

SURPLUS PROPERTY REGULATION

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ARTICLE 1: Section Number 3 is ammended to read as follows:

"SECTION 3: PURPOSE

These regulations are adopted to establish the general rules of use and custody of Government property; the guidelines for declaring said property without adequate use, unuseable or obsolete; set forth rules to determine the use and need of property; indicate the method for declaring "surplus" Government property; establish the rules to be followed upon receipt, assignment, transfer, sale or destruction of surplus property of the Government; and to establish the procedure by which destruction will be delegated to other entities".

ARTICLE 2: The second paragraph and subdivisions 3, 8, 9, 10 and 11 of section number 7 are ammended to read as follows:

"SECTION 7: INTERPRETATION RULES

The following words and phrases are abbreviated terms or have the following meaning:

1.....

2.....

3. Agency-Each one of the entities that make up the Government including the Administration.

4.....

5.....

6.....

7.....

8. Board of Bids- The Board of Bids of the Administration which is the entity in each one of the areas of the Administration in charge of implementing the "Board of Bids Regulations of the Administration"

evaluating and awarding formal bids.

9. Chattels- Those goods of relative permanence and value that can be transferred from one place to another without damaging the real property to which they are joined, and that can be of use without material breakage, or deterioration of the object to which they were adhered, including among others, machinery, furniture, materials, supplies, parts, provisions documents, transportation means, office partitions, rugs, and any other chattel as defined in the "Civil Code of Puerto Rico", 1930 Edition, as ammended.
10. Formal Bid- Procedure followed by the Government to publicly acquire or sell goods, works and services, in conformance with the procedure established in the "Formal Bids Regulations" and in the "Acquisition Regulations" of the Administration.
11. Agricultural Use- Capacity of a thing to be used for agricultural purposes thus contributing to agricultural development.

ARTICLE 3: The first paragraph, divisions 3 and 7 and subdivision j of division 5; subparagraph 5 of subdivision b and subdivision d of division 8 of section 9 are ammended to read as follows:

SECTION 9: SURPLUS PROPERTY DECLARATION

All those goods that may be subjected to the procedures established in these regulations in order to guarantee that they may be used to its maximum capacity may be declared Government surplus property. Any thing which can be classified in one or more of the following categories, may be declared surplus property:

1.
2.
3. Obsolete Goods- Those goods which have become obsolete due to development and technical or administrative changes regardless of when they were acquired or their acquisition costs.
4.
5. Goods that become Government property-
 - a.
 - b.
 - c.
 - d.
 - e.
 - f.
 - g.
 - h.
 - i.
 - j. Public Law No. 1 of June 29, 1977, as ammended, known as the "Natural Resources Rangers of the Natural Resources Department Act".
6.
 - a.

Previous to the drafting of this list, the Administrator will consider recommendations of those Agency Heads whom he deems should be consulted. Those Agency Heads who may wish to do so, may recommend chattels which are used exclusively in their agencies be included in the list.

When doing so, they will recommend their retention and disposal periods.

7. Left Over Goods

Those goods which are left over after the specific work for which they were acquired has been done. The goods are usually bought with monies from a specific apportionment and are, for example, construction works, the printing of a book and a so forth, at the end of which there are left overs.

To dispose of these goods, the disposal procedures established in these regulations must always be followed.

8. Disposable Goods

.....

a.....

b. Papers

.....

1).....

2).....

3).....

4).....

5) Surplus Papers

In the case of the reproduction centers of the agencies, the cut-offs from binding or centering printed materials, blueprints or any other similarly used. Papers used by typists, stenotypists, and others disposed of which in the course

of their works got damaged, were rough drafts or have been transcribed.

In the electronic data processing centers, all papers, documents or forms used during any of the data processing stages and which become useless once the information has been collected from them.

6)

c.

d. Liquid substances

Chemical substances with market value but of no interest to the Government, discharged by the agencies or Government laboratories, such as X-Ray solutions and others.

ARTICLE 4: The first paragraph and sub-divisions "a" and "d" of division 3 of section 10 are amended and the identification of sub-divisions "a" to "f" are changed to "1" to "6", to read as follows:

"Section 10: PROPERTY MANAGER

1.

2.

3. Functions in relation to Surplus Property

The Property Manager shall be in charge of initiating the procedures to declare surplus the Government property in his agency. In the performance of this obligation, he must do as follows:

a. Notify the Administration if in his agency there is any property which according to the rules established in these regulations or in those which the Administrator may furtheron issue can be declared surplus property.

b. Prepare an inventory of said property in the corresponding document and send it to the Administration, with the following information:

- 1).....
- 2).....
- 3) Acquisition or book value
- 4).....
- 5).....
- 6).....

c.....

d. If it proceeds, report to the Administration quantity, increase, decrease, alteration, modification, acquisition, loss or disposal of the property.

e.....

ARTICLE 5: The title, sub-paragraphs a and b of paragraph 3; first paragraph and the sub-division 4, of division "c" of paragraph 3, the first paragraph of sub-division d and sub-division "e" of paragraph 3 of article 11 are ammended to read as follow:

SECTION 11: Surplus Property Manager

1.....

2.....

3. Obligations

a. Knowledge of Rules

The person appointed by the Administrator as Surplus Property Manager or any person designated as an Assistant Manager, must know the rules that regulate the Government Property Manager as approved by the Secretary of the

Treasury, the internal rules of each agency, and those that regulate the Surplus Property Program.

b. Enforcement of Rules

The Manager and Assistant Manager of the Surplus Program shall have to follow and enforce the rules that regulate the Surplus Program and everything related with the handling of the procedures relevant to this.

c. Custody

The Government Surplus Property Manager and Assistant Managers shall be the custodians of all Government property transferred to the Administration Surplus Warehouse. In the performance of this function they must:

- 1).....
- 2).....
- 3).....
- 4) Recommend and take all the necessary measures to adequately preserve and use all property under his jurisdiction.

d. Classification

Classify and organize Surplus Property to facilitate its disposal.

In order to do so, he must place and handle the Surplus Property according to its nature, in conformance with the following categories:

.....

e. Surplus Declaration

Declare Government property "surplus" according to the procedures established by law or by the Administrator for this purpose.

ARTICLE 6: Division 2; first paragraph and sub-division a of division 4; first paragraph and sub-division 3 of division "a" of paragraph 5 of article 12 are ammended to read as follows:

SECTION 12: DEACTIVATING PROPERTY IN THE AGENCIES PROCEDURE

Property Managers at the agencies shall deactivate the property assigned to their agencies except transportation means, automotive equipment or machinery, according to the following procedure:

1.....

2. Pick-Up

The Property Manager shall inspect the property to see if its condition is equal or similar to those in which it was originally delivered to the unit. If so, he shall collect and send it to a depot or central warehouse, which the agencies must provide. Devaluation from normal use must be taken into consideration when evaluating the property.

3.....

4. Internal Handling

The Property Manager shall notify all the other Property Managers in his agency and the branches of his agency the availability of those goods that can still be used or taken advantage of, and shall offer them in an internal list of available goods.

a. Internal Reassignment

Should a unit within any branch of the agency be interested in an item on the list, the Property Manager under whose jurisdiction said good lies shall reassign it to said unit, and the good will then be under the jurisdiction of the Property Manager under which said unit is.

5. Surplus Notification

If there is no unit within the branches of his agency interested in the property, he shall notify the Surplus Property Manager in the Administration using the Surplus Property Declaration Form.

a. Contents

- 1)
- 2)
- 3) Property number in his internal inventory
.....

ARTICLE 7: Paragraph 1, sub paragraph b of paragraph 1; the first paragraph of subparagraph 4b of Section 13, are amended to read as follows:

SECTION 13: RECEIVAL AND SURPLUS DECLARATION OF DEACTIVATED GOODS PROCEDURE

1. Inspection

Upon receiving the Surplus Property Declaration Form dully filled out, the Surplus Property Manager shall order a Surplus Program Inspector to inspect the property.

In the property inspection, it shall be verified if the goods are complete or have any parts or pieces missing. Depending on this inspection, the property shall be accepted or rejected.

a.....

b. Acceptance

If the Inspector recommends the property, be accepted the Agency Property Manager shall proceed to deactivate the unit from the agency inventory, and the Surplus Property Manager shall proceed thereon.

2.....

3.....

4. Registry and Inventory

Once the unit has been received and accepted in the Surplus Warehouse, it will be entered in the Surplus Property Inventory. This shall be recorded in the official form which provides for the following information:

a.....

b Amount of units received

c.....

ARTICLE 8: The first paragraph, subparagraphs 2, 3, 5 and 6 of section 14 are ammended to read as follows:

SECTION 14: PROCEDURE REGARDING GOODS THAT BECOME GOVERNMENT PROPERTY

In conformance with the provisions of Public law No. 88 of May 31, 1967, as ammended, known as the "Acquired Goods Act", the Puerto Rico Police shall have custody and subsequently shall deliver to the Administration all those goods that are under its custody as a result of its official functions, except firearms and stolen or illegally taken property related with rials pending in the courts or those kept for investigation in the commission of a crime.

Handling of such property shall be as follows:

1.....

2. Notices

Every six (6) months, the Puerto Rico Police shall publish a general notice in a newspaper of general circulation or any other publicity media, in which it shall describe each of the goods, indicate the centers where these are located and that they are available to be returned to their legitimate owners, if they show proof of it.

3. Certification and Title

After the goods are in Police Custody for a year and no legitimate owner claims them after publication of at least two (2) notices in a general circulation newspaper, the Police will certify these facts in the official form provided for it and send it with the certification from the newspaper where the notices were published to the Surplus Property Manager.

4.....

5. Receival and Verification

Upon receiving the goods from the Police, the Surplus Property Manager or his authorized representative will verify if the description of the goods in the form coincides with the goods delivered; in which case, he shall issue a preliminary receipt for inventory's sake, and its duplicate will be given to whoever delivers the goods, as a receipt.

6. Appraisal, Classification and Registry

When the property is received the Surplus Property Manager shall order its appraisal. Once appraised, he shall classify it according to its nature and usefulness, and shall assign

it the corresponding surplus property numbers, in conformance with the system established for it by the Administrator, and the Surplus Property Declaration form shall be filled out.

ARTICLE 9: Section 15 is ammended to read as follow:

SECTION 15: PROCEDURE WITH THIRD PARTY GOODS IN THE COURTS

All chattels in possession of the Courts that are not Government property and are not claimed by their legitimate owners within the periods established by law shall become property of the Government of Puerto Rico.

If after six (6) months from the final closing of the action which brought about the placing of said property under the custody of the Court, its legitimate owner does not claim it, the Court Officer under whose custody the goods may be, using the form provided for it, shall notify the Surplus Property Manager who shall proceed to inform him of the place, date, and hour when said goods may be delivered.

Once the goods have been received, the Surplus Propeery Manager shall proceed to appraise, classify and register the goods, as stipulated in Article 13 of these regulations.

SECTION 16: PROCEDURE CONCERNING SEZED GOODS

When as a consequence of having seized third party property through the Seizures Procedure the term established by law has lapsed and no person with a legal interest or right in the good has posted bond for its release after filing a revision petition; or if if there is no court order to abstain from any action regarding the good, the confiscating autohority shall notify the Administration in the form thus provided. From the date of said notification on, the confiscate goods shall become

property of the Government of Puerto Rico.

.....

.....

1. Non-confiscable Goods

When non-confiscable goods, seized with confiscable goods have been under the custody of the Government for a year, if they have not been claimed by their legitimate owners or possessors when seized, they will be delivered to the Surplus Property Manager after filing out the documents required by they authority who seized them, and under the procedure established by the Administrator for that purpose.

ARTICLE 11: Paragraph 1c of Section 17 is ammended and subparagraphs 3 and 4 are added to paragraph 1 to read as follows:

SECTION 17: REASSIGNMENT OR TRANSFER

1. Procedure

a.....

b.....

c. Preference Order

To transfer or reassign Surplus Property, the Surplus Property Manager must assign it according to the following preference order, except when there is more than one petitioner in the same category, in which case selection shall be based on requisition filing date.

- 1) Agencies, Departments or instrumentalities of the Executive Branch required by law to dispose of their property with the intervention of the Administration.

In these cases the property shall be transferred at no cost and numbered as regular agency property, according

to the property accounting system established by the Treasury Secretary.

- 2) State or Municipal Government Agencies, departments, instrumentalities, entities which are not obliged by law to dispose of their property with the intervention of the Administration.

In these cases the property shall be transferred but the petitionary agency must reimburse the Administration the costs or Handling, storage, transportation, when it proceeds.

- 3) Non-Profitable Private Entities

Transfer of goods, after approval by the Administrator may be done on behalf of non profitable bona-fide institutions qualified in some of its social programs to receive grants from the Commonwealth Government.

On these cases the beneficiaries must cover the transportation, storage and handling costs.

- 4) Other Government Bodies

Excess property may be transferred to federal or state agencies not within the previously mentioned categories when the Administrator deemes it worthy.

ARTICLE 12: Section 18 is ammended to read as follows:

SECTION 18: SALE

If none of the entities with a right to reassignment or transfer of Surplus Property are interested in it, the Surplus Property Manager shall sell it according to the order of preference stipulated later on.

When the excess property is a motor vehicle or any other transportation means, the procedure established in Article 22 of these regulations shall be followed.

1. Order of Preference

- a. Government agencies, departments, instrumentalities, entities or municipalities not required by law to dispose of their property with the intervention of the Administration.

Surplus Property shall be sold to entities under this category at a nominal value set by the Property Manager, to which custody, maintenance, repair and rehabilitation costs will be added.

- b. Bona Fide Farmers

The Surplus Property Manager shall sell agricultural value property at its full market value as appraised by the Property Manager.

- c. Non-profit Bona-fide institutions

When none of the entities or persons in categories "a" or "b" in the order of preference request the property, it shall be available to be offered to the entities in this category, which in order to be eligible shall have to accompany their requisition approved by the governmental organism regulating their activities in which case it may be sold to them at a reasonable price, that is, at value set by the Surplus Property Manager which shall include the maintenance, storage or repair expenses.

Where a non-profit entity cannot present the certification of the Governmental agency, the sale shall be made at full market value.

d. Public

When Surplus Property has not been requisitioned by any of the organisms mentioned in categories "a" "b" or "c" in the order or preference, it shall be sold in a formal bid, in conformance with the procedure established in the "Board of Bids Regulations of the Administration".

ARTICLE 13: Paragraphs 2 and 3 Section 19 are ammended to read as follows:

SECTION 19: PROCEDURE IN TRANSFERS OR SALES

1.....

2. Terms

Private or governmental organisms, by order of preference established in these regulations, may claim any property included in the lists and these may be awarded to them subject to the following.

- a. On the first twenty (20) days within the publication of the lists, the Surplus Property Manager will only consider the requisitions of those agencies to which transference or reassignments may be done.
- b. After the first twenty (20) days the Surplus Property Manager consider the petitions received from those governmental entities which are authorized to buy.
- c. Sixty (60) days after the lists have been circulated, the Surplus Property Manager shall consider the petitions submitted by private, non-profitable bona fide organizations.

d. Those entities which do not submit their petitions within its preferential period, will have its requisitions considered^o after the sixty (60) days term has concluded and in the order of arrival.

3. Transference

The property will be handed over and the corresponding property transference form shall be filled out. A copy shall be sent to the Department of the Treasury, for proper accounting. Agencies not under the jurisdiction of the Administration, shall receive the transference form and an Invoice when it proceeds. The private entities must show the payment receipt previous to the delivery of the goods.

4. When the Surplus Property Manager determines to sell the excess property available he shall notify the entity to which it has been awarded and it must pick it up within the terms set by the Manager in the award notification. If the entity doesn't pick-up the property within said period, it shall be understood that it has no interest in the property and it will be offered to the next entity within the same category in turn.

ARTICLE 14: A new section 20 is added which reads as follow:

SECTION 20: SALES TO BONA-FIDE FARMERS

After all the agencies of the Executive Branch or any municipality rejects the state Surplus Property that has agricultural utility, the Administrator will consider the requisitions made by the bona-fide farmers interested in buyin said property, according to the following:

1. Registry

Bona fide farmers interested in applying for the benefit of buying Surplus Property as provided in these regulations, according to the Provisions of Public Law No. 61 of June 20, 1978, must comply with the requirements established in said law in order to quality.

a. Request

Bona fide farmers must show interest in applying for the benefits of Act. No. 61 of June 20, 1978, filing with the Administrator a sworn statement where they inform that agriculture is their only source of income, or main source of income as it constitutes at least 80% of their gross annual income.

b. Certification

The sworn statement must be accompanied by a certificate from the Puerto Rico Farmers Association or from any other farmers association or cooperatives, which must be duly registered with the Department of State of Puerto Rico: or a certification from the Secretary of Agriculture of Puerto Rico: or by the statement itself sworn in front of a Notary Public.

2. Registry Inclusion

The Excess Property Manager or his authorized representative must evaluate each part of the Inclusion request and must be taken upon it. If the Assistant Administrator coincides with the Excess Property Manager's recommendation, he will order that the farmer be included in the Bona Fide Registry.

a. Revision

If inclusion is denied, the farmer can request revision of said decision, to the Administrator, within 20 working days from the date in which he was notified.

3. Rights and Obligations

Once the farmer is included in the Registry, he has the right to be notified every time that its agricultural utility excess property is available for sale.

The farmer in turn, is obliged to notify every two years his interest in maintaining his bona fide status, thus he must certify that he is still a bona fide farmer. The Surplus Property Manager may request the Assistant Administrator to cancel the registry of a farmer whom he may have reasonable belief that has lost his bona fide status.

4. Sale Procedure

The General Service Administrator may sell the Surplus Property that has agricultural utility to any bona fide farmer who may have requested it, as per advertisements made in the general circulation press of the country. When the administrator receives more than one requisition for a given Surplus Property, he will draw among those interested in it. The petitions will be handled according to the receiptal turn.

a. Restriction

Equipment units within each category shall be sold to the bona fide farmers individually; that is, one by one.

5. Payment

Payment, which may not exceed full market value will be made in United States currency, certified checks, money orders, or manager's checks issued in the name of the Secretary of the Treasury. These will be received by the Official Treasurer of the General Services Administration who in turn will issue a receipt in favor of the farmer who makes said payment. The remnant of these monies will be deposited in the General Fund of the Commonwealth of Puerto Rico as those incurred in by the Administration, and will be reimbursed to the Industrial Capital Fund of the Administration.

6. Units Receival

Once the farmer hands over to the Surplus Property, the custodian, a copy of the Treasurer's receipt, he will be handed over the unit for which he made the payment.

ARTICLE 15: Section 20 is re-numbered as 21 and the first paragraph and sub-paragraph 2 of said section is ammended to read as follows:

SECTION 21: DESTRUCTION

When there is no use for the Surplus Property or if the same has no commercial value, or if the cost of selling it in a public bid is greater than the probable amount to be recovered in said sale, or when a law expressly orders it, or the Administrator, through regulations, orders, or resolutions establishes it, the Surplus Property shall be destroyed by tearing it apart, crushing it or through any other method available.

1.....

2. Destruction Delegation

a. Restrictions

When a law or a resolution of the Administrator clearly states that the only disposal procedure for a given property, shall be through destruction, this procedure may not be delegated.

Also Disposition through sale may not be delegated.

b. Authorizations

The Administrator may delegate in the Property Manager of any Government agency, the destruction of Surplus Property in said agency. This shall be done subsequent to the recommendation of the Surplus Property Manager, and provided that it is carried out in the presence of two witnesses not related with the property even if they are employees of said agency. These witnesses must formally record what occurred in their presence in a document which must at least contain the following information:

- 1) Detailed description of the goods destroyed including the appraisal value at the disposal date,
- 2) Property number they had,
- 3) Method by which they were destroyed,
- 4) Name of the person who destroyed them,
- 5) Date, place, and hour of destruction,
- 6) Persons present,
- 7) Final condition of the goods.

ARTICLE 16: Section 21 is renumbered as 22 and it is amended to read as follows:

SECTION 22: MOTOR VEHICLES

Everything related to Surplus motor vehicles and their accessories shall be in charge of the Transportation Area Assistant Administrator, in conformance with the following:

1. Transfer or Reassignment

a. Fleet Integration

Once the Assistant Administrator for Transportation determines that the Surplus vehicles owned by the Government, irrelevant of its origin, is useful to it, these shall be added to the Government fleet through the completion of a form thus provided, a copy of which shall be sent to the Secretary of Transportation and Public Works for the corresponding registration.

b. Pool Assignment

According to the needs of the agencies under the jurisdiction of the Administration, the Assistant Administrator for Transportation, shall assign a given unit to the agency that according to his criteria shall best be able to make use of said vehicle, even if the agency has not expressly requisitioned it. Upon making this assignment, the Transportation Assistant Administrator shall follow the following order of priorities:

- 1) Puerto Rico Police,
- 2) Health Department,
- 3) Instruction Department,

4) Other agencies in order of requisition.

These assignments shall take place through the completion of a form specially provided for it.

c. Transference to Other Government Agencies

When the agencies under the jurisdiction of the Administration, as judged by the Transportation Area Assistant Administrator can not use a given Surplus vehicle, it may be assigned, transferred, or sold to any other state or municipal Governmental entity, subject to the discretion of the Assistant Administrator for Transportation, in accordance with the order of preference established in paragraph b, subparagraph 1 of this article.

d. Parts and Accesories

If the Transportation Assistant Administrator determines that excess parts and accessories are of some use to the fleet vehicles, they shall be added to the inventory of the Transportation Warehouse to be used in the repair of fleet vehicles.

2. Sales

a. Parts and accessories

If it were determined that the excess motor vehicles parts and accessories are of no use to the fleet vehicles, the Surplus Property Manager shall be notified and he will proceed to dispose of them through sale or destruction.

b. Vehicles

Excess vehicles available for sale will be sold in formal bids by the Transportation Area Assistant Administrator unless they are being sold to bona-fide farmers, municipal or state entities or non profit bona-fide institutions.

ARTICLE 17: Section 22 is renumbered as 23 and ammended to read as follows:

SECTION 23: TRADE-IN

When an agency is interested in submitting a good as part of the payment under the Trade-In system, it shall have to submit a requisition to the Administrator, who will authorize or deny said transaction in accordance to the following:

1. The Surplus Property Manager shall see in the petitionary agency the property which will be deactivated.
2. The Surplus Property Manager will appraise the property and based on said appraisal will compare the value offered by the vendor to the Government in the transaction. If from said appraisal it is concluded that the vendor's offer benefits the Government's interests, he will recommend that the Trade-In transaction be authorized.
3. If the Secretary of Treasury has approved the transaction and all the other steps have been duly taken, authorization to proceed with said transaction shall be given.
4. Petitioning Agency Property Manager shall deactivate the specific good at issue.
5. The purchase order must clearly state that part of the payment will be a Trade-in credit, and said amount must be stated.
6. The Treasury Department shall not process any invoice of Trade-in transactions, regardless of their amount, unless they have been handled in the Administration.

ARTICLE 18: Section 23 is renumbered as 24 and amended to read as follows.

SECTION 24: RECOVERY OF EXPENSES

All the expenses in which the Administration incurs for custody, handling, storage, disposition or repair purposes will be reimbursed to the Industrial Capital Fund of the Administration

ARTICLE 19: Sections 24, 25, 26, 27 and 28 are renumbered as 25, 26, 27, 28 and 29 respectively:

SECTION 25: SPECIAL PROCEDURES

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SECTION 26: VIOLATIONS AND PENALTIES

.....

SECTION 27: TEMPORARY MEASURES

.....

SECTION 28: DEROGATIONS

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SECTION 29: EFFECTIVENESS

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ARTICLE 20: EFFECTIVENESS

These amendments shall be in effect thirty (30) days after their being filed in the Department of State of the Commonwealth as provided per in Public Act. No. 112 of June 30, 1957, as amended known as "The Regulations Act of 1958.

Approved in San Juan, Puerto Rico, this 8th day of May 1981.


(Signed)
LEOPOLDO MERCADO SANTINI
ADMINISTRATOR