



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
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[www.kirklandwa.gov](http://www.kirklandwa.gov)

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## **MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** Tracey Dunlap, Director of Finance and Administration  
Barry Scott, Purchasing Agent  
Sheila Sigmond, Buyer

**Date:** June 14, 2012

**Subject:** Revisions to KMC 3.86 – Sale and Disposal of Personal Property

### **RECOMMENDATION:**

Council approve ordinance revising KMC 3.86 – Sale and Disposal of Personal Property.

### **BACKGROUND DISCUSSION:**

Chapter 3.86 – Sale and Disposal of Personal Property was added to the Kirkland Municipal Code (KMC) in 1977. This chapter addresses the sale or disposition of surplus personal property valued at less than \$1,000 by using an informal process, and it requires the sale of surplus personal property valued at more than \$1,000 using a formal sealed bid process requiring Council action. The chapter also requires the involvement of the City Manager in each process. KMC 3.86 has been updated twice since 1977. In 1980, a provision was added to sell surplus property to another government agency. In 1986, the dollar threshold for requiring a sealed bid process was increased from \$300 to the current \$1,000.

Given the significant amount of growth that the City has experienced since the last revision and the many other options available to us for selling (e.g. online auction websites) and disposing of surplus property, we believe that KMC 3.86 needs to be revised. In preparing the draft of the revised KMC 3.86, we have reviewed applicable RCW's, sample policies provided by other government entities and information found on the MRSC website. From this, we have determined that we do have a number of options available to us for the sale or disposition of surplus personal property and our current dollar threshold of \$1,000 is considerably lower than the threshold used by other public entities to require Council action.

The draft of the revised KMC 3.86 has been reviewed by the Council Finance Committee, the Department Directors and other City staff and their questions and concerns have been addressed in the proposed revision. The current chapter (Attachment A) would be replaced in its entirety by the proposed language reflected in the attached ordinance.

Summary of significant changes:

1. Purchasing Services and Department Director will determine method of disposition for surplus property less than \$5,000.
2. City Manager will approve method of disposition for surplus property valued at \$5,000 to \$20,000.
3. City Council will approve method of disposition for surplus property over \$20,000.
4. Revised code identifies additional methods available for sale and disposition of surplus property.
5. Fleet Management is specified for sale or disposition of vehicles. Council approval for sale or disposition of vehicles is still required.
6. Other items, in addition to computer equipment, may now be donated to City funded non-profit agencies. The Human Services section of the Parks & Community Services Department is responsible for coordinating these types of donations.
7. Clarifies that City employees shall not directly or indirectly use, take, or dispose of City personal property other than in their official duties. No City owned item shall be turned over to an employee or any other individual for his/her personal use other than items purchased by employee clothing allowances.
8. Clarifies that Councilmembers and City employees involved in declaring an item of City personal property surplus may not purchase that item directly from the City, or receive preferential treatment in the disposal or sale of City surplus personal property, regardless of the value of the item. These restrictions apply to immediate family members as well.

It should be noted that KMC 3.88 provides for the sale or disposal of Unclaimed Property held by the Police Department. The Police Department is currently using an online auction service for the sale of much of this property. Weapons that come into the possession of the Police Department from the public and cannot be returned to their lawful owners are destroyed. Weapons issued to officers for use in their duties are traded in for new weapons when it is necessary to replace weapons.

**Chapter 3.86**  
**SALE AND DISPOSAL OF PERSONAL PROPERTY**

*(Note: Current language - to be replaced in its entirety by the proposed ordinance.)*

**3.86.010 Sale of unneeded property owned by the city.**

The city manager may authorize department directors to sell property owned by the city and which is in the custody of their departments when they have certified in writing to the city manager or to the purchasing agent that said properties are no longer of public use to the city, or that the sale thereof would be in the best interests of the city. (Ord. 2934 § 1 (part), 1986: Ord. 2339 § 1 (part), 1977)

**3.86.020 Sale of personal property one thousand dollars in value or less or to another governmental entity.**

Approval of the council is not required for the sale or disposition of any personal property:

- (1) With an estimated value of one thousand dollars or less; or
- (2) To another governmental entity to be used by that entity; when such property has been certified for disposition by the city manager; such sale or disposition to be made by the purchasing agent in accordance with informal procedures and in the best interest of the city. (Ord. 2934 § 1 (part), 1986: Ord. 2534 § 1, 1980: Ord. 2339 § 1 (part), 1977)

**3.86.030 Sale of personal property over one thousand dollars in value.**

The purchasing agent, upon receipt of written instruction from the city manager or his authorized agent to sell personal property owned by the city valued at more than one thousand dollars, shall call for sealed bids and shall contain a description of the property to be sold, the location thereof, the name and address of the person with whom the bid is to be filed, the last date for filing bids, and other pertinent information. Such call shall be published at least once in a newspaper of general circulation in the city not less than five days before the last date for filing of bids. (Ord. 2934 § 1 (part), 1986: Ord. 2339 § 1 (part), 1977)

**3.86.040 Bid deposit for the sale of personal property over one thousand dollars in value.**

Each bid shall be accompanied by a deposit in the form of a certified check in an amount equal to not less than ten percent of the amount of the bid. All such deposits so made shall be returned to the unsuccessful bidders depositing the same after award of contract has been made. The deposit of the successful bidder shall be applied upon the price, or upon failure of such bidder to consummate the purchase, such deposit shall be forfeited as liquidated damages and such deposit so forfeited shall be credited to the appropriate account. (Ord. 2934 § 1 (part), 1986: Ord. 2339 § 1 (part), 1977)

**3.86.050 Bid opening in the sale of personal property over one thousand dollars in value.**

Sealed bids shall be opened in public by the purchasing agent or his authorized agent at the time and place specified in the call for bids. The purchasing agent shall make a tabulation of all bids received and forward the bids to the city manager. (Ord. 2934 § 1 (part), 1986: Ord. 2339 § 1 (part), 1977)

**3.86.060 Award or rejection of bids in the sale of personal property over one thousand dollars in value.**

The city manager shall present all bids, together with recommendations, to the city council at a regularly scheduled meeting for approval or rejection by the council. (Ord. 2934 § 1 (part), 1986: Ord. 2339 § 1 (part), 1977)

**3.86.065 When bids rejected or no bids received.**

In the event no bids are received or all bids received are rejected by the city council then the council may either ask for new sealed bids or direct the sale or disposition of such surplus property under the procedures adopted pursuant to Section 3.86.020. (Ord. 2934 § 1 (part), 1986: Ord. 2339 § 1 (part), 1977)

ORDINANCE O-4363

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE SALE AND DISPOSAL OF SURPLUS PERSONAL PROPERTY.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Kirkland Municipal Code Chapter 3.86 is hereby repealed.

Section 2. A new Chapter 3.86 of the Kirkland Municipal Code is hereby created to read as follows:

**3.86.010 Surplus Personal Property defined.**

(a) For the purpose of this chapter, the terms "Surplus personal property" or "surplus property" each mean any tangible personal property owned by the city, which is not needed at present, or for the foreseeable future, or that is no longer of value or use to the city. Items included are those purchased, received as gifts, or found items.

(b) This chapter does not apply to real property nor does it apply to certain personal property acquired under federal grants and contracts if in conflict with special title provisions in such grants and contracts.

**3.86.020 Administrative responsibilities.**

(a) The Purchasing Services section of the Finance & Administration Department is responsible for overseeing the disposition of surplus City personal property, other than vehicles. Purchasing Services is also responsible for the issuance and recovery of asset tags.

(b) The Fleet Management section of the Public Works Department is responsible for coordinating the sale or disposal of City vehicles.

(c) The Human Services section of the Parks & Community Services Department is responsible for coordinating the donation of surplus computer equipment or other items to City funded non-profit agencies.

(d) The Department Director or designee is responsible for declaring department personal property as surplus. The Department Director or designee will consult with Purchasing Services to determine the best method of disposition for department surplus personal property and will ensure that the appropriate documentation is provided to Purchasing Services.

(e) The City Manager is responsible for approving the method of disposition for surplus personal property with an estimated value of more than \$5,000 and less than \$20,000.

(f) The City Council is responsible for approving the method of disposition for surplus personal property with an estimated value of \$20,000 or more.

**3.86.030 Procedures.**

(a) If a department has an item that is no longer needed, the department shall submit a City of Kirkland Asset Disposition Form, approved by the Department Director or designee, to Purchasing Services. The form shall list the item and state that the item is no longer needed. If the personal property is in usable condition, it will first be made available to all departments. If no departmental interest is shown, the item will be sold or disposed of in accordance with this chapter, with the following exceptions:

(1) Utility Property and Equipment. If the surplus personal property was originally purchased for utility purposes, the provisions of RCW 35.94.040 shall apply. Council approval is required and a public hearing must be held.

(2) Assets Valued over \$50,000. If the value of the asset is estimated to be more than \$50,000, and if the sale is to another governmental entity, the provisions of RCW 39.33.020 shall apply. Council approval is required and a public hearing must be held.

(3) Hazardous Materials. Hazardous materials are not accepted as surplus and should be disposed of following applicable laws and regulations.

(4) City Vehicles. Arrangements for declaring surplus and disposing of vehicles or equipment belonging to the City's Equipment Rental Fund shall be made with Fleet Management. If a vehicle or piece of equipment is not in the Equipment Rental Fund but has a vehicle title or certificate of ownership issued by the State of Washington, arrangements for declaring surplus or disposal shall also be made with Fleet Management. Council approval is required by Fleet Management prior to auctioning or otherwise disposing of City vehicles.

(b) City employees shall not directly or indirectly use, take, or dispose of City personal property other than in their official duties. No City owned item shall be turned over to an employee or any other individual for his/her personal use other than items purchased by employee clothing allowances.

**3.86.040 Methods of Disposition.**

Surplus personal property, regardless of value, shall be disposed of in an appropriate and legal manner. Purchasing Services and the appropriate Department Director shall determine one of the following methods of disposition that is most appropriate and in the best interests of the City. Preference is given to the sale of surplus personal property to the general public or another government entity. The appropriate approval for the method of disposition shall be obtained as determined by the value of the surplus personal property.

(a) Transfer to another department. Surplus personal property may be transferred between City departments. Departments wishing to transfer surplus personal property to or from another department

shall complete a City of Kirkland Asset Disposition Form and submit it to the Purchasing Services Department for review.

(b) Trade-In. Personal property declared as surplus may be offered as a trade-in for credit toward the acquisition of new personal property. All trade-in offers will be submitted for the review and approval of Purchasing Services. If surplus personal property is to be applied to a purchase order, the trade-in value shall be itemized on the purchase order.

(c) Return to Manufacturer. Surplus personal property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new personal property.

(d) Disposal. Surplus personal property may be offered for sale by the City. The moneys realized from the sale of any such property is to be paid into the fund from which such property was purchased if required by law or into the general fund. All surplus personal property is for sale "as is" and "where is," with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the personal property offered for sale. Appropriate methods of disposal are as follows:

(1) Public Auction. Surplus personal property may be sold at public auction. The City may use a professional auction service or an online auction site.

(2) Garage or Yard Sale. Purchasing Services, in coordination with participating departments, may hold a public sale of surplus personal property. The sale must be advertised in a newspaper of local circulation at least five days prior to the sale. Prices on all items will be fixed prior to the sale.

(3) Sealed Bids. Sealed bids may be solicited for the sale of surplus personal property. Surplus personal property disposed of in this manner shall be sold to the highest responsible bidder.

(4) Selling for Scrap. Surplus personal property may be sold as scrap if the City deems that the value of the raw material exceeds the value of the property as a whole.

(5) Negotiated Sale. If the City has been unable to find a buyer for surplus personal property after having used a competitive public process, the City may negotiate to sell the personal property outright if a potential buyer is subsequently found.

(6) Surplus items can be transferred, sold, leased or otherwise disposed of to another public agency. With the exception of weapons, surplus items may also be transferred, sold, leased or otherwise disposed of to a foreign entity (RCW 39.33.010).

(7) Transferred. Surplus personal property may be sold, transferred, or donated to qualified non-profit agencies.

(8) No Value Item. Where the City determines that specific supplies or equipment are surplus and of minimal value to the City due to spoilage, obsolescence or other cause, or where the City determines that the cost of disposal of such supplies or equipment would exceed the recovery value, the Purchasing Services shall dispose of the same

in such a manner as he or she deems appropriate and in the best interest of the City.

(9) Garbage Surplus Personal Property. Unusable, broken, and what would reasonably be considered garbage surplus personal property may be recycled. If this is not possible, placing such items in a dumpster or transporting them to a landfill is acceptable.

### **3.86.050 Sale of surplus personal property by sealed bid.**

When it has been determined by Purchasing Services and the appropriate Director that surplus personal property valued at \$5,000 or greater is to be sold using the sealed bid process, the following procedures will apply:

(1) The City Manager must approve this method of sale for items with an estimated value of \$5,000 to \$20,000.

(2) The City Council must approve this method of sale for items with an estimated value of \$20,000 or more.

(3) Notice must be published at least once in a newspaper of general circulation not less than five days before the last date for filing of bids.

(4) Each bid shall be accompanied by a deposit in the form of a cashier's check or certified check in an amount equal to or not less than ten percent of the amount of the bid. All such deposits shall be returned to the unsuccessful bidders depositing the same after award of contract has been made. The deposit of the successful bidder shall be applied to the selling price. If the successful bidder fails to consummate the purchase, the deposit shall be forfeited as liquidated damages and the forfeited deposit shall be credited to the appropriate account.

(5) Sealed bids shall be opened in public by the Purchasing Services at the time and place specified in the call for bids. The Purchasing Agent shall make a tabulation of all bids received and forward the bids to the City Manager with recommendations.

(6) The City Manager will approve or reject the sale of items for bids less than \$20,000.

(7) The City Manager will forward all bids received for \$20,000 or more to the City Council with recommendations for approval or rejection by the Council.

(8) In the event the Council rejects bids, the City Manager will direct Purchasing Services and the Department Director to determine another approved method of sale or disposal.

### **3.86.060 Sale of surplus personal property to city employees.**

Councilmembers and City employees involved in declaring an item of City personal property surplus may not purchase that item directly from the City, regardless of the value of the item. In order to prevent the appearance of a conflict of interest, no City employee or member of the employee's immediate family may directly acquire personal property from the City if the employee had any role in declaring an item surplus or establishing the value or price of the personal

property. Councilmembers or City employees may purchase City surplus personal property when such property is offered to the general public at an auction conducted by a private party. Councilmembers or City employees will not receive preferential treatment in the disposal or sale of City surplus personal property.

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_ day of \_\_\_\_\_, 2012.

Signed in authentication thereof this \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney

PUBLICATION SUMMARY  
OF ORDINANCE O-4363

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE SALE  
AND DISPOSAL OF SURPLUS PERSONAL PROPERTY.

SECTION 1. Repeals Kirkland Municipal Code Chapter 3.86  
relating to the sale and disposal of surplus of personal property.

SECTION 2. Creates a new Kirkland Municipal Code Chapter  
3.86 relating to the sale and disposal of surplus of personal property.

SECTION 3. Authorizes publication of the ordinance by  
summary, which summary is approved by the City Council pursuant to  
Section 1.08.017 Kirkland Municipal Code and establishes the effective  
date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to  
any person upon request made to the City Clerk for the City of  
Kirkland. The Ordinance was passed by the Kirkland City Council at its  
meeting on the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

I certify that the foregoing is a summary of Ordinance  
\_\_\_\_\_ approved by the Kirkland City Council for summary  
publication.

\_\_\_\_\_  
City Clerk