

**MIDWAY SEWER DISTRICT
RESOLUTION NO. 2016-04**

RESOLUTION AMENDING DISTRICT CODE

Background:

1. The Board previously established a formal policy regarding the allowable methods of disposing of surplus property.
2. The Board wishes to clarify and expand the options for disposing of surplus property.

Resolution: NOW THEREFORE, BE IT RESOLVED, that the Board of Commissioners of Midway Sewer District approves the following amendment of the Midway Sewer District Code:

Chapter 3.37 of the Midway Sewer District Code is hereby amended as follows:

Chapter 3.37 Surplus Property

3.37.010 Purpose

It is the purpose of this policy to establish procedures for the lawful disposal of District owned property that has been determined by staff to be of limited or no value to the District. It is also the purpose of this policy to allow for the flexible application of these guidelines for more efficient and cost effective dispositions of property where the strict application of the procedures would not be in the District's best interest.

3.37.020 Definitions

- a) *Personal Property.* All equipment, material, fixtures, supplies and other personal property owned by the District.
- b) *Real Property.* All interests in real property owned by the District.
- c) *Property.* References to Property in this chapter include both Personal Property and Real Property.
- d) *Fair Market Value.* The value of the Property that would be obtained through an arms length transaction using a Commercially Reasonable Means of sale, or the value established by a formal third party appraisal.
- e) *Commercially Reasonable Means.* Process or procedures designed to obtain the highest value for surplus property which may include but are not limited to: public bidding procedures, consignment sales, sales through want ads, internet sites or other form of public notice, auctions, garage sales, sales through brokers, or privately negotiated sales provided that there is independent documentation that the private sale is for Fair Market Value. Examples of Commercially Reasonable Means include, but are not limited to the following:

- 1) Personal Property can be submitted to the Washington State Surplus Property program.
- 2) Property can be sold to other government entities at fair market value unless otherwise declared by the Board of Commissioners to be in the best interests of the public.
- 3) Trade-ins of old equipment to upgrade equipment of the same or reasonably related kind are permitted when it is in the best interests of the District.
- 4) Personal Property can be sold for scrap or recycling. Scrap is any equipment or material that cannot serve its original purpose.
- 5) Personal Property that is still in working order can be sold at a public sale including but not limited to sales advertised through Craigslist or other online sites and sales advertised through the Washington Association of Sewer and Water Districts.
- 6) Personal Property with no marketable value may be recycled or trashed.

3.37.030 Authorization for Disposition of Surplus Property.

- a) *Board of Commissioners:* The Board of Commissioners shall approve by Resolution the decision to surplus any Property of the District. The Resolution shall identify the surplus Property and shall direct that the Property be disposed of consistent with this policy unless the Resolution establishes an exception to this policy.
- b) *General Manager.* The General Manager shall approve all decisions to surplus Person Property Property.

3.37.40 Disposition of Surplus Property.

- a) *Estimated Value of Personal Property less than cost of disposal.* When staff has determined that the cost of disposal exceeds the value of the Personal Property, such determination should be documented in writing. The Personal Property may then be disposed in any manner deemed suitable by staff.
- b) *Estimated Value of Personal Property exceeds cost of disposal but is less than \$2,500.00.* Personal Property shall be disposed of using Commercially Reasonable Means approved by the General Manager
- c) *Estimated Value of Personal Property exceeds \$2,500.00 and all Real Property.*
 - 1) Personal Property and Real Property shall be disposed of using Commercially Reasonable Means approved by the General Manager.
 - 2) Prior to completing the sale District staff shall publish a notice of intention to sell once a week for two consecutive weeks in a newspaper of general circulation in the District. The notice shall describe the property and state the time and place at which it will be sold or offered for sale, the terms of sale, whether the property is to be sold at public or private sale, and if at public sale the notice shall call for

bids, fix the conditions of the bids and reserve the right to reject any and all bids for good cause.

d) Documentation of Sales.

- 1) Any inventoried items that are sold or scrapped shall be documented.
- 2) Sales of Personal Property in excess of a value of \$500.00 shall be transferred pursuant to a Bill of Sale in a form approved by District legal counsel
- 3) Sales of Real Property shall be by deed in a form approved by District legal counsel.

3.37.050 Employee Purchases of Surplus Property.

- a) Employees, their spouses, and their agents are not permitted to purchase District surplus Property except in the following situations. Purchases of surplus Personal Property valued at less than \$1,500 when such property is sold in through a sealed public bidding process or if purchased at a sale open to the public and the employee pays a Fair Market Value price.

Adoption: ADOPTED at a regular meeting of the Board of Commissioners of Midway Sewer District on March 9, 2016 the following Commissioners being present and voting:

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner