

COUNCIL POLICY



Disposal of Assets Policy

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| Policy Number: | 2020-25-04 |
| Approved by: | Council Resolution #2020-25-06 dated December 7, 2020 |
| Effective date: | January 1, 2021 |
| Departments: | Financial Services/Legislative Services |

POLICY STATEMENT

The City of Whitehorse is committed to recovering maximum residual financial or social value from the disposal or transfer of surplus assets, through efficient, equitable and transparent processes that minimize environmental impacts and fully comply with environmental and health and safety legislation.

SCOPE

This policy applies to the disposal of the City's physical assets and to all City departments, employees and council members.

DEFINITIONS

Whenever the singular masculine or feminine is used in this policy, it shall be considered as if plural, feminine or masculine has been used where the context of the policy so requires.

"appraisal" means a method of determining market value as of a specified date by a qualified appraiser as outlined by the Appraisal Institute of Canada;

"City" means the City of Whitehorse;

"City premises" means any real property owned by the City that is the site of a City owned building, which for greater certainty does not include sheds or other such impermanent structures that are not affixed to the land;

"Council" means the elected council of the City of Whitehorse;

"employee" means all employees and officers of the City of Whitehorse as defined in all collective agreements and employment bylaws;

"environmental impacts" mean impacts that adversely affect the natural environment;

"fair market value" means the price at which an item would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.;

"information technology assets" means any technological device capable of retaining data, including but not limited to computing devices, peripherals, software/hardware, servers, printers, copiers, facsimile equipment, or mobile devices, and includes leased equipment;

“net residual value” means the carrying value of the asset in the City of Whitehorse’s asset register less depreciation and anticipated disposal costs as recorded in the City’s financial records. If the asset is not in the City’s asset register, the carrying value is zero.

“non-profit organization” means a not-for-profit society incorporated or continued under the Yukon *Societies Act* for a minimum of two continuous years in good standing;

“obsolete” means outdated and/or not economically feasible for upgrading or repair;

“physical assets” means tangible assets not including real property other than City premises;

“proceeds” means the net revenues gained from the sale of an asset;

“social value” means a benefit to the Whitehorse community, other Yukon communities or wider society, other than a financial benefit, and includes consideration of the environmental impacts that may be associated with disposal of an asset;

“surplus assets” means tangible assets belonging to the City that have reached the end of their useful life and have been determined to be obsolete, no longer needed or no longer usable, as determined by the relevant department manager or delegate.

PURPOSE

1. This policy establishes the procedures for disposal of surplus assets and is intended to ensure:
 - (1) Efficiency, equity and transparency in transactions;
 - (2) Financial or social value to taxpayers;
 - (3) Minimized environmental impacts; and
 - (4) That surplus assets are properly written off in the City’s financial management system and for audit purposes, and are properly accounted for in the City’s asset management system.

2. Items can be available for disposal because they are:
 - (1) Required to be disposed of under a particular policy or administrative directive, e.g. motor vehicles;
 - (2) No longer required due to council direction or to changed policies, procedures, services, functions or usage patterns;
 - (3) No longer in compliance with workplace health and safety standards;
 - (4) Found to contain hazardous material; and/or
 - (5) Beyond repair.

AUTHORITIES

3. Council approves:
 - (1) This policy and any future amendments thereto;
 - (2) Disposal by donation or gift of a surplus asset whose fair market value or net residual value is estimated to be greater than \$10,000; and
 - (3) Disposal of City premises, per the procedures set out in section 6 of this policy.
4. The city manager approves:
 - (1) Declaration of a physical asset as a surplus asset; and
 - (2) Disposal by donation or gift of a surplus asset whose fair market value or net residual value is less than \$10,000 and greater than \$200;
5. A divisional director approves:
 - (1) Disposal by donation or gift of a surplus asset whose fair market value or net residual value is less than \$200;
 - (2) The method of disposal of a surplus asset other than by donation or gift.

PROCEDURES FOR DISPOSAL OF CITY PREMISES

6. In the event that City premises are under consideration for disposal, the city manager will provide a report to Council recommending an approach, methodology and timing for disposal, and identifying whether these will require any procurements of related services.
 - (1) The report will address all relevant considerations, which may include but are not limited to:
 - (a) Why the premises are unsuitable for future City requirements;
 - (b) Appraisal;
 - (c) Development potential;
 - (d) Re-zoning considerations, if applicable;
 - (e) Any associated environmental liabilities;
 - (f) Whether any building that is part of the premises should be demolished prior to disposal and associated demolition/tipping fee costs;
 - (g) Whether the land associated with any building demolished pursuant to section 6(1)(f) should be subdivided and sold pursuant to the provisions of the Land Disposition Policy; and/or
 - (h) The disposal methodology and timing that are in the City's best interests.

PROCEDURES FOR DISPOSAL OF SURPLUS ASSETS OTHER THAN CITY PREMISES

Value Measurement

7. All City assets other than land and motorized vehicles will be valued at net residual value. Land and motorized vehicles will be valued at fair market value.

Declaration of a Physical Asset as a Surplus Asset

8. Where any goods or equipment are considered to be surplus assets by a department, the manager or director shall prepare a report using the prescribed form.
 - (1) Where the fair market value or net residual value is less than \$200, the report is provided to the director, who may declare the item(s) to be surplus.
 - (2) Where the fair market value or net residual value is \$200 or more, the report is provided to the city manager. The city manager is authorized to declare the item(s) as surplus assets, including where the replacement of goods has already been approved as a trade in as part of the procurement process.
 - (3) The report will include an estimate of the fair market value of the surplus asset. For an asset anticipated to have a fair market value greater than \$10,000, an industry expert appraisal may be warranted.
 - (4) The report will include sufficient identifying information about the surplus asset such as the manufacturer's name, serial number, asset code number, specifications, etc., as appropriate, and may include photographs.
 - (5) The report will identify a recommended disposal method, with supporting rationale.
9. Surplus assets with negligible or no fair market value may be deemed by the departmental manager or delegate to be garbage pursuant to the criteria set out in Appendix A to this policy and will be appropriately discarded in an environmentally sensitive manner, recycled, or disassembled and used for parts.

Offering to Another City Department

10. Where appropriate, surplus assets will be offered to another City department via a notification email before proceeding to a disposal method. Departments will have the opportunity to obtain the surplus asset on a first come, first served basis.

Surplus Asset Disposal Options

11. Surplus items may be disposed of through formal auction, internet offering, tender, trade-in, or other means, whichever is in the best interest of the City as recommended by the departmental manager or divisional director. In all cases, the manager/director will ensure Financial Services staff are consulted and involved as appropriate in determining the appropriate disposal method.

(1) Trade in the surplus asset on new replacement equipment

This may be a preferred option in purchases to replace equipment, in which case it will be included as a term of the publicly issued procurement document.

(2) Donate to another entity

Donations may be made to governments or non-profit organizations, not to individuals, businesses or corporations, giving priority to organizations with a public or community service role that provides social value.

(a) For surplus assets whose fair market value or net residual value exceeds \$10,000, only Council may authorize donations.

(b) For surplus assets whose fair market value or net residual value is less than \$10,000 and greater than \$200, only the city manager may authorize donations.

(3) Public Sale

Sale of a surplus asset will occur through a competitive commercial mechanism such as a competitive bid, online auction (e.g., Bonfire, govdeals.com or other online options) or public auction, wherein the successful bidder shall be the bidder with the highest bid.

(a) Preference shall be given to the least costly method of sale, including consideration of related staff time.

(b) All proceeds from the sale of surplus assets shall be accounted for as City revenue and are not to be used for the benefit of any employee or department unless as determined in approved budgets.

(c) Where a member of the public and a City employee or elected official offer the same price, the item will be sold to the member of the public.

(4) Private Sale

When a surplus asset has not sold in at least two public offerings, the asset may be sold to a member of the public, or a City employee or elected official who offers the City the minimum reserve price.

(5) Garbage

Surplus assets deemed to be garbage pursuant to section 9 of this policy may be destroyed or otherwise disposed of in an appropriate and safe manner that minimizes environmental impacts.

Conditions of Disposal

12. All surplus assets disposed of by donation, gift, public sale or private sale shall be accepted as-is and where-is and without warranty or guarantee. The new owner shall assume all risk and expense associated with these assets.

Disposal of Information Technology Assets

13. All information technology assets must be properly cleaned of sensitive data and software, to the satisfaction of Business and Technology Services (or successor department) before being disposed of.
 - (1) Any cost of cleaning the information technology assets must be considered as a cost of disposal when determining the least-cost disposal method available.
 - (2) All sensitive information, data and software removed from information technology assets must be retained by the City or disposed of in accordance with applicable policies, administrative directions and/or legislation.

Removal of City Asset Identifiers

14. Any asset code tags, city logos or other information that would identify a surplus asset item as City property shall be removed prior to:
 - (1) Disposal of a surplus asset by donation, gift, public sale or private sale; or
 - (2) Recycling, re-purposing or disposal in a landfill, in the event the item is deemed to be garbage pursuant to section 9 of this policy.

PROHIBITIONS

15. No Council member, officer or employee of the City shall be permitted to purchase surplus assets unless through a public disposal process, except in the circumstances set out in section 11(4) of this policy.
16. No employee shall bid on the sale of surplus assets except those disposed of at arm's length by public auction, internet auction, or tender, except in the circumstances set out in section 11(4) of this policy.
17. Employees deemed to have the ability to influence decisions with respect to the disposal arrangements of the surplus assets are not permitted to receive surplus items. This restriction is not intended to prohibit any employee from purchasing surplus assets offered for sale pursuant to sections 11(3) and 11(4) of this policy.
18. Under no circumstances may a surplus asset be donated to a City employee, council member or their relatives.
19. In the event of special circumstances requiring direction outside of the above outlined requirements, a written request shall be submitted to the city manager as part of the report described in section 8 of this policy.

History of Amendments

| Date of Council Decision | Reference (Resolution #) | Description |
|---------------------------------|---------------------------------|-----------------------|
| December 7, 2020 | 2020-25-06 | Initial Approval Date |

Appendix A

Criteria for Deeming a Surplus Asset to be Garbage

A guiding principle in dealing with surplus assets is to realize value for tax payers. That suggests efforts should be made to realize benefits via repairing, re-purposing or selling an item. However, there will certainly be instances where the administrative costs of processing a surplus asset more than offset any benefit to be gained

To assist in determining when a surplus asset should be disposed of as garbage, the following criteria should be considered:

- How old is the item? Is it past its useful life expectancy?
- Does its continued use pose any kind of health or safety hazard?
- Can it be repaired? Are parts available?
- Is there any realistic resale value?
- Can it be dismantled and used for parts?
- Can it be re-purposed?
- Does its continued use, whether by the City or by a potential buyer, expose the City to liabilities of any kind, including those related to health and safety?
- Is it of high enough value to warrant the investment of staff time and/or resources to repair, re-purpose or resell the item? What would that cost the city in staff time and/or resources?