



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

Item No.

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Meeting Date: **DECEMBER 2, 2010**

Subject:

Amend Authority Policy 8.21 – Surplus Materials and Equipment

Recommendation:

Adopt Resolution No. 2010-0132, amending Authority Policy 8.21 – Surplus Materials and Equipment, to authorize donation of obsolete surplus computers and related electronic equipment to non-profit charitable organizations, and to provide the Authority personnel the opportunity to purchase obsolete surplus computers at fair market value.

Background/Justification:

Staff recommends amending Policy 8.21, entitled "Surplus Materials and Equipment," to permit the Authority, through its President/CEO, to dispose of obsolete and surplus computers by: (1) donation to the San Diego Futures Foundation ("SDFF") and similar 501(c)(3) organizations or (2) sale at fair-market value to Authority personnel.

Donation to SDFF.

The County of San Diego, through its IT contractor Northrop Grumman, and other local organizations donate surplus computers and monitors to the SDFF, a 501(c)(3) charitable organization. SDFF refurbishes the donated computers and provides them to San Diego non-profits, schools, and low-income families. Since 1999, SDFF has provided more than 23,000 refurbished computers under this program. Integral to the SDFF program is its internship and training programs that provide computer-repair expertise and business skills to participants. SDFF is seeking new sources of used computers in order to increase the scope and breadth of its training and internship programs and to increase the number of refurbished computers it may make available to other non-profits, schools, and low-income families.

For security purposes, the Authority removes and destroys the hard drives of each surplus computer before disposition. Without hard drives, the computers are inoperative because they do not have an installed operating system. Such inoperative computers have little to no value.

Currently, the Authority disposes of all its surplus electronic equipment, including computers and monitors, through a contract with IMS Recycling Services, Inc, a certified recycling center. Due to the *de minimis* value of surplus electronic equipment, it is more cost-efficient to recycle the equipment than to attempt to dispose of them through an auction or other sale process. Additionally, recycling

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through a certified collector or recycling center ensures this electronic waste will not go into landfills. Under its contract with the Authority, IMS Recycling provides its collection and recycling services at no charge and pays the Authority Ten Cents (\$0.10) per pound for all televisions and monitors that are collected. In FY-10, IMS Recycling paid the Authority a total of \$1,112.34. So far in FY-11, IMS Recycling has paid the Authority \$452.94.

SDFP is a state-certified, collection point for electronic waste. Recycling the Authority's surplus computers and monitors through SDFP will serve a public purpose by increasing the number of refurbished computers SDFP may provide to non-profit organizations, schools, and low income families within San Diego County and by making more equipment available for SDFP's internship and training programs. Recycling through SDFP will also ensure proper disposition of this electronic equipment. SDFP will credit the Authority for its donations on its website. Also, each computer and monitor donated by the Authority will have a small placard identifying the Authority as the donor. This attribution is expected to provide enhanced recognition of the Authority's contributions to the citizens of San Diego County and to increase public acceptance of the Airport. The Federal Aviation Administration's Policy and Procedures Concerning the Use of Airport Revenue allows making airport property available at less than fair market value for community uses when the contribution of airport property "enhances public acceptance of the airport in the community." [64 Federal Register 7696 (February 16, 1999)].

Policy 8.21, as currently written, does not provide for the donation of surplus computers and monitors to non-profit charitable organizations such as SDFP. Board approval of the attached revision to Policy 8.21 will authorize the President/CEO to take necessary action to donate surplus computer equipment to suitable, non-profit charitable organizations when such donations serve a public purpose, enhance public awareness of the Authority, and increase local community acceptance for the Airport in compliance with the FAA's Policy and Procedures Concerning the Use of Airport Revenues, 64 Federal Register 7696.

Sale to Authority Employees at Fair-market Value.

Given the *de minimus* value of the Authority's used and obsolete computers and monitors, some interest has been expressed in offering Authority personnel the opportunity to purchase the computers and monitors at fair-market value. Board approval of the attached revision to Policy 8.21 will authorize the President/CEO to allow Authority personnel the opportunity to purchase used and obsolete computers and monitors at prices at least equal to the equipment's fair-market value where the purchaser agrees that: (1) the computer will be used solely for the purchaser's personal use; (2) the computer will not be used for business purposes and will not be resold; and (3) the purchased computer and/or related equipment will be disposed of through a state certified electronic waste recycling center or electronic waste collection point

Fiscal Impact:

Recycling surplus monitors through SDFP or a similarly situated charitable organization may reduce income to the Authority in an amount not exceeding \$1,200 per year. Selling surplus computers to Authority personnel would likely increase by a negligible amount the revenue the Authority currently receives for the recycling of computers and monitors.

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

Not Applicable

Prepared by:

JANA VARGAS
MANAGER, PROCUREMENT

RESOLUTION NO. 2010-0132

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AMENDING POLICY 8.21 – SURPLUS MATERIALS AND EQUIPMENT TO AUTHORIZE DONATION OF OBSOLETE, SURPLUS COMPUTERS AND RELATED ELECTRONIC EQUIPMENT TO NON-PROFIT CHARITABLE ORGANIZATIONS AND TO PROVIDE AUTHORITY PERSONNEL THE OPPORTUNITY TO PURCHASE OBSOLETE, SURPLUS COMPUTERS AT FAIR MARKET VALUE

WHEREAS, the Authority currently disposes of its obsolete and surplus computers and related electronic equipment by recycling them through a certified electronic recycling center; and

WHEREAS, the recycling center pays the Authority only ten cents (\$0.10) per pound for monitors and pays nothing for collected computers; and

WHEREAS, the Authority received only one thousand, one hundred twelve dollars and thirty-four cents (\$1,112.34) from the recycling center for recycled monitors in Fiscal Year 2010 and only four hundred fifty-two dollars and ninety-four Cents (\$452.94) to date in Fiscal Year 2011; and

WHEREAS, for security purposes, the Authority removes the hard drives from obsolete and surplus computers prior to providing them to the recycling center and as a result, such computers without hard drives or operating systems have *de minimus* value that is less than the transaction cost associated with selling such computers through an auction process; and

WHEREAS, San Diego Futures Foundation ("SDFF") is a 501(c)(3) charitable organizations located in San Diego County; and

WHEREAS, SDFF is certified by California as a collection point for electronic waste; and

WHEREAS, SDFF refurbishes and uses collected computers and monitors to provide computer-repair and business expertise to disadvantaged personnel participating in SDFF's internship and training programs; and

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WHEREAS, SDFF uses the refurbished computers from its training program by distributing them to other San Diego non-profit organizations, schools, and low income families and to date has provided over twenty-three thousand (\$23,000) refurbished computers to such organizations and entities; and

WHEREAS, SDFF is seeking additional sources of used computers in order to increase the scope and breadth of its internship and training programs and to increase the number of computers it will be able to provide to San Diego non-profits, schools, and low income families; and

WHEREAS, SDFF has agreed that, if the Authority were to participate in its program by providing surplus computers and related electronic equipment, SDFF will prominently acknowledge the Authority's participation on the SDFF website and will assist the Authority in having each Authority-provided computer and/or monitor labeled as being provided by the San Diego International Airport through the Airport Authority; and

WHEREAS, the Authority's current policy for disposal of surplus equipment as set forth in Policy 8.21 does not permit the Authority to participate in SDFF's program because the Policy does not provide for the donation of obsolete, surplus computers to non-profit charitable organizations; and

WHEREAS, the Board finds that donation of the Authority's obsolete and surplus computers to SDFF or other charitable organizations with similar programs will serve a valuable public purpose by increasing the scope of SDFF's training and internship programs and by making it possible for SDFF to provide additional refurbished computers to San Diego non-profit organizations, schools, and low-income families; and

WHEREAS, the Board finds that the Authority's participation in the SDFF used computer program will result in a *de minimus* cost to the Authority of less than one hundred dollars (\$100) per month; and

WHEREAS, the Federal Aviation Administration's Policy and Procedures Concerning the Use of Airport Revenue allows making airport property available at less than fair market value for community uses when the contribution of airport property "enhances public acceptance of the airport in the community" [64 Federal Register 7696 (February 16, 1999)]; and

WHEREAS, the Board finds that the acknowledgement of the Authority's participation on the SDFF website and the labeling of Authority-donated computers and monitors will measurably increase public acceptance of the San Diego International Airport and complies with the FAA's Policy and Procedures Concerning the Use of Airport Revenues, 64 Federal Register 7696; and

WHEREAS, the Board finds that it is in the best interest of the Authority to amend Policy 8.21 to authorize the President/CEO to dispose of obsolete and surplus computers and associated electronic equipment by providing such equipment to SDFF and similarly situated 501(c)(3) organizations that refurbish and use donated computer equipment for training disadvantaged personnel in the computer-repair business and for providing refurbished computers to San Diego non-profits, schools, and low income families; and

WHEREAS, given the *deminimis value* of the Authority's surplus and obsolete computers and computer-related equipment that is recycled, there is reportedly interest in permitting Authority personnel to purchase such computers at fair-market value; and

WHEREAS, the Board finds that amending Policy 8.21 to provide Authority personnel the opportunity to purchase computers at fair market value may increase revenues received by the Authority while increasing employee motivation and morale; and

WHEREAS, this Board action is not a project that will have a significant effect on the environment as defined in the California Environmental Quality Act (CEQA), as amended, and does not constitute a "project" as defined in CEQA. [Cal. Pub. Res. Code §21065; 14 Cal. Code of Regs. §15378]; and

WHEREAS, this Board action is not a "development" as defined by the California Coastal Act. [Cal. Pub. Res. Code §30106].

NOW, THEREFORE, BE IT RESOLVED that the Board hereby ADOPTS the amendment to Authority Policy 8.21 (Attachment A) in order to authorize the President/CEO: (1) to provide obsolete and surplus computers and related electronic equipment to 501(c)(3), tax-exempt organizations that refurbish and use donated computer equipment for training disadvantaged personnel in the computer-repair business and for providing refurbished computers to San Diego non-profits, schools, and low income families under conditions as stated in the attached amendment; and (2) to provide Authority personnel the opportunity to purchase obsolete and surplus computers at fair-market value.

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2010, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
**DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK**

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

- ARTICLE 8 - GENERAL OPERATIONS
PART 8.2 - AUTHORITY FACILITIES
SECTION 8.21 - SURPLUS MATERIALS AND EQUIPMENT
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PURPOSE: To establish a policy on the disposition of surplus materials and/or equipment by the San Diego County Regional Airport Authority (the "Authority").

POLICY STATEMENT:

(1) General Policy for Disposition of Surplus Materials and Equipment:

- (a) A list of materials and equipment, determined to be surplus to the needs of the Authority by the Authority's ~~President/CEO~~ ~~Executive Director~~ or his or her designee (the "~~President/CEO~~ ~~Executive Director~~"), together with a statement as to the reasons such materials and equipment are no longer needed, shall be submitted to the Authority's Board of Directors (the "Board") at least once each fiscal year.
- (2b) The Board may authorize the ~~President/CEO~~ ~~Executive Director~~, by resolution, to advertise and carry out the sale of surplus materials and equipment for the best price obtainable by the Authority.
- (c3) When an item cannot be sold, the ~~President/CEO~~ ~~Executive Director~~ may authorize the disposal of such items by junking and depositing it in the sanitary fill or by any other suitable means available with a minimum cost to the Authority.
- (d4) The ~~President/CEO~~ ~~Executive Director~~ is authorized to sell or dispose of scrap metals and used fuel oils at his or her discretion. Such sales shall periodically be reported to the Board.

(2) Alternative Policy for Disposition of Obsolete and Surplus Computers and Related Equipment. When the President/CEO determines that Authority-owned computer equipment is both obsolete and surplus to the needs of the Authority, the President/CEO may dispose of such equipment in the following manner:

- (a) Donation to Certain Charitable Organizations. The President/CEO may, on behalf of the San Diego International Airport ("Airport"), donate such computer equipment to a San Diego County-based organization that is exempt from taxation pursuant to 26 U.S.C. Sec. 501(c)(3) and that uses such computer equipment for

the care, teaching, or training of children and/or disadvantaged adults. Each such donation shall be subject to the following conditions:

- [1] No single donated item has a fair market value exceeding Fifty Dollars (\$50); and
- [2] The receiving organization takes appropriate action to publicly recognize the Airport's donations in a manner that increases the public's awareness of the Authority and acceptance of the Airport; and
- [3] Following each donation, the President/CEO provides the Board with a written report of each donation with a list of the donated computer equipment at the regularly scheduled Board meeting following the donation.

(b) Sale to Authority Personnel. If the President/CEO determines that it is advantageous to the Authority to provide Authority personnel the opportunity to purchase surplus and obsolete computers and related equipment, the President/CEO may authorize such sales subject to the following conditions:

- [1] The sale of each computer or computer with monitor shall be at a price that at least equals the fair-market value of the equipment as reasonably determined.
- [2] The opportunity to purchase surplus and obsolete computers and associated equipment shall be available on a fair and equitable basis to all Authority personnel.
- [3] Prior to receipt of a purchased computer, each purchaser shall sign a statement certifying that: (1) the computer will be used solely for the purchaser's personal use; (2) the computer will not be used for business purposes and will not be resold; and (3) the purchaser will dispose of the purchased computer and/or related equipment through a state certified electronic waste recycling center or electronic waste collection point.
- [4] Documentation of the means by which and whom the fair-market value of each sold computer or computer equipment was determined, the purchase price, the purchaser, and the purchaser's certification shall be maintained for a minimum of three years.

(c) The Office of the Chief Auditor shall audit the procedures by which computers and computer-related equipment are donated to charitable organizations and/or sold to Authority personnel pursuant to this Policy at least every other year.

[Resolution No. 2002-02 dated September 20, 2002.]

[Superseded by Resolution No. _____ dated _____.]

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