

# City of Richmond

## Administrative Manual

**SUBJECT:** Transfer and Disposition of Surplus Property, Equipment and Materials

**SECTION:** General Administration

**POLICY NUMBER:** AP 110

**INITIAL DATE PREPARED:** April 24, 2000

**LAST DATE REVISED:**

### **I. Purpose**

- A. To set forth the City of Richmond's Administrative Policy for the transfer and disposition of surplus property, equipment and materials.
- B. To set forth the City of Richmond's Administrative Policy for scrapping and recycling of scrap and recyclable surplus property, equipment and materials and disposing of same.
- C. To ensure the receipt of all revenues from the disposal of surplus property, equipment and materials and scrap or recyclables.
- D. To explain disciplinary consequences which may result should an employee violate the Policy and Procedures set forth below.

### **II. Definitions**

- A. "Surplus property" as used herein is used generically to describe any City property, equipment or material, that is no longer needed or useable by the holding department. For purposes of this policy all surplus property including scrap, recyclables, trash, and/or junk disposed, discarded or abandoned on City premises, including all surplus property placed in storage or collection containers of any kind, including containers or facilities located on premises leased from the City by City tenants, is hereby deemed to be City Property and not property of any City employee.

This Policy is designed to address different categories of property, equipment and materials.

- 1. Property** includes those assets established and maintained as fixed assets in the Fixed Asset Inventory System (AP 520).

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2. **Equipment** includes capital assets covered in the Capitalization Policy (AP 514). Fixed assets are excluded since they are covered in the Fixed Asset Inventory System as “property” as shown in item 1.
  3. **Materials** include all expendables, supplies, and assets purchased for less than \$2,500.
- B. The terms “scrapping” and “recycling” as used herein refer to the act of transferring discarded surplus property, including scrap or recyclables, to a vendor for use, salvage or resale.
- C. The terms “scrap” or “recyclables” as used herein refer to surplus property that (1) may be reused “as is” or after repair, or (2) may be salvaged for its mineral value after treatment or processing.
- D. The term “trash” or “junk” as used herein refers to surplus property which has no salvage or recyclable value.

This Policy is designed to address two categories of scrapping and recycling:

1. Management-directed scrapping, recycling and handling of trash or junk (authorized disposal).
  2. Personal scrapping, recycling or handling of trash or junk (unauthorized disposal).
- E. “Employee’s Personal Property” - For purposes of this policy an employee’s personal property is (1) that property in the possession of an employee which was the property of the employee prior to it having been brought onto or placed upon City premises, or (2) that property lawfully acquired from its prior owner or his/her authorized representative by an off-duty employee while on City premises after having been brought to City premises by its owner where such property remains in the possession

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of the employee as his or her property, after transfer to said employee. Each employee is responsible for determining that any property which he or she may take possession of or acquire while on City premises has been obtained or acquired from an individual lawfully authorized by its owner to make the transfer to the employee.

### **III. Methods of Transfer and Disposition**

All surplus property is disposed of “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or use-ability of the property offered.

#### **A. Transfer to Another Department**

Surplus property may be transferred between City departments.

#### **B. Trade-In**

Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property.

#### **C. Return to Manufacturer**

Surplus property may, when possible, be returned to the manufacturer for buy-back credit.

#### **D. Disposal**

Surplus property may be offered for sale by the Public Services Department. Appropriate methods of sale are as follows:

- 1. Public Auction** - Surplus property may be sold at public auction. Public Auctions may be conducted by City staff, or the City may contract with a professional auctioneer including professional auction services.

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2. **Sealed Bids** - Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
3. **Negotiated Sale** - Surplus property may be sold outright if the Public Services Department determines that only one known buyer is available or interested in acquiring the property.
4. **Selling for Scrap** - Surplus property may be sold as scrap if the Public Services Department deems that the value of its parts exceeds the value of the surplus property as a whole.
5. **No Value Item** - Where the Public Services Department determines that property is surplus and of minimal value to the city due to spoilage, obsolescence or other cause or where the Public Services Department determines that the cost of disposal of such property would exceed the recovery value, the Public Services Department shall dispose of the same in such a manner as they deem appropriate and in the best interest of the City.

### **E. Donation**

Surplus property may be donated to any other public agency or charitable organization exempt under Section 501(c)(3) of the Internal Revenue Code. Public agency means the state or any agency or subdivision thereof, any city, county, special district, or school district.

## **IV. Policy**

Consistent with the provisions of Municipal Code Chapter 3.32.020, the Surplus Property Commission (City Council) sets forth the policy of the City for disposal or destruction of surplus property.

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### **A. Management-directed Transfer and Disposal (Authorized):**

#### **1. Property with an Estimated Market Value exceeding \$10,000**

Transfer or disposition of surplus property with an estimated market value exceeding \$10,000 per item shall be determined specifically by the City Council.

#### **2. Property with an Estimated Market Value less than \$10,000**

City management may direct the transfer and disposition of surplus property with an estimated market value not to exceed \$10,000 per item.

#### **3. Transfer and Disposition of Surplus Property may include:**

(a) All surplus property will first be considered for transfer between departments for the benefit of the City of Richmond. The disposition of all computer equipment shall be approved by the Information Technology Department.

(b) All surplus property not needed by the City of Richmond will be offered for sale for the highest estimated market value. Surplus property may be sold by public auction, sealed bid or by negotiated sale.

(c) Surplus property may be donated to public agencies and non-profit organizations. Non-profit organizations will have preference as determined by the City Council.

#### **4. Scrapping/Recycling/Junking**

(a) Such activities may involve the sale of surplus property at public auction or through sealed bids to public bodies, organizations, or vendors including scrap dealers or recycling centers.

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- (b) It is the policy of the City of Richmond that no employee may engage in any sale, scrapping or recycling or other disposal of City Property, as defined herein, unless specifically directed to engage in such activity by City management person(s) who have been lawfully and duly authorized and designated to direct such activity.

### **B. Proceeds from Transfer and Disposition of Property**

When so authorized to transfer, sell, donate, recycle, and scrap City property, the employee directed to undertake such activity shall remit the entire proceeds from any such activity to the City by check or money made payable to the City of Richmond in accordance with Policy AP 502.

### **C. Personal Scrapping, Recycling or Disposal of Trash or Junk (Unauthorized):**

Transferring, selling, donating, scrapping, recycling or disposing of City Property, as defined herein (regardless of monetary value) by City employees for personal gain or to benefit the interest of any person or party other than the City of Richmond, including handling or disposal of trash or junk except as directed by City management person(s) lawfully and duly authorized and designated to direct such activity, is strictly forbidden.

City employees are prohibited from claiming ownership of, giving away, recovering, or salvaging for personal use, or the use or interest of any person other than the City of Richmond, any materials abandoned, disposed or stored upon City premises, including trash or other materials, placed in, upon or in the vicinity of recycling or collection cans, dumpsters or bins located on City premises, or collection or debris piles, or other City storage or disposal facilities or refuse sites, and including any such facility or site belonging to any City tenant. Furthermore, City employees are prohibited from taking possession of any surplus property or the proceeds from the sale of surplus property designated for disposal as trash, scrap, or as recyclables, except as lawfully authorized by persons designated with such authority by the City Manager. This prohibition includes giving any such surplus property or the proceeds

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from the sale of such surplus property to any person or party other than for the duly authorized benefit and interest of the City of Richmond, or authorizing any other person or party to accept, receive or take any such surplus property to benefit their own interest, except as provided herein above.

### V. Disciplinary Action(s)

Appropriate disciplinary action, up to and including termination, will be taken should an employee be found, through proper investigation, to:

- A. have failed to promptly remit to persons officially designated to receive proceeds, including cash or other consideration, from the sale of City property, as defined herein, including the proceeds from the sale, scrapping or recycling of any such property belonging to City tenants;
- E. have failed, in the performance of their duties, to promptly place in appropriate City containers, bins, dumpsters, or other collection facilities, equipment or containers, or have received, taken, given away, collected, stored or retained in other than appropriate City containers, bins, or collection facilities, or dump sites, City scrap, recyclables, trash or any such surplus property belonging to City tenants;
- F. have engaged in selling, scrapping, recycling or handling of City property in violation of this Policy or the Procedures set forth herein, including having engaged in any such activity for their personal interest or gain, or in aid of others doing the same for their respective interest or gain;
- G. have used City vehicles, facilities or equipment to collect, store, or transport surplus property to sites, locations, or facilities, including the facilities of scrap vendors or recycling centers, except as specifically directed by authorized City management, in accordance with this Policy and the Procedures set forth herein .
- H. have failed to notify his/her Department Director in a prompt and timely manner after having observed any individual engaging in any of the above-described act(s) or having learned that such act(s) were being committed by other City employees.

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### **VI. Procedures**

All surplus property is disposed of “as is” and “where is”, with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or use-ability of the property offered.

It is critical to maintain a trail of documentation for audit purposes regarding the disposition of property of the City of Richmond.

Assets included in the Fixed Asset Management System are processed for transfer and disposal using forms contained in Policy AP 520.

The Public Service Department Director is authorized to declare property, equipment and materials surplus. He may designate one or more authorized management official to represent him/her in the determination and disposal of surplus property.

#### **A. Identifying Excess Property**

Each Department Director is responsible to inventory and identify excess property regularly and at least annually. Excess Property Form AP 110-1 will be utilized to identify and inventory property identified as excess by each Department Director. Each Department Director will evaluate the operational status of the excess property and forward the Excess Property Form AP 110-1 to the Public Services Department. The Public Services Department will circulate the Excess Property Form between the other departments in the City of Richmond.

#### **B. Transfer Excess Property Between Departments**

Department Directors may request the transfer of excess property identified on Excess Property Form AP 110-1 to their department by making the request to the Public Services Department. Both Department Directors must agree when the excess property cost was in excess of \$2,500.

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Transfer of computer equipment must be approved by the Information Technology Department prior to transfer.

Notification will be provided to the Public Services Department of any transfer of excess property to a different location or department ownership by utilizing Form AP 110-2 Transfer of Excess Property.

### **C. Transfer Surplus Property for Trade-In or Return to Manufacturer**

1. Department Directors may offer property for trade-in toward the purchase of new property and equipment. Department Directors will attach trade-in information to the procurement documents. Department Directors will notify the Public Services Department of the procurement and disposition of property and equipment.
2. Department Directors may offer property and equipment for buy-back credit to the manufacturer. Department Directors will forward buy-back credit documents to the Finance Department. Department Directors will notify the Public Services Department of this disposition of property and equipment.
3. Department Directors and Public Services Department will inform Budget and Analysis Division in the Finance Department of all trade-ins and credits since it is critical for budget purposes to be able to account for trade-ins and credits to the applicable appropriation code. If surplus property is to be applied to a purchase order, the trade-in value and/or credit shall be itemized on the purchase order. The amount charged against the appropriation code will be the value of the purchase before application of the trade-in credit.

### **D. Disposal of Surplus Property**

Excess Property as shown on Excess Property Form AP 110-1 that is not transferred among departments or for trade-in or manufacturer's credit, will be declared surplus by the Public Services Department Director or authorized management designee. The Public Services Department shall take physical possession of surplus property. Public

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Services Department will determine the estimated market value and the method of disposal. The Information Technology Department will be consulted regarding determining the estimated market value and potential disposal method for computer surplus property. For surplus property with an estimated market value in excess of \$10,000, the method of disposal will be determined by the City Council.

### **1. Determining Estimated Market Value (Form AP 110-3)**

Public Services Department shall utilize Form AP 110-3 to document the determination of estimated market value of surplus property.

- (a) An appraisal from a disinterested qualified jeweler will be obtained for all jewelry and will be attached to Form AP 110-3.
- (b) In determining the estimated market value, the Public Services Department shall document the methods used to make such determination including tools such as Kelly Blue Book, classified advertisements, and local vendors with similar products available.
- (c) The estimated market value will consider a computation of expenses associated with the disposal of surplus property. These expenses may include advertising, auction costs, storage, and other costs.
- (d) Reference is made to follow City policy as contained in AP 514 B. 1. for purposes of determining estimated market value of surplus property of a unitary "system," whenever the components, taken together, may reasonably be understood to work as a single unit. For surplus property in volume with unit values less than \$2,500, if the aggregate total of the property exceeds \$2,500, then estimated market value may be by group.
- (e) Surplus property which is the result of seizure by the Police Department shall be valued by the Police Department.

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### **2. Method of Disposal**

Sale of surplus property shall be to the highest bidder or for the highest market value and may be disposed of by sale by public auction, sealed bid or negotiated sale.

#### **(a) Public Auction**

Surplus property may be sold at public auction. Public auctions may be conducted by City staff, or the City may contract with a professional auctioneer including professional auction services.

Sale of surplus property at public auction conducted by City staff must be after giving publication in the official newspaper of the City no later than ten days prior to such auction. The Public Services Department shall reserve the right to reject any and all bids received for any item.

In the event the Public Services Department rejects any and all such bids so received, it shall not thereafter sell such property at a price less than the highest bid which it received therefore, until it shall first offer such item to the person who submitted the highest bid for such item, at the price bid. In the event such person refused to purchase such item at such price, the Public Services Department may, thereafter, dispose of such property at a lesser price.

Abandoned bicycles and unidentified bicycles in possession of the Police Department for six months may be sold at public auction conducted by the Police Department in accordance with Municipal Code Section 7.12.360.

All unclaimed property may be sold at public auction after the period of six months in accordance with Municipal Code Section 11.16.30.

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**(b) Sealed Bid**

Sealed bids may be solicited for the sale of surplus property. The Public Services Department shall reserve the right to reject any and all bids received for any item.

In the event the Public Services Department rejects any and all such bids so received, it shall not thereafter sell such property at a price less than the highest bid which it received therefore, until it shall first offer such item to the person who submitted the highest bid for such item, at the price bid. In the event such person refused to purchase such item at such price, the Public Services Department may, thereafter, dispose of such property at a lesser price.

**(c) Negotiated Sale**

Surplus property may be sold outright if the Public Services Department determines that only one known buyer is available or interested in acquiring the property.

**(d) Selling for Scrap**

Surplus property may be sold as scrap if the Public Services Department deems that the value of its parts exceeds the value of the surplus property as a whole. For profit vendors shall include scrap dealers and recycling centers in the City of Richmond.

**(e) No Value Item**

Where the Public Services Department determines that property is surplus and of minimal value to the city due to spoilage, obsolescence or other cause or where the Public Services Department determines that the cost of disposal of such property would exceed the recovery

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value, the Public Services Department shall dispose of the same in such a manner as they deem appropriate and in the best interest of the City considering the ability to recycle.

**(f) Donation**

Surplus property may be donated to any other public agency or charitable organization exempt under Section 501(c)(3) of the Internal Revenue Code.

- (1) Public Agency means the state or any agency or subdivision thereof, any city, county, special district, or school district.
- (2) Non-profit organizations are recognized as a charitable organizations exempt under Section 501(c)(3) of the Internal Revenue Code. The City of Richmond City Council recognizes certain non profit organizations with a priority for the donation of City surplus property. The list of qualified non-profit organizations is included in Exhibit **AP 801-1**. The City Council annually determines the qualified non-profit organizations based upon criteria established in **AP 801**. Following disposition to the qualified non profit organizations, any remaining surplus property may be disposed of by donation to other non-profit organizations.

**E. Accounting for the Disposition of Surplus Property**

1. The Public Services Department shall notify the appropriate Department Director of the disposition of excess property by returning a copy of the Excess Property Form AP 110-1 and, if appropriate, Form AP 110-2.
2. The Public Services Department will notify the Finance Department of the disposition of all surplus property. Disposition of Surplus Property Form AP 110-4 shall be forwarded to the Finance Department with supporting

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documentation showing the disposition and receipt of proceeds. The accompanying documentation shall include the Excess Property Form AP 110-1; the Estimated Market Value Form 110-3; and the City of Richmond Receipt AP 502-1 showing receipt of the proceeds by the City of Richmond; and any other pertinent documentation.

3. Department Directors shall make adjustments to their capital inventories showing the disposition of excess property.
4. The Public Services Department shall make adjustments to the Fixed Asset Inventory System.

### **F. Transfer of Ownership and Title**

Delivery of the surplus property together with transfer of ownership and title passes upon receipt of the proceeds.

The Finance Department shall cause licenses and title documents to be executed and transferred upon verification of receipt of funds.