




## Administrative Policies and Procedures

Policy Title: Sale of Surplus Property	Policy Number: 203
Effective: 2/16	
Supersedes: APR #203, dated 9/92, 8/07	
Approval: 	Page 1 of 4

### 1. Purpose

To provide a clear policy on the sale of surplus property based on the authority of City Code Chapter 14, Section 1:318, and State and Federal grant guidelines

### 2. Policy

2.1 "As Is" sale of vehicles and other property will be held by sealed bid or auction unless otherwise authorized by the City Administrator and/or City Council. All sales are final. No refunds or exchanges are allowed.

2.1.1 Any equipment which records or stores materials of a proprietary nature, material which is protected by federal or state statute (such as HIPAA) or which has material with separate copyright issues must have the material/data removed before disposition (for example computer drives). It is the responsibility of the Service Area/Unit to contact ITSU to have the equipment sanitized and provide confirmation attached to the Surplus Property Disposal Form (Attachment A).

2.1.2 Any equipment or materials that contain hazardous materials (for example: refrigerant gas, chemicals, fluorescent lightbulbs) must be disposed of in accordance with City Safety Procedures. Prior to completion of a Surplus Property Disposal Form contact the City's Safety Officer to determine proper equipment disposal procedures.

2.1.3 Bid and Auction Notices shall include the following information:

*Bidders may be barred from participation in City of Ann Arbor sales for any of the following: (a) Failure to observe the terms and conditions of sale; (b) Payment for purchases with a personal/business check, which is dishonored by a payer bank, depository bank, intermediary bank, collecting bank, presenting bank, or remitting bank; or (c) failure to claim purchases. It is the buyer's responsibility to remove the sale item(s) from its stated location, by the date and time for removal listed in the bid/auction, or all rights to the bid/auction item(s) will be forfeited; and the item(s) will remain the property of the City of Ann Arbor and may be resold. Failure to follow through with any and all of the Terms and Conditions will result in forfeiture of eligibility to bid on future items. The City of Ann Arbor reserves the right to withdraw any items from bid/auction or at its absolute discretion, to reject any and/or all bids considered, as not in its best interest.*

2.1.4. All items for sale are subject to all applicable Michigan Sales Tax in accordance with Michigan Sales Tax Act (P.A. 167 of 1933, as amended).

2.1.4.1 Tax Exempt Bidders are required to submit evidence of exemption at the time of bid.

- 2.2 Equipment, including vehicles, which is deemed unfit for sale by the above methods may be declared junk by the owning Service Unit and approved by the Procurement Services Unit using the Surplus Property Disposal Form (Attachment A) and sold as junk. Prior to any sale of junk property, the Service Unit must comply with 2.1.1 and 2.1.2 above.
- 2.3 In pricing property that is obsolete, the minimum price rule to follow is 10% of actual cost (i.e., plastic pipe 4" – cost \$2.10 ft. – sell for \$0.21 per foot) unless the product is still useful to other companies or government agencies, in which case it could be sold at a higher price.
- 2.4 Before disposing of any property, the Procurement Services Unit will publish a list of items to be sold to see if other service units/areas may have a need for any item(s).
- 2.5 The Procurement Services Unit will check all excess equipment, supplies, etc., before disposition.
- 2.6 If the property was acquired with Federal grant money, under the Federal government's Uniform Grant Guidance effective December 26, 2014, Subpart D,

section 200.313 (e), Equipment, the following applies:

2.6.1 Items of equipment with a current per unit fair market value of \$5,000 or less may be sold or otherwise disposed of with no further obligation to the Federal awarding agency.

2.6.2 Generally, items over \$5,000 per unit fair market value may be sold but the Federal agency is entitled to a share of the proceeds in proportion to what percentage of the equipment they originally paid for. For example, if the Federal government awarded the service unit a grant that funded 90% of the cost than the Federal government is entitled to 90% of the proceeds.

2.7 If the equipment was acquired with State grant money, approval of the divestment of the property may require approval of the funding State agency prior to sale.

### 3. Procedure

- 3.1 Fill out the Surplus Property Disposal Form ( Attachment A) and obtain approval from the Procurement Office prior to initiating any sale or disposal. Terms and conditions of a bill of sale must be approved by the City Attorney prior to any sale.
- 3.2 All payments to the city resulting from the sale of the city surplus property and scrap material shall be by cashier's, certified, business or personal check (personal checks are limited to \$200) or money order, made out to the City of Ann Arbor. Credit Card checks are not accepted.
- 3.3 All checks should be deposited with the Customer Service Center, which will then credit the appropriate fund revenue account.
- 3.4 Proceeds from the sale of surplus items are NOT to be used to replenish petty cash accounts or to establish a fund for various employee benefits (flower fund, service area party, etc.).
- 3.5 When equipment is sold, the service area shall notify the Accounting Services Unit so that the item can be removed from the inventory listing and asset accounts.
- 3.5 When the equipment being disposed of is identified as being originally funded by State or Federal grants, notify Procurement before any action is taken. Procurement will work with you to ensure the Federal requirements under Uniform Grant Guidance effective December 26, 2014, Subpart D, section

200.313 (e) are being followed prior to authorizing the disposal and, if applicable, any other Federal or State restrictions imposed at the time of the original acquisition on disposal of the property are met

ATTACHMENT A  
SURPLUS PROPERTY DISPOSAL FORM

Please fill out completely and send to the Purchasing Department before disposing of City property.

Service Area \_\_\_\_\_ Division/Unit \_\_\_\_\_

Location \_\_\_\_\_ Contact Person \_\_\_\_\_

E-mail \_\_\_\_\_ Telephone Number \_\_\_\_\_

1. Property being disposed of (Inventory description valuation):

\_\_\_\_\_

2. For what purpose was the property purchased:

\_\_\_\_\_

3. Reason for disposing (specify):

\_\_\_\_\_

\_\_\_\_\_

4. Funds used to purchase:

\_\_\_\_\_ General Fund  
\_\_\_\_\_ Grant \*  
\_\_\_\_\_ Millage \*

\_\_\_\_\_ Donation \*  
\_\_\_\_\_ Other

5. Cost new \$ \_\_\_\_\_ pound (s), feet, or piece (s).

6. Salvage value \$ \_\_\_\_\_ (estimated) based value determination.

7. Proposed Method of Disposal \_\_\_\_\_

8. Cost of Disposal \_\_\_\_\_

Approvals:

\_\_\_\_\_  
Service Area Administrator

Date \_\_\_\_\_

\_\_\_\_\_  
Finance

Date \_\_\_\_\_

\*If purchased using grant, millage or donation, identify any known restrictions on disposal.

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