



Legislation Text

File #: GID-1617-43, **Version:** 1

DECLARATION OF SURPLUS AND/OR OBSOLETE EQUIPMENT AND MATERIALS AND AUTHORIZING THE SALE THEREOF.

BACKGROUND: The attached list is the supplies, materials, or equipment identified as surplus or obsolete, and is therefore, being prepared for sale at auction. Section 8-301 of the Code of Ordinances of the City of Norman provides that "The City Council must declare surplus or obsolete any supplies, materials, or equipment where the valuation exceeds one thousand dollars (\$1,000) prior to the selling of such supplies, materials, or equipment." This item asks Council to declare the items on the list as surplus or obsolete so disposal of those items can proceed to auction.

DISCUSSION: If Council approves the items listed as surplus to proceed to sale at auction, then the auction will be conducted by Big Iron. Council has previously approved Contract K-1213-122 with Big Iron on line auctions in December 2012, after going through a Request for Proposals process (RFP-1213-59). The contract was for one year with potential renewal for up to three one year periods. Since the implementation of online auctions with Big Iron Auctions in the next three years under that contract, revenue generated through 11 online auctions has been in excess of \$600,000 dollars. The Purchasing and Fleet Maintenance Divisions have been pleased with the service Big Iron provides. Throughout the years, the City has utilized the services of several different auction companies to sell these items. Online auctions provide a greater audience for products, thus increasing the likelihood to generate increased revenue.

The City Code, Section 8-204 exempts contractual services of a professional nature such as engineering, architectural, and medical services from competitive bidding requirements. As Big Iron had performed above expectations providing auctions services for the City of Norman during the three (3) years under Contract K-1213-122, Staff recommended approval of the Auction Services with Big Iron Online Auctions under Contract No. K-1617-40 for a one year term with three additional renewal terms on September 13, 2016. Council approved that contract which is still in force.

Big Iron Online Auctions charges up to 7% commission with no buyer's premium for items purchased through their auctions. A buyer's premium is a percentage additional charge on the winning bid at auction that must be paid by the winner. It is typically charged by the auctioneer to cover administrative expenses. The buyer's premium goes directly to the auction house and not to the seller.

Under the terms of the Contract, Big Iron will hold online auction for the following surplus items: vehicles; office equipment; supplies of any description; tools of any description; equipment of any description; personal property; jewelry; bicycles; and miscellaneous items. Items listed with Big Iron Online Auctions will be exclusive listings. None of the items will have a reserve price. The auctioneer will disburse the funds owed the City of Norman within fourteen business days of the end of the auction. Big Iron Online Auctions agrees to protect, defend, indemnify and hold harmless the City of Norman and its officers, employees and agents from and against any and all losses, penalties, damages, settlements, claims, costs charges for other expenses, or liabilities of every and any kind including attorney fees, in connection with or arising directly or indirectly out of the work agreed to be performed by the Auctioneer. Big Iron shall provide Worker's Compensation insurance in accordance with State Laws and Liability Insurance of at least \$1,000,000 per occurrence. All items sold at auction are understood to be sold "as is".

RECOMMENDATION: Staff recommends that the attached list of supplies, materials, or equipment be declared surplus or obsolete, and approved for sale at public auction. If approved, Big Iron auctions will dispose of the property through auction under Contract K-1617-40.