

Clause No. 9 in Report No. 6 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on March 27, 2014.

9 DISPOSAL OF SURPLUS ASSETS POLICY UPDATE

Committee of the Whole recommends adoption of the recommendation contained in the following report dated February 27, 2014 from the Commissioner of Corporate Services:

1. RECOMMENDATION

It is recommended that:

1. Regional Council approve a revised Disposal of Surplus Assets policy, as set out in *Attachment 1*.

2. PURPOSE

This Report outlines proposed changes to the Disposal of Obsolete, Damaged or Surplus Property Policy and is in accordance with the Purchasing Bylaw enacted by Council on February 20, 2014.

The updated Disposal of Surplus Assets Policy applies to the Region's tangible capital assets, excluding land, buildings and furniture.

3. BACKGROUND

The existing policy was established in 2002

The existing policy provides direction for the disposal of Regional assets when they have reached the end of their useful life, as determined by Commissioners. The main provisions of the existing policy establish a hierarchy for disposing of surplus assets:

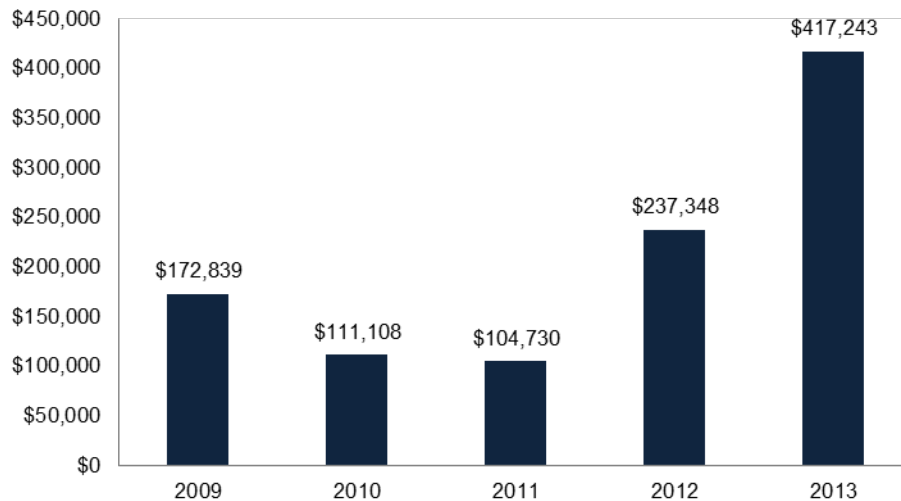
- Other Regional departments, at no cost
- Area municipalities, at net residual value
- Sale of the assets, at market prices.

The policy also allows trade-in of the asset if that would produce a higher return and provides broad discretion in the disposal of assets with little or no value. The Commissioner of Finance is required to report annually on assets disposed of according to the policy.

Revenue from the sale of surplus assets in 2013 was \$417,243

In 2013, surplus sales generated \$417,243 through the disposal of fleet vehicles, transit buses, ambulances, and medical equipment.

Revenue from Sale of Surplus Assets



4. ANALYSIS AND OPTIONS

The existing policy is sound but requires updating to incorporate additional disposal methods

The goal of this policy is to continue to maximize the revenue from the disposal of surplus assets, if they are not needed by Regional departments.

As part of the proposed policy update, staff have clarified language in the policy to formally incorporate additional disposal methods. The most important clarifications have to do with electronic auctions and stewardship programs.

The language in the revised policy has been broadened to allow for the use of electronic auctions

When the policy was originally written, the potential of electronic auctions as a mechanism to publicly and competitively sell surplus assets was not contemplated. In some circumstances, electronic auctions are preferable because they reach a wide market, the Region can set a reserve price, and the assets do not have to be moved to the location of a conventional public auction.

The revised policy now includes the Ontario Stewardship Program as a disposal option

The Ontario Stewardship Program is a not-for-profit organization funded and governed by industry brand owners (first importers or franchisors of the products and packaging materials). It consists of several waste diversion programs, namely the Blue Box Program, the Orange Drop Program, the Waste Electrical & Electronic Equipment Program (WEEE) and the Ontario Tire Stewardship. The goal of the Ontario Stewardship Program is to keep as many materials as possible out of landfill and to recover as much value as possible from these materials at the end of their useful life. Under the program, specific surplus assets are collected and resold to companies that convert them into products for commercial use.

The Region's disposal practices must reflect its obligation to protect personal information

The proposed update recognizes the legislative requirements for the protection of personal information under the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA) and the Personal Health Information Protection Act (PHIPA). These requirements affect the decommissioning of information technology assets owned or leased by the Region, prior to their disposal. Information Technology Services (ITS) has developed a process for decommissioning assets that involves destruction of the memory-containing portion of a Region-owned asset (such as a hard drive) and the deletion of personal data from leased assets. The revised policy includes this decommissioning process.

The revised policy does not contemplate donations of surplus assets, except in unusual circumstances approved by Council

The primary goal of the current and revised policies is to maximize the revenue realized from the sale of surplus assets, in the event they are not needed by Regional departments. As a matter of principle, the disposal process should be open and transparent, and not give preferential treatment to organizations outside the public sector. Many surplus Regional assets sell for modest sums at auction. Charitable and non-profit organizations have the opportunity to bid for Regional surplus assets through this process.

Link to Key Council-approved Plans

The policy supports several Regional priorities, including prudent financial management, effective corporate stewardship and management of assets, and environmental sustainability.

5. FINANCIAL IMPLICATIONS

There are no specific financial implications arising from the revisions to the policy.

6. LOCAL MUNICIPAL IMPACT

There is no direct impact on local area municipalities associated with the proposed revisions to the disposal policy. Surplus assets will continue to be offered to Regional departments and then at net residual value to local area municipalities prior to disposal by other methods.

7. CONCLUSION

The changes proposed in this revised Disposal of Surplus Assets policy represent refinements and updates to the current policy. They also recognize the importance of adhering to privacy legislation, including the disposal of surplus information technology assets.

For more information on this report, please contact Stan Gal, Director of Supplies and Services, at Ext. 71650.

The Senior Management Group has reviewed this report.

#5407643

#5305450 - Policy



STATUS:	draft	
Council Approved:	Y	N
CAO Approved:	Y	N

TITLE: Disposal of Surplus Assets	Edocs No.: 5305450 Original Approval Date: April 18, 2002 Policy Last Updated: July 18, 2002 Posted on Intranet:
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POLICY STATEMENT

The Regional Municipality of York is committed to recovering maximum residual value from the disposal of Surplus Assets.

APPLICATION

All Regional employees and agents working on behalf of the Region.

PURPOSE

This policy identifies the approaches through which York Region disposes of its surplus assets. The policy also addresses the protection of confidential and sensitive data, in compliance with the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA) and the Personal Health Information Protection Act (PHIPA).

This policy applies to the disposal of tangible capital assets, excluding land, buildings and furniture.

DEFINITIONS

Information Technology Assets: computing devices, peripherals, software/hardware, servers, printers, copiers, facsimile equipment, mobile devices, and any other technological device capable of retaining data, including leased electronic equipment.

Local Area Municipalities: the nine local municipalities in The Regional Municipality of York.

Regional Department: for the purpose of this policy, refers to each the following:

- Community and Health Services Department
- Corporate Services Department
- Environmental Services Department
- Finance Department
- Office of the Chief Administrative Officer
- Office of the Regional Chair
- Transportation and Community Planning Department
- Housing York Inc.

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- York Region Rapid Transit Corporation (Region owned assets)
 - York Regional Police
 - Any successor departments arising from organizational changes.

Net Residual Value: the historical cost of an asset less depreciation and anticipated disposal costs

Supplies and Services: a branch of the Finance Department responsible for the acquisition of goods and services and the disposal of Surplus Assets.

Surplus Assets: assets that are obsolete, no longer needed, or no longer usable, as determined by the relevant Commissioner.

Tangible Capital Assets: non-financial physical substances that:

- are held for use in the production of supply of goods and services, for rental to others, for administrative purposes; and for the development, construction, maintenance, or repair of other TCA
- have useful economic lives extending beyond an accounting period
- are to be used on a continuing basis
- are not for sale in the ordinary course of operations

DESCRIPTION

Methods of Disposal

When a Commissioner has deemed an asset to be surplus, the Director of Supplies and Services will dispose of the asset using the following methods and in the order listed below:

1. Trade-in the asset
2. Offer the asset free of charge to other Regional departments
3. Offer the asset at its net residual value to local area municipalities
4. Sell the asset through a competitive commercial mechanism, such as through a competitive bid or through auction (traditional or electronic format), in an open and transparent process

For certain types of assets, the Director of Supplies and Services may dispose of the assets through the Ontario Stewardship Program.

If the above methods of disposal are unsuccessful or deemed inappropriate, the Director of Supplies and Services, in consultation with the relevant Regional Department, will dispose of the asset through the best alternative and environmentally sustainable method.

Proceeds from the disposal of surplus assets will be transferred to the relevant asset replacement reserve, as determined by the Commissioner of Finance.

Regional employees and Regional officers and agents may only purchase surplus assets through an open, public and transparent method.

Disposal of Technology Assets

Regionally-owned surplus assets containing memory devices shall be submitted to Information Technology Services (ITS) for decommissioning prior to disposal by Supplies and Services to ensure the protection of confidential and sensitive data. Departments shall also ensure that leased equipment is decommissioned by ITS prior to its return to the lessor.

Acquisition of Surplus Assets by Charitable and Non-profit Organizations

Charitable and non-profit organizations have the opportunity to bid for Regional surplus assets through competitive commercial processes that the Region undertakes for the disposal of surplus assets. If the asset is of nominal value, it may be donated for charitable or benevolent purposes at the discretion of the relevant Commissioner.

RESPONSIBILITIES

Commissioners shall:

1. Submit their surplus asset reports to the Director of Supplies and Services
2. Submit a value assessment for each surplus asset, established by depreciating the asset to its estimated net residual value and by taking market conditions into account.

The Director of Supplies and Services, acting on behalf of the Commissioner of Finance, is:

1. Responsible for the disposal of Regional surplus assets
2. Notified of disposal requests, and provided with a net residual value assessment prepared by the Regional Department
3. Responsible, after consultation with the Regional Department, for determining the best method for disposal
4. Responsible for reporting to Council on an annual basis on the disposal of surplus assets.

COMPLIANCE WITH POLICY

Failure to comply with this policy may incur disciplinary action, up to and including loss of employment.

The Disposal of Surplus Assets Policy complies with Section 17, Surplus Assets, of the Purchasing Bylaw.

REFERENCE

Bylaw – A Bylaw to provide for the procurement of goods and services

Policy – Disposal of Obsolete, Damaged or Surplus Assets – Revised July 2002

CONTACT

Director of Supplies and Services, Finance Department

APPROVAL INFORMATION

CAO Approval Date: N/A

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