

**DISPOSING OF SURPLUS ITEMS
OUTSIDE OF THE
ANNUAL CITYWIDE AUCTION**

As there is not enough information in the RCWs to be clear on how to properly dispose of City surplus items, the City Clerk's Office has met with the Legal Department to gain an interpretation of how Departments should proceed when surplus property outside of the annual auction process (with the exception of Police Evidence).

1. DETERMINE HOW SURPLUS ITEM WAS ORIGINALLY FUNDED

Was the surplus item purchased by one of the utilities or from the general fund?

If it was purchased by one of the utilities, in some instances it cannot be disposed of until the City Council passes a resolution declaring that the property is surplus to the needs of the City and is not required for continued public utility service. At least one public hearing must be held prior to the sale. If this applies, the Department surplus the item is responsible for the staff report that goes to Council, as well as publishing public notice of the hearing.

For questions about which surplus items meet this criteria, please contact an Auction Coordinator in the City Clerk's Office.

If it was purchased by the general fund, then the public hearing and City Council process is not required.

2. DETERMINE THE FAIR MARKET VALUE (FMV) OF THE SURPLUS ITEM

This can be achieved a couple of different ways:

Contact a current manufacturer of the surplus item and have them either:

- * appraise the item's worth, or
- * have them tell you what the going rate is for the surplus item, based on the item's condition and age.

The FMV cannot be determined by an agency or individual that has shown an interest in purchasing or obtaining it. Also, whoever determines the FMV must put their appraisal in writing.

3. DOCUMENT THAT THE ITEM IS DEEMED "SURPLUS" AND NO LONGER NEEDED BY THE CITY

For the record, the Department Director needs to put something in writing indicating that the surplus item is deemed *surplus* and no longer needed by the City.

4. DETERMINE HOW TO DISPOSE OF THE SURPLUS ITEM

The Department Director needs to decide how to dispose of the surplus item. For example:

- ♦ auction,
- ♦ 'for sale' ad in the paper,
- ♦ locate an interested buyer and negotiate a sale (this includes the sale of surplus items to other government agencies), or
- ♦ sell to a City employee.

Again, the Department Director needs to indicate how he/she wants to proceed, in writing.

IMPORTANT NOTE:

No one involved in the surplus decision can "have" or "purchase" the surplus item.

5. IF SELLING/TRANSFERRING SURPLUS TO ANOTHER GOVERNMENT AGENCY

Surplus items cannot just be “given” to another public agency. According to Attorney General Opinion (AGO) 1997 No. 5, some kind of value must be received by the transferring agency. This AGO interprets the “value” received by the transferring agency as not necessarily having to be monetary in nature.

If your Department has a surplus item they are interested in transferring/selling to another public agency, it is recommended that you consult with the Legal Department first to be sure you are meeting the requirements of this law.

6. DRAW UP A BILL OF SALE

Once a purchase price has been negotiated, a Bill of Sale needs to be drawn up and signed by the Department Director.

Staff in the Legal Department is responsible for drafting all Bills of Sale.

7. FORWARD ALL DOCUMENTS TO THE CITY CLERK’S OFFICE

Once a sale is complete, the following documents need to be forwarded to the City Clerk’s Office for the annual Audit Process:

- ♦ City Council authorization to surplus utility funded item, *if applicable*
- ♦ Statement of Fair Market Value,
- ♦ Statement from Department Director indicating item is deemed surplus to the City and how the Department will be disposing of it, and
- ♦ Copy of Bill of Sale