

RESOLUTION NO. 2021-17
A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT
ESTABLISHING POLICY NO. 1110
"POLICIES AND PROCEDURES FOR THE
DISPOSAL OF SURPLUS DISTRICT PROPERTY"

WHEREAS, the Phelan Piñon Hills Community Services District ("the District") is a public agency organized and operating pursuant to the Community Services District Law, California Government Code Section 61000 et seq.; and

WHEREAS, there is a need to promote uniformity in the policies and procedures for the disposal of surplus property owned by the District.

NOW, THEREFORE, BE IT RESOLVED by the District's Board of Directors that Policy No. 1110, "Policies and Procedures for the Disposal of Surplus District Property," attached hereto and incorporated herein by the reference, is hereby adopted.

BE IT FURTHER RESOLVED by the District's Board of Directors that Policy No. 1110 shall take effect immediately upon its adoption and shall supersede any and all inconsistent policies and procedures previously utilized by the District concerning the subject matter hereof.

APPROVED, SIGNED, AND ADOPTED by the Board of Directors of the Phelan Piñon Hills Community Services District at a regular meeting held on the 18th day of August 2021, by the following vote:

AYES: Hoffman, Johnson, Kujawa, Philips, Roberts

NOES:

ABSTENTIONS:

ABSENT:



President, Board of Directors
Phelan Piñon Hills Community Services District

ATTEST



Secretary, Board of Directors
Phelan Piñon Hills Community Services District

POLICY NO. 1110

SECTION 1111. TABLE OF CONTENTS

	<u>Page</u>
Section 1111 Table of Contents	1
Section 1112 Purpose	1
Section 1113 Definitions	1-2
Section 1114 Applicability	2
Section 1115 Disposal of Surplus Inventory	2-3
Section 1116 Disposal of Surplus Land	4-5
Section 1117 Disposal of Salvage	6
Section 1118 Extent of Authorization	6

SECTION 1112. PURPOSE

The purposes of this policy are to standardize the procedures for the disposal of surplus equipment, vehicles, property, and salvage items of the Phelan Piñon Hills Community Services District, and to set forth the duties and responsibilities of the General Manager and District staff in connection therewith.

SECTION 1113. DEFINITIONS

1113.01 **Inventorial Equipment** – District-owned free-standing equipment and vehicles with a useful life of more than two years and a purchase price of \$5,000 or more. Furnishings, computer equipment, portable radios and other electronics costing \$200 or more are inventoried for purposes of security and control and included in this category.

1113.02 **Inventorial Property** – Any District-owned building, office, garage, facility, well, free-standing structure, water system, sewer system, or "exempt surplus land" (as defined in Section 1116.06 below), with recorded title, proof of purchase and ownership, letter of contribution, letter of transfer, or proof of self-construction, and cost exceeding \$1.

1113.03 **Surplus Inventory** – Any Inventorial Equipment or Inventorial Property that the District's Board of Directors has determined to be no longer necessary or useful to the District.

1113.04 **Surplus Land** – Land owned by District for which the District's Board of Directors takes formal action in a regular public meeting declaring that such land is surplus and no longer necessary for the District's use, subject to the provisions of Government Code Section 54221(b).

1113.05 **Salvage** – Any District reclaimed or discarded equipment, material, furniture or supply which only has residual value as scrap.

SECTION 1114. APPLICABILITY

This policy shall apply to the disposal of Surplus Inventory, Surplus Land, and Salvage by the District.

SECTION 1115. DISPOSAL OF SURPLUS INVENTORY

1115.01 Disposal of Inventorial Equipment.

1115.01.1 **Determination.** The District's Board of Directors shall, upon presentation of documentation from the General Manager, determine if Inventorial Equipment is Surplus Inventory. The documentation presented by the General Manager shall list the Inventorial Equipment sought to be declared Surplus Inventory and shall include license number, Vehicle Identification Number or other identifying serial number or property identification number, estimated book or trade-in value and property description.

1115.01.2 **Trade-in.** When the Surplus Inventory involves a vehicle or equipment to be used as trade-in for a newer vehicle or piece of equipment, the property title shall be signed by the General Manager at the time of transfer or after and remanded to the buyer. The trade-in value of the vehicle or equipment shall be recorded and the sold equipment record kept for five years. Only the District's Board of Directors shall have the authority to determine if Inventorial Equipment determined to be Surplus Inventory may be used as trade-in.

1115.01.3 **Disposal or Sale.** The sale of Inventorial Equipment determined to be Surplus Inventory shall be by the means determined to garner the greatest monetary value, including but not limited to, competitive bid, e-bay auction, or advertisement in the local newspaper. If sold by competitive bid, the sale date, sale location, list of vehicles or equipment to be sold shall be advertised in a local paper and/or trade publication and posted at the District offices and facilities at least ten days before the sale date. Employees, their immediate family or relatives, members of the District's Board of Directors, and retained consultants are prohibited from bidding during this first process. Inventorial Equipment determined to be Surplus Inventory may be sold on e-bay after a minimum reserve amount has been established. In all circumstances, the bidder with the highest bid price shall be deemed the successful bidder.

1115.01.3.1 If the advertised sale of Inventorial Equipment determined to be Surplus Inventory fails to generate a competitive bid, District employees may at this time submit sealed bids for any such items. The employee with the highest bid price shall be deemed the successful bidder.

1115.01.3.2 If the offer of sale to employees fails to generate any bids, the Inventorial Equipment determined to be Surplus Inventory shall be sold for scrap or disposed of in a legal manner.

1115.01.3.3 All sold or disposed Inventorial Equipment determined to be Surplus Inventory shall be removed from District property within 48 hours of the sale and title transfer unless otherwise agreed by the General Manager and successful bidder.

1115.01.3.4 Proceeds of the sale of Inventorial Equipment determined to be Surplus Inventory shall be posted to the appropriate account, unless otherwise directed by the District's Board of Directors.

1115.01.4 **Salvage.** If any Inventorial Equipment determined to be Surplus Inventory is not sold after a reasonable time using the methods set forth above, or if it is determined that such property has no reasonable resale value, the General Manager may consider such property Salvage and proceed with the disposal thereof pursuant to Section 1117 below.

1115.01.5 **Donation.** If any Inventorial Equipment determined to be Surplus Inventory is not sold after a reasonable time using the methods set forth above, or if it is determined that such property is obsolete with no reasonable resale or Salvage value, the General Manager may, upon prior approval of the District's Board of Directors, donate such property to another governmental agency or to a certified local non-profit organization that is eligible to receive such items from the District and which provides benefits to the constituents within the District's service area.

1115.02 **Disposal of Inventorial Property.**

1115.02.1 **Determination.** The District's Board of Directors shall, upon presentation of documentation from the General Manager, determine if any Inventorial Property is Surplus Inventory. The Board shall provide guidance to the General Manager as to how to dispose of the property, whether by competitive bid, auction, demolition, scrap or trade, or other such method as determined by the Board and General Manager.

1115.02.2 **Outside Consultants.** The District's Board of Directors may authorize the General Manager to hire property consultants, real estate agents, appraisers, or other professional service providers to assist with the sale or disposal of Inventorial Property determined to be Surplus Inventory, as necessary.

1115.02.3 **Accounting.** Proceeds from the sale of Inventorial Property determined to be Surplus Inventory shall be posted to the appropriate account, unless otherwise directed by the District's Board of Directors.

SECTION 1116. DISPOSAL OF SURPLUS LAND

Subject to the requirements of Government Code Section 54220 et seq., the District shall comply with the following provisions with respect to the disposal of any Surplus Land:

1116.01 Declaration. The District's Board of Directors shall, upon presentation of documentation from the General Manager, determine if land so presented is Surplus Land. After such determination, the Board shall adopt a resolution declaring such property Surplus Land and instructing District staff to follow the offer and negotiation procedures as set forth in this section.

1116.02 Notice of Availability. The District, after declaration of surplus and prior to disposing of Surplus Land, shall send a written notice of availability as follows:

1116.02.1. Housing. A written notice of availability of the Surplus Land for the purpose of developing low- and moderate-income housing shall be sent to any local public entity within whose jurisdiction the Surplus Land is located. Housing sponsors, shall, upon written request, be sent a written notice of availability of the Surplus Land for the purpose of developing low- and moderate-income housing. All notices shall be sent by electronic mail, or by certified mail, and shall include the location and a description of the Surplus Land. [Government Code Section 54222(a).]

1116.02.2 Recreation. A written notice of availability of the Surplus Land for park and recreational purposes or open-spaces purposes shall be sent to any park or recreation department of the county and any city within which the Surplus Land may be situated, to any regional park authority having jurisdiction within the area in which the land is situated, and to the State Resources Agency or any agency that may succeed to its powers. [Government Code Section 54222(b).]

1116.02.3 Schools. A written notice of availability of the Surplus Land suitable for school facilities construction or use by a school district for open-space purposes shall be sent to any school district in whose jurisdiction the Surplus Land is located. [Government Code Section 54222(c).]

1116.02.4 Development. A written notice of availability of the Surplus Land for the purpose of developing property located within an "infill opportunity zone" or within an area covered by a "transit village plan" shall be sent to any county, city, successor agency to a former redevelopment agency, public transportation agency, or housing authority within whose jurisdiction the Surplus Land is located. [Government Code Section 54222(d).]

1116.03 Notice of Interest. The entity or association desiring to purchase or lease the Surplus Land for any of the above purposes shall notify in writing the District of its interest in purchasing or leasing the Surplus Land within 60 days after the District's notice of availability of the Surplus Land is sent via certified mail or provided via certified mail. [Government Code Section 54222(e).]

1116.04 Negotiations. After the District has received notice of interest from the entity desiring to purchase or lease the Surplus Land, the District and the entity shall enter into good faith negotiations to determine a mutually satisfactory sales price and terms or lease terms. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than 90 days, the Surplus Land may be disposed of without further regard to this procedure. [Government Code Section 54223(a).]

1116.05 Priorities. In the event that the District receives a notice of interest to purchase or lease such Surplus Land from more than one of the entities to which notice of availability of Surplus Land has been given, the District shall give first priority to the entity or entities that agree to use the site for housing for persons and families of low- or moderate-income, except that first priority shall be given to an entity that agrees to use the site for a park or recreational purposes if the Surplus Land being offered is already being used and will continue to be used for park or recreational purposes, or if the Surplus Land is designated for park and recreational use in the local general plan and will be developed for that purpose. [Government Code Section 54227.]

1116.06 Exemptions.

1116.06.1 Definitions. The above procedure does not apply to the disposal of Surplus Land that is determined to be exempt within the meaning of Government Code Section 54221(f). Under this provision, "exempt surplus land" includes, but is not limited to, the following:

1116.06.1.1 Surplus Land that is transferred to the county pursuant to a board of supervisors determination that the land can be used to provide housing affordable to persons and families of low or moderate income; or

1116.06.1.2 Surplus Land that is not contiguous to land owned by a state or local agency that is used for park, recreational, open-space, or low- and moderate-income housing purposes, is not located within an enterprise zone or a designated program area, and which is:

1116.06.1.2.1 Less than 5,000 square feet in area;

1116.06.1.2.2 Less than the minimum legal residential building lot size for the jurisdiction in which the parcel is located, or 5,000 square feet in area, whichever is less; or

1116.06.1.2.3 Without record access and is less than 10,000 square feet in area.

1116.06.2 Exclusions. Notwithstanding the above, if the Surplus Land is not sold to an owner of contiguous land, it is not considered "exempt surplus land" and is subject to all of the above procedures set forth in Section 5. [Government Code Section 54221(f)(1).]

SECTION 1117. DISPOSAL OF SALVAGE

1117.01 Unless otherwise prohibited by law, the General Manager, from time to time, shall authorize the sale of surplus Salvage items. Salvage items determined to be surplus may be sold to recycle centers, other agencies, private businesses, public or private organizations, or non-profit organizations.

1117.02 Proceeds from the sale of Salvage items shall be posted to the appropriate account, unless otherwise directed by the District's Board of Directors.

SECTION 1118. EXTENT OF AUTHORIZATION

1118.01 The District's Board of Directors and the General Manager, to the limited extent expressly set forth herein, are the only parties authorized to sell Surplus Inventory, Surplus Land, and Salvage. No other District employee shall sell or donate any District property, equipment or material without the express written authorization of the Board of Directors.

1118.02 Unauthorized removal, disposal, or expropriation of any District-owned property, regardless of estimated value, constitutes a breach of District policy and could be construed as misappropriation of public funds.