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February 22, 2021

Memorandum

To: Buildings and Grounds Committee
From: Brian Running
Re: Disposal of Surplus City Property – Farm Market Sign

I watched the video of the Committee's February 1 meeting after this matter was brought to my attention by the Mayor and Committee Member Cummings. The issue is whether an unused farm market sign can be given or loaned to a private business without further process.

First, we are assuming that the signs in question belong to the City. It's probably safe to assume that they do, but some inquiry should be made to ensure that the signs really do belong to the City before they are disposed of.

It appears that the signs could clearly be declared surplus property. The City has no present use for them, and we assume that there are no plans to use them again in the foreseeable future. City Financial Policy F-15.0 controls the procedure for disposal of surplus or obsolete City property. The process is as follows:

1. The property must be declared surplus or obsolete. If the property's acquisition value was less than \$10,000, the director of the department having control over the property has authority to declare it surplus or obsolete. Other property can only be declared surplus by the Common Council, with only a couple exceptions.
2. Once declared surplus, these are the allowed means by which it can be disposed of, in this order:
 - a. Offered to another City department.
 - b. Sold through public auction.
 - c. Traded in for credit against a replacement article.
 - d. Sold for salvage value.
 - e. Put in the trash.
3. Finally, the disposition has to be accounted for to the Finance Department, and proceeds deposited with the Treasurer.

Particularly because the sign did not cost the City more than \$10,000 to acquire, the process is quick and simple, and it must be followed. Have the appropriate department director declare the sign surplus, post a notice of its auction to the public, and then let the folks from Pam's Kitchen bid on it.

The same procedure would be followed if the proposal were only to loan the sign. It's an article that has some value to the City, and loaning it would also have some measurable value.

We can't make exceptions to the Finance Policy. As was pointed out at the February 1 meeting, there's no principled way to draw a line when we receive requests for the gift of other City property. Simply follow the procedure and everyone comes away happy, and we don't violate any laws or ethical rules.

Incidentally, the motion to postpone the matter was in order. Motions to postpone, to table, to limit debate, to "call the question," and to amend can be made while there is another motion pending. In fact, they have to be allowed while another motion is pending, or they would serve no purpose. The main limitation is that they have to relate to the main pending motion. You can't make a completely unrelated motion while there is a main motion pending. It's also okay to simply agree by consensus to postpone a matter to a future meeting without a formal motion.

Finance Policy F-15.0 is attached, for your reference.

CITY OF WAUKESHA

FINANCIAL POLICIES AND PROCEDURES (F-15.0)

DISPOSAL OF SURPLUS OR OBSOLETE PROPERTY

15.1 It is declared to be the policy of the City that surplus or obsolete property shall be disposed of by the method most advantageous and cost effective to the City. All such disposals shall be properly accounted for and reported to the Finance Department.

15.1.1 The disposal of surplus or obsolete property specifically covered by ordinance or state statute shall be disposed of according to said ordinance or statute.

15.1.2 Methods of disposal available for items not covered by ordinance or State statute:

1. Reallocation from one City department to another. This method should be considered first.
2. Sale through means of highest bid or public auction. On-line auctions open to the public are considered public auctions under this paragraph. All on-line auctions must be coordinated with and approved of by the Finance Manager.
3. Trade-in against replacement equipment.
4. Sale as scrap for salvage value.
5. Discard as refuse or trash.

City employees are allowed to bid on items being publicly auctioned. No assets may be sold directly to any City employee unless done so through a public auction. No assets may be sold privately by any City employee.

15.1.3 Definition. The term “surplus or obsolete property” when used in this policy means materials, supplies, equipment, property or other goods which in the opinion of the Department Director:

1. Have become unsuitable or unnecessary for the department but may be needed by other departments.
2. Have no further beneficial usefulness to the City or any of its departments.

15.1.4 Disposal Authority. Items having an original purchase value of \$10,000 or more (estimated value if originally donated) shall not be disposed of without common council approval unless they have been:

3. Scheduled for replacement and approved as part of the budget process.
4. Been damaged and declared a total loss by the City’s insurance company.

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15.1.5 Record of Disposition. Department Directors who dispose of surplus or obsolete property shall be responsible for maintaining records of such disposals. Those records shall identify the item(s), explain how they were disposed of, how much money or trade-in value was received and provide a record of who the item(s) were sold to. For items with an original purchase price of \$500 or more (estimated if donated), the Department Director will be responsible for filling out a complete asset disposal form (attached) and forwarding it on to the Finance Department. Such information shall be used by the Finance Department to maintain the City's fixed asset inventory. If the original purchase price was less than \$500 then the Department Director will be responsible for maintaining a complete disposal record. This section must be followed even for assets that have been redeployed to another City department.

15.1.6 Deposit of Funds. All proceeds received from the sales of surplus or obsolete property must be deposited with the City Treasurer.