

Procedure 0340.05
Issued January 6, 1997

SUBJECT: Disposal of State Agency Property

APPLICATION: Executive, Judicial and Legislative Branches of State Government. Disposal of surplus, through sale, is also extendable to qualified local units of government, school districts, colleges and universities.

PURPOSE: To provide for the declaration and transfer or disposal of surplus, salvage, scrap or worthless property.

CONTACT AGENCY: Department of Management and Budget
(DMB)—Acquisition Services
Logistics Division, State Surplus Property Program

TELEPHONE: (517) 335-8816

FAX: (517) 335-8483

SUMMARY: All affected entities are required to use the State Surplus Property Program to Transfer or dispose of agency surplus, salvage, scrap or worthless property.

APPLICABLE FORMS: DMB-222, Disposal Request
DMB-269, Report of Disposal of Worthless Property
DMB-273, Transfer Sales Receipt for Miscellaneous Property
DMB-282, Transfer Sales Receipt for Vehicles

PROCEDURES:

State Surplus Property Program:

- Manages the disposition of surplus, salvage, scrap and worthless property as described in these procedures.
- Has the authority to charge-back any costs incurred in processing surplus, salvage or scrap materials to the disposing agency. Charges will be billed through MAIN R*Stars to the disposing agency for time, trucking, mailing, recycling and associated costs necessary to dispose of agency goods, materials and equipment.
- Provides service center for the receipt and transfer of agency surplus. Center is located in Lansing.
- Provides for the sale of surplus in accordance with applicable laws through auction, sealed bid, authorization of local bid or by means determined to be in the best interest of the State of Michigan.
- Authorizes the transfer of surplus from one State agency to another.

Agency:

Requirements:

- Examine inventories of surplus, salvage, scrap and worthless property and report property which is no longer required by the agency to State Surplus Property Program.

- No property may be sold, donated, discarded, recycled, exchanged or otherwise disposed of without written authorization from State Surplus Property Program. State employees are prohibited from accepting State surplus.

Instruction A: Transfer of State Property

Agency:

- Transfer of property from one State agency to another:
 - Prior to transfer, prepares and submits a DMB-222 to State Surplus. The transfer and re-use of State property should be an agency's first priority in the disposal of goods, equipment, and material.
 - In cases of restricted funding, reimbursement by the disposing agency may be required for property transferred to another State agency. Reimbursement shall be arranged by the department transferring the property independent of State Surplus. Pickup and delivery of materials will be performed by the agencies involved without shipment to a State Surplus Distribution Center.
 - Transfer of property to a State Surplus Distribution Center or an auction site:
 - Property not transferred to another State agency must be listed on a DMB-222, and submitted to State Surplus for review and disposition.
 - May arrange for the transportation of property to the State Surplus Distribution Center once approval has been obtained. Approval will be authorized via the DMB-222.
 - Property received at the State Surplus Distribution Center will be placed on display for acquisition and transfer to other State agencies.
 - May not transfer property to or withdraw property from the State Surplus Distribution Center during the week preceding or three days following a scheduled auction without prior approval of State Surplus.
 - If property is transferred from the State Surplus Distribution Center to an agency, it will be subject to a property transfer charge. The material must be removed within three working days of transfer. State Surplus reserves the right to charge an agency for space being used beyond this time.
 - A copy of the approved DMB-222 must accompany property being shipped to the State Surplus Distribution Center or auction site. Failure to provide this information may result in the refusal of delivery.
 - Prior arrangements should be made with State Surplus for the delivery of large shipments. Call the State Surplus Distribution Center for further information.

State Surplus Property Program:

- May transfer property confiscated by or disposed of by a law enforcement agency directly to the Michigan Federal Surplus Property Program for sale to specified participants of the program.
- This transfer may be authorized by State Surplus to assure property is not sold to the general public due to the sensitive nature of items being disposed of.
- Such items may include uniforms, property confiscated by drug enforcement officials, or other material which could be detrimental to the citizens or agencies of the State of Michigan should they be returned to the general public through the auction or sealed bid process.

Instruction B: Disposal of Worthless or Scrap Property

Requirements:

- Agencies may declare property worthless and dispose locally by completing a DMB-269 and following State Surplus Property Program procedures.
- When in the best economic interest of the State, surplus modular furniture that is declared worthless by the State Surplus program must be recycled using services provided by Michigan State Industries. If the cost of transporting worthless surplus modular furniture to a Michigan State Industries facility exceeds the benefit of recycling, the State Surplus Program may approve the recycling of that product by another vendor, if available. Michigan State Industries is responsible for the recovery of the recycling cost from the disposing agency. The State Surplus program is not responsible for the cost of recycling, or for billing for recycling services. Shipment of the worthless modular furniture shall be coordinated between the disposing agency, Michigan State Industries and the State Surplus Program. Shipping costs are paid by the disposing agency, which is consistent with all other surplus property.
- Surplus, which is contaminated and/or toxic, must be clearly noted on a DMB-222. Under no circumstances will an agency ship or deliver such surplus to the State Surplus Distribution Center or an auction site without obtaining prior approval from State Surplus. When it is determined that a contaminated or toxic substance requires disposal, all expenses (if any) incurred for storage, handling, and disposal will be the responsibility of the disposing agency.
- An example of toxic or contaminated items include, but are not limited to, the following:
 - Transformers
 - Solvents, oils and paints
 - Asbestos (ceiling tiles, roofing, etc.)
 - Chemicals
 - Laboratory equipment

Agency:

- Thoroughly inspect property declared worthless to verify it has no value. Contact State Surplus should there be any questions regarding property worth.
- Contact Michigan State Industries to arrange for recycling of modular office furniture that has been declared worthless by the State Surplus Program.
- Complete a DMB-269. This report must be signed by the administrative officer or authorized designee and a representative of the agency requesting disposal.
- Forward appropriate copy of DMB-269 to State Surplus following the disposal process.

Instruction C: Local Bid

State Surplus Property Program:

- May authorize the disposal of property locally when determined that it is impractical to transport the property to the State Surplus Distribution Center or auction site.
- Examples may include excessive cost of transportation and handling, limited means of transportation due to large and/or heavy property or for reasons considered to be in the best interest of State Government.
- If authorization to sell property through the local bid process is granted, issues the disposing agency a "local bid number" to be used for identification and recording purposes.

Agency:

- Request for local bid authorization must be submitted to State Surplus on a DMB-222.
- Responsible for the solicitation of bids, award and collection of money if local bid is approved.

Procedure Update: 3/21/06

Procedure 0340.05

- Forwards all proceeds received from the sale of surplus, to the following address with proper identification including the local bid number, source and purpose of sale:

DMB—Financial Services
Lewis Cass Building
320 S. Walnut, 2nd Floor
P.O. Box 30026
Lansing, Michigan 48909

- Performs the following tasks when processing a bid:
 - Prepares a written bid in accordance with established bidding procedures which identifies the local bid number, the bidder, the item(s) to be sold, the unit price, agreement with any terms and conditions imposed by the State, terms and conditions specified by the bidder and the signature of the bidder or authorized agent.
 - Obtains minimum of three bids.
 - Awards to the highest bidder.
 - Clearly notes dollar amount and successful bidder on reverse side of the DMB-222, Section II.
 - Releases property to successful bidder only after payment has been received. Property is not to be released to a buyer using a check from an out-of-state bank for 12 working days after it has been sent to DMB-Financial Services. This will allow time for the check to clear.
 - Accepts payment by cash, money order, cashier's check or personal check accompanied by proper identification. Checks and money orders are to be made payable to the "State of Michigan."
 - Sends the white copy of the DMB-222 to State Surplus Property Program immediately following the completion of the local bid.

Instruction D: Sealed Bid

Agency:

- May request the sale of property through the sealed bid process.
- Must indicate this request on a DMB-222 when submitted to State Surplus.
- Provide names and address of interested bidders.
- The agency will be notified of the acceptance of the request for a sealed bid by receiving a copy of a DMB-222 signifying initiation of the sealed bid process.
- Property being sold by sealed bid may be conducted at the agency's site or from a pre-determined State Surplus location.
- Should the sale of property be conducted on the agency's site, the following procedures will be the responsibility of the requesting agency and must be followed:
 - Arranges for material sold to be displayed in a central and convenient location.
 - Provides personnel during agreed upon inspection periods (normally one week, depending on volume of material to be sold). Agency personnel will also be responsible for assuring successful bidders are provided access to purchased property.
 - If more than one bidder is awarded the purchase of materials located at a single site, it will be the requesting agency's responsibility to assure accurate distribution.
 - Must receive a signed "Notice of Award" before the purchaser can remove material from the premises.

State Surplus Property Program:

- Will assist with any disputes between the successful bidder and the State. However, it will be the requesting agency's responsibility to make retribution if warranted.

Procedure Update: 3/21/06

Procedure 0340.05

Instruction E: State Auctions

Requirements:

- State Surplus Property Program conducts periodic auctions throughout the year to dispose of miscellaneous State property, equipment and vehicles.
- Agencies may request an on-site auction due to the volume of property required to be disposed of.
- Agencies requiring detailed information on the dates, times and procedures associated with scheduled State auctions and the scheduling of on-site auctions may call the Lansing State Surplus Property Program at (517) 335-8816.

Instruction F: Agency Reimbursement for the Sale of Property

Requirements:

- The return of funds to an agency for the sale of surplus property may be approved if the purchase of the property was made from a restricted fund.
- State Surplus may authorize the return of funds to an agency if it is determined to be in the best interest of the State.
- The agency may be required to provide documentation which substantiates the original purchase from a fund in which a return is to be made.
- Proceeds collected from a sale must be returned to the original account from which the purchase was made.
- State Surplus will charge an agency for any cost incurred for advertising, postage, handling and storage resulting from the sale of property. This will be deducted from sale proceeds or billed through MAIN R*Stars as determined appropriate by the State Surplus Property Program.

Other Information:

Telephone/FAX :

General Information (e-mail/ListServ)	Phone: (517) 335-8444
Lansing Distribution Center	Phone: (517) 335-8816
State Surplus Property Program	Fax: (517) 335-8483

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