

**CITY OF TEMPE  
REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 10/2/2014  
Agenda Item: 5B10**

**ACTION:** Award one-year contracts with four, one-year renewal options to Western Sales Management and Sierra Auction Management who will provide auctions services to dispose of City surplus property and police impounded property and vehicles.

**FISCAL IMPACT:** There is no direct expenditure of City funds associated with the use of these contracts. The auction service provider is paid a sales commission out of sale proceeds. Based on an estimated annual auction sales value of \$450,000, the auction providers would receive approximately \$36,000 in commissions and return \$414,000 to the City. There are additional expenses associated with the auction sales including towing, merchandise pick-up, battery replacement, decal removal, and cleaning of vehicles, which cannot be easily qualified that would reduce the amount returned to the City.

**RECOMMENDATION:** Award the contracts.

**BACKGROUND INFORMATION:** (RFP 14-095) The City of Tempe issued a Request for Proposal (RFP) to establish contracts for auction services to dispose of surplus and police impound property and vehicles.

When furniture, computers, file cabinets, vehicles, etc. are no longer needed or have reached the end of their useful life and are replaced, the surplus items or vehicles are sent to an auction firm who will sell the items at a public auction and return the residual value of the items (less sales commission and service fees) to the City. This same process is used with police impound property.

Evaluation Process

Five firms submitted offers which were reviewed by a committee comprised of City staff from utilizing departments. The responses were scored on the following criteria:

Criteria	Weight
Cost	7 (39%)
Sellers Fee	
Buyers Fee	
Auction Features	5 (28%)
Location	
Supplemental Internet Bidding	
Size of Facility	
Security Features	
Marketing and Frequency of Sales	
Firm Qualifications and Services Offered	4 (28%)
Experience of Firm	
Experience and Licensing of Auctioneers	
Additional Services Offered and Cost	
Appraisal Services Offered and Cost	
Summary Sales Information	
References	
Overall response to RFP	1 ( 5%)
Quality, composition and completeness of response	
Firms acceptance of City of Tempe terms and conditions	

Results of Scoring

The firms were evaluated on the actual sales totals for the various categories from the previous 12-month period:

Surplus Category	Sales (previous 12 months)	% of Total Sales Represented
Vehicles	\$304,417	84.8%
Firearms	\$28,242	7.9%
General Surplus	\$14,544	4.1%
Police Confiscated	\$9,523	2.7%
Miscellaneous	\$963	0.3%
Bikes	\$861	0.2%

The committee reviewed the submittals and scored them as shown in the tables below using the previous 12 months sales statistics and estimated service fees associated with the sales:

Firm	Score	Estimated Annual City Cost
Western Sales Management	165.28	\$35,607
Bar None Auctions	164.04	\$38,232
Sierra Auction Management	159.53	\$42,710
Auction Systems	148.98	\$49,409
Richie Bros Auctioneers	110.80	\$97,359

Facility tours of the top three scoring firms were conducted to confirm information submitted by the vendors in their proposals and to evaluate the facilities to see if the needs of the City would be met. Bar None Auctions is relatively new in the Phoenix market and their facility does not provide the necessary features that were present with the other finalists; therefore, they were removed from award consideration.

Western Sales Management and Sierra Auction Management were sent a best and final offer to insure that their most complete and competitive offer had been submitted. As a result, the firms offered a variety of commission options dependent on a singular contract award or a split award. All of these factors were considered during the final review.

Firm	Estimated Annual City Cost		
	Vehicles	Firearms	Balance of items
Western Sales Management	\$24,445	\$1,624	\$2,048
Sierra Auction Management	\$36,029	\$2,796	\$5,383

*Pricing shown in table includes commission, pick-up of surplus, labor, and prep of items for sale*

There are a number of considerations other than the commission and service fees which need to be evaluated including, but not limited to, the items shown below:

- Sierra Auction Management has a much more established buyers network for firearm sales based on the number of years offering this service, which should generate more aggressive bidding and increased revenue to the City.
- Sierra Auction Management has dedicated inside storage facilities for the protection and display of general surplus items.
- There is more vault storage available for higher valued items at the Sierra Auction Management facility.
- Sierra Auction Management has a very organized and efficient method for grouping identical, high volume items.
- Customer viewing for weather sensitive and display-case items is well developed at Sierra Auction Management.
- Additional staffing is utilized by Sierra Auction Management to prepare items commonly associated with police confiscated surplus. The committee believes that this could increase the sales value of the items.

Recommendation

It is the recommendation of the committee to award contracts as follows:

Item	Firm
Vehicles – All	Western Sales Management
Firearms	Sierra Auction Management
Balance of Surplus	Sierra Auction Management

The City reserves the right to utilize only one firm or a combination of the firms to maximize return of funds to the City. Splitting of the items, as indicated in the table above, will result in an estimated annual cost to the City of \$36,000, which will be paid from auction proceeds.

Review of Recommendation

Since the lowest offers have not been recommended in all cases, Internal Audit has reviewed and concurred with the committee's recommendation.

**ATTACHMENTS:** Vendor RFP Documents

**STAFF CONTACT(S):** Michael Greene, Procurement Administrator, (480) 350-8516

Department Director: Renie Broderick, Internal Services Director

Legal review by: David Park, Assistant City Attorney

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