



LAC LA BICHE COUNTY PROCEDURE

TITLE: Liquidation of Surplus Assets	PROCEDURE NO: CS-10-018
SPECIAL NOTES/CROSS REFERENCE:	EFFECTIVE DATE: SEPTEMBER 26, 2017
	NEXT REVIEW DATE: SEPTEMBER 26, 2019
CS-10-006 Tangible Capital Assets	AMENDMENT DATE:
PI-30-004 Sale of Used Culverts & Grader Blades	
PI-62-004 Supply and Sale of Pesticides	
PI-61-012 Land Sale	

PROCEDURE:

Purpose

1. The purpose of this procedure is to provide for the liquidation of surplus assets. Surplus assets owned by Lac La Biche County will be disposed of in a manner that:
 - a. Maximizes public benefit and is in the public interest;
 - b. Is fair, equitable and uniform in manner; and
 - c. Provides equal opportunity and equal access to purchase surplus assets.

Scope

2. The liquidation of Surplus Assets Policy and Procedure applies to tangible capital assets, surplus and inventory, as well as attractive items (machinery and equipment with a value less than \$5,000). For the purpose of this policy and procedure, asset(s) shall mean both tangible capital assets and attractive items. The following assets are not included under this policy and procedure.
 - a. Land and land improvements;
 - b. Buildings and Engineered Structures;
 - c. Aggregate (gravel, sand, asphalt, sand, etc.);
 - d. Recyclable solid waste;
 - e. Assets subject to buy-back, trade-in, insurance agreements, or other similar liquidation agreements or arrangements; and
 - f. Assets or classes of assets where a policy already provides guidelines for liquidation, or for assets where one has been established.
3. The definition of surplus assets means to include assets which are possessed by the County in excess of normal operating or repair requirements, as well as obsolete items, which are those that are no longer needed in the service for which they were purchased and cannot be utilized for any other purpose by the County.

General

4. Liquidation includes the discarding, sale, or donation of an asset.
5. No liquidation of such assets shall be made to employees, elected officials, or their immediate family members unless such assets are sold through external advertisement, formal request, auction, public sale, and no conflict of interest exists.
6. Assets will be disposed of on an “as is, where is” basis with no warranties or guarantees provided to the purchaser.
7. Assets should be disposed of in a timely manner, taking into consideration storage or other relevant factors.
8. Funds acquired through the sale of assets shall be returned to the appropriate department.
9. All assets that have a fair market value of less than \$5,000 may be disposed of by the Chief Administrative Officer (CAO), or designate.
10. All assets that have a fair market value of \$5,000 or more must have their sale approved by Council.
11. The combined value of assets shall be considered when determining if Council approval is required when:
 - a. It is a set of the same asset that belong or are used together; and/or
 - b. It is a collection of assets that are considered to belong together.
12. Department Managers shall be responsible for identifying assets for liquidation.

Assets under \$5,000

Declaring an Asset as Surplus

13. Declaring an asset surplus shall be a “two-up” approval process:
 - a. Department Manager shall complete Section 1 of the Asset liquidation Form (Schedule A) for review and approval by the Senior Manager; and
 - b. The Senior Manager shall receive approval from the CAO prior to approving an asset for liquidation.

Liquidation Method

14. Any method of liquidation may be recommended and employed, including selling, donating, or disposing (throwing out) the asset, depending on the current value of the item, potential cost recovery, and its potential value to community organizations.

Approving the Sale of an Asset

15. Before a sale can be finalized, the approval of the sale itself will follow the same “two-up” process used for *declaring an asset surplus*.
16. After disposing of an asset, Section Two of the Asset Liquidation Form shall be completed and kept as a record of liquidation.
17. An asset may be donated to the entities listed below, in the following priority:
 - a. Local community groups/non-profit organizations, etc;
 - b. Local area agencies; and
 - c. Non-local community groups/non-profit organizations or agencies.

18. For a Surplus Asset that has been designated for donation to local community groups/non-profits, Administration will:
 - a. Advertise in the local newspaper and County website about the opportunity to apply to receive the asset; and
 - b. Contact organizations to whom they believe the asset may be valuable.
19. Interested organizations will need to provide a short summary outlining how the asset will be used.
20. Selecting the recipient of the donated asset will be made by the Senior Management Team based on:
 - a. Current capacity of the organization to purchase a similar item;
 - b. Past/current funding/support received by the organization; and
 - c. Benefit that the asset will bring to the organization.
21. Items with no resale value should first be considered for donation prior to being discarded.

Advertising Requirements

22. The opportunity to purchase an asset, regardless of the method chosen, must be advertised in local media and/or on the County Website.
23. A private sale may only be made if the opportunity to purchase the item has been first offered publically and advertised in local media and/or on the County Website for two (2) weeks at the established fair market price, and where no buyer is found. If the item is being sold privately, it must be through an arms-length transaction.

Assets of \$5,000 or more

Timelines

24. Annually, each department will be responsible for providing Council with a list of assets to be disposed of as part of the budgeting process.
25. If the liquidation of an item is time sensitive, the department manager shall prepare a Request for Decision (RFD) seeking Council approval to dispose of the asset at anytime throughout the year.

Liquidation Method

26. The asset will be sold or conveyed in a manner that most effectively markets the item to interested parties as approved by Council. Assets may be conveyed in the following manner:
 - a. Public tender;
 - b. Auction;
 - c. Consignment; and
 - d. Donation (see Section 31).

Sale Provisions

27. County Council may choose to establish a reserve price.
28. For public tenders, the CAO, or designate, will be responsible for reporting the bid results to Council. Council will then award the tender. County Council does not have to accept the highest bid.
29. If the asset was declared surplus and offered for sale through an approved process identified in Section 26, and it did not sell, Council will be notified. Council may wish to employ the same disposal method again and/or change the reserve price.

30. Notwithstanding Section 26, following an unsuccessful sale, Council may instead approve the sale of the asset through an arm's-length, private sale at the same or a different reserve price, or, alternatively, at a price determined at the discretion of the CAO.

Donation

31. Donation, as a method of liquidation will not be considered, unless there is a known and existing need for that type of asset by a local organization, and there are compelling reasons why the provision of the asset to the organization outweighs the benefit of cost recovery to the County through selling the asset.

Advertising Requirements

32. All purchasing opportunities through consignment, auction or public tender must be advertised in local media and on the County website.

“Original Signed”
Chief Administrative Officer

October 26, 2017