



ACQUISITION AND
TECHNOLOGY

DEPUTY UNDER SECRETARY OF DEFENSE
3015 DEFENSE PENTAGON
WASHINGTON, DC 20301-3015

JUL 8 2009

MEMORANDUM FOR COMMANDER, UNITED STATES SPECIAL OPERATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA (ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION & LOGISTICS MANAGEMENT), ASN
(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DIRECTORS, DEFENSE AGENCIES
DIRECTORS, DOD FIELD ACTIVITIES

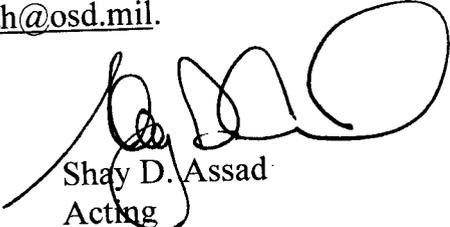
SUBJECT: Block Change to Eliminate Obsolete Government Property Clauses

On October 26, 2007, I issued guidance on the use of block change modifications to implement the June 14, 2007 revised clause at Federal Acquisition Regulation (FAR) 52.245-1, Government Property, in contracts that were awarded before the effective date of the FAR change. This memorandum addresses the process for superseding and deleting obsolete property related FAR clauses from current legacy contracts. Moreover, the pending publication of Defense Federal Acquisition Regulation Supplement (DFARS) case 2007-D020 Government Property (to be published in July 2009) will align the DFARS with current FAR Government property requirements.

As a result of these FAR and DFARS changes, many contractors are maintaining dual property systems to comply with both the old and new requirements. Maintaining dual systems is inefficient and results in increased contractors' costs and Department of Defense (DoD) oversight costs with no corresponding benefit to DoD. Therefore, pursuant to this memorandum, I am delegating the authority to modify all contracts administered by the Defense Contract Management Agency (DCMA) to the Director, DCMA. As part of the modifications, DoD will take title to any special tooling items acquired under the old FAR clause 52.245-17. In addition, DCMA will add the DFARS clause at 252.211-7007, Reporting of Government-Furnished Equipment in the DoD Item Unique Identification (IUID) Registry. Adding this clause to the block change agreement will ensure a successful transition to the new reporting environment.

The attached business case provides additional supporting rationale and detail on the planned modifications. We will host a meeting on August 18, 2009 at the Logistics Management Institute facility in Tyson Corner, Virginia to address any concerns that you may have. I have directed DCMA not to exercise this authority until after September 30, 2009. If you do not agree with the approach, please notify the action officer identified below before that date.

Please direct any questions regarding this matter to Action Officer Hadiza Abdullah at 703-602-8422 or hadiza.abdullah@osd.mil.



Shay D. Assad
Acting

Attachments:
As stated

Property Block Change Business Case

Problem:

The requirements in the Federal Acquisition Regulation (FAR) property regulations were significantly changed in 2007 (FAR Case 2004-025). While the new requirements apply to contracts awarded after the effective date of the FAR change, contracts that were awarded before the effective date still contain the now obsolete FAR requirements. As a result, contractors are maintaining dual property systems. In addition, DCMA and the military departments responsible for oversight of the Government property must conduct surveillance over the dual property systems. Maintaining dual property systems is inefficient and results in increased contractors' costs and DoD training and oversight costs with no corresponding benefit.

In addition, the requirements in the Defense Federal Acquisition Regulation Supplement (DFARS) for contractors to report on Government property in their possession have also changed significantly. Contracts awarded before September 30, 2007, require contractors to report only summary level data via the DD Form 1662 (252.245-7001). The new regulations at DFARS 252.211-7007 require contractors to report much more detailed information. As a result, DoD does not have the detailed information needed to account for and manage its Government property.

Recommendation:

The Director, DPAP, delegate to the Director, DCMA, the authority to modify all contracts administered by DCMA. The modification will:

- Incorporate the new FAR/DFARS Government property clauses and delete the obsolete FAR/DFARS Government property clauses.
- Be a no cost modification under the changes clause.

While difficult to quantify, DoD will save money by eliminating the dual property systems. Notwithstanding those savings and more importantly for the Department, DoD will have the detailed information needed to account for and manage its Government property.

As a part of the modifications, DoD also will take title to any special tooling acquired under the old FAR clause 52.245-17 consistent with FAR 45.401, Title to Government-Furnished Property.

Contract Changes:

Delete, wherever they occur:

FAR 52.245-1 - Property Records (any date prior to Jun 2007)

- FAR 52.245-2 - Government Property (Fixed-Price Contracts)
- FAR 52.245-3 - Identification of Government-Furnished Property
- FAR 52.245-4 - Government-Furnished Property (Short Form)
- FAR 52.245-5 - Government Property (Cost-Reimbursement, Time-and-Material, or Labor-Hour Contracts)
- FAR 52.245-6 - Liability for Government Property (Demolition Services Contracts)
- FAR 52.245-7 - Government Property (Consolidated Facilities)
- FAR 52.245-8 - Liability for Facilities
- FAR 52.245-10 - Government Property (Facilities Acquisition)
- FAR 52.245-11 - Government Property (Facilities Use)
- FAR 52.245-12 - Contract Purpose
- FAR 52.245-13 - Accountable Facilities
- FAR 52.245-14 - Use of Government Facilities
- FAR 52.245-15 - Transfer of Title to the Facilities
- FAR 52.245-16 - Facilities Equipment Modernization
- FAR 52.245-17 - Special Tooling
- FAR 52.245-19 - Government Furnished Property “As Is”

DFARS 252.245-7001 – Reports of Government Property

DFARS 252.211-7007 – Item Unique Identification of Government Property (September 2007)

Replace with:

FAR 52.245-1 - Government Property (Jun 2007)

FAR 52.245-1 (Alt I) – Government Property (June 2007) as appropriate

FAR 52.245-1 (Alt II) – Government Property (June 2007) as appropriate

FAR 52.245-9 - Use and Charges (Jun 2007)

DFARS 252.211-7007 - Reporting of Government-Furnished Equipment in the DoD Item Unique Identification (IUID) Registry (Nov 2008)