



November 20, 2018

TO: LOCSO Board of Directors
FROM: Jose Acosta, Utility Systems Manager *JA*
SUBJECT: **Agenda Item 11F – 12/6/2018 Board Meeting**
Adopt Resolution Establishing a Policy Regarding District Surplus Property Disposal

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DESCRIPTION

Currently the Los Osos Community Services District (District) does not have a written policy or procedure in place for the disposal of assets of District property.

STAFF RECOMMENDATION

Staff recommends adoption, by resolution, of the District Surplus Property Disposal Policy.

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, staff recommends that the Board adopt the following motion:

Motion: I move that the Board adopt Resolution 2018-27 Establishing a Policy Regarding District Surplus Property Disposal.

DISCUSSION

Staff presented a draft proposal for a policy regarding the disposal of District surplus property to the Board at their November 1, 2018 meeting. The Board requested the following changes:

1. Insert an exemption clause for the Station 15 – South Bay Fire Department.
2. Clarify and define "Immediate Family".

These changes have been included in the attached policy for your approval and adoption.

Attachments

RESOLUTION NO. 2018-27

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
ESTABLISHING A POLICY REGARDING DISTRICT SURPLUS PROPERTY DISPOSAL**

WHEREAS, the Los Osos Community Services District finds it to be in the best interest of the District to establish a written procedure or policy for the disposal of assets or District property; and

WHEREAS, at its November 1, 2018 Board meeting, the Board of Directors reviewed staff's draft policy, discussed certain amendments, and directed staff to return with the amended version for Board adoption; and

WHEREAS, the Board of Directors has reviewed the proposed amendments to the District Surplus Property Disposal Policy.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Los Osos Community Services District that the attached Los Osos Community Services District Surplus Property Disposal Policy is hereby adopted by the Los Osos Community Services District Board of Directors.

On the motion of Director _____, seconded by Director _____,
and on the following roll call vote, to wit:

Ayes: _____
Nays: _____
Absent: _____
Conflicts: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 6th day of December 2018.

Vicki Milledge
President, Board of Directors
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Renee Osborne
General Manager and Secretary to the Board

Roy Hanley
District Legal Counsel



LOS OSOS COMMUNITY SERVICES DISTRICT SURPLUS PROPERTY DISPOSAL POLICY

Purpose:

To establish a policy regarding the disposal of all District surplus property, equipment and materials. This policy will not apply to real property. Station 15 – South Bay Fire Department would be exempt from this policy.

To set forth guidelines for proper determination of value of surplus property, equipment and materials.

To ensure that sales are conducted in an open, competitive environment, and that maximum public exposure to the disposal process is accomplished; and to minimize disposal costs, assure that revenue from sales is maximized and obtained in a timely manner, and dispersed properly.

Authority:

The General Manager (or his/her designee) shall develop a list of surplus property, equipment or materials (property). "Surplus" means that the property has little or no remaining useful life, needed at present or for the foreseeable future, or value for the District.

If the estimated value of the surplus property is \$1000 or less, the General Manager may dispose of the property in any manner deemed to be in the District's best interest, and shall provide the Board with the details after the completion of disposal.

If the estimated value of the surplus property is in excess of \$1000 prior to disposal, the Board shall be provided with, a list of all such property for disposal by resolution.

Policy:

The identification of surplus property will initially be conducted by staff, to the General Manager, with a detailed written description of the subject property, its location, condition and estimated value.

The first effort shall be to dispose of that property in a manner which is most likely to generate the greatest return to the District. The General Manager, with input from staff will determine which method of disposal is best. The methods of disposal include but are not limited to the following:

1. Sale on the open market - The General Manager shall publish at least five (5) days prior to the sale, in a newspaper circulated within the District and posting on the District website, a notice of sale setting forth a general description of the property to be sold, and the day, time and location of the sale. The terms for the sale shall state that acceptance of payment will be in the form of a cashier's check or money order in the amount of the final full price of the sale. The District may also conduct a public auction in the same manner. The fees associated with the auction process shall be deducted from the proceeds of the sale.

2. Sale by bid- The General Manager may utilize the services of a third party online bid company (such as The Public Group) to facilitate an online bidding process, subject to posted rules developed for such sale or the rules of that website.
3. Donation- The General Manager may, when in his/her best judgement, sale or auction of the surplus property is infeasible or will result in minimal return to the District, determine such surplus property to be donated to any other governmental organization or non-profit group or corporation exempt from federal taxes, pursuant to Internal Revenue Code section 501 (c)(3), located within or serving the District.
4. Selling for scrap- The General Manager may determine that surplus property be sold as scrap to recoup any monetary value for parts that exceed the value of the surplus property as a whole.
5. Minimal or no value- Where the General Manager determines the surplus property is valued at under \$1000, has no value to the District, or the cost of disposal of such property would exceed the recovery value, the General Manager shall dispose of the property in such manner he/she deems appropriate and in the best interest of the District.
6. No employee of the District or his or her immediate family may acquire any District surplus property. Immediate family would include an employee's parents, spouse, siblings or children, either through blood relation or marriage.

Financial Management:

The General Manager or employee authorized to sell, donate, recycle or scrap District surplus property shall:

1. Remit the entire proceeds from any such activity to the District Accountant, by cashier's check or money order, made payable to the Los Osos Community Services District.
2. Complete a receipt documentation form for the disposal of surplus property, equipment, and materials and submit with the proceeds, if any, to the District Accountant.

The District General Manager shall:

1. Make adjustments to the Fixed Asset Inventory System.
2. Deposit all proceeds from the disposal of surplus property, equipment and materials into the appropriate Fund.
3. Ensure licenses and title documents are executed and transferred upon verification of receipt of funds.
4. Authorize the delivery of the surplus property.