

Policy 17

Disposition of District-Owned Surplus/Obsolete Equipment and Supplies

November 10, 2025

1. **Purpose**

The intent of this policy is to establish uniform guidelines for the disposal or transfer of surplus and/ or obsolete District equipment and supplies. This policy excludes the transfer, sale, or other disposal of real property.

2. **Definitions**

“Equipment” shall mean all tangible District property that has a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. This definition includes major movable property used in the provision of District health care services and responsibilities.

“Supplies” shall mean all tangible District property, other than Equipment, having a useful life of less than one year and an acquisition cost of \$5,000 or more per unit.

“Surplus or obsolete equipment” shall mean tangible property which the district determines is no longer required for its needs or for the fulfillment of its responsibilities.

“Fair Market Value” shall mean the most probable price which equipment or supplies should bring in a competitive and open market.

“Net proceeds from the sale of surplus or excess property” shall mean the amount Realized from the sale of property no longer needed for district purposes less the expenses of any actual and reasonable selling and fixing up expenses.

“Service Life or Useful Life” begins on the date the equipment or vehicle is placed in revenue service and continues until it is removed from service.

3. Policy

A. Disposition of Surplus Equipment and Supplies

1. The agency administrator is responsible for monitoring and evaluating when the useful life of said equipment or supplies have been met and for disposal of surplus equipment and/or supplies when it is judged to be in the best interest of the organization that the property concerned be disposed of.
2. The agency administrator shall estimate the fair market value of surplus equipment and supplies by any reasonable means and prepare supporting documentation.
3. Authorization to dispose of surplus equipment and supplies is subject to the value limitations and requirements below, and methods of disposal must conform appropriately.

B. Authorization

1. If the estimated fair market value is less than \$1,500, the agency administrator or designee may authorize the scrapping of the property or may sell or donate the property to a school, public agency, or non-profit organization
2. If the estimated fair market value does not exceed \$25,000, a negotiated sale may be conducted and sale of the item concluded at the price determined to be fair and reasonable without competitive bids.
3. If the estimated fair market value is greater than \$25,000, but does not exceed \$100,000, the Board Chair's approval shall be obtained prior to any sale. Information provided to the Chief Administrative Officer shall, as a minimum, identify the buyer and the rationale supporting documentation behind the sale at that value.
4. If the estimated fair market value, as determined by the agency administrator or designee, is greater than \$100,000 or the sales price is less than the determined fair market value, Board of Director's approval shall be obtained prior to any sale. Information provided to the Board of Directors shall, at a minimum, identify the buyer and the rationale supporting documentation behind the sale at that value.
5. Trade-ins as part of procurement are authorized regardless of market value.
6. Staff may seek the Board of Directors approval for an exception to this policy when it is in the best interest of the District.

C. Methods of Disposition

Authorized surplus disposition will proceed following one or more of the following approved methods for the disposition of surplus or obsolete equipment and supplies shall include: 1) trade-in as part of a new procurement; 2) sale to other public agencies;



*MCHCD provides a hospital and fosters leadership, advocacy and collaboration
for our community health and well-being.*

3) sale to nonprofit agencies or organizations consistent with established legal parameters; 4) sale by auction open to the public; 5) solicitation of sealed bids or negotiated sale - whichever maximizes the disposal value to the District; 6) disposal through scrapping; or 7) charitable donation.

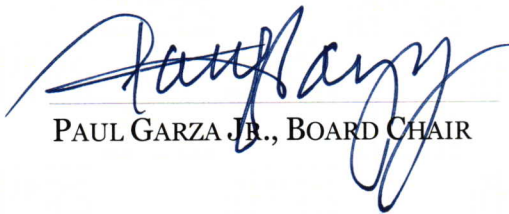
D. Prohibited Sales

Except in the case where surplus or obsolete District property is sold at public auction conducted by an independent third-party auctioneer, members of the Board of Directors and or employees of the District or persons acting as agents of the foregoing, shall not be permitted to purchase at the sale.

E. Reports to the Board of Directors

At least once per fiscal year, the agency administrator shall provide, as an information item to the Board, a report of the activities relating to the disposal of surplus or obsolete property describing the identification of property, type of items disposed of, original purchase price information and dates (if available), the gross sales price, and the net proceeds to the District. Regardless of value and/or method of disposition, all reports of the disposition will identify the buyer/recipient and include the supporting documentation establishing a specified value for the item(s).

APPROVAL SIGNATURES:


PAUL GARZA JR., BOARD CHAIR

September 10, 2025

DATE ADOPTED

ATTEST:

September 10, 2025

SUSAN SAVAGE, BOARD SECRETARY DATE