POLICY

Name: Disposal of Surplus and Obsolete Assets		Number: FI-004-2010
Administrative Approval Date: July 9, 2010	**Council Approval Date:** 11(2010) - July 26, 2010	**By-Law Reference**: Procurement By-law 2004-74 (currently under review)
Supersedes: Disposal section of By-law 2004-74	**Most Recent Amendment Date:** July 9, 2010	**Effective Date:** July 26, 2010

1. POLICY:

The District Municipality of Muskoka will dispose of assets that have been declared surplus and obsolete in a responsible and ethical manner.

2. PURPOSE:

The purpose of this Policy is to provide for the disposal of surplus and obsolete assets as guided by the following principles:

2.1 Disposal of surplus or obsolete assets owned by The District Municipality of Muskoka will be disposed of in a manner that:

- maximizes public benefit and is in the public interest
- is fair, equitable and uniform in manner
- minimizes the impact on the environment
- provides equal opportunity and equal access to purchase surplus assets.

2.2 No disposition of such asset(s) shall be made to employees, elected officials, or their family members unless such asset(s) are sold through external advertisement, formal request, auction or public sale and no conflict of interest exists.

3. ADMINISTRATION:

3.1 Definitions

3.1.1 “Asset” means any equipment, material, part, facility or real estate owned by The District Municipality of Muskoka.

3.1.2 “Real estate” means land including all structures on it that cannot be moved and any attached rights.

3.1.3 “Facility” means a permanent or temporary structure enclosed within exterior walls and a roof, and including all attached apparatus,

equipment, and fixtures that cannot be removed without cutting into ceiling, floors, or walls.

3.1.4 "Surplus materials and equipment" means material, equipment, or parts, including capitalized equipment, which are in excess of normal operating or repair requirements.

3.1.5 "Obsolete materials and equipment" means material, equipment, or parts which are no longer useable in the service for which they were purchased and which cannot be utilized safely or economically for any other purpose.

3.1.6 "Departmental specific materials and equipment" means material, equipment, or parts that are deemed to be surplus, that are unique within a department and that cannot be utilized within any other department.

3.1.7 "Electronic and electrical equipment" means any equipment with a plug, battery or that uses electricity to perform its intended function.

3.1.8 "Hazardous Waste" as defined in Section 1. (1) of Ontario Regulation 347 R.R.O. 1990 as amended.

3.1.9 "Reserve price" means the lowest acceptable price as determined by the manager of the initiating department, the Manager of Purchasing and Support Services and the Commissioner of Finance and Corporate Services.

3.2 Declaring Assets Surplus

3.2.1 The Chief Administrative Officer and / or a department head may declare an asset surplus or obsolete if:

- the asset is any item including materials, equipment, furnishings and vehicles owned by the Corporation which in his or her opinion is surplus to a specific department; or
- the item is being used as a trade-in as part of the acquisition of other similar items required by the Corporation and whose fair market value does not exceed $75,000.

3.2.2 Council approval must be obtained to declare the following types of asset(s) surplus and for the method of disposal:

- real estate or a facility
- an individual item with a value greater than $40,000 that is not used in a trade-in
- an asset used in a trade-in as part of the acquisition of other similar items required by the Corporation whose fair market value is greater than $75,000
- an asset with a value greater than $10,000 that is to be donated to local Area Municipalities, agencies, non-profit organizations and to

registered charities.

3.2.3 Assets that may be surplus to a specific department but can be transferred and used by another department within the Corporation are not considered surplus to the Corporation's needs and no formal surplus declaration is necessary.

3.2.4 All departments shall notify the Commissioner of Finance and Corporate Services when items become obsolete or surplus to their requirements.

3.3 Disposal

3.3.1 General Provision:

3.3.1.1. Before considering the disposal of surplus or obsolete assets, the principles of environmentally sound management favour reuse whenever possible. Reuse extends the useful life of an asset, maximizing its overall value and delays the consumption of raw materials and energy to produce new assets. The Manager of Purchasing and Support Services in conjunction with the Commissioner of Finance and Corporate Services shall be responsible for ascertaining if the items can be of use to another department rather than being disposed of.

3.3.1.2. The method of disposal of surplus and obsolete assets shall be determined on a case by case basis. The Manager of Purchasing and Support Services, in conjunction with the Commissioner of Finance and Corporate Services, shall have the authority to sell, exchange, or otherwise dispose of assets declared as surplus to the needs of the Corporation, where it is cost effective and in the best interest of the Corporation.

3.3.1.3. Generally, the disposal of surplus or obsolete assets should follow the steps outlined below. In order of preference, such assets should be:

1. Transferred to other corporate department(s)

2. Traded in as part of the acquisition of other similar items required by the Corporation where it is determined that it is in the best interest of the Corporation over other disposal options.

3. Donated or offered for sale according to the following:
   a) Local Area Municipalities and agencies
   b) Non-profit organizations / charitable organizations
   c) General public

4. Recycled; or

5. In the event that all efforts to dispose of assets by sale or donation are unsuccessful, these items may be scrapped or destroyed if recycling is unavailable.

3.4 Donation or Sale of Assets

3.4.1 Donations or sales of assets to local Area Municipalities and agencies, non-profit organizations/ charitable organizations and the public will be done, where applicable, by advertised tender, request for quotation, public auction, or on-line auction.

3.4.2 Where it is deemed appropriate, the Manager of Purchasing and Support Services may set a reserve price for an article that is to be sold.

- In the case of disposal by tender, the reserve price shall be published and disclosed.
- In the case of public auction, on-line auction *(E-Bay or other similar service provider)* or quotation, the reserve price shall be used as an internal estimate and not disclosed.

3.4.3 Regardless of the advertising method utilized, adequate notice must be given to the public to ensure that the principles outlined in this policy can be reasonably achieved. Notice can be in the form of Council notice/agendas, advertisements in local or regional media or on-line.

3.4.4 The period between the notice and the disposal of the asset must be a minimum of 14 days. Notices on Muskoka's website will be for a minimum of 7 calendar days.

3.4.5 Disposals through transfers, sales or donations will be made on an "as is" condition with no implied warranties or guarantees.

3.4.6 The revenue generated from the sale of surplus and obsolete assets shall be credited to the appropriate departmental account as determined by the Finance Division of the Corporate Services Department.

3.5 Disposal of Fleet Vehicles and Equipment

3.5.1 Assets within this category will be disposed of by way of trade-in when purchasing new equipment unless determined to be not in the best interest of the Corporation by the Commissioner of Finance and Corporate Services.

3.6 Electronic Equipment

3.6.1 Electronic and electrical equipment that is deemed surplus by a department and that is still functional may be useful in other settings or applications.

3.6.2 Computerized or electronic equipment containing digital storage

constitutes a significant risk when disposed of in terms of software license violation and disclosure of confidential information.

3.6.3 Prior to disposal or transfer of computerized or electronic equipment, all data stored in memory on the equipment must be removed along with any licensed applications by the I.T. Services department. I.T. Services will maintain internal controls to ensure this has been documented, that the licenses have been retrieved and that the equipment is approved for disposal.

3.6.4 Material deemed to be at end-of-life is to be converted to waste in an environmentally sound manner. There are two valid options for this:

- qualifying electronic and electrical equipment can be sent to certified e-waste recycling programs, or
- electronic equipment administered by I.T. Services will be sent to a designated recycler contracted by the District.

3.7 Disposal of Hazardous Waste Material

3.7.1 Any product containing hazardous material will be disposed of through a certified program as identified and approved by the Commissioner of Engineering and Public Works.

3.8 Disposal of Recycled Material

3.8.1 Where recycled material is available for disposal, the Manager of Purchasing and Support Services will dispose of it through the District's existing diversion programs as administered by the Engineering and Public Works Department.

Form #:
Related Policies/Procedures:
Reference: Procurement By-law 2004-74 – currently under review
Corporate and Emergency Services Committee Meeting CES-7-2010, July 9, 2010, District Council Meeting No. 11(2010), July 26, 2010