



OCONUS Property Disposal Case Study:

Lesson in Planning, Preparation and Education

by John Reddinger, CPPM, Columbia Basin Chapter

As a Property Administrator and Plant Clearance Officer working overseas on an international defense contract, communication is often the crux of any challenge. My work on a recent referral plant clearance case in Asia provided the opportunity to highlight some best practices that overcame these challenges and highlight the importance of communicating, planning, and delegating during the entire contract lifecycle. At the same time, I had the opportunity to demonstrate the tremendous benefits of basic knowledge attained through formal and on-the-job training, shared learning experiences and training available at my fingertips through the NPMA and a network of talented peers.

Winter was over and spring was slowly making its turn one March day on the Korean Peninsula. The rain and winds made the days seem much colder than the thermometer attested typical of March - "in like a Lion." I had settled in from my morning coffee and cigar break when I received a seemingly typical referral plant clearance case email notification from an office on the U.S. East Coast. After further scrutiny, I noticed that the referral was to dispose of 25 all-terrain vehicles, commonly known as quads, and which are usually driven too fast or pushed to their mechanical limits by adults and youth

alike in the American Northwest Mountains or the desert terrain of the Southwest. These particular quads were located on a Southern Asian island and, based upon the condition code, were in near pristine condition.

The location, use, quantity, and condition of these vehicles, peaked my property management curiosity, as it seemed to me another type of vehicle would have been more suited to support the needs of this particular contract. The Plant Clearance Automated Reutilization and Screening System (PCARSS) case was referred to me from a Plant Clearance Officer (PLCO) within the U.S. (CONUS). Feeling somewhat confident that the referring PLCO had vetted the case, I accepted it and began to verify the allowability of the costs. The time difference between the referring PLCO and me (US East Coast time vs. Korea time) made effective and timely communications difficult.

As my communications with the PLCO were at a virtual stand-still, I employed the assistance of other individuals within the contracting chain. Through numerous exchanges between me, the Program Manager (PM) and the Contracting Officer (CO), it was determined that the costs were allowable. However, a change in the scope of work and, yes, the safety

of these particular vehicles on this terrain proved my first assumption of more suitable vehicles to be correct. Now I had 25 quads that needed a new home.

The SF1428 Inventory Disposal Schedule listed few valid contacts and phone numbers of the in country contractor and subcontractor. I eventually established a contact at the US Embassy who agreed to support the logistics needed to seek reutilization, sale, or any other means to move this property within or out of country. After screening through PCARSS, I was hoping we could conduct a sale via the U.S. Embassy.

But, you know it couldn't be that easy.

The Quality Assurance support I needed was located in Japan, thereby complicating the performance of timely inventory verification. Additionally, it was determined that these quads were purchased in the OCONUS location where they were intended to be utilized through a Foreign Military Sales (FMS) contract supporting that country's equivalent to the U.S. Air Force.

This new piece of information completely changed my course of thought and plans. When property is purchased under a FMS Contract, the funds are not appropriated from the

U.S. Government (USG), but instead from the foreign government. We have no authority or responsibility to screen this property through PCARSS, as it is not USG property, rather it is the foreign government's property and should be screened within the foreign country only. The PLCO is obligated to contact the foreign military branch to whom the property belongs and explain the situation; that the property was procured with their funds on their contract, and the property is excess to their contract and is available for them to take possession and use as they determine. The PLCO's obligation is to help the contractor to dispose of the property thereby relieving them of responsibility.

The U.S. Embassy contact put me in touch with a low ranking officer within the foreign military, and he and I were unable to reach an agreement as to what exactly should be done with the quads. The alternatives we discussed were: transfer from the contract to the Air Force, transfer to another branch of their government, or sell them and credit the contract.

So I returned to discussions with the PM and the CO, and during numerous emails and late night phone calls, (again US East Coast time 8:00 a.m. vs. Korea time 9:00 p.m. on the same day) it was mentioned that there was an upcoming Program Management Review at the Project Office where this could be listed as an agenda item.

I was asked to prepare some briefing charts for this discussion, so I relied on my best PowerPoint skills and developed charts to describe in very simple terms what happened, what the options were and the recommendations to enable the foreign country General Officer to make a decision. This worked perfectly and his decision was to sell the quads and credit the proceeds to



the FMS contract.

It was about this time that I was notified that there were five additional quads procured with the original 25, and that the contractor now wanted to dispose of these, also. Now, this required a modification of the original plant clearance case, which needed approval from the prime PLCO, a person with whom I still had not been able to communicate. I was finally able to make contact one night, explained the scenario and the case was modified. I then learned that my U.S. Embassy contact and the local subcontractor helped immensely by securing a quote from the original vendor to buy the quads back at 40% of the purchase price.

I needed concurrence from the PM, CO and foreign military officer and after another conversation they all agreed to the offer, so the vendor paid \$1,200 for each vehicle and agreed to pick them up thereby eliminating any transportation costs. I was authorized a four-day trip to the island to finalize the transaction with all parties and to witness the removal of identification plates, the transfer of ownership and the transfer of funds from the vendor to the subcontractor. I utilized a DD1149 document to affect the transfer from the contract, obtained copies of the tag numbers along with the serial numbers of the vehicles, and made a copy of the check. I also performed the inventory verification and verified the condition while checking off each ID tag removed.

After another three months of follow-up, I secured the credit from the sub-contractor to the prime contract, a credit from the prime contract to the USG, a credit from the USG to the FMS case and finally to the FMS contract. The case that opened in March was completed in October when the check number was

finally documented in the case file. After five months of late nights spent on emails, phone calls and jockeying the bureaucratic systems of two countries, what did I learn?

Property Administrators (PA) and PLCOs should always be prepared. Learn all you can and be ready for what may come your way. When faced with something out of the ordinary, clearly think it through, apply logic, past training, and utilize reference materials, and your network of associates and peers. Do not panic. While the PLCO on the receiving end out in the field is usually in a reactive mode, creating fluctuation and instability, if you follow the guide books, agency instructions, good old common sense and communication you will be successful.

For the government managers, e.g. PMs and COs in CONUS, who are contemplating entering into a Cost Reimbursable Contract or Fixed Price Contracts with Government Furnished Property that includes a place of performance in foreign countries, please, please, ensure that the Defense Contract Management Agency (DCMA) office that has cognizance over the foreign country is informed, prior to contract award, or at least prior to the start of work - perhaps through pre-award or post award contract orientations. Include the property functions in the planning and information exchange stages when considering the procurement of any property to be used on the contract. This makes it easier on the DCMA Office, particularly the Property Administrators and PLCOs, to handle the work in a proactive rather than reactive mode. The following link provides some great information on this process: <http://guidebook.dcma.mil/> or you can look up the Contract Administration Services Component Directory at the following address:

<https://pubapp.dcma.mil/CASD>, which will help determine the DCMA Office that has cognizance over your contract and location.

For the contractors, remember DCMA is there to help not just audit. If you are in a contract with lots of government property, remember, the day will come when you will have to dispose of the "stuff" and that is where the DCMA will be extremely helpful. The sooner you establish a relationship with DCMA the better off you will be. DCMA has been transforming for many years now, so the adversarial relationships of the past have long disappeared.

Proper planning upfront saves time and money for both the government and the contractor and promotes healthy property management both during the execution of the contract and especially during contract closeout. Any PA or PLCO will tell you they can respond in a timelier and more efficient manner to assist in property matters when they are already aware of the contractor's property control system and the types of property in the contractor's possession. ■

BIOGRAPHY:

Mr. John Reddinger, CPPM, is a Property Administrator with Bechtel National, Inc. at the Hanford Tank Waste Treatment and Immobilization Plant in Southeastern Washington, and is currently a member of the NPMA Columbia Basin Chapter. John has almost 30 years of property management experience including both property administration and Plant Clearance Officer responsibilities with the Defense Contract Management Agency, Defense Contract Management Command and the Air Force Contract Maintenance Center. He is the founding member and past president of the NPMA Asia-Pacific Chapter located in Pusan Korea, and a former member of both the Antelope Valley and NOVA Chapters. John holds a bachelor's degree in Accounting from Norfolk State University, and an MPA in Organizational Management from Golden Gate University.