



POLICY & PROCEDURE DOCUMENT

NUMBER: 9.0201
DIVISION: Chief Facilities Officers Division
TITLE: Responsibilities for Disposal of Surplus Property
DATE: February 1, 2012
REVISED: October 21, 2019
AUTHORIZED BY: Bryan Russell, Chief Facilities Officer

I. Purpose and Scope: this policy is designed to set parameters in accordance with KRS 45A.425 for the proper disposal of surplus property belonging to Western Kentucky University.

II. Asset Liquidation

- A. **Authorized Selling Agent:** WKU has the authorization under KRS 164A.575(5) to surplus excess property. For inventory control purposes, the WKU Campus Services Department (Recycling/Surplus) is the only approved WKU agent authorized to sell, donate, transfer, or dispose of university-owned property.
- B. **Eligibility of an Item for Sale:** Surplus prioritizes reuse of surplus items on campus to minimize costs to the University; therefore, items will not be eligible for sale until Surplus has determined that they are not suitable for re-use elsewhere on campus. State regulation KRS 164.575(7) allows the university to dispose and sell property in the manner deemed in the best interest of the institution. For this reason, *the Surplus/Recycling method of sale is through live or on-line auctions silent sealed bid auction only.*
- C. **Transfers to State Agencies and Non-Profit Organizations:** Under KRS 45A.425, Surplus may transfer items to other governmental agencies at no cost. When consistent with public interest, Surplus may transfer university-owned property to secular non-profit organizations.

As stated (below), all revenue from sale of equipment deemed surplus would be returned to Recycling and Surplus budget. This includes (but is not limited) to:

- Any WKU asset (regardless if there is an inventory control number affixed)
- Industrial and commercial farm, restaurant, athletic, construction, or related equipment
- Self-supported revenue generating departments will have a portion of the revenue returned to them as stated in the table below.

- D. **Works of Art and Historical Assets:** DFM Recycling/Surplus Representative will contact the Kentucky Museum and/or the University Archives about works of art or historical assets slated for surplus that may require further examination. If it is determined that slated works of art or historical items should be retained by the University, they will be transferred without charge to the appropriate department for future preservation.
- E. **Grant Funded Assets:** Specific rules apply on assets purchased with grant funds. We request that departments appropriately notify the DFM Campus Services Department (Recycling/Surplus) if an asset slated for surplus has been purchased with Federal or State Grant Funds.
- F. **Establishment of property value:** The DFM representative for Recycling/Surplus, with the assistance of the Director of Purchasing, the buyer, or others knowledgeable of the commodity, may establish a value for the property that is not sold via auction or sealed bid.
- G. **Noncompetitive negotiations:** for the sale of surplus property may be allowed when there is a limited market for a commodity, DFM Recycling/Surplus will determine what negotiations are in the best interest of the University. This method generally will be used if an item has failed to sell in the past or by other methods.

III. Live and Online Auction Guidelines:

Live and online auctions will be administered by the DFM Campus Services Department (Recycling/Surplus). Live and online auction are held when, (1.) a large volume of surplus items exist or, (2.) it is necessary to move items quickly.

IV. Revenue and Fees from Sales

1. University Funded Departments

All revenue collected from the sale of surplus items will be used to assist with WKU Surplus/Recycling and sustainability activities.

Vehicles:

For vehicles valued at more than \$5,000 dollars, exceptions may be made regarding revenue. These exceptions are to be requested from our Chief Facilities Officer. Surplus will be reimbursed for all costs and will charge a fee for the cost and time of selling the vehicle. The balance may be returned to the department.

2. Self-supported revenue generating operations:

a. **Fee Structure – On-line Auctions:**

The Campus Services Department (Recycling/Surplus) will subtract a processing fee to compensate for time and services as well as reimbursement for on-line auction costs.

Fees for selling surplus property for self-supported revenue generating operations are as follows:

<u>Funds Received</u>	<u>Distribution to Dept.</u>	<u>Surplus Program Commission</u>
Up to \$300	\$0	All
\$300 - \$5,000	70% over \$300	\$300 + 30% over \$300
Over \$5,000	\$3,290 + 80% over \$5,000	\$1,710 + 20% over \$5000

b. For Special Bid/Live Auction Sales:

Distribution to the Department is 80% with Surplus/Recycling retaining the balance. In addition, auction service fees, advertising costs and costs for additional event employee support for live and online auctions will be deducted from the sale proceeds.

V. Reason for Revision

October 2019

Information for transfers to state agencies and non-profit organizations, establishment of property value and noncompetitive negotiations added to Section II. Information for on-line auctions added to Section III.

VII. Related Policies

Policy 6.0100/9.0100 Key Control Policy and Procedures