

# Metro Board Approved Policy

## Disposition of Personal Property

*Adopted: February 25, 1999*

### Historical Perspective

This policy was last amended on September 27, 2001. It was last reviewed on July 16, 2010.

Public Utilities Code (PUC) § 30600 states that "The [MTA] board may lease, sell, jointly develop, or otherwise dispose of any real or personal property within or without the district when, in its judgment, it is for the best interests of the district to do so." Although the CEO has current delegated authority related to the expenditure of MTA funds, there is no delegated authority related to the disposal of surplus MTA personal property.

The MTA has an ongoing program of disposal of surplus, obsolete and worn out personal property, and this has become very active with the process of changing a great deal of its fleet to CNG, as well as planned changes in numerous other types of equipment such as the Universal Fare System. Staff also developed and the Board adopted detailed procedures for the acquisition of MTA property, which have been incorporated into the Procurement Policies and Procedures Manual. Under this authorization, procedures for the disposal of surplus personal property, which are consistent with MTA and FTA requirements as appropriate, would be added to the Manual.



# **Acquisition Policy and Procedure Manual**

## **Acquisition Procedures ACQ-2**

**Issued July 16, 2010**



## **12.0 Purpose And Scope**

This Chapter outlines the MTA's procedures for the disposal of surplus and obsolete personal property in order to mitigate costs and resources associated with storing and maintaining surplus/obsolete material, and either to obtain an advantageous monetary return from its sale or to make effective use of it in another department.

### **12.1 Authority**

Pursuant to Public Utilities Code 30600, the MTA Board may lease, sell, jointly develop or otherwise dispose of any real or personal property within or without the MTA when, in its judgment, it is for the best interests of the MTA to do so.

### **12.2 Authorization**

- A. The Board has delegated approval authority and authorization to the CEO to dispose of personal property (all MTA property other than real property), that has a market value of up to \$200,000 and to incorporate surplus personal property guidelines into the Procurement Policies and Procedures Manual.
- B. The Board has delegated approval authority and authorization to the CEO to sell Mobile Source Emission Reduction Credits (MSERC) at market prices, even when such credits have a market value in excess of \$200,000.

### **12.3 Responsibilities**

The Director of Purchasing or a designated representative shall retain authority and responsibility for the execution of all obsolete, scrap and surplus sales. Any reference made to the Director of Purchasing shall include his written designee.

### **12.4 Application**

This procedure shall apply to all surplus personal property including but not limited to inactive stock and excess, obsolete, worn-out, discarded, scrap, recyclables, construction remnants or otherwise unusable materials, supplies and equipment.

### **12.5 Estimate**

An independent estimate will be performed commensurate with the potential for recovery of cost and risk to the Agency.

### **12.6 Procedure**

- A. Upon determination by any department that such personal property is no longer needed, the department shall prepare Form 37-28, "Authority to Sell or Dispose Of" and forward the form to the attention of the Sales Coordinator, Procurement Department.
- B. The Sales Coordinator will consider the following avenues of disposition:
  - 1. Alternative use within LACMTA
  - 2. Sale to outside companies



- C. Prior contractual commitments concerning the disposition of property, for example, in the case of Federal or State assisted projects must be strictly observed and will normally take precedence over the terms of this guideline.

### **12.7 Sales Process/Bidding Requirements**

- A. No Bids Required. Formal, public bids are not required where the estimated value of an item or aggregate of like items of personal property is \$40,000 or less. Such sales may be made pursuant to formal bid, informal bid, or negotiated sale in the open market at the discretion of the Director of Purchasing. Informal bids are quotations, either written or oral, which permit prices and other items to be compared.
- B. Formal Bid. A formal bid is one submitted by the bidder pursuant to the following procedure and shall apply to all sales over \$40,000.
1. Notice of the sale shall be published at least once in one or more daily newspapers of general circulation in the County of Los Angeles. Publication may also be made in a trade publication, if appropriate.
  2. The Director of Purchasing shall mail notice of the sale to all potential buyers and other interested parties whose names appear on the potential buyers list maintained by the Sales Coordinator who have indicated their interest in purchasing personal property of the kind being sold.
  3. Sale will be made by sealed bids to be opened in public and read aloud, as specified in the notice of sale at a place and time which must be at least 30 days after publication and mailing of notice of sale. Bids shall be tabulated and a recommendation made by the Sales Coordinator to the Director of Purchasing, Deputy Executive Officer, Executive Officer, or the Board of Directors, according to the approval levels specified. These recommendations will be in writing and will include documentation indicating the highest responsible and responsive bidder or bidders. MTA reserves the right to accept or reject any or all bids. A record of all bids shall be kept on file under the control of the Sales Coordinator in accordance with MTA Records Retention Schedules.

#### **12.7.1 Tie Bids**

Tie Bids will be decided by drawing of lots and representatives of the firms will be invited to observe.

#### **12.7.2 Notice of Minimum Bid Requirement**

The notice of sale may, if deemed prudent, contain as one of its terms and conditions a requirement that to be considered a bid must be above a stated minimum amount. The notice shall also provide that the sale is made subject to the LACMTA Rules and Regulations.

#### **12.7.3 No Bids**

If no qualified bids which meet the minimum bid requirements, if any, are received by the specified opening time, the Director of Purchasing shall have the authority to negotiate a sale, of such personal property, to any buyer under terms which is in the best



interest of the LACMTA. If the Director of Purchasing determines that it is not possible to negotiate a sale of the personal property, which is in the best interest of the LACMTA, the personal property may be held for future use or sale or sold for scrap or trashed.

**12.7.4 Employee Sales**

Employees are not allowed to bid on sale property. Disposition of surplus items shall not be made to an employee of the MTA.

**12.7.5 Active Inventory Items**

The Inventory Manager shall authorize the sale of active inventory items in response to requests from other public or private entities. Active inventory items will be sold at replacement cost or for a value equal to their current MTA inventory value plus a standard shipping and handling fee of 15% and only on an accommodation basis. Active inventory items will not be sold if such sale will negatively impact MTA operations.

**12.8 Donations**

- A. The donation of any bus, material, equipment or non-revenue vehicle to a public agency, private or "Non-Profit" organization is permitted if it meets one of the following conditions:
- B. If the asset has value, it must be determined that the asset will be used for some public transit related purpose within the MTA's jurisdiction; or
- C. It must be determined that the asset has no market/salvage value; or
- D. It must be determined that the cost to remove or dispose of the asset will exceed the estimated revenue or return from the sale.
- E. This policy shall be implemented in concert with the prohibitions against gifts of public funds.

**12.9 Sales Transactions**

**12.9.1 Record Retention**

- A. All sales transactions shall be documented on form OP-58, Sales Order. Copies of all documents, including notices of sale, awards, sales orders, sales receipts and bills of sale, shall be maintained by the Sales Coordinator as part of the public records of the MTA.
- B. The following information is to be specified on the Sales Order:
  - 1. Customer name
  - 2. Customer address
  - 3. Contact person
  - 4. Sale Order Number
  - 5. Specific Description of item(s) sold.
    - i). Fund Code
    - ii). Account Number



**12.9.2 Coordination With Accounts Receivable**

The Sales Order shall be sent to Accounts Receivable who will create and mail an invoice to the customer. The invoice will clearly specify to the customer that all payments must be sent to the MTA's lockbox.

**12.9.3 Acceptable Payment Methods**

Cash will not be accepted from vendors wishing to purchase bids or construction blueprints, maps, etc. Only checks or money orders will be accepted. If the vendor only has cash, said vendor is to be referred to the Cashiers Office to deposit the cash and obtain a receipt, which can then be exchanged for the documents requested.

**12.10 Accounting Records**

- A. Upon receiving payment, Accounts Receivable will record the amount in the appropriate account and provide a copy of the payment to the Property Sales Coordinator.
- B. On a monthly basis, Accounts Receivable will reconcile reported receipts with the Sales Report. Any variances will be evaluated and resolved.

**12.11 Report Of Sales**

The Director of Purchasing shall prepare and furnish Quarterly Sales Reports to the Deputy Executive Officer, Procurement of all items sold and the revenue received.

**12.12 Definition**

Whenever a reference is made to the CEO, it shall be deemed to include the person's designee including the Executive Officer, Procurement; Deputy Executive Officer, Procurement, Director of Purchasing and Sales Coordinator.

**12.13 Reference**

Currently published Business Plan - Material Sales Program.