

EQUIPMENT GUIDANCE FOR PILOT PROJECTS

Portions taken from FAM 2-200 and CFR 200.

We define equipment as nonexpendable personal property with a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Alternatively, you may use your own definition of equipment as long as your definition includes all property, which would be considered equipment under our definition.

Title to equipment you acquire under a PILOT grant will vest in the non-federal entity upon acquisition, subject to the obligations and conditions in this chapter.

A. If you are not a state government, you must follow these requirements regarding the use of equipment:

1. You must use equipment in the program or project for which you acquired it, as long as it is needed. This applies to whether or not the program continues to be supported by Federal funds. When you no longer need the equipment for the original program, you may use the equipment for other activities currently or previously supported by a Federal agency.
2. You may also make equipment available for use on other programs or projects currently or previously supported by the Federal government. That use must not interfere with the work on the program for which the equipment was acquired. You must give other programs or projects supported by OSMRE first preference for other use.
3. You must not use equipment acquired with PILOT funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically authorized by Federal statute.

B. Your procedures for managing equipment must meet the following minimum requirements:

1. You must maintain property records that include:
 - a. A description of the property,
 - b. A serial number or other identification number,
 - c. The source of the property,
 - d. Title holder,
 - e. The acquisition date,
 - f. Cost of the property,

g. Percentage of Federal participation in the cost of the property,

h. The location, use and condition of the property,

i. Disposition data including the date of disposal and the sale price of the property.

2. You must take a physical inventory of property and reconcile the results with your property records each year as part of your required PILOT reporting requirements, then at least once every two years. You must provide us a copy of the results of your physical inventory and reconciliation.

3. You must develop a control system to ensure adequate safeguards to prevent loss, damage or theft of the property. You must investigate any loss, damage, or theft, which occurs, and provide the results of your investigation to us.

4. You must develop adequate maintenance procedures to keep the property in good condition.

C. You must dispose of original or replacement equipment when you no longer need it for the original program or for other activities currently or previously supported by a Federal agency. You must dispose of the equipment according to the following rules. You must inform us of the disposition action you will take.

1. You may keep, sell, or otherwise dispose of Items of equipment with a current per unit fair market value of less than \$5,000 with no further obligation to us.

2. You may keep or sell items of equipment with a current per unit fair market value of \$5,000 or more after compensating us. To calculate the amount to pay us, apply our percent share of the original cost to the current fair market value of the equipment.

3. If you sell equipment, you must establish proper sales procedures to ensure the highest possible return.

4. If you fail to take appropriate or timely disposition actions, we may direct you to take the appropriate actions.

D. Government entities purchasing equipment with PILOT funds will use, manage, and dispose of equipment in accordance with their established laws and procedures. However, reporting will be in accordance with Section B.2.