

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting Ordinance No. 795 - Amending Shoreline Municipal Code Chapter 3.50 Sale and Disposal of Surplus Personal Property
DEPARTMENT:	Administrative Services Department
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

While conducting a review of existing City financial policies as part of the Ronald Wastewater District transition, City Staff discovered necessary housekeeping changes needed to improve existing City polices and codes. Staff discussed these proposed changes with Council on August 14, 2017.

One of the changes identified pertains to Shoreline Municipal Code (SMC) Chapter 3.50, which governs the sale and disposal of surplus personal property. The changes to SMC Chapter 3.50 include:

- Guidance procedures when surplus asset items purchased with grant funding.
- Alignment of capital asset values of \$5,000 or greater including sales taxes for vehicle and equipment assets versus small and attractive assets valued at \$5,000 or lower.

These amendments are intended to expedite the sale of surplus vehicles and equipment in accordance with adopted policies and codes and reduce operating costs while expediting return of sale revenue back to the City. Proposed Ordinance No. 795 (Attachment A) would provide for these amendments to SMC Chapter 3.50 (Exhibit A).

RESOURCE/FINANCIAL IMPACT:

There are no financial impacts anticipated from the amendments recommended in proposed Ordinance No. 795.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 795.

Approved By: City Manager **DT** City Attorney **JAT**

BACKGROUND

On August 14, 2017, staff discussed recommended financial policy revisions, code changes, and customer service policies with the City Council. The staff report for this discussion is available at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport081417-8c.pdf>.

City and Ronald Wastewater District (RWD) staff worked together with the FCS Group, a consultant experienced in the merger of utilities, to conduct a review of RWD and City policies to identify any changes needed to ensure adopted policies follow best practices. Within the same review, City staff also conducted an independent internal review of existing City financial policies and codes to identify and address any housekeeping changes needed to improve existing City practices. One of the changes identified and recommend by staff pertained to SMC Chapter 3.50 - Sale and Disposal of Surplus Personal Property.

DISCUSSION

SMC Chapter 3.50 governs the sale and disposal of surplus personal property for the City. Staff's review of the code identified some changes that address the impacts of inflation in approval levels, gain consistency and provide some operational efficiency.

SMC Chapter 3.50 also requires City Council approval for the sale of surplus property for an individual item valued in excess of \$2,000. Staff is requesting that the City Council amend SMC Chapter 3.50 to increase the City Manager's authority to approve surplus of individual items valued up to \$5,000. Staff is also recommending the addition of a new section (Section E) in SMC Chapter 3.50 which provides guidance on surplus of asset items that were purchased through grant funds to ensure compliance with any granting agency requirements. The table below provides a summary of the amendments:

Section	Current	Proposed	Reason
3.50.010	N/A	New section E with guidance on surplus of items purchased with grant funds to ensure compliance with granting agency requirements.	
3.50.020 & 3.50.030	\$2,000	\$5,000	<ol style="list-style-type: none">1. Align with capital asset values at \$5,000 or greater including sales taxes for vehicle and equipment assets versus small and attractive assets that are valued at \$5,000 or lower.2. Expedites the sale of surplus vehicles and equipment that ultimately reduces City storage space, reduces insurance coverage expenditures and returns revenue back to the City.

The request to surplus property is always contingent upon a review and determination that the surplus property which is owned by the City is no longer of public use. Once surplus is approved, SMC Chapter 3.50 allows the sale of the surplus property by sealed bids and live auction. The code also allows trade-in when purchasing new

equipment provided the City receives appropriate trade-in value for the surplus equipment.

Staff researched other cities, such as the City of Mountlake Terrace and the City of Edmonds, and learned that they also have \$5,000 in their surplus limitation for capital assets before city council authorization is required. Staff will continue to research asset values through the use of the Kelly Blue Book and other appraisal sources.

Proposed Ordinance No. 795 (Attachment A) would provide for these amendments to SMC Chapter 3.50 (Exhibit A).

COUNCIL GOAL ADDRESSED

This item addresses City Council Goal 2: Improve Shoreline's infrastructure to continue the delivery of highly-valued public services. The development of financial policies and code changes are necessary to comply with best practices.

RESOURCE/FINANCIAL IMPACT

There are no financial impacts anticipated from the amendments recommended in proposed Ordinance No. 795.

RECOMMENDATION

Staff recommends that Council Adopt Ordinance No. 795.

ATTACHMENT

Attachment A – Proposed Ordinance No. 795
Attachment A, Exhibit A – Amendments to SMC Chapter 3.50

ORDINANCE NO. 795

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING CHAPTER 3.50 SALE AND DISPOSAL OF SURPLUS
PERSONAL PROPERTY OF THE SHORELINE MUNICIPAL CODE**

WHEREAS, with Chapter 3.50 of Shoreline Municipal Code (SMC) the City has adopted regulations to govern the sale and disposal of surplus personal property owned by the City; and

WHEREAS, since adopted in 2001, SMC 3.50.020 has permitted the City Manager to sell or dispose of a surplus item with a value of \$2,000 or less while SMC 3.50.030 and SMC 3.50.020 have required City Council approval for the sale or trade in of a surplus item with a value in excess of \$2,000; and

WHEREAS, City Staff has analyzed these values given the impacts of inflation since 2001, in comparison with similarly-situated municipalities, and in regards to operational efficiency; and

WHEREAS, an increase in the value of a surplus item to require City Council approval for items in excess of \$5,000 would serve to expedite the disposition of surplus personal property so as to economically benefit the City; and

WHEREAS, clarification is needed in SMC Chapter 3.50 to ensure any city-owned personal property that was purchased with grant funds is disposed of in compliance with the grant requirements; and

WHEREAS, on August 14, 2017, the City Council held a study session on the proposed amendments to SMC Chapter 3.50; and

WHEREAS, the City Council has determined that the proposed amendments are in the best interests of the City of Shoreline;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment to SMC Chapter 3.50. Shoreline Municipal Code Chapter 3.50 is amended as set forth in Exhibit A to this Ordinance.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

Section 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 18, 2017.

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2017
Effective Date: , 2017

Shoreline Municipal Code
Chapter 3.50 SALE AND DISPOSAL OF SURPLUS PERSONAL PROPERTY

Chapter 3.50

SALE AND DISPOSAL OF SURPLUS PERSONAL PROPERTY

Sections:

- 3.50.010 Sale or donation of surplus and personal property owned by the city – General requirements.
- 3.50.020 Sale of surplus personal property with an individual item value of ~~\$2,000~~ \$5,000 or less.
- 3.50.030 Sale of surplus personal property with an individual item value in excess of ~~\$2,000~~ \$5,000.
- 3.50.040 Sale of surplus personal property to another governmental entity.
- 3.50.050 Trade-in of surplus equipment with an individual item value in excess of ~~\$2,000~~ \$5,000.
- 3.50.060 Sale of property originally acquired for public utility purposes.

3.50.010 Sale or donation of surplus and personal property owned by the city – General requirements.

A. Subject to this chapter, the city manager may authorize department directors to sell property that is in the custody of the departments and owned by the city when said property is no longer of public use to the city.

B. Department directors shall certify in writing to the city manager or duly authorized agent that city-owned property is no longer of public use to the city, or that the sale thereof would be in the best interests of the city.

C. The city manager may declare personal property that is of no current or future public use to the city with an individual item value of less than \$500.00 as scrap. Personal property declared scrap may be disposed of as prescribed by the city manager or sold by private sale at prices established by current market conditions.

D. The city manager may also authorize a donation of surplus property when the cost of disposition of the property is equal to or exceeds the current fair market value of the property, to a specific bona fide charitable organization which is tax exempt pursuant to Internal Revenue Code Sec. 501(c)(3).

E. If any surplus property is purchased with grant funds, the department directors shall consult with the granting agency to ensure sale or disposal of the property is consistent with any grant requirements or restrictions prior to providing certification to the city manager.

3.50.020 Sale of surplus personal property with an individual item value of ~~\$2,000~~ \$5,000 or less.

A. Approval of the city council is not required for the sale or disposition of any city-owned personal property with an individual item estimated value of ~~\$2,000~~ \$5,000 or less.

B. When such property has been certified for disposition by a department director, sale or disposition shall be made by the city manager or duly authorized agent in accordance with informal procedures. No member of the city council or members of their immediate family, and/or city employees or members of their immediate family, may acquire such property if the city employee or official had any role in establishing the valuation or price of said property.

3.50.030 Sale of surplus personal property with an individual item value in excess of ~~\$2,000~~ \$5,000.

Upon approval by the city council, surplus property owned by the city which is no longer of public use and which is valued at more than ~~\$2,000~~ \$5,000 shall be sold by calling for sealed bids or by live auction, at the council's discretion.

A. Sale by Sealed Bidding.

1. The call for sealed bids shall contain a description of the property to be sold, the location thereof, the name and address of the person with whom the bid is to be filed, the last date for filing bids, and any other pertinent information required by the city manager. Such call shall be published at least once in the official newspaper of the city not less than five days before the last date for filing of bids.

2. Each bid shall be accompanied by a deposit in the form of a certified or cashiers check in the amount equal to but not less than 10 percent of the amount of the bid. All such deposits so made shall be returned to the unsuccessful bidders after award of a bid, if any. The deposit of the successful bidder shall be applied toward the

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bid price, or upon failure of such bidder to consummate the purchase, such deposit shall be forfeited as liquidated damages and such deposit shall be credited to the appropriate account.

3. Sealed bids shall be opened in public by the city clerk or duly authorized agent at the time and place specified in the call for bids. The city clerk or duly authorized agent shall make a tabulation of all bids received and forward the bids to the city manager for approval or rejection. The city manager shall accept the highest bid that exceeds the city's estimated value.

4. In the event no bids are received, all bids are rejected, or no bid exceeds the city's estimated value, the city manager may either ask for new sealed bids or direct the sale or disposition of such surplus property under the procedures adopted pursuant to SMC 3.50.020.

B. Sale by Live Auction.

1. Notice of the live auction, a description of the property to be sold and any other pertinent information required by the city manager shall be published at least once in the official newspaper of the city not less than five days before the auction.

2. The auction shall be conducted by the city manager or at his direction. The city shall accept the highest bid.

3. In the event no bids are received, the city manager may direct the sale or disposition of such surplus property under the procedures adopted pursuant to SMC 3.50.020

3.50.040 Sale of surplus personal property to another governmental entity.

A. Sale or disposition of surplus and personal property with an individual item value of \$50,000 or less to another governmental entity shall be in accordance with SMC 3.50.020.

B. Sale or disposition of surplus and personal property with a value of more than \$50,000 to another governmental entity shall be in accordance with the procedures for public notice and hearing in RCW 39.33.020.

3.50.050 Trade-in of surplus equipment with an individual item value in excess of ~~\$2,000~~ \$5,000.

A. Notwithstanding SMC 3.50.030, approval of the city council is not required for the trade-in of surplus equipment with an individual value of more than ~~\$2,000~~ \$5,000 when purchasing new equipment, so long as the city receives appropriate trade-in value for the surplus equipment. Appropriate trade-in value shall be determined by reference to "The Blue Book" or other similar published reference book.

B. When surplus city equipment has been certified for trade-in by a department director in accordance with this chapter, such trade-in may be approved by the city manager in accordance with informal procedures. No member of the city council or members of their immediate family, and/or city employees or members of their immediate family, may acquire such property if the city employee or official had any role in establishing the valuation or price of said property.

3.50.060 Sale of property originally acquired for public utility purposes.

Sale or disposition of surplus and personal property originally acquired for public utility purposes shall be in accordance with the procedures for public notice and hearing in RCW 35.94.040.