



October 15, 2018

TO: LOCSD Board of Directors

FROM: Jose Acosta, Utility Systems Manager JA

SUBJECT: **Agenda Item 12C – 11/1/2018 Board Meeting**
Review of Draft Policy Regarding District Surplus Property Disposal

DESCRIPTION

President

Vicki L. Milledge

Vice President

Marshall E. Ochylski

Directors

Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager

Renee Osborne

District Accountant

Robert Stilts, CPA

Unit Chief

Scott M. Jalbert

Battalion Chief

Greg Alex

Currently the Los Osos Community Services District (District) does not have a written policy or procedure in place for disposal of assets or District property. Staff is presenting a draft policy for Board review, input, and recommendations.

STAFF RECOMMENDATION

Staff is requesting that the Board provide input and recommendation on the draft policy:

Motion: I move that the Board direct staff:

1. To finalize the policy for disposal of District assets and property as is. Staff will adhere to the policy for disposal of any future District assets or property, no longer useful to the District.

OR

2. To make the following changes including _____, to the draft policy presented and bring it back to the Board for final approval at the December Board meeting.

DISCUSSION

The District should have a policy in place to allow for proper protocol to be followed in regard to disposal of District assets and property. Currently there is no written policy in place. Staff has in the past provided a resolution to the Board for discussion and recommendation on disposal of assets or property.

Staff has compiled a draft written policy and is presenting it to your Board for review and recommendations. The final written policy will allow staff the tools to make the best decision in regards to disposing of assets or property that no longer have a useful life, require replacement, or shown to be too costly to upkeep. The policy will allow staff the ability to make determinations, within a reasonable value amount, that is in the best interest of the District. The policy will also ensure there is a formal protocol for presentation to the Board and transparency remains a high priority.

FINANCIAL IMPACT

There is no financial impact at this time.

Attachment

Mailing Address:

P.O. Box 6064
Los Osos, CA 93412

Offices:

2122 9th Street, Suite 102
Los Osos, CA 93402

Phone: 805/528-9370

FAX: 805/528-9377

www.losososcsd.org



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.

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; to maximize disposal costs, and assure that revenue from sales is maximized, 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 Districts best interest, and shall provide the Board with the details after the completion of disposition.

If the estimated value of the surplus property is in excess of \$1000, prior to disposition, the Board shall be provided with, and approve, in a Surplus Resolution, a list of all such property.

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 Manger, 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 Manger shall publish at least five days prior to the sale, in a newspaper circulated within the District, 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, acceptance of payment will be in the form of cashiers 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.

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 cashiers check or money order, made payable to the Los Osos Community Services District.
2. Complete 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 disposition 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.