

# MANAGEMENT MEMO

**SUBJECT:**  
**COST EFFECTIVE REUSE OF SURPLUS FURNITURE**

NUMBER: MM11-01
DATE ISSUED: FEBRUARY 11, 2011
EXPIRES: UNTIL RESCINDED
ISSUING AGENCY: DEPARTMENT OF GENERAL SERVICES

**REFERENCES:**  
 Government Code 14674, Public Contract Code Section 10389.1 and 12153, SAM 3505 and 3520 and the Memo of Understanding, CALPIA/ DGS Product stewardship, dated June 9, 2010

**Purpose**

To establish new and reiterate existing Statewide policies and procedures to reduce environmental impacts and to achieve cost-effective purchase and reuse of surplus furniture. Developed in conjunction with a Memorandum of Understanding (MOU) between the Department of General Services (DGS) and the California Prison Industry Authority (CALPIA), it provides information regarding the disposition and procurement of all types of modular system and conventional furniture either manufactured by the CALPIA or commercially.

**Who is Affected**

All State agencies that own surplus furniture or are procuring Modular Systems Furniture (MSF) or conventional furniture.

**Definitions**

**Modular Systems Furniture**

MSF utilizes components including panels, work surfaces, storage, and accessories that can be configured in a variety of combinations to create workstations.

**Conventional Furniture**

Conventional furniture is free standing office furniture, e.g. bookcases, desks, credenzas and various seating products.

**Surplus Furniture**

Surplus furniture is MSF and conventional furniture approved by DGS for disposition and/or reuse.

**Revitalized Furniture**

Revitalized furniture is CALPIA MSF and conventional furniture that reuses surplus manufactured furniture.

**Background**

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It is incumbent upon all State agencies to reduce costs, including those related to warehousing, and to also reduce material going into landfills. Therefore, essential product stewardship of State owned surplus furniture must include the cost-effective transfer for reuse, onsite sale, or proper recycling of this State-owned material.

Public Contract Code Section 12153 directs the DGS to work with all State agencies “to draft, establish, and implement policies that ensure the procurement and use of recycled resources.” Accordingly, the DGS and the CALPIA have established a MOU dated

June 9, 2010, on the requirements for achieving optimum, cost-effective reuse of the CALPIA portion of manufactured MSF and conventional furniture.

The CALPIA is authorized to sell the goods that it manufactures only to publicly funded entities, including the State of California, city and county governments, and special districts. The CALPIA is prohibited from selling to private entities.

The CALPIA manufactures various lines of freestanding conventional furniture and MSF, which is comprised of several hundred components that can be combined to create various office space configurations. Reuse of the CALPIA MSF may require additional components that can only be purchased from the CALPIA.

Furniture frequently becomes excess to State agencies’ needs because of agencies’ changes in office space requirements. Surplus furniture may be the CALPIA-manufactured MSF or conventional furniture or it may be commercially-manufactured MSF or conventional furniture.

The Director of the DGS is responsible for ensuring that all State agencies make proper disposition of State-owned surplus personal property in a timely manner, and executes this responsibility through the Office of Fleet and Asset Management (OFAM).

**DGS  
Coordination-  
Disposition of  
Property**

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**The Office of Fleet and Asset Management**

The OFAM will assist the disposing agency in identifying other State agencies that may be interested in acquiring used MSF and conventional furniture. Additionally, if the final disposition decision is to offer the MSF for sale to the general public through on-site auction, sealed bid sale or online auction, the OFAM will coordinate with the agency to establish the sales method and dates, and will handle the auction or sealed bid notification postings as well as identify potential customers.

Specific to the CALPIA manufactured furniture: The OFAM will not approve any Property Survey Reports (STD 152) containing the CALPIA MSF or CALPIA conventional furniture, and will only approve the Transfer of Location of Equipment (STD 158) documents for the transfer of the CALPIA MSF or conventional furniture between agencies or between the owning agency and the CALPIA. Depending on the CALPIA capacity, this condition can be reviewed on a case by case basis to allow the disposition of the CALPIA manufactured furniture to an alternative entity i.e., public schools or local government agencies.

**State Agency  
Disposition  
Requirements**

State agencies are required to first seek intra-agency transfers of any surplus furniture. Intra- agency transfers do not require the OFAM review and approval, and the DGS is not responsible for agencies' decision, actions and records with respect to their intra-agency transfers. However, agencies are strongly encouraged to ensure that any relocation of surplus furniture is in conjunction with warranty requirements.

State agencies are required to make all commercially manufactured surplus MSF or conventional furniture available for either transfer to other agencies or for sale to the general public. State agencies must notify the OFAM at least 120 days before the furniture must be removed from the site. The State agency will obtain the approval through either the STD 152 or STD 158. The OFAM will assist in the transfer of surplus furniture between State agencies and/or with any sale to the general public through on-site sale, sealed bid sale, or online auction.

State agencies shall ship all the CALPIA manufactured surplus MSF and conventional furniture to the designated CALPIA facility for revitalization or recycling. Associated costs for dismantling, removal, and transportation fees incurred are the responsibility of the disposing State agency. The client agency is responsible for obtaining the approval of a STD 158 from the OFAM for the transfer of surplus CALPIA manufactured furniture to the CALPIA. State agencies are responsible for notifying the OFAM no less than 120 days before the furniture must be removed from the existing location.

State agencies must avoid warehousing surplus furniture unless the warehousing is for internal reuse within a six month period.

**Surplus Commercially Manufactured MSF**

Because many MSF piece parts can become damaged in the dismantling process and cannot be salvaged for reuse, and commercially manufactured MSF is much easier to assess when left standing, State agencies with usable surplus commercially manufactured MSF are required to leave the MSF intact (i.e., not disassembled). This will apply to all commercially manufactured MSF that is transferred to another State agency, is sold through on-site auction, sealed bid sale or online auction. In these situations, the receiving agency or the purchaser of the surplus MSF will be responsible for its dismantling and accounting for all of its pieces and parts, and for moving the MSF to the receiving agency's or the purchaser's site. Furthermore, the receiving agency or purchaser must ensure the furniture is removed as to not impact the disposing agency's schedule.

**Recycling Unusable Commercially Manufactured MSF**

Every State agency is responsible for reducing the costs associated with the need to consume raw materials for the manufacture of new items. State agencies are also responsible for protecting public health and safety and for protecting the environment by diverting recyclable surplus personal property from the waste stream. Accordingly, and to the maximum extent practicable, State agencies are required to recycle State-owned surplus commercially manufactured MSF with no useful life remaining. When exercising this option, contact a licensed furniture recycler in your area. If this material is not recyclable, the disposing agency must dispose of this useless material in a public landfill. The agency's Property Control Board is to make the determination if the material is recyclable or non-recyclable.

**State Agency Procurement Requirements**

State Agencies that have new MSF and conventional furniture needs must contact the OFAM for reuse of surplus furniture, and the OFAM will assist in the transfer of surplus furniture between State agencies. The receiving agency will be responsible for dismantling and accounting for its entire pieces and parts, and for moving the MSF to the procuring agencies' site.

State agencies that have been notified by the OFAM that the needs cannot be met through reuse of surplus are to contact the CALPIA for the purchase of revitalized furniture.

In the event that neither the OFAM nor the CALPIA can arrange for surplus or revitalized furniture, State agencies may then purchase new MSF and conventional furniture. Depending on the CALPIA capacity, the CALPIA will determine if the new needs can be met by the CALPIA prior to any commercial products. The DGS and the CALPIA procurement policies and procedures will continue to be utilized for new MSF and conventional furniture.

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**Property Control Board**

Executive management of each State agency will ensure that the agency has a Property Control Board that is responsible for reviewing and approving the entire agency's proposed dispositions of State-owned personal surplus property before that agency submits the proposals to the OFAM for review and approval. In addition, executive management will assure that all personnel assigned Property Controller responsibilities for the agency fully understand and comply with the requirements of this Management Memo.

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**Agency Requests for OFAM Review**

State agencies request the OFAM's online review and approval of surplus personal property dispositions, except for intra-agency transfers, through the California Surplus Property System (CSPS). The CSPS system can be accessed online at <http://www.ofa.dgs.ca.gov/OSPR/default.htm>.

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**State Policy**

**Mandates and Policies**

Mandates and policies governing the disposition of State-owned surplus personal property can be found in the referenced Government Code 14674, Public Contract Code Section 10389.1 and SAM 3520.

**For additional information regarding this memorandum and DGS oversight**

**DGS**

Please direct questions concerning this management memo to Steve Paul, Office of Fleet and Asset Management, Department of General Services at 916-928-2183

**CALPIA**

Please direct questions regarding CALPIA MSF and conventional products to Naomi Yates, Prison Industry Authority at 916-358-2797, or the Office Systems Coordinator at 916-358-2214. Additional information can be viewed inline at [www.calpia.gov](http://www.calpia.gov)

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**Signature**

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Original SAM Management Memo signed by Scott Harvey, Acting Director

Scott Harvey, Acting Director  
Department of General Services