

802 DISPOSITION OF OBSOLETE EQUIPMENT AND MATERIAL

[Note: The provisions of this policy substantially reflect statutory requirements.]

I. PURPOSE

The purpose of this policy is to provide guidelines for the executive director to assist in timely disposition of obsolete equipment and material.

II. GENERAL STATEMENT OF POLICY

Effective use of education district building space, and consideration for safety of personnel, will at times require disposal of obsolete equipment and material.

III. DEFINITIONS

- A. “Contract” means an agreement entered into by the education district for the sale of supplies, materials, or equipment.
- B. “Official newspaper” is a regular issue of a qualified legal newspaper.

IV. MANNER OF DISPOSITION

A. Authorization

The executive director shall be authorized to dispose of obsolete equipment and materials by selling it at a fair price consistent with the procedures outlined in this policy. Any sale exceeding the minimum amount for which bids are required must first be specifically authorized by the education district board. The executive director shall be authorized to properly dispose of used books, materials, and equipment deemed to have little or no value.

B. Contracts Over \$175,000

1. If the value of the equipment or materials is estimated to exceed \$175,000, sealed bids shall be solicited by two weeks’ published notice in the official newspaper. This notice shall state the time and place of receiving bids and contain a brief description of the subject matter. Additional publication in the official newspaper or elsewhere may be made as the education district board shall deem necessary.
2. The sale shall be awarded to the highest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law.

3. A record shall be kept of all bids, with names of bidders and amounts of bids, and an indication of the successful bid. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the highest responsible bid shall be rejected unless the alteration or erasure is corrected by being crossed out and the correction printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid.
4. In the case of identical high bids from two or more bidders, the education district board may, at its discretion, utilize negotiated procurement methods with the tied high bidders so long as the price paid does not go below the high tied bid price. In the case where only a single bid is received, the education district board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not fall below the original bid. If no satisfactory bid is received, the board may readvertise.
5. All bids obtained shall be kept on file for a period of at least one year after their receipt. Every contract made without compliance with the foregoing provisions shall be void.
6. Data submitted by a business to an education district in response to a request for bids are private until opened. Once opened, the name of the bidder and the dollar amount specified become public; all other data are private until completion of the selection process, meaning the education district has completed its evaluation and ranked the responses. After completion of the selection process, all data submitted by all bidders are public except trade secret data. If all responses are rejected prior to completion of the selection process, all data remain private, except the name of the bidder and the dollar amount specified which were made public at the bid opening for one year from the proposed opening date or until resolicitation results in completion of the selection process or until a determination is made to abandon the purchase, whichever occurs sooner, at which point the remaining data becomes public. Data created or maintained by the education district as part of the selection or evaluation process are protected as nonpublic data until completion of the selection or evaluation process. At that time, the data are public with the exception of trade secret data.

C. Contracts From \$25,000 to \$175,000

If the amount of the sale is estimated to exceed \$25,000 but not to exceed \$175,000, the contract may be made either upon sealed bids in the manner directed above or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding notice. All quotations obtained shall be kept on file for a period of at least one year after receipt.

D. Contracts \$25,000 or Less

If the amount of the sale is estimated to be \$25,000 or less, the contract may be made either upon quotation or in the open market, in the discretion of the education district board. The sale in the open market may be by auction. If the contract is made on quotation, it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after receipt.

E. Electronic Sale of Surplus Supplies, Materials, and Equipment

Notwithstanding the other procedural requirements of this policy, the education district may contract to sell supplies, materials, and equipment which is surplus, obsolete, or unused through an electronic selling process in which purchasers compete to purchase the supplies, materials, or equipment at the highest purchase price in an open and interactive environment.

F. Notice of Quotation

Notice of procedures to receive quotations shall be given by publication or other means as appropriate to provide reasonable notice to the public.

G. Sales to Employees

No officer or employee of the education district shall sell or procure for sale or possess or control for sale to any other officer or employee of the education district any property or materials owned by the education district unless the property and materials are not needed for public purposes and are sold to an education district employee after reasonable public notice, at a public auction or by sealed response, if the employee is not directly involved in the auction or sale process. Reasonable notice shall include at least one week's published or posted notice. An education district employee may purchase no more than one motor vehicle from the education district at any one auction. This section shall not apply to the sale of property or materials acquired or produced by the education district for sale to the general public in the ordinary course of business. Nothing in this section shall prohibit an employee of the education district from selling or possessing for sale public property if the sale or possession for sale is in the ordinary course of business or the normal course of the employee's duties.

H. Exceptions for Surplus Education District Computers

1. A education district may bypass the requirements for competitive bidding and is not subject to any other laws relating to education district contracts if it is disposing of surplus education district computer and related equipment, including a tablet device, by conveying the property and title to:
 - a. another education district;
 - b. the state department of corrections;

- c. the board of trustees of Minnesota State Colleges and Universities;
 - d. the family of a student residing in the district whose total family income meets the federal definition of poverty; or
 - e. a charitable organization under section 501(c)(3) of the Internal Revenue Code that is registered with the attorney general's office for educational use.
2. If surplus education district computers are not disposed of as described in Paragraph 1, upon adoption of a written resolution of the education district board, when updating or replacing education district computers, including tablet devices, used primarily by students, the education district may sell or give used computers or tablets to qualifying students at the price specified in the written resolution. A student is eligible to apply to the education district board for a computer or tablet under this subdivision if the student is currently enrolled in the education district and intends to enroll in the education district in the year following the receipt of the computer or tablet. If more students apply for computers or tablets than are available, the education district must first qualify students whose families are eligible for free or reduced-price meals and then dispose of the remaining computers or tablets by lottery.

Legal References: Minn. Stat. § 13.591 (Business Data)
Minn. Stat. § 15.054 (Public Employees Not to Purchase Merchandise from Governmental Agencies; Exceptions; Penalty)
Minn. Stat. § 123B.29 (Sale of School Building at Auction)
Minn. Stat. § 123B.52 (Contracts)
Minn. Stat. § 471.345 (Uniform Municipal Contracting Law)
Minn. Stat. § 645.11 (Published Notice)

Cross References: MSBA Service Manual, Chapter 13, School Law Bulletin "F" (School District Contract and Bidding Procedures)