



## **Board Policy No. 461**

# **Disposition of District Owned Surplus Equipment, Supplies, and Other Tangible District Property**

**ADOPTED:** 3/1991

**RECENT AMENDMENT:** 3/22/23

**SEE ALSO:** 462

**SUBJECT CATEGORY:** SECTION 400, OPERATIONS

**SUBSECTION:** PROCUREMENT AND MATERIALS

**CONTROL DEPARTMENT:** FINANCE

## **I. PURPOSE**

The intent of this policy is to establish uniform guidelines for the disposal or transfer of surplus, or obsolete District equipment and supplies. This policy shall apply to all tangible property, including rolling stock and technology equipment. This policy excludes the transfer, sale or other disposal of real property.

## **II. PERSONS AFFECTED**

All District employees and representatives of any public agency or non-profit agency or organization operating in the United States.

## **III. DEFINITIONS**

**“Equipment”** shall mean all tangible District property that has a useful life of more than one (1) year and an acquisition cost of \$5,000 or more per unit. This definition includes rolling stock and other tangible (movable) property used in the provision of public transit service.

**“Supplies”** shall mean all tangible property of the District other than Equipment having a useful life of less than one (1) year and an acquisition cost under \$5,000.

**“Surplus or obsolete equipment”** means tangible property which the District determines is no longer required for its needs or for the fulfillment of its responsibilities.

**“Fair Market Value”** means the most probable price which equipment or supplies should bring in a competitive and open market.

**“Net proceeds from the sale of surplus or excess property”** means the amount realized from the sale of property no longer needed for transit purposes less the expenses of any actual and reasonable selling and fixing-up expenses.

**“Service Life or Useful Life”** of rolling stock begins on the date the vehicle is placed in revenue service and continues until it is removed from service.

**“Straight Line Depreciation”** means the method by which the value of District equipment is depreciated (reduced) over its service or useful life as a percentage of its cost.

#### **IV. POLICY**

##### **A. Disposition of FTA Funded Tangible Property**

###### **1. Rolling Stock**

With respect to rolling stock originally funded by Federal Transit Administration (FTA) funds, any disposition before the end of its service life requires prior FTA approval. In addition, if rolling stock is removed from service and disposed of before the end of its useful life, the return to FTA is the greater of the FTA share of the unamortized value of the remaining service life per unit, based on straight line depreciation of the original acquisition cost, or the Federal share of the sales price (even though the unamortized value is \$5,000 or less).

In order to maintain proper inventory valuation and management practices, when the last bus in a fleet is sold, or when otherwise warranted, an analysis of related bus parts in inventory needs to be completed by the Stores department. Bus parts that are specific to the disposed fleet, which cannot be used by another fleet, must be disposed. This will keep the parts inventory accurate, and immune to “obsolete inventory” audit findings.

###### **2. Equipment and Supplies over \$5,000 Value**

After the service life of equipment is reached, equipment with a current market value exceeding \$5,000 per unit, or unused supplies with a total aggregate fair market value of more than \$5,000, may be retained or sold, with reimbursement to FTA of an amount calculated by multiplying the total aggregate fair market value at the time of disposition, or the net sale proceeds, by the percentage of FTA’s participation in the original acquisition.

###### **3. Equipment and Supplies less than \$5,000 Value**

Equipment with a unit market value of \$5,000 or less, or supplies with a total aggregate market value of \$5,000 or less, may be retained, sold or otherwise disposed of with no obligation to reimburse FTA, providing the useful service life requirements have been met. Records of this action must be retained.

##### **B. Methods of Disposition of Tangible Property**

Approved methods for the disposition of surplus or obsolete tangible property shall include: (1) trade-in as part of a new procurement; (2) transfer or sale to other public agencies within the United States; (3) transfer to non-profit agencies or organizations within the United States consistent with established legal parameters; (4) sale by auction open to the public; (5) solicitation of sealed bids or negotiated sale; whichever maximizes the disposal value to the District; or (6) disposal through scrapping. The District’s name, logos and services marks shall be removed from all property prior to disposition.

**C. Disposition of Surplus or Obsolete Vehicles**

Any public agency or non-profit agency or organization requesting donation of a vehicle that has been deemed surplus or obsolete may submit a request for donation to the General Manager of the District for consideration. All non-profit agencies or organizations shall submit proof of their non-profit status to the District. Prior to transferring ownership of a donated vehicle, the requesting agency shall execute all documents required by the District concerning the transfer of vehicle ownership. The requesting agency shall arrange and pay all fees and costs associated with the physical transport of the donated vehicle off District property. If the requesting agency or organization has not taken possession of the donated vehicle within 120 days from the date of District approval, the transaction is cancelled and said vehicle will be scheduled for disposal at the earliest opportunity. Submission of a request is not a guarantee that the request will be granted. Additional terms and conditions may apply.

**D. Prohibited Sales**

Except in the case where surplus or obsolete District property is sold at public auction conducted by an independent third party auctioneer, members of the Board of Directors and/or employees of the District, or persons acting as agents of the foregoing, shall not be permitted to purchase at the sale.

**E. Reports to the Board of Directors**

On an annual basis, the General Manager shall provide, as an information item to the Board, a report of the activities relating to the disposal of surplus or obsolete property describing the identification of property, type of items disposed of, original purchase price information and dates, the gross sales price, and the net proceeds to the District.

**V. AUTHORITY****A. Board Authority – Disposition Authorization**

The Board of Directors may authorize the disposal of any surplus or obsolete tangible equipment or supplies having an original acquisition cost exceeding \$250,000. The Staff Report to the Board recommending disposition shall include acquisition cost, source of funding, funding agency and reimbursement to the funding agency, if required.

**B. General Manager's Authority – Disposition Authorization**

The General Manager may authorize the disposal of any surplus or obsolete tangible equipment or supplies having an original acquisition cost not exceeding \$250,000, providing the useful life of said equipment or supplies have been met.

The General Manager is authorized to sell or dispose of surplus or obsolete tangible equipment or supplies, when it is judged to be in the best interest of the organization that the property concerned is an estimated market value of up to \$25,000 per unit.