

## Financial Policies and Procedures

### F-15 Disposition of Surplus Property.

- (a) **General Policy.** It is the City's policy that surplus City property is disposed of in ways that ensure that City assets are not disposed of when they could be reused, ensure the most-efficient use of City assets, maximize financial return for the City, and prevent improper use or acquisition of City property by City employees. This Policy F-15 is to be construed in that context. All dispositions of City property, whether personal or real, shall be done in accordance with this Policy.
- (b) **Definitions.** In this Policy F-15, capitalized terms have the following meanings:
  - (1) **Dispose, Disposal.** Dispose or Disposal means any transfer of ownership from the City, including sales, trades, donations, and gifts.
  - (2) **Personal Property.** Personal Property means any item of City property that is not real estate, but includes fixtures to real estate that are removable, reusable, and have value independent of the real estate to which they are attached. Personal Property includes, but is not limited to, supplies, furniture, electronics, office equipment, tools, machinery, and vehicles.
  - (3) **Real Estate.** Real Estate means land and legal interests in land, but not fixtures that are removable, reusable, and have value independent of the land to which they are attached.
  - (4) **Surplus.** Surplus means no longer useful or necessary in the operations of any City department. Determination of Surplus Personal Property is in the discretion of the head of the Department having possession and use of it. Determination of Surplus Real Estate is in the discretion of the Common Council, after consideration and report by the Plan Commission.
- (c) **Disposition of Surplus Personal Property.** Personal Property that has been deemed Surplus shall be disposed of as follows:
  - (1) A notice that the Personal Property has been declared surplus, along with a description of the Personal Property, shall be distributed to the heads of all City departments. If the Personal Property has usefulness for any City department, then that department shall take the Personal Property and put it to use. If more than one department requests the Personal Property, then the City Administrator shall determine to which department the Personal property is given.
  - (2) If no City department has any use for the Personal Property, then the Personal Property shall be offered for sale to the public, using commercially-reasonable means, and the Personal Property shall be sold to the highest bidder. All Personal Property shall be sold FOB its location in City facilities, as-is, with all warranties

of merchantability, quality, condition, and fitness for purpose expressly disclaimed.

- (3) If no offers are received from the public, then the Personal Property shall be traded in against the cost of replacement property, if possible.
  - (4) If trade-in is not possible, then the Personal Property shall be sold for scrap at salvage value, if possible.
  - (5) If sale for salvage value is not possible, then the Personal Property shall be discarded as waste.
- (d) **Disposal of Surplus Real Estate.** Real Estate that has been deemed Surplus shall be disposed of in any of the following ways, in the discretion of the Common Council after consideration and report by the Plan Commission:
- (1) Offer for sale to the general public, using commercially-reasonable means. The use of a broker shall be discretionary in light of the circumstances. sale should initially be attempted without the use of a broker, for a reasonable period of time. The Real Estate shall be sold for the highest possible consideration, however, that consideration need not consist solely of money. Consideration other than money may be included is permissible if such other consideration has a benefit to the public.
  - (2) Sale for less than market value, sale for nominal consideration, or donation for no consideration to a charitable §501(c)(3) tax-exempt corporation, if the corporation will use the Real Estate for a public purpose.
  - (3) Contribution to a development project as full or partial incentive for development.
  - ~~(2)~~(4) Disposal in any other way that serves a useful public purpose and maximizes value realized by the City.
- (e) **Removal of Buildings and Improvements Not Affected.** If the land on which obsolete or surplus buildings, structures, and other improvements are located is not being disposed of by the City, then the buildings, structures, and improvements may be completely or partially razed and disposed of without compliance with subsection (d). However, fixtures that are Personal Property must be disposed of in accordance with subsection (c).
- (f) **Precedence of Statutes and Ordinances.** If the disposal of Surplus Personal Property or Real Estate is otherwise specifically controlled by state or federal statutes or regulations, or Waukesha Municipal Code provisions, then those other provisions shall take precedence over this Policy.
- (g) **Authority to Sell and Execute Documentation.** The sale of Personal Property pursuant to this Policy may only be conducted with the authorization of the head of the department disposing of the Personal Property, and the City Administrator is authorized to execute

bills of sale and other required documentation to accomplish the sale without further authorization from the Common Council.

- (h) **Common Council Approval for Certain Items.** Items of Personal Property having an original acquisition price or value of ~~\$4025~~,000 or more shall not be disposed of without Common Council approval unless they have been:

- (1) Scheduled for replacement and approved as part of the budget process.
- (2) Been damaged and declared a total loss by the City's insurance company.

- (i) **Items of Negligible Market Value Exempted from Sale.** If it would be apparent to a reasonable person that an item of Personal or Real Property would have no value to the public and it would be an unreasonable use of City resources to conduct a public sale of it, in the discretion of the department head disposing of the Personal Property, then subsection (c)(2) shall not apply.

- ~~(j)~~(i) **Other Permissible Disposal.** Items of Personal or Real Property may be disposed of in any manner or by means other than those described in this Policy if doing so would satisfy the intent of the General Policy in subsection (a), in the discretion of the Common Council.

- ~~(j)~~(k) **City Employees May Bid at Public Sale.** City employees may bid on items of Personal Property or Real Estate being offered to the public by the City. City Property may not be sold directly to City employees without compliance with subsection (c) or (d).

- ~~(k)~~(l) **Waste Items May Not Be Taken by City Employees.** City employees may not take items that have been discarded as waste.

- ~~(l)~~(m) **Records of Dispositions.** Department ~~heads~~directors who Dispose of Surplus Personal Property shall maintain records of the Disposals, which identify the items, state the means of Disposal, state the price or other consideration received, and state the party to whom the items were sold, including other City departments that take Personal Property pursuant to subsection (c)(1). For items with an original acquisition price or value of \$5,000 or more, the department head shall complete an asset disposal form and forward it to the Finance Department. If the original acquisition purchase price or value was less than \$5,000, then the department head shall maintain a complete record of the disposal. This section must be followed even for assets that have been redeployed to another City department.

- ~~(m)~~(n) **Handling of Proceeds.** All proceeds received from the sales of Surplus Personal Property or Real Estate must be delivered to the City Treasurer.