ADMINISTRATIVE POLICY **GEN-014-A**

CITY OF FORT SASKATCHEWAN

SURPLUS CITY ASSETS – SALE, TRANSFER, LEASE, LOAN, OR DISPOSAL

Date Issued: February 28, 1983

Mandated by: City Manager

Current Revision: September 7, 2018

Cross Reference:
- Surplus City Assets – Sale, Transfer, Lease, Loan, or Disposal Procedure GEN-014-A
- Conflict of Interest Policy HUM-010-A

Next Review: July 4, 2021

Responsibility: Director, Project Management

PURPOSE

To define how the City shall dispose of surplus property.

POLICY

The City's Surplus Assets are to be disposed of in a timely, efficient, and ethical manner with the goal of receiving Fair Market Value for each asset.

DEFINITIONS

City – means the City of Fort Saskatchewan.

Conflict of Interest – means when an employee or their relatives' private interests, usually of a financial or material nature, encounter a real or perceived conflict with that employee's public duties and responsibilities.

Fair Market Value – means the value an item will receive in a competitive, open market.

Surplus Assets – means all City property no longer required by any department or that is deemed to have passed its Useful Life but still in usable, repairable, or salvageable condition.

Useful Life – means the period during which an asset can efficiently and reliably perform the task it is designed for. Factors determining useful life shall include, but not be limited to, cost of maintenance versus cost of replacement, frequency of repair, obsolescence, cost of operation and its ability to perform its function.

GUIDING PRINCIPLES

1. Surplus Assets shall be disposed of in a manner that maximizes return on these items.
2. The process by which Surplus Assets are disposed of shall be clear and transparent.
3. Employees involved in identifying and disposing of surplus assets shall remain free of any real or perceived Conflicts of Interest with any purchaser or potential purchaser.
4. Useful Life shall be determined by manufacturer specifications, historical maintenance records for like items, director discretion, or other method as defined at time of procurement.
    a. Items past their Useful Life may be kept on a discretionary basis based on historical or other perceived non-monetary value.

AUTHORITY / RESPONSIBILITY TO IMPLEMENT

The City Manager delegates responsibility to the Director, Project Management, to develop procedures for the uniform application of this Policy within the organization and in accordance with legislative requirements.

Original signed by Troy Fleming
City Manager

ADMINISTRATIVE PROCEDURE	CITY OF FORT SASKATCHEWAN	**GEN-014-A**

SURPLUS CITY ASSETS – SALE, TRANSFER, LEASE, LOAN, OR DISPOSAL

Date Issued: September 7, 2018	Responsibility: Director, Project Management
Current Revision: September 7, 2018	Cross Reference: • Surplus City Assets – Sale, Transfer, Lease, Loan, or Disposal Procedure GEN-014-A • Conflict of Interest Policy HUM-010-A • Tangible Capital Assets Policy FIN-018-C

PURPOSE

To define the process the City shall use for disposing of Surplus Assets.

DEFINITIONS

City – means the City of Fort Saskatchewan.

City Property – means any item acquired by the City through the use of budget funds or donations.

Conflict of Interest – means when an employee or their relatives' private interests, usually of a financial or material nature, encounter a real or perceived conflict with that employee's public duties and responsibilities.

Fair Market Value – means the value an item will receive in a competitive, open market.

"Minor Assets" - means non-financial assets having physical substance that:

- are held for the us in the production or supply of goods and services, for rental or others, for administrative purposes or for the development, construction, maintenance or repair of tangible capital assets;
- have useful economic lives extending beyond one year;
- are used on a continuing basis; are not for resale in the ordinary course of operations; and
- have a cost of less than $10,000.

Operating Budget Surplus – means the excess of revenues over expenditures as compared to the annual operating budget approved by Council, net of Budget Carryover Items.

Reserve – means a set value that, if not met in an auction, ensures an item is not sold to the highest bidder.

Surplus Assets – means all City property no longer required by any department or that is deemed to have passed its Useful Life but still in usable, repairable, or salvageable condition.

Tangible Capital Assets – means non-financial assets having physical substance that:

- are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other tangible capital assets;
- have useful economic lives extending beyond an accounting period;
- are used on a continuing basis; and
- are not for resale in the ordinary course of operations.

Trade-in – means to return an item to a vendor in order to offset the price of a newer item of similar type.

Useful Life – means the period during which an asset can efficiently and reliably perform the task it is designed for. Factors determining useful life shall include, but not be limited to, cost of maintenance versus cost of replacement, frequency of repair, obsolescence, cost of operation and its ability to perform its function.

PROCEDURE

1. Employees with a potential Conflict of Interest in an item being deemed surplus shall recuse themselves from determining the item's status and assign an alternate to make the final decision on the item's status.

    a. Employees not involved in deeming an item as a Surplus Asset may participate in sales offered to the general public.

2. An item within its Useful Life shall not be deemed a Surplus Asset unless a replacement has already been acquired.

3. Before any City Property is deemed a Surplus Asset by any department, that department shall ensure no other City departments may benefit from the property.

    a. Item value at procurement determines authority required to deem items surplus

Procured for $200,000 or less	Director's discretion
Procured for $200,001 to $500,000	General Manager's discretion
Procured for $500,001 or more	City Manager's discretion

    b. An item procured for any value may be declared a Surplus Asset if City Council has approved a replacement through budget deliberations.

4. If no other departments require the City Property, it shall be deemed surplus and is to be disposed of in a manner that will achieve Fair Market Value. This may include live or online auctions, trade-ins, or other methods of public sale.

    a. If an item is deemed irreparable or valueless, the item may immediately be disposed of as waste or recycling material in accordance with applicable laws.

    b. In the case of auctions, items may have a Reserve placed upon them at the department's discretion.

c. Auctions may be advertised to the general public through local media or links on the City website.

d. Unless directed by Council, all funds received will go to operating budget surplus.

5. If an item is not sold within a timeframe deemed reasonable by the department, it shall be offered for sale on a first-come, first serve basis to local non-profit organizations.

6. If the item is not purchased by a non-profit organization, it shall be offered to them on a first-come, first serve basis at no cost.

7. If no local non-profit organization takes the item at no cost, the item shall be disposed of as waste or recycling material in accordance with applicable laws.

8. Departments selling or disposing of Tangible Capital Assets shall complete and submit the Tangible Capital Asset Disposal Form (Appendix "A") and submit it to Finance.

9. Departments selling or disposing of Minor Assets shall complete and submit the Minor Asset Disposal Form (Appendix "B") and submit it to Finance.

10. The sale of most Tangible Capital Assets and Minor Assets are Subject to GST pursuant to the *Excise Tax Act* of Canada. In order to ensure the proper collection of GST and recording of the sale, an invoice must be prepared by Financial Services in accordance with Accounts Receivable Procedure FIN-001. An Invoice Request Form (from MyFort) must be submitted to Financial Services along with the Tangible Capital Asset or Minor Asset Disposal Form.