

Administration &
Regulatory Affairs**OPERATIONS SOP**

Section:	Asset Disposition		
Subject:	Warehouse Functions and Procedures		
Date:	09 May 16	Replaces:	07 Jun 12
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OPERATIONS

Purpose

The purpose of this SOP is to establish the processes and procedures for the City of Houston's Asset Disposition Warehouse. The purpose of the Asset Disposition Warehouse is to redistribute or dispose of excess City property to include furniture, computers, vehicles and equipment from City Departments. Asset Disposition is responsible for the ultimate disposal of City property that is either no longer needed (excess/obsolete) or found to be unserviceable (worn/scrap) by City departments in accordance with City policy and other legal mandates.

Scope

Methods for the disposal of City property that is excess, obsolete, worn, or scrap and for maximizing the benefit or return to the City through reuse, sale or other final disposition are included in this procedure.

This procedure applies to all City departments and should be used to determine the most efficient, effective and economical means of utilizing and/or disposing of City property. Other applicable City ordinances, policies, and procedures should be used in conjunction with this procedure.

Responsibilities**Administration and Regulatory Affairs**

- Establishes a cost-effective, Citywide property disposition program for vehicles, equipment and City property items as required by City ordinance.
- Ensures compliance with this program
- Manages the final disposition of City surplus, including collection, transfer, redistribution and disposal and obtains City Council approval as required.
- Establishes an inventory of property items that have been physically transferred for disposition. Minimally, this inventory will include descriptions, receipt dates, and methods of disposal or redistribution.

Departments

- Ensure that all City property within the department's custody are disposed of in accordance with this procedure, unless otherwise authorized by an ordinance or an exemption approved by the Director of Administration and Regulatory Affairs.

- Ensure that property custodians are assigned to adequately monitor the security, utilization, and disposition of City property in the department's custody.

Procedures

1. Transfers of Assets via Asset Disposition

- a. City Departments will transfer surplus property to the Asset Disposition Division of Administration and Regulatory Affairs Department (ARA) under the following categories and condition codes, in accordance with this procedure
 - Excess – Property that is in excess of departments requirements that is assumed to be serviceable.
 - Obsolete - Property that no longer meets City specifications or requirements but is assumed to be serviceable.
 - Worn – Property that performs its functions but does so with excessive or uneconomical repair costs. Worn property will be transferred as unserviceable.
 - Scrap – Property that no longer functions and has no market value except for its basic material content. Scrap is considered unserviceable and will be disposed of in accordance with the existing scrap metal/refuse contract or as otherwise directed by the Director of Administration and Regulatory Affairs.
- b. Upon demonstrated need on a first-come, first-served basis, Asset Disposition will transfer property to City departments. After the Department Fixed Asset Coordinator (DFAC) of the receiving department initiates a request for transfer, Asset Disposition will process the transfer (as the sending department)

2. Receiving Property from City Departments

- a. Filing cabinets, desks and other assets used for storage shall be emptied all contents and shall remain unlocked prior to transfer to Asset Disposition. Asset Disposition **will not** accept any locked containers.
- b. Each DFAC will fax a copy of the FA097 Form to Asset Disposition the prior to delivery and the call to schedule pickup or delivery as applicable. The FA097 will list the quantity of items to be delivered and serial number if applicable.
- c. The Inventory Management Supervisor or Inventory Management Clerk will conduct an inventory and verify each item on the FA 097.
- d. The person who conducted the inventory and verification will sign for the items and provide a copy of the signed inventory list to the appropriate City Department representative. If the items on hand do not match the FA 097, a rejection letter will be given to the department listing the shortcomings.
- e. Items will immediately be secured and assigned an Inventory Asset "IA" number indicated on the FA 097.

3. Inventory and Preparation for Sale - The Warehouse Manager and Inventory Management Supervisor are responsible for the security and inventory of the items stored in the Asset Disposition Warehouse.
 - a. Items will be prepared for auction under the direct supervision of the Inventory Management Supervisor. An "IA" (Internet Auction) number will be assigned, the item(s) photographed, uploaded into the Public Surplus website and placed in a "Held" status until released by the Manager for sale.
 - b. Items may be sold individually or in "lots" as determined by the Inventory Management Supervisor what will bring the most revenue for the City
 - c. The "IA" number will be recorded on the inventory sheet prepared by the Department. This will serve to verify that each item is listed for auction and sold. The "IA" number can then be pulled up on Public Surplus to verify date/time sold and to whom.
 - d. A 100 percent inventory will be conducted semi-annually and the results will be provided to the Assistant Director of Operations. Each Friday afternoon, Asset Disposition will be closed to the public and Asset Disposition personnel will conduct a 10% inventory. The Admin Manager will randomly select 10% of the items listed on the FA097s that had been received within the previous 30 days. A copy of the FA097s used to conduct the inventory on the previous Friday will be sent to the Operations Division with the Weekly Status Report.

4. Listing of General Merchandise Items for Sale - The City of Houston disposes of its surplus property via an internet auction site www.houstoncitysurplus.org.
 - a. Items will be photographed with a digital camera and uploaded into the auction site. A minimum of three pictures will be included in the auction in order to show a potential customer the condition of the item. A basic description of each item will be included to include model and serial number.
 - b. All items are sold as-is, where-is without warranty, expressed or implied. The Buyer must agree to certain terms and conditions on the website prior to making a bid and must agree to indemnify and hold harmless the City of Houston for any and all damages, claims or liability for injuries to persons or property caused during the sale or by the removal of the item.
 - c. Items sold must be picked up within five (5) Business days of close of auction at the City location indicated in the auction description, unless otherwise stated in description. As long as the customer pays within the five business days, the manager may authorize additional time for pickup. If payment is not made within five business days, the customer will be blocked and the item relisted for sale. Customers may be unblocked only after discussing the matter with the manager of Asset Disposition.
 - d. The City of Houston strongly encourages potential customers to conduct a basic inspection of items. The staff will attempt to answer as many questions in detail as they can. However, the responsibility to determine the condition of the property rests with the bidder.
 - e. The Asset Disposition Manager or designated representative will answer the questions of customers that are posted online within 24 hours of their posting. Questions that are leading, disrespectful to the staff or irrelevant will be rejected. Questions about the

condition of an item should be answered succinctly but guarded and the customer needs to be reminded that this is an opinion and that they should look at the item themselves. It is imperative to not commit the City on the condition of the item.

- f. The COH does not ship items; the winning bidder is responsible for the removal of items. The exception to this rule is firearms. No service of any kind will be furnished by the City of Houston. The winning bidder will assume any cost of weighing, packaging, crating, loading or hauling.
- g. If someone other than the customer picks up an item, the customer must send a picture ID (Driver's License) and letter or email authorizing the third party to pick up the item. No item will be released without that authorization.

Items Not Sold For Auction - If an item is not sold at auction on the first round, the price will be reduced to \$1.00 and will be relisted. In the event it is not sold on the second attempt, it may be considered unserviceable and scrapped. The Admin Manager may decide to create an auction that combines several others into one larger auction. All previous IA Numbers will be included in the auction for future reference. The IA number of the scrapped item will be entered on a "Scrapped Item" memorandum, which will be reviewed as needed by the Admin Manager and then a copy will be forwarded to the Operations Division with the Weekly Status Report. Monthly, the Asset Disposition Manager will run a Not Sold/Not Paid report monthly to determine which items need to be relisted or scrapped.

5. Transfer of City Property to Other Departments – Any item that is to be repurposed within the City must be transferred from Asset Disposition to the gaining department. Only City property can be repurposed, no items transferred from the Police Property Room or Houston Airport System Lost and Found can be transferred to a City Department. Any item that is to be repurposed and reassigned to a City department will be transferred on an "Asset Disposition Item Repurpose" form, which will be signed by both ARA and the receiving department.
6. Sale of City Fleet Vehicles – Asset Disposition will be the primary means for the City to sell its surplus vehicles. Vehicles that are heavily damaged may be directed to Houston Auto Auction by Fleet Management. Certain types of equipment may require the coordination between Asset Disposition and the Department to sell and dispose of vehicles/equipment on site.
 - a. An ES-1 to process the disposal will be initiated and completed by the Department DFAC and forwarded to Fleet Management for processing.
 - b. Once Fleet Management directs the disposal of the vehicle/equipment, the Department representative will contact Asset Disposition to coordinate the transfer of the asset and to determine if the asset should be transported to the warehouse facility or sold on site. If vehicle is to be sold on site, it is the department's responsibility to remove City decals/emblems. Vehicles should be free of trash and debris.
 - c. Information about vehicle/equipment will be provided to Asset Disposition for selling/advertising purposes. The more information that can be provided (i.e., running

condition, reasons vehicle is inoperable, etc) the more likely the City will receive more revenue for the sale of the vehicle/equipment.

- d. Assets will be made available for viewing during regular business hours. An Asset Disposition representative will escort interested buyers onto and off of City property. If the asset is sold "on site", a member of Asset Disposition will provide the necessary coordination with the host department and accompany the customer throughout the viewing.
 - e. Vehicles may be started by City employees only and under no circumstances will the vehicle be driven.
 - f. Asset Disposition will ensure that all decals, radios, license plates and any other items deemed sensitive are properly removed from all vehicles and equipment.
 - g. Once an asset is sold and paid for, customers will fill out a Vehicle/Equipment Sales Form that will include the Buyer's name, address and telephone number. This information will be how that asset (if applicable) will be titled. The title will be made out to the buyer only, unless the manager approves otherwise. This sheet will also include the following information on the asset; Year, Manufacturer, Model, VIN, Vehicle Number and Sale Price. The form will also be signed by the person accepting the vehicle and their driver's license number. Additionally, the form will also be signed by the City employee releasing the asset. This form, a copy of the auction, a copy the customer's driver's license and any authorization letter will be kept on file in a folder and stored at the Asset Disposition Warehouse.
 - h. A vehicle title will be issued to the customer after all paperwork is processed and the vehicle is removed from the City system. Titles may be mailed to customers for an administrative fee of \$10.00.
7. Electronics - Electronic devices received by Asset Disposition will be submitted to the City's electronics recycling vendor for disposal in accordance with Department of Defense data sanitization and destruction standards.
8. Payment for Merchandise - Public Processing, LLC collects Credit Card and Electronic payments for the City of Houston. The City of Houston handles Manual payments "Only" in the form of Money Orders or Cashier's Checks and must be paid directly to the City.
- a. Payments must be made within five (5) business days of the auction's close either online through the Public Surplus via credit card or wire transfer (if over \$4000.00), or with a money order/cashier's check made out to the City of Houston, at the City of Houston's Asset Disposition Office located at 2511 Broad Street, Houston, TX 77087.
 - b. No cash whatsoever will be taken as a method of payment.
 - c. Credit Card payments must be made online, no credit card payments will be accepted other than to pay for the mailing of a title to a customer. Credit card payments for title shipment will be swiped or entered immediately into the Well's Fargo machine. Any written information will be immediately destroyed/shredded.
 - d. Winning bidder must produce a Driver's License, Passport or other acceptable form of identification at the time of payment and pick up of goods purchased.

- e. Confirmation - At the time of payment, buyer shall present City with a copy of the e-mail notification that he/she is the successful bidder for that item. All such e-mail notifications presented by buyers are subject to confirmation by the City.
 - f. Once payment is made via check or money order or payment verified on Public Surplus, the Customer Service Representative (CSR) will print off two copies of the receipt. The customer will initial off one receipt to verify they picked up the merchandise and keep one copy for themselves. They will present this copy to the warehouse personnel who will release the item to them.
 - g. The CSR will verify the check is signed and made out to the City Of Houston, and stamp "FOR DEPOSIT ONLY" on the back of the check in the endorsement block.
 - h. At the end of the business day the CSR will enter the amount of each cashier's check or money order in the deposit book and make a copy of each check/money order. The CSR will give the manager or warehouse supervisor the deposit ticket and payments that will be deposited in the bank that night or as soon as possible. The checks will be secured in a locked safe/box, until the deposit is made.
 - i. The manager or warehouse supervisor will give the deposit ticket to the CSR who will then make a copy and staple the original ticket in the deposit book.
 - j. Weekly, the CSR will send a copy of the checks, deposit tickets and receipts to the ARA business office.
 - k. Refunds will be made on a case by case basis as determined by the manager. Refunds should only be given if there is an obvious error in description not simply because the customer doesn't want the item. All refunds and voided transactions will be recorded on the Refund Authorization Form which will be approved by the Manager. Any forms created during the week will be sent the Operations Division with the Weekly Status Report.
 - l. Whether a refund is issued by Asset Disposition or Public Surplus, a Refund Authorization Form will be completed for each refund. In those cases where Public Surplus issues the refund, the CSR will record the transaction on the Refund Authorization Form at Part B, Section d by entering "Public Surplus" on Line 1, and then signing and dating on the appropriate lines. The transaction will then be approved by the Asset Disposition Admin Manager. As above, any forms created during the week will be sent the Operations Division with the Weekly Status Report.
9. Scrap Metal - City property that is found to be damaged, destroyed, or with no recoverable value will be disposed of in accordance with the City Ordinance.
- a. Per the contract with the City of Houston, HRRC agrees to purchase the scrap metal materials at the rates set by the American Metals Market and to provide a certified Cashier's Check for the full amount from each sale to City no later than (a) the tenth day of the month in which the scrap was sold, or (b) 10 days after the bill of materials receipt or resolution of any dispute as described herein Selling price will be based on a percentage of the average price posted in the American Metal Market scrap metal pricing category for the Houston area published on the 15th day of the month or the first working day following the 15th of the month in which the scrap metal was picked up by the buyer or delivered by the seller.

- b. Upon receipt of payment by HRRC to Asset Disposition, the appointed Administrative Assistant will record the payment by location as listed below.

Address	Department	Run Date	Net Weight	Amount
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- c. The Administrative Assistant will then prepare a deposit ticket which will be verified by the Asset Disposition Manager. A designated representative will then deposit the checks in the City's bank account. The deposit receipts will then be scanned and emailed to the ARA Administrative Services Office followed up with a hardcopy sent with the weekly receipts.
- d. Copies of the weight tickets and payment received for scrap metal will be provided to the designated department representative.
- e. Asset Disposition will provide a copy of the above listed report to the Finance Office on a quarterly basis.

Asset Disposition will conduct a semi-annual audit of the scrap metal collection and payment process and will provide a reasonable notice to HRRC of any pending audit.