

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: December 16, 2021

Item description/summary:

OPUD Disposal of Surplus Equipment/Property Policy. This item has been discussed in committee. The original surplus policy specifically stated that EBay or similar user-friendly internet system could be used to surplus items, however, EBay will no longer allow government entities to list on their website. CSDA has a partnership with GovDeals which will allow government entities to surplus their items. The fee to list items through GovDeals is paid for by the buyer. Proceeds from the sale are paid directly to GovDeals and then directly deposited into OPUD's bank account eliminating any fraudulent risk for OPUD. Attached is a sample contract OPUD would enter into with GovDeals. Also attached are questions that were asked of GovDeals and the answers provided.

Fiscal Analysis:

N/A

Employee Feedback

None

Sample Motion:

Move to approve the revised OPUD Policy for Disposal of Surplus Equipment/Property Policy.

Prepared by:

Bri Anne Ritchie, Board Clerk



OLIVEHURST PUBLIC UTILITY DISTRICT (OPUD) **Disposal of Surplus Equipment/Property Policy**

Effective: 07-16-09
Rev ~~01~~ Dated 12-16-21

Purpose

Olivehurst Public Utility District (“the District”) must from time to time surplus equipment/property which has become outdated, worn-out, or unnecessary, in order to remove these items from the Districts inventory and insurance policy.

Sale of Surplus Vehicles and Equipment

Board of Directors takes action to declare vehicles and/or equipment surplus, and the manner by which each item is to be sold (sealed-bid or internet). Board of Directors then authorize General Manager to review bids and authorize sale of item to highest bidder.

1) Sealed-bid Basis:

- a) Item is advertised for sale in a newspaper of local general circulation with information about the location/hours/days it can be seen and the deadline date for submission of sealed bids.
- b) Sealed bids are opened after the submission deadline by the District Clerk or Deputy District Clerk of the Board. The General Manager then determines if the bid is adequate for acceptance.

2) Internet Basis:

- a) Item is posted on ~~Ebay or similar~~ user-friendly internet system (i.e., GovDeals, EBay, etc.) that allows a user of the system to place ongoing bids on an item they are interested in purchasing. The system should allow bidders to see the last highest bid made and post a higher bid, if they choose, until the sale deadline.
- b) A link to the Internet-posted items will be added to the District’s website.
- c) Photos of the surplus item (subject to the General Manager’s discretion), as well as contact and site-inspection information, will be provided at both the ~~Ebay~~/user friendly internet system (i.e., GovDeals, Ebay, etc.) and the District’s website.
- d) The minimum bidding period will be seven days after the advertisement is published or posted.
- e) If the item is large, sale specifications may include the requirement that the buyer retrieve it at District facility.
- f) Once bidding is complete, the General Manager will review bids received and authorize sale of the item to the highest bidder.

g) Buyers will be allowed to pay by cash, ~~or~~ cashier's check, or pay the internet site directly where the item is listed who will then directly deposit the proceeds of the sale into OPUD's account.-

h) Minimum bid recommendations by Department Managers will be subject to approval by the General Manager.

i) Buyers will typically be given one week from the date of sale to retrieve the purchased item, unless the General Manager determines that circumstances warrant an extended period.

j) Results of the sale will be reported to the Board of Directors at its next regular monthly meeting after the sale is complete.

Sale of Real Estate

Board of Directors takes action to declare property surplus and authorizes General Manager to obtain appraisal.

- 1) 1) Property is offered to public agencies at the appraised price. (State law requires that public agencies have the opportunity to purchase property prior to advertisement to the general public.)
- 2) 2) If property is not purchased by a public agency, it is advertised in the newspaper with a request that sealed bids be submitted to the District.
- 3) 3) Board of Directors takes action at the next Regular Board Meeting to accept or reject highest bid.
- 4) 4) Bidders are notified of the Board's action.

Disposal of Scrap Material

In the normal course of business the District will require disposal of items which do not have value as assets but have value as recycled material, such as glass, paper, scrap metal, and copper wire and pipe. For items with a combined total value estimated to be less than \$500, verbal quotes from two or more local vendors (if more than one is available) will be secured. For items with a combined total value greater than \$500, the process for the "Sale of Surplus Vehicles and Equipment", above, will be followed.

Prohibited Participation

In order to avoid conflict of interest issues, as well as the appearance of any conflict of interest issues, no sale or other disposition of equipment/property will be made to any employee, officer, consultant of the District or any member of immediate family of any such person.

Client Logo Here

Client Name
City, State

Online Sales - Terms and Conditions

All bidders and other participants of this service agree they have read and fully understand these terms and agree to be bound thereby.

Guaranty Waiver. All assets are offered for sale “AS IS, WHERE IS.” **Client Name (Seller)** makes no warranty, guaranty or representation of any kind, expressed or implied, as to the merchantability or fitness for any purpose of the property offered for sale. The Buyer is not entitled to any payment for loss of profit or any other money damages – special, direct, indirect or consequential.

Description Warranty. Seller warrants to the Buyer the property offered for sale will conform to its description. Any claim for misdescription must be made prior to removal of the property. If **Seller** confirms the property does not conform to the description, **Seller** will keep the property and refund any money paid. The liability of the **Seller** shall not exceed the actual purchase price of the property. **Please note upon removal of the property, all sales are final.**

Personal and Property Risk. Persons attending during exhibition, sale, or removal of goods assume all risks of damage of or loss to person and property and specifically release the **Seller** and **GovDeals** from liability therefore.

Consideration of Bid. Seller reserves the right to reject any and all bids and to withdraw from sale any of the assets listed at any time until the Seller has received payment in full for the assets and Buyer has removed the assets from the Seller's premises in their entirety.

Buyer's Certificate. If applicable, successful bidders will receive a Buyer's Certificate by email from **GovDeals** as their notice of award.

Buyer's Premium & Additional Fees. If a Buyer's Premium and/or Additional Fees are shown on the auction page Bid Box, then that amount (expressed as a percentage of the final selling price or a specified amount) will be added to the final selling price of all items in addition to any taxes imposed.

Payment. Payment in full is due not later than **5 business days** from the time and date of the close of the auction. Please refer to the payment instructions listed on the auction page for

complete payment terms and methods. Please refer to the Bid Box for all fees and taxes that may be associated with the auction.

State/Local Sales and/or Use Tax. Buyers may be subject to payment of State and/or local sales and/or use tax. Please review the Payment Instructions for all information related to Sales Tax and Tax Exemptions.

Removal. All assets must be removed within **ten (10) business days** from the time and date of the close of the auction. Purchases will be released only upon receipt of payment as specified. Successful buyers are responsible for loading and removal of any and all property awarded to them from the place where the property is located as indicated on the website and in the Buyer's Certificate. The Buyer will make all arrangements and perform all work necessary, including packing, loading and transportation of the property. Under no circumstances will **Seller** assume responsibility for packing, loading or shipping. See instructions on each auction page for complete removal details. A daily storage fee of \$25.00 may be charged for any item not removed within the ten (10) business days allowed and stated on the Buyer's Certificate.

Vehicle Titles. **Seller** will issue a title or certificate upon removal of the vehicle. Titles may be subject to restrictions as indicated in the asset description on the website.

Approval. Some Auctions/Sales are subject to Seller approval prior to award to the high bidder. Please review the auction/sale page for full terms of the sale and whether the final bid/sale is subject to approval.

Default. Default shall include (1) failure to observe these terms and conditions; (2) failure to make good and timely payment; or (3) failure to remove all assets within the specified time. Default may result in termination of the contract and suspension from participation in all future sales until the default has been cured. If the Buyer fails in the performance of their obligations, **Seller** may exercise such rights and may pursue such remedies as are provided by law. **Seller reserves the right to reclaim and resell all items not removed by the specified removal date.**

Acceptance of Terms and Conditions. By submitting a bid, the bidder agrees they have read, fully understand and accept these Terms and Conditions, and agree to pay for and remove the property, by the dates and times specified. These Terms and Conditions are available for review in the bid box at the top of each page of each asset listed on [GovDeals](#). Specific Instructions (Payment, Removal, and Special) appearing on the asset page will override certain sections of these Terms and Conditions.

Sales to Employees. Employees of the **Seller** may bid on the property listed for auction, so long as they do NOT bid while on duty.

GovDeals Questions/Answers

Q: Can you please explain the listing fee and how proceeds would be paid?

A: Our fee is simple. We charge a 10% fee of the final auction price to the BUYER. Meaning, if an item receives a high bid of \$100, we will collect \$110 and send the \$100 to you as a direct deposit the week after the asset has been picked up by the buyer.

Q: Are proceeds only paid to the seller once the buyer takes possession of the item(s)?

A: Yes, We hold the funds until the item has been picked up because, in the rare occasion that someone doesn't follow through with a pickup up, we legally must refund their money. It is usually easier for us to issue the refund than for you to have to do it. Buyers have 5 business days to pay for an item after it closes and an additional 5 to pick up. Therefore, you are normally still paid within a week or two of the auction ending.

Q: Have you ever encountered fraudulent activity from a buyer that ended in the seller out not only the funds for the item sold but also the item itself?

A: Great question and the answer is no. We definitely encounter fraudulent activity. That said, when we are collecting the money, we assume all the risk. For instance, if a client pays for an item with a credit card, picks the item up and later reverses the charge or if the card is found to be stolen etc....we cover that. You will still get paid for that asset. Once we notify you that we have received payment and you release the item, you will receive payment. For this reason we limit credit card transactions to \$5000 and require a wire transfer on anything over.