

(x) Line 18—insert section II totals. Line 18 acquisition cost must equal acquisition cost on line 5.

(5) The PLCO will prepare quarterly reports for periods ending March 31, June 30, September 30, and December 31. Activities preparing manual reports will submit duplicate reports to the headquarters of the administering activity within 10 working days after the close of the report period (Report Control Symbol DD(I&L)(Q)1430 applies).

(6) Upon completion of the plant clearance action, the PLCO shall prepare a Standard Form 1424, Inventory Disposal Report. The form is self-explanatory except—

(i) Item 12—insert net change due to shortages, overages, errors, pricing, or withdrawals, etc. Explain in item 18, Remarks;

(ii) Item 14—insert amount contractor is retaining or purchasing at acquisition cost;

(iii) Item 15—insert acquisition cost and net credit (full credit less approved handling, transportation, and restocking charges for items returned to supplier);

(iv) Item 16—insert the acquisition cost for all transfers accomplished. For lines 16A and 16B, insert subtotals as indicated;

(v) Item 18—insert acquisition cost and gross proceeds;

(vi) Items 20 and 21—use to identify and report transactions not otherwise identified, such as items shipped to a Government precious metals reclamation activity, etc. Further explanation may be provided in item 26, Remarks, if necessary;

(vii) Item 26—show the specific disposition of proceeds reported in items 14, 15, and 18. Also, indicate amounts deleted for specific contractor claims, or applied as a credit to the claim; and

(viii) Item 27—total dispositions must equal the amounts on line 13, and must reflect all disposal actions within the case.

(7) When contractor inventory with an estimated fair market value of \$3 million or more, or any patents, processes, techniques, or inventions, regardless of cost, are sold or otherwise disposed of to private interests, notify the Attorney General and the General Services Administration (GSA) of the proposed terms and conditions of disposal. Submit the following information to the Department of Justice and GSA through contract administration agency channels (Report Control Symbol DD-

ACQ(AR)1492 applies):

- (i) Location and description of property (specify tonnage if scrap).
- (ii) Proposed sale price (explain if the proposed purchaser was not highest bidder).
- (iii) Acquisition cost of property.
- (iv) Manner of sale, indicating whether by—
  - (A) Sealed bid (specify number of bidders solicited and bids received);
  - (B) Auction or spot bid (state how sale was advertised);
  - (C) Negotiation (explain why property was not sold competitively);
  - (D) Proposed purchaser's name, address, and trade name (if any) under which proposed purchaser is doing business;
  - (E) If a corporation, provide state and date of incorporation, and name and address of—
    - (1) Each holder of 25 percent or more of the corporate stock;
    - (2) Each subsidiary; and
    - (3) Each company under common control with proposed purchaser.
  - (4) If a partnership, provide—
    - (a) Name and address of each partner; and
    - (b) Other business connections of each partner;
    - (c) Nature of proposed purchaser's business (indicate whether its scope is local, statewide, regional, or national);
    - (d) Estimated dollar volume of sales of proposed purchaser (as of latest calendar or fiscal year);
    - (e) Estimated net worth of proposed purchaser; and
    - (f) Intended use of property.
- (8) Do not dispose of property until the Attorney General determines whether the proposed disposal action would tend to create or maintain a situation inconsistent with the antitrust laws.
- (9) If the Attorney General advises that the proposed disposition is inconsistent with the antitrust laws, do not continue with the proposed disposition.
- (10) Under noncompetitive sales, the prospective purchaser shall be informed that final consummation of the sale is subject to determination by the Attorney General.
- (11) The disposal of contractor inventory is the responsibility of the contractor. However, the disposal/sales services of the Defense Logistics Agency (DLA) Disposition Services or a Federal agency, e.g., GSA, may be used in unusual or compelling circumstances, as determined by the contracting officer to be in the best interest of the Government, and provided DLA Disposition

Services/the agency agrees. In such cases, disposal/sales services may be provided on a reimbursable basis, with any sale proceeds credited in compliance with FAR 45.604-4, Proceeds from sales of surplus property. If sale services are needed, the plant clearance officer will document the reasons in the case file and make arrangements directly with DLA Disposition Services, GSA, other Federal agency, or third-party. The arrangements will include a requirement to return all proceeds to the plant clearance officer for crediting in compliance with FAR 45.604-4.

(12) The PLCO shall, prior to sales contract award—

(i) Ensure the prospective buyer is not an ineligible transferee, including those on found in the System for Award Management (SAM) Exclusions. For additional information see <https://www.acquisition.gov>;

(ii) Cross-reference contractor inventory to a National Stock Number and Demilitarization code. For additional information, see FED LOG or WEBFLIS at <http://www.dlis.dla.mil/webflis/> and the current edition of the DoD Demilitarization Manual at <http://www.dtic.mil/whs/directives>;

(iii) Consult with the DoD Demilitarization (Demil)/Trade Security Control (TSC) Program office to determine if the contractor inventory can be sold to the public; and if a TSC assessment of the prospective buyer is required. Reference DoD Instruction 2030.08, Implementation of Trade Security Controls (TSC) for Transfers of DoD U.S. Munitions List (USML) and Commerce Control List (CCL) Personal Property to Parties Outside DoD Control; and Defense Demilitarization Manual, DoD 4160.28-M;

(iv) If TSC is required, provide the DoD Demil/TSC Program office with a completed DLA Form 1822 End-Use Certificate (EUC) for the prospective buyer. Note: TSC assessments/EUCs are typically not required for scrap sales; and

(v) Upon TSC clearance (if required) of the prospective buyer, authorize the contractor to complete the sale, as applicable.

(13) To the extent that demilitarization, mutilation, or destruction is required, the PLCO may authorize the contractor to perform such action as follows:

(i) Demilitarization, mutilation, or destruction by the contractor or buyer as a condition of sale;

(ii) Shipment to a DoD disposal activity (contingent upon packing, crating, handling, and transportation funding), or

(iii) Such other actions as are included in the terms and conditions of the contract.

(14) Security assistance transfers or foreign military sales shall be conducted in accordance with the terms and conditions of the contract and consistent with DoD 5105.38-M Security Assistance Management Manual.

(15) The plant clearance officer may send a notice of proposed surplus sale to FedBizOpps (<http://www.fbo.gov>) if the items have potentially high public interest.

**Parent topic:** [PGI 245.6 -REPORTING, REUTILIZATION, AND DISPOSAL](#)