



CITY OF STOCKTON

OFFICE OF THE CITY MANAGER

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August 13, 2013

Presiding Judge
San Joaquin Superior Court
222 East Weber Avenue
Stockton, CA 95202

CITY OF STOCKTON RESPONSE 2012-13 CASE NO. 0312 - GETTING RID OF STUFF – IMPROVING DISPOSAL OF CITY AND COUNTY SURPLUS ASSETS

In accordance with Sections 933 and 933.05 of the California Penal Code, the City Council of the City of Stockton responds to the Grand Jury Report on the above-referenced case as follows:

FINDINGS

F 6.1 Correspondence between the City and the State Department of Justice in October 2011 indicated that the State's contract agreement with private auction firms might be terminated because of state budget cuts. There was no indication if the matter has been resolved. Since the state agreement is comprehensive and benefits the City, an alternative agreement should be available for the City's use.

***Response:** The respondent agrees with the finding. Corrective action is being taken as described in the response to recommendation 6.1.*

F 6.2 Stockton Code Section 3.60.010 requires the City Manager to present the City Council a report on personal property sales valued under \$20,000. There is no indication whether the report is to be a public document. A written response from the City indicated that in the past the information was included in a weekly newsletter provided to the City Council. No surplus property sales took place between 2008 and 2010; however, a sale that occurred in 2011 was not reported as required by Municipal Code. The City indicated they were in the process of updating their surplus property sales procedures.



Response: *The respondent agrees with the finding. The City held three auction sales of properties in 2011. After the City's newsletter was terminated due to staffing cuts, staff did not pursue an alternative reporting mechanism. However, these 2011 sales will be reported to Council by October 31, 2013. Appropriate personnel actions were taken with staff following this incident.*

While this correction will satisfy the immediate reporting requirement, at this time the City of Stockton does not have well-developed implementation guidelines to define "personal property", "value", "e-Waste" and other key terms and procedures in interpreting the code and intent of the law. In addition, the City does not have a well-developed process and reporting schedule for the sale of surplus property. Corrective action is being taken as described in the response to recommendation 6.2.

RECOMMENDATIONS

R 6.1 The City Council direct the City Attorney to prepare no later than November 1, 2013, a comprehensive auction agreement for use by the City.

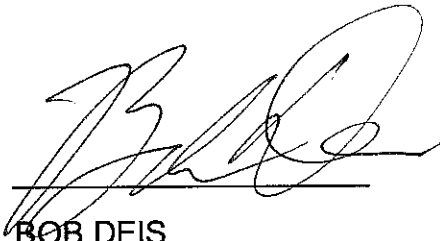
Response: *The respondent agrees that the auction services that were previously used were through a state contract which is no longer supported by the state and is expired. However, due to economic conditions and limited staffing resources there were only 3 sales in the last 5 years, all of which occurred in 2011, before the state contract expired. The City is in the process of developing internal policies and procedures for the sale of surplus property and will be soliciting bids and evaluating other agency cooperative agreements for a replacement auction firm. This will be completed prior to November 1, 2013.*

R 6.2 Effective immediately the City Manager's report on surplus personal property sales pursuant to Municipal Code Sec. 3.60.010 be prepared as a public document presented at a regular City Council meeting.

Response: *The respondent agrees that these sales were not reported to City Council, as defined by the Stockton Municipal Code. The city has developed an action plan to improve the internal controls over sale of surplus property and reporting of surplus sales as well as to improve operating efficiencies. By no later than December 31, 2013 the Administrative Services Department will:*

- *Develop an administrative directive that will clarify the definitions associated with surplus property.*

- *Develop definitions and guidelines specific to eWaste.*
- *Establish a reporting mechanism for sale of surplus property of less than \$20,000 that identifies surplus items sold, upcoming auctions and the City's corresponding and governing policies and directives. For efficiency purposes this will likely be done through the City's website rather than presented at a City Council meeting.*
- *Define a reporting structure for all decentralized surplus property sales, such as those sold by the Police Department or Economic Development Department, Real Property Division, so that all sales of surplus property are reported to the Purchasing Division.*

A handwritten signature in black ink, appearing to read 'Bob Deis', is written over a horizontal line. The signature is stylized and cursive.

BOB DEIS
CITY MANAGER

BD:VB