

Step-By-Step Procedures for Disposal of Surplus Property

Method	Use For	Steps: Board Action	Steps: Advertisement	Steps: Other
COMPETITIVE METHODS				
A. Sealed bids (G.S. 160A-268, referencing G.S. 143-129)	Real property; Personal property	(1) Board adopts resolution authorizing sale	(2) Advertisement for bids published at least 30 days before the bid opening for real property; 7 days for personal property	(3) Sealed bids received. (4) Award to highest responsible bidder or reject all bids.
B. Upset bids (G.S. 160A-269)	Real property; Personal property	(2) Board adopts resolution authorizing upset bid procedure	(4) Advertisement for upset bids published, including original bid amount and requiring bidders to upset original bid amount by at least 10% of the first \$1000, and 5% of the remainder. Example: original bid was \$3000, upset bid must be more than 10% of \$1000 plus 5% of \$2000 over the original bid = at least \$3200. Bidders given 10 days from date of advertisement to submit upset bids.	(1) Unit receives offer on property (3) Unit requires offeror to deposit 5% of bid amount with clerk while upset bid procedure takes place (5) Highest upset bid that meets minimum bid amount (see Step 4) becomes next offeror, and process begins again (starting at Step 1) until no additional upset bids are received. (6) Award to highest offeror or reject the offer.
C. Public auction – real property (G.S. 160A-270); may be live or electronic	Real property	(1) Board adopts resolution authorizing sale, describing property, specifying the date, time, place, and terms of sale, and stating that any offer must be accepted and confirmed by the council before the sale will be effective. May require deposit.	(2) Advertisement must be published at least once and not less than 30 days before the auction. Must contain general description of property, the terms of the sale, and a reference to the authorizing resolution. (If electronic auction, board may authorize use of solely electronic notice.)	(3) Auction held. (4) Highest bid reported to board, which may accept or reject within 30 days of when bids were received.

Sample resolutions and advertisements available online at <http://ncpurchasing.unc.edu> (click on “Forms”).

To determine the correct order of the steps required for each method, follow the numbers.

Reference: Lawrence, David M., *Local Government Property Transactions in North Carolina* (2nd ed., 2000)

Method	Use For	Steps: Board Action	Steps: Advertisement	Steps: Other
COMPETITIVE METHODS (continued)				
D. Public auction – personal property (G.S. 160A-270); may be live or electronic	Personal property	(1) Board adopts resolution authorizing official to dispose of property at public auction. Must identify property and set out date, time, place, and terms of the sale.	(2) Resolution or notice reflecting contents of resolution must be published at least once and not less than 10 days before the auction. (If electronic auction, board may authorize use of solely electronic notice.)	(3) Auction held. (4) Sale complete <i>without</i> final approval from the board.
OTHER METHODS				
E. Private sale with board approval (G.S. 160A-267)	Personal property valued at less than \$30,000	(1) Board adopts resolution authorizing an appropriate official to dispose of property by private sale at a negotiated price. Must identify the property to be sold and may, but need not, specify a minimum price.	(2) Notice summarizing contents of resolution shall be published once after the resolution is adopted.	(3) Sale cannot take place until 10 days after the notice is published.
F. Private sale without board approval of each sale (G.S. 160A-266(c))	Personal property valued at less than \$30,000	Board approval of each sale not required.	Notice not required.	(1) Board must approve of procedures designed to secure fair market value for all property sold. Official charged with disposing of property must keep record of property sold.
G. Exchanges (G.S. 160A-271)	Real property; Personal property	(3) Board adopts resolution authorizing exchange.	(2) Notice published at least 10 days before regular meeting of the board, describing the properties to be exchanged, stating the value of the properties and other consideration, and announcing the council's intent to authorize the exchange at its next regular meeting	(1) Unit develops a tentative agreement for the exchange of the property for full and fair consideration.

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Method	Use For	Steps: Board Action	Steps: Advertisement	Steps: Other
OTHER METHODS (continued)				
H. Trade-in (G.S. 143-129.7)	Personal property	(4) Board approval is not required unless required by local policy. Example: If local policy requires board approval for purchases costing \$1 million or more, and the cost of the new items to be purchased is \$1.2 million, then board approval would be required.	(2) If formal bidding is required (because the estimated cost of the items to be purchased is \$90,000 or more, or because local policy requires it), unit must advertise the bid opportunity at least 7 days before the bid opening in the newspaper or electronically or both (advertising by electronic means only requires board approval). If formal bidding is not required, advertisement is not required.	(1) Unit solicits bids (using formal bidding if the estimated cost of the new items is \$90,000 or more, or if required by local policy; informal bidding if the estimated cost of the new items is between \$30,000 and \$90,000, or if required by local policy). <i>Include in specifications the opportunity to purchase the unit's used property.</i> (2) Unit receives bids
I. Leases (more than 10 years) (G.S. 160A-272)	Real property; personal property	<i>Use procedures for the sale of real property—method A., B., or C. on this Chart. (If leasing real property for housing for low- and/or moderate-income persons, may use method L. on this Chart.)</i>		
J. Leases (more than 1 year, less than 10 years) (G.S. 160A-272)	Real property; personal property	(2) Board adopts resolution authorizing lease.	(1) Notice published at least 10 days before regular meeting of the board, describing the property to be leased or rented, stating the annual rental or lease payments, and announcing the council's intent to authorize the lease or rental at its next regular meeting.	
K. Leases (one year or less) (G.S. 160A-272)	Real property; personal property	None required – board may delegate authority to enter into such leases.	None required.	

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OTHER METHODS (continued)				
L. Leases for affordable housing (G.S. 160A-278)	Real property, but only to someone who will use the land to construct housing for the benefit of low- and/or moderate-income persons	(2) Board adopts resolution authorizing lease.	(1) Notice published at least 10 days before regular meeting of the board, describing the property to be leased, stating the value of the property, stating the proposed consideration for the lease, and stating the council's intent to authorize the lease at its next regular meeting.	
M. Economic development projects (G.S. 158-7.1(d))	Real property, but only for economic development activities listed in G.S. 158-7.1(b)	(3) Board adopts resolution approving the conveyance or lease.	(2) Notice published at least 10 days before regular meeting of the board; the notice shall describe the interest to be conveyed or leased, the value of the interest, the proposed consideration for the conveyance or lease, and the governing body's intention to approve the conveyance or lease.	(1) The unit shall determine the probable average hourly wage to be paid to workers by the business to be located at the property to be conveyed and the fair market value of the interest. The consideration for the conveyance may not be less than that value.
N. Community development projects (G.S. 160A-457) Cities only	Real property, but only for sale to a redeveloper in accordance with a community development program as described in G.S. 160A-456 and -457	(3) Board adopts resolution approving the sale, exchange, or transfer.	(1) Notice published once a week for two successive weeks, for the first time not less than 10 days nor more than 25 days preceding the public hearing; and the notice shall disclose the terms of the sale, exchange, or transfer.	(2) At the public hearing the appraised value of the property to be sold, exchanged or transferred shall be disclosed; the consideration for the conveyance shall not be less than the appraised value.

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OTHER METHODS (continued)				
O. Disposition to other governments (G.S. 160A-274)	Real property; personal property	Board approval is required.	None required.	No other procedures required; unit may follow its own procedures.
P. Artistic/historic properties (G.S. 160A-266(b))	Real or personal property, but only the type of property described in G.S. 160A-266(b) and only if conveyed to a nonprofit in accordance with G.S. 160A-266(b)	(1) Board adopts resolution authorizing an appropriate official to dispose of property by private sale at a negotiated price. Must identify the property to be sold.	(2) Notice summarizing contents of resolution shall be published once after the resolution is adopted.	(3) Sale cannot take place until 10 days after the notice is published.
Q. Fire departments (G.S. 160A-277)	Real property, but only for constructing or expanding fire department or rescue squad facilities	(2) Board adopts resolution authorizing lease, sale, or conveyance.	(1) Notice published at least 10 days before regular meeting of the board, describing the property, stating its value and any proposed monetary consideration, and noting the board's intent to authorize the lease or conveyance.	
R. Conveyance to nonprofit organizations (G.S. 160A-279) <i>Cities and counties only</i>	Real or personal property, but only if conveyed to an entity carrying out a public purpose that the city or county is authorized to engage in	(1) Board adopts resolution authorizing an appropriate official to convey property. Must identify the property to be conveyed and may, but need not, specify a minimum price.	(2) Notice summarizing contents of resolution shall be published once after the resolution is adopted.	(3) Conveyance cannot take place until 10 days after the notice is published.
S. Conveyance without monetary consideration (G.S. 160A-280) <i>Does not apply to schools</i>	Personal property only, conveyed to a governmental unit, sister city (as defined in G.S. 160A-280), nonprofit, or charter school	(2) Board adopts resolution approving conveyance.	(1) Notice published at least 5 days before regular meeting of the board approving donation.	(3) Conveyance may take place once board adopts the resolution.

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