

TO: ALL COUNTY PERSONNEL

**FROM: VERDENIA C. BAKER
COUNTY ADMINISTRATOR**

PREPARED BY: OFFICE OF FINANCIAL MANAGEMENT & BUDGET (OFMB)

SUBJECT: CUSTODY AND DISPOSAL OF SURPLUS ASSETS

PPM #: CW-O-027

ISSUE DATE

November 13, 2019

EFFECTIVE DATE

November 13, 2019

PURPOSE:

To specify the process to be followed in the custody, redistribution, and disposal of surplus tangible personal property owned by, or on consignment to, Palm Beach County, including policies and procedures for the donation of such property.

UPDATES:

Future updates to this PPM are the responsibility of the Director of OFMB.

AUTHORITY:

- Florida Statutes, Chapters 273 and 274, as may be amended
- Palm Beach County Surplus Property Ordinance, No. 2004-0052, as may be amended
- Palm Beach County Administrative Code, Sections 303.00 and 308.00, as may be amended
- Florida Administrative Codes/Rules: Rule Chapter 691-73 - Tangible Personal Property Owned by Local Governments, as may be amended

DEFINITIONS:

Bond Funded Asset - All tangible personal property acquired with bond proceeds or proceeds from any public financing including Bond Anticipation Notes (BAN).

Capital Asset - Tangible personal property with a minimum acquisition value as specified in PPM # CW-F-014, and which is recorded in the official fixed asset records of the County.

Grant Funded Asset – All tangible personal property acquired with non-repayable funds disbursed by the federal or state governments.

Inventory Officer - For operations under the Board of County Commissioners (BCC), this will always be a Division Director or equivalent management level position. For operations under Constitutional Offices, this position must be at a level of Manager or equivalent for each defined operational section classified in the Custodian Code structure.

Property - All tangible personal property for which title vests with the BCC.

Property Custodian - Department Directors, for operations under the BCC. For Constitutional offices, the Constitutional Officer.

Public Auction - Methods by which the public can purchase surplus assets through a competitive process, including Thrift Store computerized auctions, called auctions, silent auctions, sealed bids and internet auctions.

Qualified Private Not-for-Profit (Non-Profit) Agency - An organization, based in Palm Beach County, which has met the requirements of Florida Statutes Chapter 273.01(3), as evidenced by a valid form DR14 issued by the Florida Department of Revenue.

Red Book - A binder or volume of binders in which a department, agency, or constitutional office's barcode labels for assets and related information including, but not limited to, asset description, acquisition cost and date, location and custodian, etc., which could not be physically tagged are contained. A duplicate copy of each department, agency, and constitutional office's original binder(s) are kept in the Fixed Assets Management Office.

Surplus Property - All fixtures and other tangible personal property of a non-consumable nature which are declared obsolete, become uneconomical or inefficient to use, or serve no further useful function.

Tangible Personal Property - All items of property, other than real property, regardless of value, including motor vehicles; motorized equipment; office furniture and equipment; specialized equipment and devices of every description, but not including permanent structures associated with communications or data systems; building furnishings which are not a fixed part of the structure in which they are housed or employed; power- and hand-operated tools of every description; and books.

POLICY:

The Fixed Assets Management Office (FAMO) will establish and manage a surplus asset program designed to optimize the utilization of County resources. All Property Custodians of property for which title is vested with the BCC will adhere to the provisions of this Policy and Procedure Memorandum.

FAMO is the only agency of the BCC authorized to dispose of surplus tangible personal property, whether by sale, donation or otherwise. Once an asset has been declared surplus, the responsible Property Custodian shall promptly surrender control and custody of the asset for disposal by FAMO.

FAMO will provide secure facilities for safeguarding surplus assets as delivered. FAMO is neither the administrative owner service provider, as Fleet Administration does for a County department such as ERM, nor the user of the surplus assets it receives. Rather FAMO is responsible to dispose of declared surplus assets, briefly defined as assets no longer required by the County or no longer able to perform their designated functions in an economical manner. Beyond the normal standard of care, FAMO is not expected to replace, repair, fix, service, or maintain any surplus asset.

FAMO does not assume any financial loss responsibility or liability for any surplus tangible property assets which are stolen, damaged, or destroyed while they are under its control. There may be positive, negative, or neutral financial consequences resulting from the disposal process. There may be a financial loss resulting from the disposal transaction process due to events beyond the control of FAMO such as acts of vandalism, theft, or natural disasters. FAMO will file Property Loss and/or Police Reports with Risk Management, as necessary.

Prior to any purchase of machinery, equipment, furniture, or other tangible personal property, all Property Custodians under the jurisdiction of the BCC should investigate the availability of the same or similar item in the surplus asset inventory.

FAMO has the authority to classify surplus assets into the following three categories:

- a. **Redistributable** - This type of asset has a future use and will be available for redistribution within Palm Beach County governmental organizations. Surplus assets, including items from enterprise, internal service, special revenue or grant funds are subject to redistribution.
- b. **Obsolete** - This type of asset has no further use to Palm Beach County organizations, but may still be functional. Generally, assets deemed obsolete have been replaced by similar, more efficient assets. These surplus assets will be disposed of through the appropriate disposal process as specified in Florida Statutes (Chapter 274), the Palm Beach County Surplus Property Ordinance (No. 2004-0052), PPM # CW-O-026 (Physical Identification and Management of County-Owned Fixed Assets), and PPM # CW-O-039 (Disposal of Scrap Metal).
- c. **Non-functional/Non-repairable** B Assets meeting this classification have no use to Palm Beach County or little or no commercial value.

No surplus property may be disposed of without prior authorization by senior OFMB/FAMO management and/or the County Administrator (or designee).

Surplus tangible personal property may be disposed of for value to any person or entity or, if the property is without commercial value, it may be donated, destroyed or abandoned, according to the following guidelines:

- a. Property with an estimated value of less than \$5,000 will be sold by FAMO through the Palm Beach County Thrift Store.
- b. Property with an estimated value of \$5,000 or more will be sold by FAMO through the Palm Beach County Thrift Store by public auction to the highest responsible bidder after publication of notice, not less than 1 week or more than 2 weeks prior to sale, in a newspaper of general circulation within the County. Additional notice may be published if the best interests of the County will be served thereby.
- c. Unsold surplus property found to have no commercial value is available for donation pursuant to guidelines set forth in this PPM.

Proceeds from the disposal of surplus assets, whether the asset is sold or scrapped, will be credited to the General Fund except when the funding source of the asset is a proprietary fund or restricted revenue fund. The determination of funding source will be based upon the official fixed assets records of the County.

PROCEDURES:

Declaring Assets Surplus

1. A Request to Transfer Assets to Fixed Assets Mgt. Office form (See the County's intranet website, Palm Beach County Inside/Departments/Thrift Store/Forms) must be completed in full, signed by the responsible Property Custodian and filed with FAMO. The transferring department or agency is solely responsible for providing accurate and comprehensive information about the condition and reason(s) for the surplus assets proposed for transfer.

FAMO's Surplus Disposal Manager is responsible to provide continuous inventory management and control by tracking and reconciling all surplus capital/miscellaneous asset transactions. Surplus assets should only be received by the Surplus Disposal staff when accompanied by a "Request to Transfer Assets to Fixed Assets Mgt. Office" intake form. Surplus assets must be duly recorded and processed in the Fixed Assets Bidding System (FABS), or its replacement, from intake through final disposition which includes, but is not limited to, their sale, redistribution, recycling, or discard. The Surplus Disposal Manager must provide senior FAMO management with a complete and accurate written weekly summary of surplus activities supplemented by system generated reports and other pertinent documentation to support the information/data presented in the weekly summary.

2. Bond or Grant Funded Assets should be identified and itemized on the Transfer form (in addition to other required information, provide the title and unique identification criteria of the bond/grant and its accounting line distribution, i.e., Fund/Department/Unit/Object Code (F/D/U/O)). Please refer to PPM #CW-O-026, Physical Identification and Management of County-Owned Fixed Assets, for additional guidance on bond and federal or state grant funded assets.
3. Before it will authorize a surplus declaration, FAMO will verify that each capital asset to be transferred to surplus inventory is contained in the official fixed assets records of the County, and that there are no discrepancies in its description, ownership, and value.

Transfer of Surplus Assets

1. FAMO is responsible for providing secure facilities for surplus assets until they can be disposed of.
2. The transferring department or agency is responsible for transportation and delivery of surplus assets to the FAMO facility on the dates and times established by FAMO. The transferring department or agency should supply labor to assist FAMO personnel with loading and unloading the surplus assets.
3. Dates and times of surplus asset deliveries to the FAMO facility must be coordinated between the transferring department or agency and FAMO.
4. Only assets which can be matched to valid surplus declarations will be accepted in the FAMO facility. Assets with declaration discrepancies or without valid declarations must be retained by the transferring department or agency. The transferring department or agency must accurately record fixed asset numbers and descriptions on the "Request to Transfer Assets to Fixed Assets Mgt. Office" form (this may involve researching the serial number on an asset to ensure thorough and comprehensive compliance with this requirement). Additionally, the transferring department or agency must accurately record any and all assets which are a part of or contained within a capital or miscellaneous asset, i.e., a communications equipment cabinet, and, if an asset is recorded in the Red Book wherein the asset number is affixed, then the Red Book Page for each applicable asset must be turned in at the time of the surplus transaction.
5. FAMO is authorized to establish such other rules as may be needed for the transfer of surplus assets requiring special handling.
 - a. All user-created files and computer software, except operating system software, must be removed from computers prior to transfer to FAMO.

- b. All assets containing Chlorofluorocarbons (CFCs) or polychlorinated biphenyls (PCBs) or terphenyls, except operational vehicles, including air conditioning units, wrecked vehicles, refrigerators, and freezers must be transferred free of these hazardous chemicals, and must prominently display a compliance certificate in a form approved by FAMO, before they can be accepted for surplus storage or disposal.
- c. No assets containing hazardous chemicals, mercury, and/or bio-hazardous waste material of any sort may be transferred to FAMO. Additionally, tires, batteries, UPS units, cannibalized computers, equipment used to irradiate by means of x-ray or other penetrating rays, pharmaceutical substances, weapons, and machinery or containers leaking fluids of any sort may not be transferred to FAMO. Fuel tanks must be empty and free of any residual fuel or fumes.
- d. Unusual, large, heavy or unstable items may be disposed of in-place or by other than the standardized means described in this Policy and Procedure Memorandum, following consultation with the Fixed Assets Manager.

Redistribution of Assets from Surplus Asset Inventory

1. In order to inform County departments and agencies of assets available from surplus asset inventory to be considered for further active use, FAMO will periodically update the County's intranet website devoted to that purpose.
2. County departments and agencies can initiate redistribution of surplus assets from the surplus asset inventory by filing a written request in the form provided by FAMO for that purpose.
The Property Custodian and Inventory Officer must approve the redistribution transaction by signing and dating the form before the pick-up of surplus asset inventory is permitted.
3. Redistributions must be coordinated by and/or through FAMO to ensure that the official fixed assets records of the County accurately reflect redistribution of surplus assets to County departments and agencies.

Pick-Up of Surplus Assets

Dates and times for pick-up of surplus assets from the FAMO facility must be coordinated between the acquiring department or agency and FAMO. FAMO is authorized to establish standardized schedules for that purpose. (See the County's intranet website devoted to the purpose of surplus asset inventory.)

Disposal of Surplus Tangible Personal Property

Disposal of surplus tangible personal property must be coordinated by and/or through FAMO. FAMO is responsible for the following:

1. Determining the method and timing of disposal as set forth in this policy.
2. Preparing the proper documentation for disposal authorizations and securing proper approval(s).
3. Operating the Surplus Disposal Program, which includes the Palm Beach County Thrift Store and Surplus Warehouse.
4. Holding public auctions or sealed bid sales as necessary to dispose of assets.
5. Selling scrap metals and other salvage as quantities permit.
6. Discarding unclaimed or unsold surplus assets as prescribed by this policy.
7. All activities related to obtaining bids for the sale of surplus assets, including each of the following: maintenance of customer database and mailing lists; coordination of advertising; performing the bid openings; collection of payment; and distribution of sales proceeds.
8. Maintaining proper documentation on all disposals.
9. Retiring disposed capital assets in the official fixed assets records of the County.
10. Inputting the appropriate data in the official fixed assets records of the County to update the financial reporting records.
11. Providing an annual report to the Board of County Commissioners to record all retirements in the Minutes of the Board.

Donations to Qualified Private Not-for-Profit (Non-Profit) Agencies

1. Donation of surplus assets, both capital and non-capital or miscellaneous assets, to non-profit organizations may only be authorized by the Board of County Commissioners or by County Administration in accordance with PPM # CW-O-067, Donation of County-owned Surplus Tangible Personal Property.
2. All donations made under this section must be coordinated through FAMO to ensure that donated items are properly retired from the asset records of the County.

Donations to Governmental Agencies

1. Donation of surplus assets, both capital and non-capital or miscellaneous assets, to governmental agencies may only be authorized by the BCC or by County Administration in accordance with PPM # CW-O-067, Donation of County-owned Surplus Tangible Personal Property.
2. All donations made under this section must be coordinated through FAMO to ensure that donated items are properly retired from the asset records of the County.

Disposal of Non-Saleable Assets

1. The Fixed Assets Manager is authorized to dispose of unsold assets.
2. Disposal of unsold assets will take into account cost-avoidance, market prices for salvage materials, availability of storage or floor space, and other relevant business considerations.

Proceeds from Asset Disposals

FAMO will perform the required financial accounting for distribution of proceeds from the sale of surplus assets, and provide a copy to the Finance Department and Partner Agencies in accordance with the Interlocal Agreement for the Co-utilization of the Palm Beach County Surplus Property Thrift Store and, in the case of the Department of Airports Lost and Found Items, in accordance with the Memorandum of Agreement regarding the disposition of Lost and Found items originating at the Palm Beach International Airport. (Copies of which are on file in FAMO.)



VERDENIA C. BAKER
COUNTY ADMINISTRATOR

Supersession History

1. PPM# CW-O-027, effective 10/01/88
2. PPM# CW-O-027, effective 10/01/90
3. PPM# CW-O-027, effective 03/01/93
4. PPM# CW-O-027, effective 10/01/97
5. PPM# CW-O-027, effective 01/01/98
6. PPM# CW-O-027, effective 01/12/01
7. PPM# CW-O-027, effective 12/01/07
8. PPM# CW-O-027, effective 10/02/12
9. PPM# CW-O-027, effective 03/01/18