

should be exerted to maintain intact complete complements of production equipment. In those cases in which complements of equipment are not wholly Government-owned, every effort should be made to keep together as much as possible of the total equipment complement.

(2) *Other Government agencies.* Production equipment owned by government agencies other than the Department of Defense, shall be stored adjacent to manufacturing establishments only if there exists a known or anticipated defense mobilization need therefor at such location and if storage arrangements provide for the maintenance of the equipment in efficient operating condition. Where adjacent storage is not required to meet a known or anticipated defense mobilization need, the equipment should be placed in storage by the owning agencies under the most economical arrangements that are compatible with maintenance of the equipment in efficient operating condition.

b. *Provisions.* (1) All equipment in packages shall be reviewed periodically to insure their essentiality to mobilization requirements and to guard against obsolescence. Packages or parts of packages found to be obsolete or no longer essential to mobilization requirements shall be reported as idle equipment to be screened for redistribution or disposal.

(2) In any instance in which a department or agency cannot meet urgent production schedules, because equipment essential to this end is not immediately available within the department or agency or cannot be promptly obtained from other Federal agencies or from private industry, equipment in packages shall be made available on a loan or replacement basis for this purpose. Upon termination of a loan, the borrowed equipment, if required, will be returned to its package.

(3) Continued maintenance of a modern and efficient production equipment mobilization base and planning and programming toward that objective should be advanced by the inclusion and consideration, where feasible, of requests for the following purposes as a part of the regular, annual cycle:

(a) Procurement of equipment to meet current production schedules, including equipment necessary to permit return of items borrowed from packages.

(b) Replacement of obsolete items in packages by equipment currently regarded as efficient for this purpose.

(c) Provision for modernization and replacement of production equipment to keep pace with technological advances in both munitions design and in equipment essential to its efficient production.

(4) *Non-defense leasing.* No Government-owned production equipment shall be leased for non-defense production purposes except when plans for such leasing have been prepared by the owning agencies and approved by the Office of Emergency Planning.

(5) *Uniform rental rates.* All new agreements and agreement renewals entered into by any agency of the Federal Government, under which private business establishments are provided with Government-owned production equipment, shall be subject to the following schedule of rental rates (expressed as percentages of the installed acquisition cost of equipment):

Age of equipment:	Monthly rental rates (percent)
0 to 2 years-----	1¾
Over 2 to 6 years-----	1½
Over 6 to 10 years-----	1
Over 10 years-----	¾

These rental rates shall be uniformly charged by all Government agencies in leasing Government-owned equipment when the rental charge is to be a periodic cash payment or when it is to be utilized in computing a contract price reduction and shall be levied on an equipment availability basis without regard to the character or extent of its use under such agreements. No exception to the rates shall be made without prior Office of Emergency Planning approval.

(6) *Other leasing guidelines*—(a) *Contract provisions*—i. *Term.* Leasing agreements shall be drawn to cover the span of time needed to carry out their purpose, with latitude for adjustment to meet changed circumstances.

ii. *Purchase option.* A purchase option provision shall be included only in exceptional cases, or where prescribed by law.

iii. *Renewal option.* Provision for renewal shall be excluded from equipment leases.

iv. *Maintenance.* Agreements shall require that equipment be returned in the condition received, ordinary wear and tear excepted.

v. *Installation charges.* Agreements shall provide that the lessee bear installation charges in whatever manner is best suited to the particular circumstances.