

DISPOSITION OF DISTRICT-OWNED SURPLUS/OBSOLETE EQUIPMENT AND SUPPLIES

POLICY #11

May 23, 2024

1. PURPOSE

The intent of this policy is to establish uniform guidelines for the disposal or transfer of surplus, or obsolete District equipment and supplies. This policy excludes the transfer, sale, or other disposal of real property.

2. DEFINITIONS

“Equipment” shall mean all tangible District property that has a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. This definition includes property used in the provision of District health care services and responsibilities.

“Supplies” shall mean all tangible District property, other than Equipment, having a useful life of less than one year and an acquisition cost of \$5,000 or more per unit.

“Surplus or obsolete equipment” shall mean tangible property which the district determines is no longer required for its needs or for the fulfillment of its responsibilities.

“Fair Market Value” shall mean the most probable price which equipment or supplies should bring in a competitive and open market.

“Net proceeds from the sale of surplus or excess property” shall mean the amount Realized from the sale of property no longer needed for district purposes less the expenses of any actual and reasonable selling and fixing up expenses.

“Service Life or Useful Life” begins on the date the equipment or vehicle is placed in revenue service and continues until it is removed from service.

“Straight Line Depreciation” shall mean the method by which the value of District equipment is depreciated (reduced) over its service or useful life as a percentage of its cost.

3. POLICY

A. Disposition of Surplus Equipment and Supplies

If the estimated fair market value, as determined by the agency administrator or designee, does not exceed \$25,000, a negotiated sale may be conducted and sale of the item concluded at the price determined to be fair and reasonable without competitive bids.

If the estimated fair market value, as determined by the agency administrator or designee, is greater than \$25,000, but does not exceed \$100,000, the Chief administrative officer's approval shall be obtained prior to any sale. Information provided to the Chief Administrative Officer shall, as a minimum, identify the buyer and the supporting documentation behind the sale at that value.

If the estimated fair market value, as determined by the agency administrator or designee, is greater than \$100,000 or the sales price is less than the determined fair market value, Board of Director's approval shall be obtained prior to any sale. Information provided to the Board of Directors shall, at a minimum, identify the buyer and the supporting documentation behind the sale at that value.

B. Methods of Disposition of Tangible Property

Approved methods for the disposition of surplus or obsolete tangible property shall include: 1) trade-in as part of a new procurement; 2) transfer or sale to other public agencies; 3) transfer to nonprofit agencies or organizations consistent with established legal parameters; 4) sale by auction open to the public; 5) solicitation of sealed bids or negotiated sale - whichever maximizes the disposal value to the District; or 6) disposal through scrapping.

C. Prohibited Sales

Except in the case where surplus or obsolete District property is sold at public auction conducted by an independent third party auctioneer, members of the Board of Directors and or employees of the District or persons acting as agents of the foregoing, shall not be permitted to purchase at the sale.

D. Reports to the Board of Directors

On a quarterly basis, the agency administrator shall provide, as an information item to the Board, a report of the activities relating to the disposal of surplus or obsolete property describing the identification of property, type of items disposed of, original purchase price information and dates, the gross sales price, and the net proceeds to the District.

4. AUTHORITY

A. Board Authority - Disposition Authorization

The Board of Directors shall authorize the disposal of any surplus or obsolete tangible equipment or supplies having an original acquisition cost exceeding \$100,000. The staff report to the Board recommending disposition shall include acquisition cost, source of funding, funding agency and reimbursement to the funding agency if required.

B. Agency Administrator's Authority - Disposition Authorization

The agency administrator may authorize the disposal of any surplus or obsolete tangible equipment or supplies having an original acquisition cost not exceeding \$100,000,

providing the useful life of said equipment or supplies have been met and with supporting documentation of the negotiated sale. The agency administrator is authorized to sell or dispose of surplus or obsolete tangible equipment or supplies when it is judged to be in the best interest of the organization that the property concerned has an estimated market value of up to \$25,000 per unit, without competitive bid.

- C. District personnel responsible for monitoring use and disposal of surplus equipment and/or supplies under their custody may seek the Board of Directors approval for an exception to this policy when it is in the best interest of the District.

Approval Signatures:

Chair, Board of Directors

Date

Secretary, Board of Directors

Date