



# REQUEST FOR COUNCIL ACTION

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**Title:** Surplus of existing assets

**Preferred Agenda:** March 09, 2021

**Submitted By:** Brandon Neish, Finance Director

**Reviewed By:** Ray Towry, City Manager

**Type of Action:** Resolution  X  Motion  \_\_\_  Roll Call  \_\_\_  Other  \_\_\_

**Relevant Code/Policy:** SHMC § 3.08.030 – City Surplus Property  
Local Contract Review Board Rules of Procedure

**Towards Council Goal:** Goal 1.2(c): Increase community awareness of infrastructure needs and appropriate planning documents  
Goal 2: Be an effective and efficient government

**Attachments:** Resolution No. 10 for 2021

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**Purpose of this RCA:**

To review Resolution No. 10 for 2021, authorizing the surplus and sale of existing capital assets.

**Background/Context:**

The City maintains various capitalized equipment consisting of vehicles, buildings and, prior to 2019, equipment purchased that exceed a value of \$200. Over time, this equipment is replaced, upgraded or exceeds its useful life expectancy. When this occurs, a decision must be made on whether to keep those items on the City's books or to dispose of them in accordance with City policy and state law.

Previously, staff brought a list of surplus items to Council that was approved through Resolution No. 2 for 2021. This included 2 Police vehicles, 2 Public Works vehicles and various equipment items that were damaged or no longer served a purpose in the City's inventory. The items listed below are additional items that have outlived their useful life with the City that necessitate the disposal of assets that were broken or are of no further value to the City. These items are as follows:

<b>Asset ID #</b>	<b>Description</b>	<b>Department/Division</b>	<b>Procured</b>	<b>Planned disposal method</b>
<b>2291</b>	2010 Ford Crown Vic	Police	2010	Auction
<b>1893</b>	2000 Chevy Utility Van	Public Works	2002	Auction
<b>2104</b>	1998 Ford Expedition	Public Works	2007	Auction
<b>2063</b>	2004 Ford Ranger (wrecked)	Public Works	2006	Auction
<b>2450</b>	2002 Ford Econoline Van	Public Works	2015	Auction

**The Challenge/Problem:**

The challenge is to maintain modern, reliable equipment, including vehicles, that will meet the needs of the City. At different points in the life of equipment or vehicles, the maintenance cost associated with them begin to increase and the cost/benefit of that equipment comes into question.

**Stakeholders:**

- Sweet Home staff – Staff use the vehicles and equipment listed above to complete the necessary functions of their jobs. Without solid equipment, jobs can take more time to complete or injuries can occur. It is important to maintain the needed equipment to maintain an effective and efficient organization and provides needed tools for the staff.
- Sweet Home City Council – The City Council is charged with making decisions that do the most good, for the most people, for the longest period of time. The disposition of equipment and vehicles means the City will likely be spending money to replace these items. Is the purchase of the replacement equipment money well spent?
- Sweet Home community – The community expects the City to deliver on essential services such as water distribution, sewer collections, Police services and more. Vehicles and equipment in proper working order makes the delivery of those services possible (and at times, easier).

**Issues and Financial Impacts:**

Disposing of City assets has a positive financial impact and likely negative impact as well. With the disposition of assets, the City generally hosts an auction to sell the items that have exceeded their useful life or are being disposed based on an assumption of maximize the total benefit while minimizing costs. These auctions provide revenue for the City’s departments that are disposing of assets. On the alternate side of the coin, generally the disposition of assets requires purchasing replacement equipment. This can have a negative financial impact but all replacement purchases are part of the budget planning process reviewed and approved the Sweet Home Budget Committee and adopted by the City Council.

**Elements of a Stable Solution:**

A stable solution requires a decision on how to treat assets across the organization. A life-cycle plan and five-year capital plan are both elements of a stable solution and ensures dispositions and replacements are done within budget requirements.

**Options:**

1. Do Nothing – The City will keep the equipment and vehicles listed in its possession.
2. Move to approve Resolution No. 10 for 2021 – These items have no further functional, useful value to the City.
3. Select a portion of the assets listed to be disposed – The City Council could decide that some of the listed items are still valuable to the City and therefore should be retained. Staff would return at a future meeting with an amended list of assets for disposition and an amended resolution.
4. Request additional information on the specific items listed – The City Council could request that staff return with additional information on the assets proposed for disposition.

**Recommendation:**

Staff recommends option 2, move to approve Resolution No. 10 for 2021. The assets listed have exceeded their useful life to the City and there are added maintenance time and costs required to upkeep the equipment to ensure viable use.