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APPROVED
BY THE CITY COUNCIL

DEC 14 1993

OFFICE OF THE
CITY CLERK

DEPARTMENT OF
GENERAL SERVICES

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

December 14, 1993
PS:Admin:93061:RBH:rh

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SACRAMENTO, CA
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PURCHASING
CENTRAL STORES
CENTRAL SERVICES

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: AUTHORIZATION FOR SALE AND/OR DONATION OF CERTAIN SURPLUS CITY
PROPERTY (EQUIPMENT/SUPPLIES) TO AGENCIES OF THE MEXICAN
GOVERNMENT**

LOCATION AND COUNCIL DISTRICT

City-wide - All Districts

STAFF RECOMMENDATION

The Procurement Services Division, on behalf of the Police Department and the Department of Public Works, recommends that the City Council adopt the attached Resolution authorizing sale and/or donation of certain surplus City property (equipment/supplies) to agencies of the Mexican government.

CONTACT PERSON: Bob Holbrook, Procurement Services Manager, 433-6202

FOR COUNCIL MEETING OF: December 14, 1993

SUMMARY

The Fleet Management Division of the Department of Public Works has forwarded to the Procurement Services Division a request for donation of surplus City property (equipment/supplies) to the State of Baja California North, Mexico. The Police Department and the Department of Public works have been contacted by representatives of the Mexican government, who requested that the City of Sacramento sell or donate property (equipment/supplies) that has become surplus to the needs of the City, but which still has sufficient usefulness to be able to serve needs in Mexico.

BACKGROUND

As noted above, the Police Department and the Department of Public works have been contacted by representatives of the government of Mexico, who requested that the City of Sacramento sell or donate property (equipment/supplies) that has become surplus to the needs of the City, but which still has sufficient usefulness to be able to serve needs in Mexico.

Current Disposal Procedures

In accordance with the provisions of Title 12 of the Sacramento City Code, several methods are used to dispose of City property (equipment/supplies) that is declared surplus by the various operational organizations of the City. The first level of disposition considered is whether the property (equipment/supplies) may be appropriate for use by City organizations other than the organization that has declared the property (equipment/supplies) to be surplus. Such property (equipment/supplies) is held for re-use within the City, usually for a period of at least three (3) months. If the property (equipment/supplies) is not requested for use by another City organization during the holding period, it is then sent for public auction or offered for sale by sealed-bid. The majority of surplus property (equipment/supplies) is disposed of at public auction. The City Code also allows for direct sale of surplus property (equipment/supplies) to other public agencies, with City Council approval being required when such sale is for a total of \$5,000 or more. The City Code also permits donation of surplus City property (equipment/supplies), by resolution of the City Council, to other public agencies or charitable organizations. Some surplus City property (equipment/supplies) is disposed of by these methods. In some instances, property (equipment/supplies) does not sell after being offered using the above procedures. Depending upon the nature and condition of the property (equipment/supplies), it may then be disposed of as scrap or refuse, or returned to warehousing for disposition at a later date.

Types of Surplus Property (Equipment/Supplies)

Some types of property (equipment/supplies) are not appropriate for disposition to the general public (e.g., public-safety items such as light-bars from police cars, police batons, flack jackets, pursuit tires that have reached their mileage rating limit but still have useful life, etc.). While some such property (equipment/supplies) is disposed of by sale to other public agencies, some is retained and "lies dormant", unfit for City use but inappropriate for placement in the hands of the general public. The representatives of Mexico have indicated that some such items could be of use to them. Surplus Police vehicles are another item in which the Mexican officials have expressed interest. On several occasions, they have actually purchased City police vehicles via public auction, with the purchase being handled by a broker or "middle-man" who makes the purchase at auction and subsequently makes a sale to the Mexican government. The Mexican government representatives have expressed interest in dealing directly with the City for acquisition of such vehicles. Such an arrangement could be mutually beneficial, since the Mexican government could avoid some brokerage costs, and the City would not have to expend as much labor in "de-policing" the vehicles as is the case when the vehicles are offered for sale at public auction. For the purpose of the sale of used Police vehicles, the Fleet Manager has recommended that such

sales occur only after it is determined that no other local public safety agency has an interest in obtaining the vehicles, and then that the vehicles be sold to the Mexican government at a price that would be equivalent to what the City could expect to receive if the vehicles were sold at public auction (past sales and condition of the vehicles would be used to arrive at appropriate prices).

Current Property (Equipment/Supplies) Not Marketable

A current example of surplus City property (equipment/supplies) in which the Mexican officials have expressed interest are several hundred light fixtures that were removed from parking facilities in conjunction with the renovation of the Downtown Plaza. After being notified that the light fixtures had been declared surplus, the Procurement Services Division solicited sealed-bids from the public and from electrical contractors on the City's bidders list. Several public agencies were also contacted, and an advertisement inviting bids was placed in a State-wide procurement newsletter that reaches public agency purchasing offices throughout California. As a result of these efforts, approximately 130 of the surplus fixtures were sold at an average price of about \$30 each. Approximately 600 of the fixtures remain in storage, unsold. The representatives of Mexico have stated that they could use the fixtures to provide lighting in high-crime areas (primarily in Tijuana) where they currently do not have lighting. Due to the lack of demand for this large quantity of these light fixtures and the relatively low price that has been received for those that have been sold, staff recommends that they be donated to the State of Baja California North, Mexico, since long-term storage presents a problem for the City.

Proposed Resolution

The resolution attached to this report will authorize the Procurement Services Division, in coordination with the organization declaring the property (equipment/supplies) as surplus, to facilitate the sale or donation, as appropriate, of surplus City property (equipment/supplies) to agencies of the Mexican government when it is determined that such property (equipment/supplies) either has virtually no market in the Sacramento region or to other California public agencies, or when the property (equipment/supplies) is of a nature that either its condition or potential uses makes it inappropriate for disposition to the general public.

FINANCIAL CONSIDERATIONS

The financial implications of the sale and/or donation of surplus City property (equipment/supplies), as discussed in this report, will be minimal. In the case of donations, the market value of the property (equipment/supplies) will have been determined to be negligible, since it would first be offered to other agencies and/or for sale to the public. For any surplus property (equipment/supplies) that is sold instead of donated, a fair-market price would be established based on previous sales of like items, and thus the revenue generated will be approximately the same as could be anticipated if the property (equipment/supplies) was sold at auction. Some savings may accrue to the extent that any property (equipment/supplies) being sold or donated requires less preparation prior to disposition than

would be the case for sale to the general public.

POLICY CONSIDERATIONS

The requirements for disposition of surplus City property (equipment/supplies) are set forth in Sacramento City Code Title 12, which allows sale by various methods and donation of surplus City property (equipment/supplies) to other public agencies or charitable organizations by resolution of the City Council. The City Code defines "public agency" to mean "the state or any agency or subdivision thereof, any city, county, special district, or school district". The City Code does not specifically address the sale or donation of surplus City property (equipment/supplies) to other countries.

It is reasonable to expect that donations and/or sales of surplus City property (equipment/supplies) that assist the Mexican government in delivering higher-quality services to their citizenry will assist in creating goodwill both between the national governments and particularly between Mexico and the City of Sacramento.

MBE/WBE EFFORTS

Because this transaction does not involve the purchase of goods or services for the City, M/WBE efforts are not applicable.

Respectfully submitted,



Robert B. Holbrook
Procurement Services Manager

Approved:



Betty Masuoka
Director of Finance

RECOMMENDATION APPROVED:



For William H. Edgar
City Manager

Attachment

RESOLUTION NO. 93-708

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE SALE AND/OR DONATION OF CERTAIN CITY PROPERTY (EQUIPMENT/SUPPLIES) TO AGENCIES OF THE MEXICAN GOVERNMENT

WHEREAS, the City of Sacramento periodically declares various items as surplus to the needs of the City; and

WHEREAS, the City of Sacramento supports the efforts of the government of Mexico to enhance the quality of life for its citizens; and

WHEREAS, the City of Sacramento wishes to foster good relations between the City and the government of Mexico,

BE IT RESOLVED BY THE CITY COUNCIL OF SACRAMENTO that the City Council does hereby authorize the Procurement Services Division, in coordination with the organization declaring the property (equipment/supplies) as surplus, to facilitate the sale and/or donation of certain surplus City property (equipment/supplies), provided that such property (equipment/supplies):

- 1) Has been offered for public sale, either by auction or by sealed-bid, and has not been sold as a result of such offerings; or
- 2) Has been offered for sale and/or donation to other public agencies within the State of California, and has not been sold and/or donated as a result of such offerings; or
- 3) Is determined to be of a nature that it is not appropriate for sale to the general public.

APPROVED
BY THE CITY COUNCIL

FEB 16 1993

OFFICE OF THE
CITY CLERK

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____