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## Township of Southgate

### Surplus Assets Disposal Policy

#### I. Policy Statement

The purpose of this policy is to provide a clear and consistent process for the disposal of all surplus assets in the Township of Southgate. The policy will spell out the steps to follow when a decision has to be made to trade in, sell or physically scrap and dispose of a surplus physical asset. Assets exempt from the policy are property (lands & buildings) owned by the municipality that has its own policy covered in a municipal by-law and used culverts that are priced at the discretion of the TAPS Manager based on size and condition in comparison to new product value.

#### II. Definitions

- **"Asset" or "Assets"** means any physical township material items that could be described as heavy equipment, tools, maintenance equipment, used materials, office furnishings, surplus parts or supplies, etc. with the exclusion of lands and buildings owned by the municipality.
- **"Surplus"** means material items that have reached the end of their useful life from a municipal use perspective or have been upgraded or have become unusable by the Township because of government regulations.

#### III. Policy Objectives

The objectives of this policy are to:

- Ensure that all Southgate assets are properly written off in our financial management system and for audit purposes;
- Ensure that all of the Township's physical assets that are destined for disposal are accessed a fair market valuation by industry expert appraisals or a supplier's evaluation;
- Ensure staff compares the appraised or fair market value, with any residual book value that has not been depreciated or written off in comparison to a comparable new value of the asset.
- Ensure the disposal process for all physical assets is in the best interest of the Township to secure the most value by way of:
  - i. Trading in the asset;
  - ii. An advertised, open and transparent request for proposals process to the highest bid / best proposal; or
  - iii. Disposal of asset for recycling purposes to generate revenue.

#### IV. Policy Application

- This policy applies to all departments in the Township of Southgate and is the responsibility of each department head to ensure the necessary steps are undertaken as outlined in this document.

## V. Policy Directives

1. In order to properly dispose of surplus physical municipal assets the department head should first consult with the Township Treasurer to;
  - Discuss the disposal options available;
  - Acquire the present book value of the asset; and
  - Review Policy #28 - Tangible Capital Assets Policy and the necessary documentation to write-off and dispose of the asset for financial and audit purpose.
2. The next step is for the department head to acquire a fair market asset value based on all the office information available, useable life remaining, market valuations from trade in options or industry supplier appraisals and the salable condition of the asset.
3. Based on the asset valuation process and other information acquired during the research, the department head makes a decision as to the best option for disposal of the surplus item. A staff report should be created for presentation to Council to justify the recommendation as to the best option for disposal of the asset. If the disposal option selected is to advertise a public process by requesting bid proposals, the fair market valuation should remain confidential at this stage of the process.
4. Physical Asset Disposal Options:
  - a. Trading in the asset on new replacement equipment. - This is often a preferred option in many purchases when replacing equipment. Staff should be aware that unless the purchasing process is extremely competitive it may well be advantageous to complete an outright purchase and dispose of the surplus asset for less money than what is being offered in trade.
  - b. Request for Proposals process to the highest bid - When staff select the request for proposals process, a RFP document will be created for council approval. The RFP process would then be advertised for 2 weeks with open and transparent public process seeking request for proposal bids and selection of the highest bid or best proposal for Southgate. A staff report is prepared for presentation to council with the best disposal bid being considered with the asset valuation to make a recommendation in the best interest of the Township.
  - c. Disposal of the asset for scrap or recycle material value - When the cost of a request for proposal process in advertising costs and staff time outweighs the asset value of less than \$1,000.00 the disposal option will be selected. The Department Head will write off the asset value on paper, if any, and select the best option to dispose of the item for scrap or recycling purposes to generate revenue.
  - d. RFP process at a later time with other items - Another option would be to retain the item and bulk it with another asset to be advertised and a combined RFP disposal process.
5. Complete asset disposal paperwork necessary with the assistance of the Treasurer.

## **VI. Accountability**

- Department Heads are responsible for:
  - Understanding and following this policy as well as all other Township of Southgate policies and procedures affecting disposal of municipal assets.
  
- Southgate's Treasurer is responsible for:
  - Maintaining a book value of all Southgate assets;
  - Ensuring Department Heads are provided with annual reports listing each departments assets showing the individual book or residual value, in comparison to original purchase price or valuation and the total depreciation to date.
  
- Senior management is responsible for:
  - Ensuring that all Department Heads are advised of this policy;
  
- The Council of the Township of Southgate is responsible for:
  - Ensuring compliance with this policy.

## **VII. Monitoring**

The Township of Southgate will monitor and update this policy when necessary.