



MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
Tuesday, November 13, 2018, 6 P.M.
City Hall, Passport Table

2018 Committee
Councilmembers
Jason Gamble
Kevin Hanford
Kirk Scarboro

AGENDA

I. Call to Order

II. Approval Minutes (Meeting of Tuesday, October 9, 2018) [\[Page 2\]](#)

III. Unfinished Business

IV. New Business

A. Surplus Property Policy (Public Works/Finance) [\[Page 4\]](#)

V. Other

VI. Next Committee Meeting (December 11, 2018 – 5:30 p.m.)

VII. Adjournment



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Monroe City Hall

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MINUTES

I. Call to Order

A regular meeting of the Monroe City Council Finance & Human Resource Committee was held on October 9, 2018, at Monroe City Hall. The Meeting was called to order by Councilmember Gamble at 6 p.m.

Committee Present: Councilmembers Jason Gamble, and Kirk Scarboro
Mayor Present: Mayor Geoffrey Thomas
Staff Present: Elizabeth Adkisson, City Clerk; Brad Feilberg, Public Works Director; Becky Hasart, Finance Director; and Deborah Knight, City Administrator
Citizens Present: Craig Chambers, YMCA; and Heather Rousey, Planning Commissioner

II. Approval Minutes (Meeting of Tuesday, September 11, 2018)

Councilmember Scarboro moved to approve the Finance & Human Resources Committee Meeting minutes of Tuesday, September 11, 2018; the motion was seconded by Councilmember Gamble. Motion carried (2-0).

III. Unfinished Business - NONE

IV. New Business

A. Long Range Sewer Projections (Finance)

Ms. Hasart provided background information on the proposed ten percent utility tax, long range sewer projections (illustrating the absorption of the proposed ten percent utility tax), and multiple scenarios reviewing varying rate adjustments, utility taxes, and potential for new debt.

General discussion ensued throughout the presentation regarding the four scenarios, projected expenditures and revenues, debt service, low-income/senior discounts, generational equity, and community outreach/education efforts sharing information on the proposed ten percent utility tax.

B. 2019 YMCA Contract (Administration/Finance)

Ms. Knight provided background information on the 2018 YMCA Contract, recreational services provided, and proposed 2019 contract scope of work.

General discussion ensued throughout the presentation regarding vouchers provided, programs and pool discounts/usage, expanding pool use for the 2019 contract scope of

work, preference of community users (survey), and other agencies providing similar services within Monroe.

V. Next Committee Meeting (November 13, 2018)

Ms. Hasart noted the Committee will be discussing amendments to the Surplus Property Policy at the next meeting.

Councilmember Gamble noted he will be absent from the November 13, 2018, Committee Meeting.

VI. Adjournment

Councilmember Scarboro moved to adjourn the October 9, 2018, Monroe City Council Finance & Human Resource Committee meeting; the motion was seconded by Councilmember Gamble. Motion carried (2-0); the meeting adjourned at 6:45 p.m.

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MONROE CITY COUNCIL
Finance & Human Resources Committee Meeting
 Tuesday, November 13, 2018, 6 P.M.

2018 Committee
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Agenda Bill

SUBJECT:	Surplus Property Policy
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DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
11/13/2018	Public Works Finance	Jakeh Roberts Becky Hasart	Jakeh Roberts	New Business A.

Discussion: 11/13/2018
Attachments: 1. Sale and Disposal of Surplus Real or Personal Property Policy

REQUESTED ACTION: Review; discussion; and provide direction to the Mayor and Staff regarding next steps.

POLICY CONSIDERATIONS

Monroe Municipal Code Section 3.04.025 requires all real or personal property owned by the City of Monroe, regardless of cash value, to be declared as surplus via resolution of the City Council. The Municipal Code is more restrictive than State Law. This restriction often leads to increased indirect costs derived from long term material storage, marketing, sales, and asset processing requirements.

Adoption of this policy would make the process more efficient. Repeal of MMC 3.04.025 would be necessary prior to adoption of the policy.

DESCRIPTION/BACKGROUND

The City of Monroe does not have an adopted formal sale and disposal of surplus property policy. Surplus property processing is instead regulated in combination by the Revised Code of Washington, and Monroe Municipal Code Section 3.04.025.

Historically, various departments have worked independently and brought items to Council for approval on an ad-hoc basis. This approach has led to unnecessary long-term storage of obsolescent property and redundant Council actions as well as irregular sales and disposal of property.

Establishment of policy would increase adherence to best practices, as well as the efficiency of all City departments by:

- Reducing unnecessary storage, marketing, sale, and processing costs.
- Eliminating the administrative and legal review burden associated with preparing materials for City Attorney review and City Council consideration via authorizing the Mayor or Designee to approve surplus action (items with less than \$5,000 market value).
- Facilitating maximum capture of revenue through avoidance of depreciation associated with long lead times prior to sale.
- Formalize a regular and predictable minimum schedule for the sale and disposal of surplus property (two times annually).
- Allow for donation of surplus property for which the market value is less than the cost of the surplus property to charitable organizations, rather than requiring disposal.

At present, there is no restriction upon the acquisition of City surplus property by elected officials, or employees involved in the price setting and sale processing of property. As presented, this policy establishes those parameters to restrict elected officials and certain City Staff from directly acquiring surplus property from the City, thereby eliminating the potential conflict of interest.

FISCAL IMPACTS

No direct impact. Indirect fiscal impacts from this policy would be realized through achieving efficiency.

TIME CONSTRAINTS

A request to surplus fleet equipment is typically brought to Council for consideration in the first quarter of each year. Adoption of this policy would simplify the sale of many of those items by delegating the authority to approve the sale or disposal to the Mayor or Mayor's Designee.

ALTERNATIVES

Rather than eliminate Monroe Municipal Code Section 3.04.025, Council could elect to codify the policy as presented, or with changes. While this would create a more robust code section, it would also be costly to create, and would reduce Council's flexibility to alter or amend policy in the future via adding the requirement of publishing public notice and holding a public hearing.

CITY OF MONROE FINANCE POLICIES

POLICY SUBJECT: SALE AND DISPOSAL OF SURPLUS REAL OR PERSONAL PROPERTY

EFFECTIVE DATE: _____

APPROVED:

_____ Mayor _____ City Administrator

SUBMITTED TO COUNCIL:

_____ N/A _____ Yes Resolution Number _____

VERIFICATION OF RECEIPT:

_____ Police _____ Clerk

_____ Finance _____ Public Works

_____ Community Dev. _____ City Attorney

_____ Human Resources/ Risk Management

1. PURPOSE; INTERPRETATION

To provide the framework for the sale or disposal of real or personal property utilizing the most cost effective and efficient method that is to the best advantage of the City in a manner consistent with the requirements of applicable local ordinance and state law. This policy shall be interpreted and applied in accordance with such requirements. If a provision of this policy irreconcilably conflicts with a requirement imposed by local ordinance or state law, the ordinance or state law requirement shall control to the extent of such conflict.

2. REGULATIONS AND KEY TERMS

- A. Article VIII, Sec. 7 of the Washington State Constitution – States that no City give any property away, except for the necessary support of the poor and infirm.
- B. Cost of Surplus – The moving, storage, marketing, processing, sale or auction, and record maintenance cost attributable to an individual piece of City property.
- C. Method of Sale or Disposal – Includes sale of surplus items by auction, sealed bid, through an agent or broker, to another governmental entity, by trade-in, donation, or by dispensing of it as waste.
- D. Monroe Municipal Code (MMC) 3.04.025 – Authorizes the disposition of certain City property by resolution of the Monroe City Council.
- E. RCW 35A.11.010 – Provides municipalities the right to acquire and dispose of property.
- F. RCW 39.33.010 – Provides municipalities the right to sell or transfer property to other governmental entities.
- G. RCW 39.33.015 – Provides municipalities the option of transferring, leasing, or selling property for the purpose of offering affordable housing. Provisions for consistency with comprehensive plans and covenants regulating the use of the property must be included under this statute.
- H. RCW 39.33.020 - Requires that a public hearing be held if the value of the property proposed for disposal exceeds \$50,000 and is to be transferred to a separate governmental entity.
- I. RCW 39.94.040 - Requires that a public hearing be held prior to the disposal of all property originally purchased for utility purposes.
- J. RCW 43.09.210 - Requires that the City receive "full value" when there is an intergovernmental transfer of property.
- K. Washington State Attorney General Opinion, 1997 #5 - Concludes the meaning of full value contained in RCW 43.09.210 is flexible depending on the factual circumstances.

3. GENERAL PROVISIONS

- A. No member of the city council or members of their immediate family may directly acquire surplus property from the City of Monroe.
- B. No city employee or member of their immediate family may directly acquire City surplus property if:

- i. The city employee or official had any role in establishing the value of the property.
- ii. The city employee or official had any role in the sale or disposal of the property.

C. Sale and/or disposal of surplus requires City resources (Cost of Surplus). It is the intent of the City to surplus property in the most cost-effective manner practicable. A comparison of the market value of an item against the incurred cost of the resources required to move, store, market, process, sell or auction, and maintain records of the property should be used to guide Method of Sale or Disposal recommendations.

If the Cost of Surplus exceeds the fair market value of the property, then the property may be disposed of as waste, recycled, or donated in a manner that is to the best advantage of the City.

D. Gifts or donations of City of Monroe real or personal property with a market value that exceeds the Cost of Surplus are expressly prohibited by Article VIII, Section 7 of the Washington State Constitution except where necessary to support the poor and infirm or otherwise to effectuate an authorized public purpose.

E. Completion of regular surplus property disposal is an essential step in maintaining efficiency of operations. Storage of excess property unnecessarily consumes scarce City resources. Holding public hearings in an inefficient manner also consumes scarce City resources. As such, Department Directors are encouraged to coordinate disposal of surplus property in the following manner:

- i. Sell or dispose of surplus property with an individual value of \$5,000 or less, not originally acquired for utility purposes, as frequently as is practical.
- ii. Sell or dispose of small or similar items by lot or group, rather than individually.
- iii. Sell or dispose of surplus property with an individual value of \$5,000 or greater, or property originally acquired for utility purposes, at a minimum, in February and November of each calendar year.

4. SALE OR DISPOSAL OF REAL OR PERSONAL PROPERTY WITH AN INDIVIDUAL VALUE OF \$5,000 DOLLARS OR GREATER

A. The sale of City property, not originally acquired for utility purposes, with an individual value of greater than \$5,000 requires approval by resolution of the Monroe City Council declaring the property as surplus to the City's needs. The request to surplus property shall include:

- i. A surplus recommendation from the Director, or the Director's Designee, of the department of responsibility for the property.
- ii. An item description.

- iii. A fixed asset number, or serial number/identification for tracking purposes.
 - iv. A fair market value estimate of the item.
 - v. The preferred Method of Sale or Disposal.
 - B. When authorized by City Council; surplus property may be sold by calling for sealed bids, by live auction, by trade-in, or otherwise disposed of in the manner that is most beneficial to the City's needs.
 - C. Upon completion of sale or disposal of property a record of the following will be submitted to the Finance Director, or the Director's Designee:
 - i. A copy of the City Council resolution authorizing the surplus action.
 - ii. A record of the Method of Sale or Disposal.
 - iii. The sale price, or if incurred, the estimated cost of disposal.
5. SALE OR DISPOSAL OF REAL OR PERSONAL PROPERTY WITH AN INDIVIDUAL VALUE OF \$5,000 DOLLARS OR LESS
- A. The sale of City property, not originally acquired for utility purposes, with an individual value of \$5,000 or less, requires approval of the Mayor, or the Mayor's authorized designee. Authorization to surplus property shall be provided informally in writing. The request to surplus property shall include:
 - i. A surplus recommendation from the Director, or the Director's Designee, of the department of responsibility for the property.
 - ii. An item description.
 - iii. A fixed asset number, small and attractive asset number, or serial number/identification for tracking purposes.
 - iv. A fair market value estimate of the item.
 - v. The preferred Method of Sale or Disposal.
 - B. When authorized by the Mayor; surplus property owned by the city may be sold by calling for sealed bids, by live auction, by trade-in, or otherwise disposed of in the manner that is most beneficial to the City's needs.
 - C. Upon completion of sale or disposal of property a record of the following will be submitted to the Finance Director, or the Director's Designee:
 - i. A copy of the informal written authorization.
 - ii. A record of the Method of Sale or Disposal.
 - iii. The sale price, or if incurred, the estimated cost of disposal shall be sent to the City Finance Director, or the Director's Designee.
6. SALE OR DISPOSAL OF REAL OR PERSONAL PROPERTY ORIGINALLY ACQUIRED FOR UTILITY PURPOSES
- A. Prior to declaring property originally acquired for utility purposes as surplus, the City Council must hold a public hearing in a manner consistent with

RCW 39.94.040, and pass a resolution declaring the property as surplus to the City's needs, stating the fair market value or consideration to be paid, and setting forth such other terms and conditions for such disposition as the City Council deems to be in the best public interest. The request to surplus property under this procedure shall include:

- i. A surplus recommendation from the Director, or the Director's Designee of the department of responsibility for the property.
- ii. An item description.
- iii. A fixed asset number, or serial number/identification for tracking purposes.
- iv. A fair market value estimate of the item.
- v. The preferred Method of Sale or Disposal.

B. When authorized by City Council; surplus property owned by the city may be sold by calling for sealed bids, by live auction, by trade-in, or otherwise disposed of in the manner that is most beneficial to the City's needs.

C. Upon completion of sale or disposal of property a record of the following will be submitted to the Finance Director or the Director's Designee:

- i. A copy of the City Council resolution.
- ii. A record of the Method of Sale or Disposal.
- iii. The sale price, or if incurred, the estimated cost of disposal.

7. SALE OR TRANSFER OF PROPERTY TO ANOTHER GOVERNMENTAL ENTITY

A. The sale or transfer of property to a governmental entity with a fair market value of less than \$50,000 shall be completed in a manner consistent with Section 4 of this policy.

B. The sale or transfer of property to a governmental entity with a fair market value of greater than \$50,000 shall be completed in a manner consistent with Section 4 or Section 6 of this policy and may additionally require:

- i. A public hearing be held as per RCW 39.33.020.
- ii. The City to receive "full value" of the property as per RCW 43.09.210. Washington State Attorney General Opinion, 1997 #5 concludes the meaning of "full value" is flexible depending on the factual circumstances.