



U.S. Department
of Transportation
**Federal Highway
Administration**

Memorandum

Washington, D.C. 20590

Subject: Salvage Credits

Date: **AUG 17 1988**

From: Chief, Construction and Maintenance Division
Office of Highway Operations

Reply to
Attn. of: HHO-32

To: Regional Federal Highway Administrators
Direct Federal Program Administrator

This memorandum is to supersede Mr. Cunningham's memorandum of May 28, 1985, which provided guidance relating to salvage and salvage credit on active Federal-aid construction projects. In keeping with the Department of Transportation's policy on disposition of equipment, the threshold value for salvage credit has been revised to \$5,000. Guidance relating to salvage and salvage credit on active Federal-aid construction projects is as follows.

In general, salvage credit (credit to Federal funds) should be considered when there is a need to dispose of expendable and nonexpendable tangible personal property acquired with Federal funds. Such property may be unused construction materials or salvaged highway appurtenances or other equipment and/or material for which the useful life extends beyond the construction contract.

Careful attention should be given to the contract provisions for salvage to ensure that the cost of the operation, i.e., removal or salvage, does not exceed the value of the item(s) once salvaged.

Salvage credit (credit to Federal funds) will not be required under the following circumstances: a) the salvaged item has a value less than \$5,000; b) the salvaged item becomes the contractor's property by virtue of the contract provisions, or c) the salvaged item will be reused in future projects eligible under Title 23 U.S.C. until its useful life is expended. The disposition of salvaged items on demonstration projects for which project funds are designated by amount and location should be determined in consultation with the appropriate program office in Headquarters.

Original Signed By
William A. Weseman

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