

ESTABLISHMENT OF PROCEDURES FOR THE DISPOSAL OF CITY PROPERTY

1.0 Purpose:

- 1.1 This Directive establishes policies and procedures for the disposal of City-owned personal property to ensure the maintenance of adequate inventory and to establish appropriate financial controls consistent with the City's Ethics Ordinance (a "***Disposal***").

2.0 Scope:

- 2.1 The policies and procedures within this Directive will govern the Disposal of all City-owned personal property, both usable and unusable.

3.0 Policy:

- 3.1 **Items for Disposal.** The Disposal of surplus items, when it has been determined that the items are no longer useful to the using department and that no other department in the City has use for the items, ("***Surplus Property***") is authorized. The following items are eligible for Disposal if identified as Surplus Property: items traded-in for which credit is given towards another item to be purchased; surplus items, unusable items; items that have, or include component parts that when broken down have, value as raw material ("***Scrap Material***"); evidence gathered in matters that are closed; bicycles; plumbing materials; and any other City-owned personal property determined to be surplus by the City Manager or City Council.
- 3.2 **Authorization.** Each department head will identify Surplus Property within the department and coordinate any Disposal. Prior to any Disposal the City Manager shall approve all property identified as Surplus Property by a department head if such item of Surplus Property is estimated to be valued at less than \$4,000, and the City Council shall approve all property identified as Surplus Property by a department head if such item of Surplus Property is estimated to be valued at \$4,000 or more. The City Council's authorization for Disposal may be granted contemporaneously with its approval of the bidding, trade, or negotiated sale.
- 3.3 **Public Bidding.** Unless otherwise provided in this Directive, any Disposal must occur through a public bidding process, and Surplus Property must be sold to the highest paying bidder through sealed bids or an auction (the "***Bidding Process***"). The Bidding Process may take place live, by certified mail, telephonically, or electronically. The department head conducting the Disposal must provide notice to the public of the Bidding Process ("***Notice***"). Notice must include a description of the time, location, and method through which the Bidding Process will take place, the items included in the Disposal, and any minimum bids. Notice must be provided in at least 3 of the following manners: (i) posting of notice at City Hall and location of the Bidding Process, (ii) publishing notice on the front page or notice section of the City's website, (iii) publishing notice in the City's newsletter, (iv) publishing notice in a newspaper with general circulation in the City, or (v) publishing notice on websites or blogs that focus on City news. Notice must be posted at least 15 days but not more than 45 days prior to the commencement of the Bidding Process, and notice must be remain posted, if possible, for at least 5 days. Records regarding the content, locations, and times of such notices shall be maintained after the completion of the Bidding Process for three years or such longer period as provided under the Local Records Act. Proceeds of the

- auction shall be submitted to the Finance Department with a list of items sold along with payment received within 5 business days of the held auction.
- 3.4 **Trades.** The Disposal of Surplus Property as a trade-in for credit toward the purchase price of other property, providing the trade-in item is duly noted in bid specifications or request for quotation, is authorized, but only when specifically approved by the City Manager if the estimated value of the Surplus Property to be traded is valued less than \$4,000 or by the City Council if the estimated value of the Surplus Property is \$4,000 or more. If the original value of the trade-in is valued at over \$10,000, the serial number, make, model, year and type of asset must be reported to the Finance Department.
- 3.5 **Negotiated Sales.** The Disposal of Surplus Property through a negotiated sale is authorized, but only when specifically approved by the City Manager if the estimated value of the Surplus Property to be traded is valued at less than \$4,000 or by the City Council if the estimated value of the Surplus Property is \$4,000 or more.
- 3.6 **Scrap Materials.** The Disposal of Scrap Material is authorized, without competitive bidding, using the following procedures:
- a) The department head will survey surrounding salvage dealers to determine the current prices being paid. Based on the survey, the department head will choose the dealer to receive the Scrap Material.
 - b) The dealer selected must pay by check. If a dealer will not accommodate the City in this regard, a different dealer will be selected.
 - c) The department head will direct a member of his department to deliver the material to the selected dealer.
 - d) Upon delivery of the material, the driver will receive a copy of the scale ticket and a receipt for the delivered material. The scrap dealer will be directed to send a check to The City of Lake Forest, 800 N. Field Drive, Lake Forest, Illinois 60045.
 - e) Upon returning to the City, the scale ticket and the receipt, with the driver's signature on it, will be given to the department head for routing to the Finance Department.
- 3.7 **Unusable Items.** The Disposal of unusable items is authorized upon the approval by the appropriate department head. Unusable items are only those that are inoperable, irreparable, and not appropriate for Disposal as Scrap Material.
- 3.8 **Internal Notice.** Department Heads conducting a Disposal must notify the Finance Department if the original asset value exceeded \$10,000 so the Finance Department can delete the property from capital assets. For equipment Disposals, please list serial number, make, model, year and type of asset and submit the information to the Accountant.
- 3.9 **Employee Purchase of Surplus Property.** No City personal property will be sold to City employees except through the processes established in this Directive. Department heads or other individuals coordinating any Disposal shall only be allowed to bid on or purchase an item if such employee specifically receives express approval: (a) by the City Manager if the estimated value of the Surplus Property to be traded is valued less than \$4,000 or (b) by the City Council if the estimated value of the Surplus Property is \$4,000 or more. Employee's

purchasing City property shall make payment within one week of sale and shall not receive awarded property until full payment is made.

3.10 **Revenue from Disposal.** All revenues from Disposal will be credited to the appropriate fund from which the item was purchased or carried in inventory.

4.0 Distribution:

4.1 This Directive shall be distributed to all department heads and staff members, and shall be posted on the City's Employee Information Site www.citylf.org. In addition, department heads are responsible for disseminating the above information to the personnel within their respective departments.



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City Manager