
Sanitation District No. 1 Policy on Transfer and Disposition of Surplus Personal Property

I. Purpose

To set forth the policy of Sanitation District No. 1 (SD1) for the transfer and disposition of surplus personal property in accordance with KRS 45A.425:

II. Procedures

- A.** The Executive Director or his designee is authorized to declare personal property surplus by making a written determination fully describing the personal property, its intended use at the time of acquisition, the reasons why it is in the public interest to dispose of the item, and the method of disposition to be used. A Surplus Property Record of Disposal must be authorized, in accordance with this Policy, prior to the disposal of any personal property.
- B.** SD1 may sell or otherwise dispose of any personal property which is not needed or has become unsuitable for public use, or which would be suitable, consistent with the public interest, for some other use.
- C.** The method of disposition shall be determined by the Board of Directors, the Executive Director or his designee in accordance with Section III of this Policy.
- D.** All surplus property is disposed of "as is" with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered.
- E.** Any compensation resulting from the disposal of surplus or excess personal property shall be transferred to the general fund of SD1.

III. Determinations of Method of Disposition

- A. Property with an Estimated Market Value Exceeding \$5,000:** Transfer or disposition of surplus property with an estimated market value exceeding \$5,000 per item shall be determined by the Board of Directors.
- B. Property with an Estimated Market Value Less Than \$5,000:** The Executive Director or his designee may direct the transfer or disposition of

surplus property with an estimated market value not to exceed \$5,000 per item.

- C. **Property with No Value or *De Minimus* Value:** The Executive Director or his designee may direct the transfer or disposition of surplus property which has no value or *de minimus* value.

IV. Methods of Disposition

- A. **Transfer (Internal):** All surplus property will first be considered for transfer between departments for the benefit of SD1.
- B. **Transfer (External):** Surplus or excess personal property may be transferred, with or without compensation, to other governmental agencies. A preference will be given to local governmental agencies located in areas served by SD1.
- C. **Trade-In:** Surplus or excess personal property may be used as a trade-in for purchases of new personal property.
- D. **Sale:** Surplus or excess personal property may be offered for sale at public auction or by sealed bids.
 - (i) In the event that a local public agency receives no bids for surplus or excess personal property, either at public auction or by sealed bid, such property may be disposed of, consistent with the public interest, or any manner deemed appropriate by the local public agency. In such instances, a written description of the property, the method of disposal, and the amount of compensation, if any, shall be made.
- E. **Donation:** Surplus property which has no value or *de minimus* value may be donated to a non-profit agency deemed appropriate by SD1 and consistent with the public interest. A preference will be given to local non-profit agencies located in areas served by SD1.
- F. **Scrap and Refuse:** Abandonment or destruction of property will be considered only when transfer, donation, or sale has been determined to be impractical or not cost effective. SD1 will utilize recycling centers and scrap yards to the maximum extent possible.
- G. **Special Handling:** Surplus property that must be disposed of in accordance with state and federal waste management laws and regulations shall be handled according to those requirements.

What personal property must go through a Surplus Declaration and Disposal Process?

The surplus property declaration and disposal process is used to handle adjustments or changes to inventories of SD1. In short, all SD1-owned personal property and supplies that are no longer needed by the agency must go through the declaration and disposal process.

Certain items that may be designated as surplus require special handling procedures not detailed in this guide. “Special property” items such EPA-regulated hazardous items not suitable for sale or transfer must be disposed of in accordance with state and federal waste management laws and regulations. Examples include:

- Lead acid batteries
- Used tires
- EPA regulated chemicals and materials
- Biologically soiled items
- Items containing Freon (other than automotive air conditioning systems)

How does property become surplus?

Surplus property is generated primarily through the normal use of property or the procurement of replacement materials. Instead of storing the property for an indefinite period, SD1 should move forward with the appropriate disposal method for the surplus property. In addition, lost or missing items from the inventory must be declared surplus and removed from the inventory records.

How do we determine if the property is no longer needed?

The disposal process begins with a determination that the property is no longer needed or has become unsuitable for public use. Property that is no longer needed is fairly easy to identify. Usually, replacement property, such as new furniture, is purchased. Need for replacement is determined by the Director of the department where property is currently being utilized. Many times, this extra property can still be used and would have value for another department, agency or the general public.

Determining whether or not the property has become unsuitable for public use is much more subjective. In most cases, unsuitable surplus property should be disposed through trash processes. Here are some tips to assist in the determination:

- Has the property been damaged beyond repair?
- Are there parts or pieces missing which can make the property dangerous?

- Is the property too costly to repair?
- Is it significantly out-of-date technologically?
- Is the property potentially hazardous or could it be a hazardous waste?

Air conditioners, on the other hand, can be a chemical hazard. Air conditioners and refrigerators contain Freon, which is a hazardous chemical and requires handling by a certified Freon remover before disposal. Hazardous items not suitable for sale or transfer must be disposed of in accordance with state and federal waste management laws and regulations.

What are the methods available to SD1 for disposal?

1. Transfer to another department or governmental agency
2. Trade-in to a vendor or supplier
3. Sale to the general public
4. Donation to a non-profit agency
5. Sold as “scrap” or recycled
6. Refuse
7. Special Handling

What are the steps for each disposal method?

Note: The following methods of disposal shall be performed by the procurement department with assistance as needed from the owning department.

Transfers to Internal Departments or other Agencies (local government):

Step 1: Determine who may be able to use the surplus property and contact. SD1 should first check within our organization to determine if other departments could use the surplus property.

Step 2: If the item being transferred has an identification number, notify both the procurement and accounting departments so that all records can be updated.

Step 3: If the item is being transferred to an outside agency, the following factors should be considered:

- What price, if any, will be charged for the property being transferred?
- Planning: Many costs associated with transferring surplus property to another agency can be reduced through prior planning.

Step 4: Ensure all steps taken during the transfer process are properly recorded.

Records for Retention:

- ✓ Surplus Property Record of Disposal
- ✓ All correspondence or documents related to transfer

Trade-ins:

- Step 1: Determine if the property can be used for trade-in on a new purchase.
- Step 2: Obtain quotes or trade-in allowances from vendor or vendors.
- Step 3: Obtain appropriate transfer documentation from vendor.
- Step 4: Coordinate removal of surplus property with vendor.
- Step 5: Update inventory and file appropriate records with the procurement and accounting departments.

Records for Retention:

- ✓ Surplus Property Record of Disposal
- ✓ Vendor quote/allowance
- ✓ All correspondence related to the trade-in

Sales to the General Public:

- Step 1: Choose appropriate sales method: public auction, consignment auction, or sealed bid.

Auctions are mostly used for large quantities of mixed items. Consignment auctions can now be used and would be a good disposal method for small to medium quantity of items. SD1 may negotiate with the auction house on percent of sales charges, for pick-up of goods and for a complete report of item by item sale prices.

Sealed bids are used for small quantities of items or unique items to a very limited market. Contracts written around the sale should include an "as-is" and "where-is" clause in order to protect SD1 from liability related to the property.

- Step 2: Establish date, time, services, and place for auction or date for bid opening.
- Step 3: Send public notice for auction or bid to local newspaper. Notice should be given at least 7 days prior to the sealed bid opening date or auction.
- Step 4: Hold auctions or receive bids. For sealed bids, all bids should be opened, tabulated, and evaluated after the deadline for receiving bids. Winning bidder should be notified and given a reasonable time to remove the property purchased.

Step 5: Handling received payments. Personal checks, payable to "Sanitation District No. 1," may be accepted for sales to the general public. If deposit checks are to be submitted with the bids, the checks of the losing bidders should be voided and returned after the winning bidder has removed the purchase. While deposits are not specifically required, they can be useful when offering high value items. In some cases, winning bidders do not claim property. It is appropriate for SD1 to retain the deposit if the bidder does not make contact by the specified time for pickup of property.

Sealed Bid Process:

1. Define items to be sold
2. Advertise sealed bid
3. Send out bid forms and related information
4. Receive bid forms
5. Review bids and declare winner
6. Notify winning bidder by mail: total cost of bid plus 6% sales tax and contact person
7. Receive monies for bid and deposit accordingly

Auction Process:

1. Identify item(s) for sale
2. Contract with auctioneer
3. Advertise auction
4. Mark sale items or lots
5. Register bidders
6. Conduct Auction
7. Receive money and sales tax
8. Documentation of proceeds

Note: *The 6% sales tax must be charged to any buyer not exempt from paying sales tax. SD1 is responsible for reporting and paying the tax collected to the Revenue Cabinet.*

Records for Retention:

Sealed Bids:

- ✓ Surplus Property Record of Disposal
- ✓ Advertising
- ✓ Description of property
- ✓ Mailing List
- ✓ Sealed bid forms
- ✓ Copies of checks
- ✓ Bid tabulation
- ✓ Correspondence

Consignment Auctions:

- ✓ Copy of contract with auction house
- ✓ Surplus Property Record of Disposal
- ✓ Auction house settlement report

Public Auction:

- ✓ Surplus Property Record of Disposal
- ✓ Advertising
- ✓ Descriptions of property
- ✓ Mailing Lists
- ✓ Conditions of sales
- ✓ Bidder registration
- ✓ Claim checks
- ✓ Total amount received for item sold and total sale

Donation to Non-Profit Agencies

- Step 1: Determine who may be able to use the surplus property and contact.
- Step 2: If the item being transferred has an identification number, notify both the procurement and accounting departments so that all records can be updated.
- Step 3: Planning: Many costs associated with donating surplus property to another agency can be reduced through prior planning.
- Step 4: Ensure all steps taken during the donation process are properly recorded.

Records for Retention:

- ✓ Surplus Property Record of Disposal
- ✓ All correspondence or documents related to donation

Scrap / Refuse / Special Handling

- Step 1: Evaluate the property and determine if it should be destroyed, scrapped, recycled, or requires special handling.

Step 2: Take property to appropriate facility for disposal (landfill or recycling center).
Ensure property that requires special handling (hazardous materials) is handled according to applicable state and federal waste management laws and regulations.

Step 3: Ensure all steps taken are properly recorded.

Records for Retention:

- ✓ Surplus Property Record of Disposal
- ✓ Hazardous Waste Handling Documentation (if necessary)

V. History/Revision Dates

Origination Date: December 18, 2007
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