

CITY OF HEALDSBURG ADMINISTRATIVE DIRECTIVE

SUBJECT: SURPLUS PROPERTY

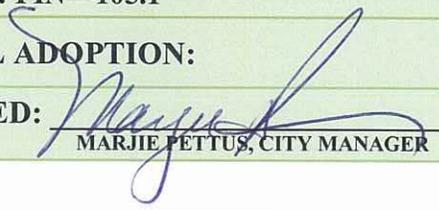
NUMBER: FIN – 105.1

EFFECTIVE DATE: JANUARY 1, 2012

COUNCIL ADOPTION:

AMENDS/SUPERSEDES:

APPROVED:


MARJIE PETTUS, CITY MANAGER

POLICY ON SURPLUS PROPERTY

Subject: Designation, sale and disposal of non-real estate surplus property

Purpose: To define and establish a procedure for the designation, sale and disposal of city-owned surplus property.

Definition:

“Surplus property” shall mean any property owned by the City that meets any of the following criteria: a) is functionally outdated; b) is not in proper working order; c) is scheduled for replacement; d) no longer serves a useful purpose. Surplus property shall include supplies, tools, materials, equipment, furnishings, and vehicles.

Real property and building facilities are not covered under this surplus policy.

Designation of Surplus Property:

The City Manager and Department Heads have authority to declare any city-owned property held by a department as surplus. The declaration shall be in writing and shall contain an inventory of all property to be designated as surplus. All declarations shall be delivered to the Finance Director or his/her designee. The Finance Director shall maintain a written inventory of surplus property and arrange for storage as necessary.

- a. Prior to disposition, the Finance Director shall make surplus property available for review by Department Heads or their designee(s). If a Department has a use for any property, the Department Head may request the property. The Finance Director shall have authority to assign the property to any department able to make use of the property.
- b. On an as needed basis, but no less than twice per year, the Finance Director shall prepare an inventory list of all property designated as surplus. This inventory list shall be submitted to City Council along with a request to dispose of the surplus property where such disposal benefits the City¹ and is done in accordance with applicable laws. Upon City Council approval any property contained in the inventory list may be sold, donated or scrapped in accordance with this policy and applicable laws.

¹ Government Code §37351 contains a requirement that the disposition of property be for "the benefit of the city". Here is the text of that section: "The legislative body may purchase, lease, exchange, or receive such personal property and real estate situated inside or outside the city limits as is necessary or proper for municipal purposes. It may control, dispose of, and convey such property **for the benefit of the city.**"

Sale of Surplus Property in Open Market:

Surplus City property in usable condition, if its estimated value is less than five thousand dollars (\$5,000), may be disposed of in the following manner: the Finance Director shall investigate the market conditions of personal property of the type declared surplus and determine prices for all surplus property that will be competitive with prices in the open market.

Sale of Surplus Property by Sealed Bid or Auction:

As an alternate method of sale, the Finance Director shall, where the estimated value of the personal property is greater than five thousand dollars (\$5,000) sell surplus property by means of sealed bid or public auction. In conducting an auction, the Finance Director may contract with a professional auctioneer, and his/her fee may either allow a flat fee, hourly fee or a percentage of the amount of the sale, based upon that which is the common and customary method and rate for such auctioneering services. The procedure for conducting a public auction shall be determined by the Finance Director.

Procedures for Sale in Open Market and Sealed Bid or Auction:

The Finance Director may sell the surplus property by advertising in the most appropriate means to bring the greatest number of potential purchasers. The advertisement shall be published at least once in a newspaper of general circulation published and distributed in the City. The notice shall be placed a minimum of three days prior to the sale and shall include: the date of the sale; the number of days the sale is to be continued; the location where the surplus property may be examined; the place where the purchase price is to be paid and the property delivered; and a general description of the type of property being sold. The terms of all sales shall be cash in the amount of the full purchase price. A receipt shall be issued to the purchaser(s) of all surplus property. A copy of the receipt shall be submitted to the Finance Department, along with the payment, and shall be retained for the official files. The Finance Department shall receive and deposit all funds collected and shall credit the money received from the sale of surplus property to the appropriate fund account. All surplus property that is sold or otherwise disposed of in accordance with this policy shall be transferred to the purchaser, donee, claimant, recipient, etc. with an express disclaimer of any representation or warranty as to fit, form, function or suitability for any particular use or purpose.

Trade-in Surplus Property:

The Finance Director may trade-in surplus property with an amount he/she determines to be reasonable, to be allowed toward the purchase of similar type of property. Situations where this may apply are the disposal of used motor vehicles and other machinery and equipment for which trade-ins are commonly permitted by the manufacturer/dealer.

Sale of Surplus Property to Other Public Agencies:

The City Council may sell, through sealed bid or auction, surplus property to other public agencies including cities, counties, school districts, special districts and joint powers agencies as may be determined by the City Council.

Donation of Surplus Property:

The City Council may donate surplus property to other entities including cities, counties, school districts, special districts, joint powers agencies and local non-profit organizations.

Disposal of Unserviceable Junk or Scrap Property:

When surplus City property is deemed to be unserviceable, junk or scrap no longer suitable for its original purpose, the Finance Director shall dispose of the property by destruction, trade, donation or sale of said property at the best competitive price available in the open market without regards to the other provisions of this Policy.

REVIEW AND REVISION

The City of Healdsburg reserves the right to rescind and/or amend this and all City policies, at any time.