



Legislation Text

File #: K-1617-40, **Version:** 1

CONTRACT K-1617-40: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND BIG IRON ONLINE AUCTIONS TO PROVIDE AUCTIONEER SERVICES FOR THE CITY OF NORMAN AND PERFORMANCE BOND B-1617-18.

BACKGROUND: Pursuant to Article III of Section 8 of the City Code, the City of Norman has an ongoing process of declaring items/equipment as surplus and/or obsolete and selling surplus items at auction. Since the implementation of online auctions with Big Iron Auctions three years ago, 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.

DESCRIPTION: The City Code, Section 8-204 exempts contractual services of a professional nature such as engineering, architectural, and medical services from competitive bidding requirements. Big Iron has performed above expectations providing auctions services for the City of Norman during the past three (3) years. Staff recommends approval of the Auction Services Contract with Big Iron Online Auctions.

Big Iron Online Auctions charges up to 7% commission with no buyer's premium for items purchased through their auctions.

The City of Norman has utilized an online auction service for vehicles and equipment stored at the Fleet Maintenance Division as online auctions for vehicles tend to generate higher revenue versus traditional auction methods. 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.

Big Iron Online Auctions is based in Ada, Oklahoma. Under the Big Iron proposal, Big Iron would photograph and post all vehicles and equipment at Fleet Maintenance as well as post video of operational equipment. Color brochures would also be distributed and Big Iron would administer all aspects of the bidding and collection process. The City of Ada, Dewey County Commissioners, and Pottawatomie County use Big Iron and recommend their services.

Big Iron Online Auctions has executed the attached Contract as well as the attached Performance Bond in the amount of \$50,000. 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.

RECOMMENDATION: Staff recommends approval of Contract K-1617-40 with Big Iron Online Auctions and Performance Bond B-1617-18. The contract for services will be for one year from the date of City Council approval. The City reserves the right to extend the contract for up to three (3) one-year periods, providing all parties agree to the extension.