

## CHAPTER 6

### Disposal of Surplus Property (Recreated: Ord. 2022-13; 07/11/22)

<i>Section Number</i>	<i>Title</i>	<i>Ordinance Number</i>	<i>Date of Ordinance</i>
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#### **SEC. 6-3-1 DEFINITIONS.**

- (a) "Arm's Length Transaction" means a sale in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable and informed and who are acting independent of each other.
- (b) "Book Value" means the recorded value of a piece property at the time of purchase less the accumulated depreciation of the property on the date of the proposed disposal of the property. The valuation of property shall be supported by generally accepted accounting principles.
- (c) "Fair Market Value" means the value of a piece of property if it were sold on the open market in an Arm's Length Transaction.
- (d) "Surplus Village Property" means property that has no further usefulness to the Village as determined by the Department Head that oversees the property. No further usefulness means a piece of property that is no longer used, relied on, or needed.

#### **SEC. 6-3-2 DETERMINATION AND DISPOSITION OF SURPLUS VILLAGE PROPERTY.**

- (a) Property with a Book Value of Less than Five-Hundred Dollars. Property with a Book Value of less than five hundred dollars (\$500.00) shall be determined to be Village Surplus Property by the Department Head of the property. The Department Head shall notify the Village Administrator and the Finance Department of his or her determination that a piece of property is Surplus Village Property. The Department Head's notice to the Village Administrator and Finance Department shall include a property description, asset number, Book Value, reasons for disposal, and recommended means of disposal. Upon receipt of the notice of the Department Head's determination, the Village Administrator or designee shall dispose of the Surplus Village Property by one of the methods listed in Section 3-6-3. Once the Village Administrator or designee has disposed of the Surplus Village Property, proof of such disposal shall be provided to the Finance Department and be reflected on the Village assets list if necessary, within seven (7) days of receipt of the sale.
- (b) Property with a Book Value of Five-Hundred Dollars or More.

- (1) If the Department Head of a piece of property determines that a piece of property has no further usefulness, and the property has a Book Value of five hundred dollars (\$500.00) or more as determined by the Finance Department, the Department Head shall notify the Village Administrator and Finance Department in writing of the property's disposal request. The Department Head's notice to the Village Administrator and Finance Department shall include a property description, asset number, Book Value, and reasons for disposal.
  - (2) The Village Administrator shall advise all other departments in the Village of the available property and transfer it to any Department that has requested the property. The Village Administrator shall provide proof of any transfer of Surplus Village Property between Village Departments to the Finance Department.
  - (3) If no other Department requests the property, the Village Administrator shall forward the property information (description, asset number, date of purchase, original purchase cost, accumulated depreciation, net Book Value to be written off) to the Finance Committee. The Finance Committee shall review and recommend to the Village Board a determination on whether property is Surplus Village Property and how the property should be disposed of under Section 3-6-3. The Village Board shall make the final determination of whether property is Surplus Village Property and, if the property is determined to be Surplus Village Property, direct the Village Administrator or designee to dispose of the property by one of the methods set forth in Section 3-6-3.
  - (4) Once the Surplus Village Property disposal occurs, proof of such disposal shall be provided to the Finance Department and be reflected on the Village assets list if necessary within seven (7) days of receipt of the sale.
- (c) Fair Market Value. All disposals of Surplus Village Property shall be based on Fair Market Value, which may match the Book Value.
- (d) Discounts for Other Services. Surplus Village Property shall not be disposed of by taking a discount on other services invoiced.

### **SEC. 6-3-3 DISPOSAL PROCESS FOR SURPLUS VILLAGE PROPERTY**

- (a) Whenever property is determined to be Surplus Village Property, the property shall be disposed by one of the following methods:
  - (1) Negotiated sale (support documentation required)
  - (2) Sale by sealed bid (publicly advertised)
  - (3) Public auction (approved online or local auction)
  - (4) Scrap (support documentation required)
  - (5) Donation to a nonprofit organization within the Village, a nonprofit organization that provides services to the Village, or to a governmental agency.
  - (6) Trading property for another piece of property or a discount on the purchase price of another piece of property.
- (b) Department Heads responsible for Surplus Village Property shall not donate or sell property under Sec. 3-6-3(a)(1), (2), (4), and (5) to a member of their own family without approval of donation or sale by the Finance Committee.

**SEC. 6-3-4 PUBLIC AUCTIONS OR SALES BY SEALED BIDS.**

- (a) In the event of a public auction or sale by sealed bid, the property shall be sold in "as-is" condition to the person or entity submitting the highest bid. The Village Board may accept a lower bid submitted by a nonprofit organization or governmental agency. The Department Head responsible for the property shall determine a time frame that the successful bidder shall remove the property. In the event that the property is not removed within that time frame, the property shall revert to the Village and the paid amount of the bid shall be forfeited to the Village. The Village Board shall dispose of property if the Village receives no bids.
- (b) The Village Board shall authorize the Department Head to hire an auctioneer or auction or bid company to assist in the public auction or sale by sealed bid. The fees and costs of an auctioneer or auction or bid company shall not exceed the payment received by the Village from the auction or sale of the property.

**SEC. 6-3-5 ITEMS NOT SURPLUS VILLAGE PROPERTY.**

The following shall not be Surplus Village property:

- (a) Land or buildings
- (b) Property that is obtained by the Village as a result of abandonment or loss by the property's original owner
- (c) Library materials used by the public library for lending purposes

**SEC. 6-3-6 DISPOSAL OF NON-SURPLUS VILLAGE PROPERTY.**

Only the Village Board may dispose of Village property that is not Surplus Village Property as defined in this Chapter. Abandoned and seized personal property shall be disposed of in accordance with Title 5 Chapter 11.