

CITY OF MINNEAPOLIS

SURPLUS PROPERTY DISPOSAL PROCEDURES

(Link to [Policy](#))

Governing Policy: All City Staff that are responsible for the disposition of Surplus Property.

Applies to: All dispositions of Surplus Property by sale or donation (Surplus Property with a value of \$500)

Synopsis: Replaces the current Procedure for Disposal of Surplus Property established October 22, 1998 and revised July 20, 2005.

Council Approval Date: July 1, 2016

Effective Date: July 11, 2016

Links to Related Regulations: Uniform Contracting Law, Surplus Property Disposal Law and City Ordinance

Administering Department: Finance and Property Services (Procurement)

Phone: ~~TBD~~ (612) 673-2177

SCOPE

This policy applies to the disposition of all City of Minneapolis personal property determined to be no longer necessary for City operations or use.

DEFINITIONS

- A. **Surplus Property:** Damaged, obsolete or unnecessary personal property including, but not limited to, vehicles, equipment, furnishings, movable fixtures, tools, wires and cabling and clothing.
- B. **Notice:** Written notice given by the city to customers to announce the availability of Surplus Property.
- C. **Customers:** Donees, Governmental Entities or Purchasers of Surplus Property.
- D. **Purchasers:** Any customer that responds to a Notice and provides to the City an offer or bid to acquire Surplus Property.
- E. **Federal Funds:** Grant proceeds provided by the United States by or through any of its departments or agencies.
- F. **Donee:** The recipient of the Surplus Property approved for donation.

ROLES AND RESPONSIBILITIES

Role	Responsibility
Project Manager	<ol style="list-style-type: none">1. Identify Surplus Property for disposal.2. Prepare Request for Council Action (“RCA”) for donation of Surplus Property.3. Prepare the Resolution to authorize the donation of the Surplus Property.
Department Head	<ol style="list-style-type: none">1. Review and approve Surplus Property and confirm that it is eligible for disposal.2. Send written notice to Purchasing Department of intent to dispose of Surplus Property.
Procurement Director	<ol style="list-style-type: none">1. Determine dollar value of Surplus Property<ol style="list-style-type: none">a. Provide copy of valuation to city department, board or agency.b. Provide copy of valuation and methodology for valuation determination to Finance Officer.2. Prepare Notice and publication of Surplus Property if it is to be sold.3. Develop and recommend updates to the Policy and Procedures.4. Prepare Surplus Property sale and transfer documents.
Finance Officer	<ol style="list-style-type: none">1. Consider requests for donation of Surplus Property and suggest appropriate disposition means<ol style="list-style-type: none">a. Determine City Council preferences as to donation or sale of Surplus Property.b. Consider city department, board or agency recommendation for Surplus Property disposal.c. Review and confirm Procurement Director’s estimate of value for Surplus Property.d. Balance interests of stakeholders including prospective donee, city board or agency, grantees, taxpayers and city council.
City Attorney	<ol style="list-style-type: none">1. Provide subject matter expertise regarding federal

- and state grantor requirements for disposition of Surplus Property acquired with federal or state funds.
2. Provide subject matter expertise regarding Surplus Property disposition laws and regulations.
 3. Review and approve or prepare Surplus Property sale or transfer documents.
- Donee
1. Provide to the City a written expression of interest to receive the Surplus Property via donation.
 2. Provide to the City a written guaranty or agreement to assume and be responsible for all costs associated with the transportation and delivery of the donated Surplus Property.

SURPLUS PROPERTY DISPOSITION PROCEDURES

AUTHORITY: Based upon Minneapolis Code of Ordinances Section 18.160

DISPOSITION OF SURPLUS PROPERTY: Departments that wish to dispose of Surplus Property (as defined herein) shall follow the Procedures indicated in the policy and Procedures.

A. City Department

1. The Department must complete a **Surplus Property Notification Form** that is available in the Forms folder at CityTalk or through this link [form](#).
2. Submit the Surplus Property Notification form in duplicate to the Department Director and to the Procurement Director.

B. Purchasing Department

1. The Procurement Director will review the Surplus Property Notification form and initially make note of the preferred disposition method, source of funds for the city's acquisition of the Surplus Property and whether or not it should be classified as Surplus Property.
2. If the Procurement Director confirms that the Surplus Property was acquired with federal or state funds, then the Procurement Director will contact the City Attorney to determine permitted disposition methods.
 - a. Property acquired with federal funds may be subject to 2 CFR Section 200.313-316 or other regulations that may require disposition by sale only.

- b. Property acquired with state of Minnesota funds may be subject to the requirements contained in the state grant or funding agreement.
3. Determine value of Surplus Property.
- a. Surplus Property valued at less than \$500 may be sold, donated or considered solid waste to be recycled or placed in the refuse stream. For Surplus Property to be recycled, departments should reference the valuation guidelines contained in the “Disposal and Recycling of Surplus Property Procedures (link).
 - b. Property valued at greater than \$500 may only be sold or donated.
 - (i) The value of Surplus Property to be sold shall be determined through the sale as provided in C.1., below.
 - (ii) The Procurement Director will provide to the Finance Officer and City department the written estimate of the value of the Surplus Property, if the means of disposition is to be by donation.
 - (iii) The Finance Officer will determine after consultation with the City Council, whether the Surplus Property is to be donated or disposed of by other means.

C. Sale of Surplus Property

- 1. The Procurement Director will arrange for the sale of or authorize a department to sell Surplus Property. The transfer of the Surplus Property may occur by bid or auction after Notice upon terms advantageous to the city.
- 2. Any sale or disposition of Surplus Property to the United States of America or any agency thereof, the State of Minnesota, or any other political subdivision located in the State may occur pursuant to Minnesota Statutes, Section 471.64. Any such Surplus Property disposition to the U.S. shall occur in accordance with its rules and regulations.
- 3. Any sale of the Surplus Property does not require City Council approval. All sales of Surplus Property, whether conducted by a department that regularly conducts auctions or sales or the Finance Department, are reported to the Procurement Director. The Procurement Director compiles a list and dollar amount received by

the city upon the sale of Surplus Property. The list and dollar amount received from sales of Surplus Property will be in a form compatible with audit requirements.

4. The sale or disposal of Surplus Property that is deemed to be “scrap metal” or other “recyclable material” shall follow the “procedures” contained in the “Disposal and Recycling of Surplus Property” (link).

D. Donation of Surplus Property

1. Any Surplus Property offered for sale pursuant to Section C of this Policy and Procedure for which no offer or bid has been received after at least two Notices published with at least a fifteen (15) day period between each Notice, shall be eligible for donation after value is determined by Procurement. The City shall follow the procedure for donation of Surplus Property indicated in Section D. 2., below, and the requirements of Minnesota Statutes, Section 471.3459.
2. After receipt of a Request for Council Action (RCA) from the department in which the Finance Director informs the City Council of the estimated value of the Surplus Property and the “public purpose” to be achieved by said donation, the city Council may authorize by adoption of a resolution, the donation of the Surplus Property regardless of its value.
 - a. Donations of Surplus Property must satisfy a “public purpose.” “Public purpose” generally means that the donation will benefit the community and is related to the functions of government.¹
 - b. Surplus Property will satisfy the “public purpose doctrine” and may be donated to the following entities
 - (i) Sister Cities;
 - (ii) Other Governmental Entities; and
 - (iii) Non-profit entities whose purpose or mission is to educate persons of any income level or to train for employment, socially or economically disadvantaged persons.

¹ The meaning of the term “Public Purpose” is noted in the State Constitution, statutes and case law. For example, see Visina v. Freeman, 89 N.W.2d 635 (1958); City of Pipestone v. Madsen, 178 N.W.2d 594 (1970); or R.E. Short Company v. City of Minneapolis, 269 N.W.2d 331 (1978).

- c. For donations to other entities, consult with the Finance Department and City Attorney regarding satisfaction of a valid “public purpose.”

3. Costs associated with the Donation of Surplus Property

- a. The Donee shall pay all of the costs associated with the City’s donation of the Surplus Property. These costs shall include, but not be limited, to transportation and shipping costs, including loading and unloading, taxes, tariffs, storage costs upon the Surplus Property leaving the city facility, any governmental permits or fees, and all labor costs associated with the transportation and storage of the Surplus Property.
- b. Donee shall indicate, to the satisfaction of the City Finance Officer, its responsibility and financial means to assume the costs in D.3.a.
- c. City shall not transfer title to or convey the Surplus Property until the Donee has provided evidence satisfactory to the City that Donee possesses the funds to pay for the costs in D.3.a.

4. Time Limitations for Donation of Surplus Property.

- a. Department of Public Works will establish outside date for Donee to pay for and take title to Surplus Property.
- b. Donee’s failure to pay for and claim donated Surplus Property will result in forfeiture of Donee’s rights and City may dispose of the Surplus Property by other means.

E. Notice for Donations of Surplus Property

1. Requirement for written disclaimer as to any warranties.

- a. As required by Minnesota Statutes, Section 471.3459, the City will provide notice to all donees that the Surplus Property is being donated in an “as is” condition.
- b. The written disclaimer will appear in the written agreement to transfer the donated Surplus Property.

2. Preparation of written disclaimer of any warranties.

The written notice as required by statute should provide the following disclaimer:

“The (_____ equipment, goods, vehicles, etc.) are being provided to _____ (Donee) “as is” without any warranties, express, implied or oral, including, but not limited to, warranties of merchantability or fitness for a purpose or use.”