



Standard Operating Procedure –FIN-2000.442 Name : Surplus Property Policy	Corresponding Requirements:
Prepared By: Finance Department	Revision #:2 Revision Date: 10/08/14
Approved By: Board Approval Signature: <i>Patricia D. Kusek</i>	Effective Date: 7/13/11

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Surplus Personal Property Policy

Standard Operation Procedures

1.0 Purpose

The purpose of this policy is to outline the procedures for disposing of surplus personal property.

2.0 Surplus Property Declaration

As per the resolution passed on November 12, 2008 the procurement manager with the approval of the Executive Director is authorized to declare surplus personal property owned by the Cape Fear Public Utility Authority if:

1. The property is no longer necessary for the conduct of public business: and,
2. Sound property management principles and financial considerations indicate that the interest of Cape Fear Public Utility Authority would best be served by disposing of the property.

3.0 Surplus Personal Property Under \$30,000

If the surplus personal property meets the requirement of Section 2, and the item or group of items has a fair market value of less than \$30,000, the Procurement Manager with the approval of the Executive Director may dispose of such surplus property by Public Auction, Private Sale or Exchange without Board approval, as allowed under NC General Statute 160A-266(c). The Procurement Manager, with the approval of the Executive Director, shall set its fair market value and sell the property to the party who tenders the highest offer or exchange, and convey title documents as needed. Such sale may be public or private, and with or without notice and minimum waiting period. The Procurement Manager shall keep a record of all property sold under this authority and that record shall generally describe the property sold or exchanged, to whom it was sold or exchanged and the amount of money or other consideration received for each sale or exchange. All items sold shall be reported to the Board in the following month's Board agenda package.

4.0 Disposal Methods

If a department thinks they have an item that is surplus they should contact the Procurement Manager to make the final determination. If the property is declared surplus by the Procurement Manager the property will be disposed of in the following manner:

1. The property will be offered to other departments for internal use
2. If other departments do not have a need for the items the items will be posted to Govdeals.com for sale through public auction or sold through another method as allowed under NC General Statutes Article 12 160A.
3. If the items do not sell for the minimum price on govdeals.com the items will be sold as scrap or donated to local non-profits or to other governmental units.
4. If no non-profits are interested in the surplus property and the items have no scrap value, the items will be discarded by an appropriate method

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There may be times that personal property has no value at the time it is declared surplus. If this is the case the property will be properly disposed of.

Centralized Maintenance along with the affected Division shall be responsible for declaring vehicles, trailers and heavy equipment as surplus. Centralized Maintenance will determine if they can be used in another department or should be sold.

5.0 Internal Disposal Procedures

The Purchasing Division will contact Department Heads when they have items that are being declared surplus. It will be the Department Head's decision if they have internal use for any of the surplus items. It will be on a first come first serve basis. Any items that can be used by other departments will be removed from the list.

6.0 GovDeals Procedures

When an item cannot be used internally the preferred method of disposal will be through public auction. CFPUA utilizes GovDeals.com for public auctions. Standard Operating Procedures for GovDeals will be:

1. The Department will be responsible for filling out an Inspection Form for the items that are declared surplus. Inspection forms are available in the R:\CFPUA Common\Gov Deals folder. These forms should be forwarded to Purchasing. This information will be used by Purchasing when posting the item on GovDeals. It is imperative that the information is correct.
2. Purchasing will maintain a list the list of items that are to be sold on GovDeals.
3. If the items are over \$30,000 Purchasing will present to the Authority Board on an as needed basis those items that will be sold on govdeals.com for approval If the items are under \$30,000 the Executive Director shall approve the sell.
4. After the surplus property is approved for sale on GovDeals by the Board or the Executive Director the items can be posted. A notice will also be posted on the website.
5. A minimum price will be set based on the value of the item. The Department should assist purchasing with determining the value and purchasing will set the minimum price at no less than 20% of what is determined to be fair market value.
6. An item must be sold for at least \$5.00 to recoup the cost of advertising with GovDeals.
7. Similar items should be sold together in lots to receive maximum value for the items.
8. The items will be advertised with GovDeals for at least 2 weeks.
9. Payment for the items is through GovDeals PayPal. GovDeals in turn, will reimburse CFPUA, less the selling fees, via direct deposit. The Buyer will pay a PayPal processing fee.
10. Payment is due within 5 business days of the close of the auction and all items must be removed within 10 business days of payment. . If a buyer defaults on payment or pickup, CFPUA is credited (if necessary), and the buyer is suspended from bidding on GovDeals. If the buyer defaults, items may be resold after 30 days of the expiration of specified removal date.
11. The winning bidder must present a signed buyers certificate and driver's license when paying for and picking up the property.

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12. Items that do not sell on GovDeals:

- a. And have no recyclable scrap value will be donated to local non-profits as per section 7.0 Donations to Local Non-Profits & Governmental Units Procedure
- b. And have recyclable value (such as metals of substantial weight) may be disposed as per section 6.0 Scrap Disposal

7.0 Scrap Disposal

Scrap is discarded material that still has value such as metal, iron or brass. Examples include old pipe, pipe fittings and meters. The following procedures shall apply to the disposal of scrap material:

1. A Department may have a scrap metal bin provided by a local Scrap Facility if their day to day operation produce a bulk amount of low quality scrap materials and it is approved by the Department Head. Purchasing will be responsible for acquiring the bins. Department shall notify Purchasing when the bin is picked up so that it can be logged.
2. If Department does not have a scrap metal bin they shall notify Purchasing when a lot of scrap metal needs to be disposed of
3. If Purchasing and the Department think the scrap will sell on GovDeals for at least the going rate at local scrap recycling facilities GovDeal's procedures will be followed.
4. If Purchasing and Department do not think the scrap will sell on GovDeals the following shall occur:
 - o Local Scrap Facilities will be contacted for current pricing. The Department shall take the scrap to the scrap facility with the highest price
 - o The Department will bring the ticket back from the Scrap Facility to Purchasing that indicates the type and amount of scrap sold along with the total amount that will be paid to CFPUA.
 - o Purchasing shall maintain a log of the tickets received.
 - o The checks for the scrap when received by CFPUA shall be sent to Purchasing.
 - o Purchasing shall match the ticket with the check, log the receipt of the check and deposit the check the same day as received by Purchasing.

8.0 Trade-Ins

Trade-Ins of surplus property are only allowed as part of the competitive bidding process. N.C. General Statute 143-129.7 shall be followed.

9.0 Other Methods of Sale

There are other methods of sale that may be appropriate at times other than public auction.

1. Private Negotiation & Sale – This is only for personal property valued under \$30,000. Before the item can be sold it must be approved by the Executive Director.
2. Advertisement for Sealed Bids – This shall be done in the manner prescribed by law for the purchase of property
3. Negotiated offer, advertisement and upset bids – This requires Board approval of the first bid and then any subsequent upset bids.

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4. Exchange –Personal property belonging to the Authority can be exchanged for other personal property by private negotiation if full and fair compensation is received.

10.0 Donations to Local Non-Profits & Governmental Units Procedure

Items that do not sell on GovDeals and have no scrap value will be offered to local non-profits or governmental unit as a donation. This pertains to items like computers, printers, file cabinets, office supplies, vehicles, phones and any other item that may be of use to a local non-profit. There are certain items like pipes, fittings, and valves that would not be of use to Non-Profits but would be to other governmental units. The following procedure should be followed:

1. A notice will be posted to CFPUA's website advertising the items to be donated.
2. An email will be sent to non-profits and governmental units that have expressed interest in obtaining surplus items
3. The donations will be on a first come first serve basis
4. The non-profit must sign an affidavit indicating that they will be using the donated property for public purpose

11.0 Disposal of Items not sold or donated

There may be times when items cannot be sold or donated. These items will be sold for scrap if possible or properly discarded. If the items are electronics they must be recycled. Electronics cannot be put in a landfill.

12.0 Reporting to the Board

Purchasing shall present to the Board on an annual basis the items sold, method of sale, amount received from sell and items that did not sell with disposal method noted.

Items sold under \$30,000, as per section 3.0, shall be reported to the Board in the following month's Board agenda package.

13.0 Employees & Board Member Restrictions

Employees

Employees of CFPUA who are involved in the disposal of surplus property are prohibited from buying surplus property. This will include the employee and supervisor that recommended the surplus, the employee who wrote up the condition of the item, any employee that was directly involved in working with, servicing or repairing the item, the Executive Director, all Department Heads, the Procurement Manager, and the Buyer. Spouses of the aforementioned employees are also prohibited from bidding on items. This is considered a conflict of interest under NC G.S. 14-234.

Employees not involved in the disposal of the property or mentioned above are allowed in their personal time to bid on items in the online auction. This is the only method of purchase the employee may participate in and cannot be done while the employee is working.

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Board Members

Board Members are prohibited from buying surplus items from CFPUA as per NC G.S. 14-234, Conflicts of Interest in Contracting. G.S. 14-234 says that anyone involved in awarding a contract cannot acquire property under the contract. This applies to spouses of Board Members as well.

Any employee or Board Member that violates the above will be guilty of a Class 1 misdemeanor.

14.0 Revision History:

Revision		C/PAR #	Reason for Revision	Description of Revision
Date	#			
3/12/14	1		Policy Changes	GovDeals revised, Scrap added
10/8/14	2		Policy Changes	Surplus Disposal under \$30,000 added