

# Policy and Procedure Manual

## Henderson Water Utility

Subject <i>Disposal of Surplus Personal Property</i>	Number <i>B-100</i>
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Effective Date <i>17 February 2014</i>	Revision No. <i>1</i>	Revision Date <i>20 October 2014</i>
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**1.0 POLICY STATEMENT:** The following policy is established to control the accounting for and proper disposal of surplus personal property, software, inventory and equipment owned by the Henderson Water Utility. Surplus real property (real estate) is disposed of in accordance with State statute, by sealed bid or auction, or by transfer/donation to another government entity.

The guiding principles are to ensure assets to be disposed of are made available to the public on an equitable basis, to realize the maximum return on investment when disposing of assets, and to ensure that assets are removed timely and accurately from the Utility's accounting and inventory records.

**2.0 PROCEDURES:** Department heads shall be responsible for the determination of surplus equipment and salvageable items. All surplus or obsolete items shall be disposed of in one of the following ways:

- (a) Sold to the highest bidder at public auction or via sealed bids, including through web-based auction sites such as GovDeals;
- (b) Trade-in on the same or similar item;
- (c) Transfer to another City department or to another governmental agency;
- (d) Recycled;
- (e) Junked or scrapped and properly disposed of in an environmentally responsible manner.

Because the guiding principle in disposing of assets is to maximize the return on the investment, the above list presents the methods of disposition in the order most likely to achieve this goal. Therefore use of a method other than selling in a public forum should be documented and substantiated in the "Comment" section corresponding to the method chosen on the Asset Disposal Form, which is to be filled out for each item of personal property prior to disposition.

Equipment, vehicles and rolling stock shall be inventoried annually prior to budgeting functions, in order to prioritize purchases. Physical inventory of parts and supplies shall be conducted annually by the Purchasing Manager. A manager or managers at each plant or facility shall be designated as the person responsible for inventory of parts, equipment and supplies assigned to that plant or facility.

Surplus property shall not be given to an officer or employee of HWU or the City. HWU employees involved in the decision to declare any item of property as surplus shall not directly or indirectly bid on that item.

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Departments should review assets on an ongoing basis and not less than annually, to determine if any are surplus or obsolete, based on the following criteria:

- (a) Age and functionality;
- (b) Mileage (vehicles);
- (c) Maintenance history;
- (d) Applicability to current HWU operations;
- (e) Availability of parts;
- (f) Availability of support (intangible assets such as software).

Prior to listing for sale or disposing of an asset, the responsible department head shall complete a Surplus Property Disposal Form (attached). The form must include the department head's signature indicating approval of the disposition. It also must contain a full description of the personal property; the intended use at the time of acquisition; the reasons why it is in the public interest to dispose of the item; and the method of disposition to be used. The form shall also include information on any conditions attached to the sale (reserve price for auctioned items; terms of delivery; pickup and loading; terms of payment; etc.).

Each Department shall determine, in coordination with the Purchasing Manager, the disposal method that realizes the best available net value and is conducted in a manner open and accountable to the public.

Proper disposal of electronically stored data is important to ensure the privacy and security of sensitive user information, such as personnel records, financial data, and protected health information. Any equipment which has capabilities of storing such data must be sanitized via removal of the data storage mechanism (hard drive, memory cards, flash drives, tapes, cartridges, etc.). It is the responsibility of the IS Manager to properly destroy data storage mechanisms before disposal of property.

Property shall not be transferred until payment is received and approval for release is given by the Chief Financial Officer.

If bids for an item are below the reserve price, the Department Head may make a determination to sell the item at the bid price, if that is in the best interest of the Utility.

**3.0 RESPONSIBILITY:** Department heads are responsible for an annual inventory of fixed assets assigned to their department, and for the proper disposal of surplus assets in accordance with this policy. All department heads shall sign-off on property to be sold, shall oversee the process of declaring it surplus, and the process of receiving and accepting bids.

APPROVED:



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Tom Williams, P.E.  
General Manager