

Marina Coast Water District  
Agenda Transmittal

Agenda Item: 9-A

Meeting Date: December 13, 2011

Prepared By: Kelly Cadiente

Presented By: Kelly Cadiente

Reviewed By: Carl Niizawa

Agenda Title: Adopt Resolution No. 2011-86 to Approve the District Surplus Property Policy

Detailed Description: Staff is requesting the Board consider adoption of Resolution No. 2011-86 to approve the District Surplus Property Policy (Policy). Currently, the District's only policy regarding surplus property was adopted by the Board by Resolution No. 2000-13 which strictly addresses the sale of surplus real property. A need has been identified for a more comprehensive policy that addresses the designation of District property and equipment as surplus and the process of disposing of the surplus property.

The main purpose of the proposed Policy is to make certain that any and all equipment or property purchased with public funds are accounted for and disposed of in the most cost effective and profitable way for the District. The policy designates the District's Risk Manager, the Management Services Administrator, as the primary administrator of the policy and describes in detail the methods of disposal to be used for specific types of surplus property.

On December 2, 2011, the Budget and Personnel Committee reviewed the proposed Policy and recommended that the Board approve the Policy.

Environmental Review Compliance: None required.

Prior Committee or Board Action: May 24, 2000, Board adopted Resolution No. 2000-13 to approve the Policy for Sale of Surplus Property; December 2, 2011 Budget & Personnel Committee reviewed the Proposed District Surplus Property Policy for recommendation for Board approval at the December 13, 2011 Board meeting.

Board Goals/Objectives: *Strategic Plan, Mission Statement – Providing high quality water, wastewater and recycled water services to the District's expanding communities through management, conservation and development of future resources at reasonable costs.*

Financial Impact:     \_\_\_ Yes     \_\_\_X\_\_\_ No

Funding Source/Recap: N/A

Material Included for Information/Consideration: Resolution No. 2011-86; and, Proposed District Surplus Property Policy

Staff Recommendation: The Board of Directors adopt Resolution No. 2011-86 to approve the District Surplus Property Policy.

Action Required:      X   Resolution \_\_\_\_\_ Motion    \_\_\_\_\_ Review  
(Roll call vote is required.)

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Resolution No \_\_\_\_\_    Motion By \_\_\_\_\_    Board Action    Seconded By \_\_\_\_\_  
Ayes \_\_\_\_\_    Abstained \_\_\_\_\_  
Noes \_\_\_\_\_    Absent \_\_\_\_\_  
Reagendized \_\_\_\_\_    Date \_\_\_\_\_    No Action Taken \_\_\_\_\_

December 13, 2011

Resolution No. 2011-86  
Resolution of the Board of Directors  
Marina Coast Water District  
Approving a District Surplus Property Policy

RESOLVED by the Board of Directors (“Directors”) of the Marina Coast Water District (“District”), at a regular meeting duly called and held on December 13, 2011 at the business office of the District, 11 Reservation Road, Marina, California as follows:

WHEREAS, the District’s only policy regarding surplus property was adopted by the Board by Resolution No. 2000-13 which strictly addresses the sale of surplus real property; and,

WHEREAS, a need has been identified for a more comprehensive policy that addresses the designation of District property and equipment as surplus and the process of disposing of the surplus property; and,

WHEREAS, the Budget and Personnel Committee has reviewed the District Surplus Property Policy and recommends approval by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Marina Coast Water District does hereby adopt Resolution No. 2011-86 to approve the District Surplus Property Policy.

PASSED AND ADOPTED on December 13, 2011, by the Board of Directors of the Marina Coast Water District by the following roll call vote:

Ayes: Directors \_\_\_\_\_

Noes: Directors \_\_\_\_\_

Absent: Directors \_\_\_\_\_

Abstained: Directors \_\_\_\_\_

\_\_\_\_\_  
William Y. Lee, President

ATTEST:

\_\_\_\_\_  
Jim Heitzman, Secretary

CERTIFICATE OF SECRETARY

The undersigned Secretary of the Board of the Marina Coast Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2011-86 adopted December 13, 2011.

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Jim Heitzman, Secretary

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**MARINA COAST WATER DISTRICT**  
**SURPLUS PROPERTY POLICY**

**BACKGROUND AND PURPOSE**

The purpose of this policy is to make certain that any and all equipment or property purchased with public funds are accounted for and disposed of in the most cost effective and profitable way for the District. To ensure that employees are acting in the District's best interest in disposing of unneeded District property or equipment, the purchase or acquiring of surplus District property directly or indirectly by employees or members of their immediate families is prohibited.

The Risk Manager is responsible for the transfer and disposition of surplus property/equipment and supplies herein after referred to as surplus property. Departments of the District shall annually review their equipment, material, and inventory, and shall notify the Risk Manager of any surplus property. Once it is determined that property or equipment is no longer needed or useable, the Risk Manager will determine the appropriate disposal method.

**I. UNDER \$5,000**

Items that were under the dollar value of \$5,000 at the time they were purchased should be handled as follows:

- A. Risk Manager will alert other departments of the availability of the equipment. If another department can use the equipment, it will be transferred to the other department. If the equipment cannot be used elsewhere in the District, the Risk Manager will determine the usefulness of the equipment.
- B. The Risk Manager will determine whether the equipment has value and the appropriate disposal method of the equipment (dispose through trash or recycling center, or transfer to the surplus holding area awaiting surplus sale).
- C. Surplus computer equipment should be forwarded to the Information Technology staff for disposal; generally computers are cannibalized for spare parts.
- D. A record of disposed equipment will be maintained by the Risk Manager.
- E. Once surplus property is sold or disposed of, the Risk Manager will inform Accounting department in order to remove the item(s) from the asset list.

**II. \$5,000 AND OVER**

Items that have a dollar value of \$5,000 and over will be handled as follows:

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- A. The Risk Manager will determine the appropriate disposal of equipment. If the department has a vendor interested in purchasing the equipment, either through negotiated sale or equipment trade-in, the department needs to alert the Risk Manager of this opportunity.
- B. Equipment (that is not being traded-in or purchased by a vendor), may be transferred to the surplus property holding area and will be disposed of at a later date in the most cost-effective or profitable way to the District as determined by the Risk Manager.
- C. A record of disposed equipment will be maintained by the Risk Manager.
- D. Once surplus property is sold or disposed of, the Risk Manager will inform the Accounting department in order to remove the item(s) from the asset list.

### **III. SURPLUS OF REAL PROPERTY**

Section 31041 of the Water Code authorizes the District to hold, use, lease, or dispose of real property within the District. The surplus of real property will be handled as follows:

- A. The Risk Manager will submit to the Board of Directors a list of property to be declared as surplus. Once the Board declares the real property as surplus, the property must first be offered to other public agencies, cities, etc. If no other agency is interested in the property, the District can dispose of the property.
- B. For surplus real property, the District will notify and negotiate for thirty days the sale or lease transaction with the property owners adjoining the surplus property planned for disposal.
- C. If property owners adjoining the surplus property are not interested in the property, the District will advertise the sale of these properties to the general public. The Sealed Bids process as listed in Section IV of this policy will be used in the sale of real property to general public.
- D. A record of disposed property will be maintained by the Risk Manager.
- E. Once surplus property is sold or disposed of, the Risk Manager will inform the Accounting department in order to remove the item(s) from the asset list.

### **IV. METHODS OF DISPOSAL**

The Risk Manager shall determine which of the following methods of disposition is most appropriate and in the best interest of the District.

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- A. Transfer to Another Department: Surplus property may be transferred between operating departments.
- B. Trade-In: Property declared as surplus may be offered as a trade-in; however, it may not be used to offset the value of the new property. All trade-in offers will be submitted to the Risk Manager for review and approval.
- C. Sales: Surplus property may be offered for sale by the Risk Manager. All surplus property is for sale “as is” and “where is” with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale. Methods of sale to be used are as follows:
  - a. Sealed Bids – Sealed bids may be solicited for the sale of surplus property. Surplus under this manner shall be sold to the highest bidder.
  - b. Negotiated Sale – Surplus property may be sold outright if the Risk Manager determines that one known buyer is available or interested in acquiring the property.
  - c. Selling for Scrap – Surplus property may be sold as scrap if the Risk Manager deems that the value of the raw material exceeds the value of the property as a whole.
  - d. Disposal as Junk – When the cost of locating a buyer exceeds the estimated sale price of the surplus property, the Risk Manager may destroy or dispose of the item as junk. Junk items will be taken to recycling centers whenever possible.