

Disposition of Economic Development Property

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Economic development within the federal government is a concept to provide excess personal property to Community Reuse Organizations (CRO). DOE Acquisition Letter 95-06/Personal Property Letter 970-1 (Economic Development Property) was issued on June 28, 1995.

The purpose of this letter is to facilitate the disposition of personal property identified by CRO's for economic development at DOE facilities that are being reconfigured or closed due to downsizing of nuclear weapons production. Each location was given the opportunity to determine how this was to be accomplished.

The Department of Energy, Ohio Field Office (DOE-OH), which is responsible for the Mound/Miamisburg, Ohio site, had been involved with negotiations with our local CRO for some time. A way to gauge how much personal property the CRO would be interested in was determined by letting CRO representatives tag excess property by working with DOE-OH and the Management & Operating Contractor at Maimisburg to provide listings of property on the site. Once this was completed, a sampling of 50 percent of the personal property identified by the CRO was used to determine a value. This sampling was matched against other federal and industrial standards for depreciation; however, we used DOE Order 2200.6 (Financial Accounting) since most of the items were department related. This value was further depreciated to allow for storage, dismantling, auction fees, inventory, maintenance, etc.

Based on these results a methodology to determine how much consideration to charge the CRO for property was derived. The property was further depreciated in accordance with local DOE management objectives, and the administrative cost for DOE efforts in providing property was factored into the equation to determine the selling price to the CRO. Naturally, these percentages will vary from DOE site to site, as well as each agency depending on the priority of economic development, regulatory requirements, management, closure milestones, etc.

While decisions were made on what considerations would be, other DOE sites and Federal agencies were requesting excess property that was entered into the department's excess system (Reportable Excess Automated Property System - REAPS) that the CRO had identified for the development of businesses at Miamisburg. I was flooded with competing requests, and a solution had to be found to disposition property to the recipient with the most compelling need.

After coordinating with DOE managers and property managers the consensus was for Ohio to draft and implement a local policy so all requesters of personal property marked for economic development would have an equal chance of receiving the excess property. The Protocol for Economic Development Personal Property was developed at the Ohio Field Office Policy to assist in determining which recipient has the greater compelling need. The criteria for a valid request is the affect on the immediate health or safety of workers, critical to DOE program/project completion, or actually budgeted in DOE request. The requester and the CRO are required to provide justifications of need for every conflicting claim. In addition, we require the Head of Contracting Activity (HCA) or designee to review the Economic Development Protocol for Personal Property, and sign a property request form faxed from DOE-OH. These must be returned with the justification of need within five working days for the request to be valid.

To date, approximately 30 percent of requests have been decided in favor of the DOE requesters while the remainder were sold to the CRO. Economic Development has continued to be a major mission at Miamisburg. Selling excess property in place saves DOE payment of storage costs, reduces administrative costs, and above all the customer is satisfied. ♦

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Table 1
Methodology for
Personal Property Calculations
Sample Calculation

EG&G Book Value	\$18,000,000
Adjusted Book (50% of EG&G Book)	\$ 9,000,000
Fair Market Value	\$ 4,500,000
Consideration (75% of Fair Market Value, HCA Determination of Approximate \$)	\$ 3,375,000
Selling Price	\$ 1,125,000
But add in DOE costs to make property available	\$ 360,000
Total selling price of the personal property	\$ 1,485,000