

**RESOLUTION NO. 2021-118**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY,  
CALIFORNIA, REVISING THE DISPOSITION OF SURPLUS CITY  
PROPERTY, JUNK MATERIAL & SCRAP METAL POLICY**

**WHEREAS**, the City municipal code does not address the disposition process for surplus property, junk material, or scrap metal; and

**WHEREAS**, it is the City's policy to maximize the residual value of surplus property, junk material and scrap metal, to ensure procedures are in place that provide for the sale of property is to the highest bidder and transferred appropriately, and that sale records are maintained; and

**WHEREAS**, Surplus public property owned by the City, defined as items that are obsolete, worn out, no longer used, or are unsuitable for use, shall be donated/disposed of in a manner which will best serve the interests of the City and its tax and ratepayers. These interests include maximizing the City's economic return and avoiding unnecessary additions to the waste stream by maximizing the re-use and recycling of surplus property.

**WHEREAS**, City staff previously developed a procedure to guide disposition activities, and was adopted by the City Council on October 23, 2012; and

**WHEREAS**, City staff reviewed the policy and recommend approval of a revised policy to meet current operational needs.

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Reedley in the exercise of its discretion, as follows:


Section 1. Adoption of a revised policy & procedure for the Disposition of Surplus City Property, Junk Material & Scrap Metal, attached hereto as Exhibit 'A', and repealing Resolution No. 2012-083 in its entirety.

Section 2. This Resolution shall take effect immediately from and after its adoption.

**PASSED AND ADOPTED** by the City Council for the City of Reedley, California, at a regular meeting thereof on November 9, 2021, by the following vote:

AYES:	Betancourt, Tuttle, Beck, Soleno, Fast.
NOES:	None.
ABSENT:	None.
ABSTAIN:	None.

  
\_\_\_\_\_  
Mary L. Fast, Mayor

ATTEST:  
  
\_\_\_\_\_  
Ruthie Greenwood, City Clerk



Attachment Exhibit A

## Exhibit A

# **Disposition of Surplus City Property, Junk Material and Scrap Metal**

### Policy

Surplus public property owned by the City, defined as items that are obsolete, worn out, no longer used, or are unsuitable for use, shall be disposed of in a manner which will best serve the interests of the City and its tax and ratepayers. These interests include maximizing the City's economic return and avoiding unnecessary additions to the waste stream by maximizing the re-use and recycling of surplus property.

It is the policy of the City to dispose of surplus items by redistributing them among other City operations, then by selling items that have value, then by recycling or reusing the items, then by donating the items and finally by discarding items that have no value.

The intent of this policy is to maximize the residual value of surplus property, junk material and scrap metal, to ensure procedures are in place that provide for the sale of property to the highest bidder and transferred appropriately, and that sale records are maintained. Surplus items that have no or de minimis resale value may be donated. City Council approval is required prior to the auction, sale or donation of City property with a residual value of \$1,000 or more for furniture, fixtures, equipment, including vehicles.

This policy shall not apply to real property owned by the City or the disposition of certain articles collected by the Police Department covered under Municipal Code Title 5, Chapter 6: Lost or Unclaimed Property, which includes forfeit Police property.

### Responsibilities

The Purchasing Manager, currently the Assistant City Manager, or as assigned by the City Manager, has the authority to dispose of surplus property by any of the following methods: sale, auction, competitive sealed bid, trade, donation, exchange, recycle, discard, or in any other manner determined to meet the objectives of the City. It is the responsibility of the Purchasing Manager to oversee the disposal of items no longer needed for City operations.

It is the responsibility of City department staff to offer their surplus items to other City departments for their use. Department staff will dispose of surplus items that have no further use at the City under the direction of the Purchasing Manager.

### Procedure

1. Items are identified by a department or division as surplus.
2. A description of the item(s) is sent to the Purchasing Manager, that includes information such as year, make, and model and whether the item(s) are in working condition.
3. All other City departments will be notified that the item(s) is available for City use.
4. If another department/division wishes to utilize an item, the Purchasing Manager will evaluate the original source of funds used to purchase the asset to determine whether a reimbursement to the owning department/division needs to occur. Fair market value will be utilized for reimbursement.

5. If a surplus item(s) cannot be utilized by other departments, however is determined to have a residual value of \$1,000 or more, the Purchasing Manager will prepare a staff report for City Council approval for all items valued at \$1,000 or more to be sold. The staff report will declare the items surplus, and authorize the City Manager or designee to dispose of the items.
6. Upon City Council approval (for items valued \$1,000+), the Purchasing Manager will attempt to sell the item(s), typically using a public auction service, however other methods may be used to maximize the residual value of the item(s).
7. If the Purchasing Manager determines that an item(s) have no auction/sale value, it will be the responsibility of the originating department to properly dispose of the item(s). Surplus items that have no or de minimis resale value may be disposed of in one of the following ways, in order of preference:
  - a. Donate usable items to a nonprofit agency
  - b. Donate items to Goodwill
  - c. Dispose items
8. The City Manager/Purchasing Manager only may authorize employees to take possession of surplus items that have no value that would otherwise be disposed of in a landfill. Employees may not take possession of any surplus item(s) for any reason without prior authorization.
9. City employees may only purchase surplus City property at public auctions.
10. If an item(s) that is initially evaluated to be worth under \$1,000 ultimately sells for \$1,000 or more due to unforeseen demand/market forces, that sale shall not be considered to be a violation of this policy. The Purchasing Manager should take care to minimize these occurrences.
11. All items sold or donated will not be released without a Release, Waiver, & Indemnity Agreement signed by the buyer/receiving party.

#### Donations

Surplus items that have no or de minimis resale value may be donated upon approval of the City Manager/Purchasing Manager. The Purchasing Manager will prepare a staff report for City Council approval for all items valued at \$1,000 or more to be donated. The staff report will declare the items surplus, authorize the City Manager or designee to dispose of the items, and be accompanied by a list of all surplus items to be donated.

#### K9 Transfer/Retirement

As an exception to the procedures outlined above, police officers may purchase their K9 service dogs when the dogs retire for a nominal fee or when the officer terminates from the City for a pro-rated amount. The City Manager shall approve the terms of the sale/transfer, and be documented in a sale/transfer agreement.

#### Junk Material & Scrap Metal

City departments may accumulate junk material and scrap metals during the course of their operations. It is not feasible to dispose of junk material or scrap metal by offering it to the public for free. Two acceptable

## Exhibit A

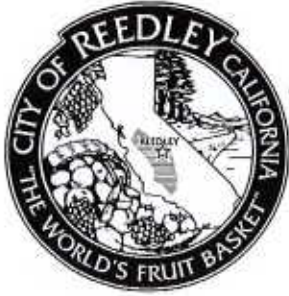
methods for disposing junk material and scrap metal are 1) employees take material to a scrap/recycling vendor or 2) allow a “junk hauler” to pick up the material.

Scrap metal materials will be stored securely pending their subsequent removal and disposal. Materials are to be stored in a manner to prevent contamination of the groundwater and surrounding environment. Adequate security precautions should be taken to prevent loss, theft, vandalism, or un-authorized scavenging of materials.

### Fiscal and Record Controls

To ensure adequate accountability for disposed equipment and monies secured from such disposal, as well as protection of employees handling such funds, the following controls shall be exercised:

- Following an auction, the auction service will provide the City with a detailed list of the proceeds from each of the item(s). Net Proceeds will then be deposited into the City's General Fund, except where established accounting procedures or legal requirement necessitate deposit of proceeds in an enterprise or special revenue fund of the City.
- Any scrap metal/materials disposed of, to outside vendors shall require documentation.
- All cash (or check) sales shall be supported by an acceptable sales slip, indicating the employee's name, item sold, amount of the sale, date, employee's signature handling the transaction, the serial number, method of payment (cash/check), and vendor's name, address and phone number.
- Checks/money orders shall be made payable to the City of Reedley. Checks and/or cash, along with a copy of the sales slip will be submitted to the Administrative Services Department.
- Monies received from the sale of materials are subject to State of California sales taxes, and must be collected and deposited to the City's state tax revenue account. If California sales taxes have not been collected or are not shown as a separate line item on the remittance, the appropriate tax amount must be calculated.



## REEDLEY CITY COUNCIL

- Consent
- Regular Item
- Workshop
- Closed Session
- Public Hearing

ITEM NO: 6

DATE: November 9, 2021

TITLE: ADOPT RESOLUTION 2021-118 OF THE CITY COUNCIL OF THE CITY OF REEDLEY REVISING THE SURPLUS CITY PROPERTY, JUNK MATERIAL & SCRAP METAL POLICY

SUBMITTED: Paul A. Melikian, Assistant City Manager 

APPROVED: Nicole R. Zieba, City Manager 

### RECOMMENDATION

It is recommended that the City Council approve the attached resolution revising the existing City policy for the disposition of surplus City property, junk material, and scrap metal.

### BACKGROUND

Surplus public property owned by the City, defined as items that are obsolete, worn out, no longer used, or are unsuitable for use, should be disposed of in a manner which will best serve the interests of the City and its tax and ratepayers. These interests include maximizing the City's economic return and avoiding unnecessary additions to the waste stream by maximizing the re-use and recycling of surplus property.

The City has an existing policy, adopted in October 2012, for the disposition of surplus property, junk and scrap metal. The policy has worked well, generating ongoing revenue to the City from the auction sale of surplus items that in most cases, offsets a portion of the cost of the equipment purchased to replace it.

The existing policy establishes procedures are in place that provide for the sale of property to the highest bidder and transferred appropriately, and that sale records are maintained. City staff recently reviewed the policy, now nine years old, and recommend the following revisions to meet current operational needs:

- The revised policy emphasizes the importance of recycling/reusing items, including the option of donating the items of no or de minimis value, before finally discarding items. Although revised policy clarifies that surplus items that have no or de minimis resale value may be donated, Council approval is still required prior to the donation of City property with a residual value of \$1,000 or more for furniture, fixtures, equipment, including vehicles.
- Surplus items to be auctioned/sold valued at \$1,000 or more will still require City Council approval. If an item(s) that is initially evaluated to be worth under \$1,000 ultimately sells for \$1,000 or more

due to unforeseen demand/market forces, that sale will not be considered to be a violation of the policy.

- The policy includes a provision for employees, with approval of the City Manager or Purchasing Manager, to take possession of surplus items that have no value that would otherwise be disposed of in a landfill.
- The policy also memorializes an existing City practice of prohibiting employees from purchasing surplus items of value directly from the City. Employees may purchase surplus City property only at/from public auctions.
- Lastly, the policy now includes language allowing the infrequent transfer of ownership of a retired K9 service dog to its handler.

The policy does not apply to the disposition of real property owned by the City or of certain articles collected by the Police Department covered under Municipal Code Title 5, Chapter 6: Lost or Unclaimed Property, which includes forfeit Police property.

#### **ATTACHMENTS**

Resolution 2021-118 Revised Policy for the Disposition of Surplus City Property, Equipment