



MEMORANDUM

October 4, 2010

**TO:** Board of Mayor and Aldermen

**FROM:** Eric Stuckey, City Administrator *Eric*  
Russell Truell, Assistant City Administrator for Finance & Administration  
Brian Wilcox, Purchasing Manager

**SUBJECT:** Ordinance No. 2010-73 and proposed revision to the City's surplus personal property disposal threshold

**Purpose**

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider an increase in the dollar amount of the surplus personal property disposal threshold now in effect. Because the dollar amount required for sealed bids or public auction pursuant to public notice for disposal of surplus personal property of the City is established in the Municipal Code, any adjustment would require an ordinance to amend the respective provision.

**Background**

The following table displays the current and proposed surplus personal property thresholds:

Provision	Current		Proposed	
	Threshold	BOMA approval required?	Threshold	BOMA approval required?
At the discretion of the city administrator, sealed bids or public auction, pursuant or not to public notice, may be required; otherwise, no formal requirement for competitive process	Up to \$4,000	No	Up to \$10,000	No
Sealed bids or public auction pursuant to public notice	At least \$4,000	No	At least \$10,000	No
Prohibition against a city employee or officer purchasing or acquiring surplus city property	Except by sealed bid or at public auction	No	Absolute	No



HISTORIC  
FRANKLIN  
TENNESSEE

## MEMORANDUM

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Pursuant to a September 16, 2010 vote of the Budget and Finance Committee endorsing the revisions proposed above, staff has prepared the attached Ordinance No. 2010-73 which, if approved, would, effective July 1, 2011, amend Sec. 5-801 of the Franklin Municipal Code by increasing from \$4,000.00 to \$10,000.00 the minimum value of City surplus personal property for which is required sealed bids or public auction pursuant to public notice for disposal thereof. Please note that the ordinance also revises City policy to prohibit by any means the purchase or acquisition of surplus City property by a City employee or officer.

### **Financial Impact**

Staff is not aware that the revisions proposed above would have a negative financial impact on the City. As a rule, staff seeks to obtain the best pricing possible for the disposal of all City surplus personal property.

### **Options**

As an alternative to the revisions proposed above, the surplus personal property threshold and policy on the purchase or acquisition of surplus City property by a City employee or officer may be left as they are.

### **Recommendation**

For the following reasons, staff recommends the revisions proposed above:

1. Staff is most comfortable with disposal of surplus personal property by means of auction or sealed bid, regardless of value. However, adjusting the surplus personal property threshold would provide more flexibility as to the need for publishing notices.
2. Because of the potential for a perceived impression that a transaction was something other than arms-length, staff is not comfortable with city employees or officers purchasing or acquiring surplus city property, even pursuant to sealed bid or at public auction.

**ORDINANCE 2010-73**

**TO BE ENTITLED: "AN ORDINANCE TO INCREASE FROM \$4,000.00 TO \$10,000.00 THE MINIMUM VALUE OF CITY SURPLUS PERSONAL PROPERTY FOR WHICH IS REQUIRED SEALED BIDS OR PUBLIC AUCTION PURSUANT TO PUBLIC NOTICE FOR DISPOSAL THEREOF."**

**WHEREAS**, municipalities are permitted by state law to dispose of their surplus personal property; and

**WHEREAS**, the City of Franklin previously set forth that if the proceeds of the sale of surplus personal property are anticipated to exceed four thousand dollars (\$4,000) that a public auction would be held after reasonable public notice; and

**WHEREAS**, the Board of Mayor and Aldermen of the City of Franklin, Tennessee, desires to increase this threshold for requiring public notice to ten thousand dollars (\$10,000); and

**WHEREAS**, the Board of Mayor and Aldermen of the City of Franklin, Tennessee, further desires to reduce the opportunity for the appearance of impropriety by City employees and officials by prohibiting them from purchasing from the City surplus personal property of the City.

**NOW, THEREFORE:**

**SECTION I. BE IT ORDAINED** BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that Section 5-801 of the Franklin Municipal Code is amended by deleting the text in strikethrough and adding the text in bold to read as follows:

Sec. 5-801. Disposal of surplus personal property. The city administrator may sell or dispose of any personal property owned by the city which is obsolete, surplus, or unusable. If the proceeds of sale are reasonably anticipated to **equal or** exceed ~~\$4,000.00~~ **\$10,000.00**, then sealed bids shall be taken or a public auction held after reasonable public notice. Otherwise, no bidding or auction procedure shall be required. No city employee or officer shall be permitted to purchase or acquire surplus city property ~~except by sealed bid or at public auction~~ **of any value and by any means.**

**SECTION II. BE IT FINALLY ORDAINED** BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that this Ordinance shall take effect July 1, 2011, the public health, safety and welfare requiring it.

**ATTEST:**

**CITY OF FRANKLIN, TENNESSEE**

BY: \_\_\_\_\_  
**ERIC S. STUCKEY**  
City Administrator

BY: \_\_\_\_\_  
**JOHN C. SCHROER**  
Mayor

PASSED FIRST READING \_\_\_\_\_

PASSED SECOND READING \_\_\_\_\_