



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

52

2. Council Meeting Date:
August 15, 2013

TO: MAYOR & COUNCIL

3. Date Prepared: July 24, 2013

THROUGH: CITY MANAGER

4. Requesting Department: Management Services

5. SUBJECT: Approval to use the City of Mesa contract for auction services with Sierra Auction.

6. RECOMMENDATION: Recommend approval to use the City of Mesa contract for auction services with Sierra Auction.

7. HISTORICAL BACKGROUND/DISCUSSION: Sierra Auction conducts an off-site public auction every month and has the capability to sell vehicles and other miscellaneous surplus property. The City uses the contract to sell vehicles and surplus property. Beginning October 1, 2013, staff will also use the requested contract to sell firearms in accordance with state law and Chandler City Code. Sierra Auction is a licensed firearms business which has a nationally established market presence. Multiple other public entities in the State use this contract. The City benefits from competitive bidding, lower labor costs, established sales process, faster turnaround of property, and less space occupied by surplus property.

8. EVALUATION PROCESS: The requested contract has been bid by the City of Mesa and included provisions for cooperative use. The term of the contract is from September 1, 2010 through August 31, 2013, with provisions for two one year extensions. The auction fee is 4.4 % of the sale price for vehicles and 6.9% of the sale price on other items plus associated costs (e.g. decal removal, transportation, washing and associated services) that will be deducted from the sale proceeds.

When staff recommended use of this contract in 2010, other cooperative contracts available for auction services were reviewed. Other auction providers require the seller (City) to deliver surplus to the buyer or arrange for local pickup. The City is not staffed for this level of service. Sierra Auction pools vehicles for a number of sellers and hence is able to attract many more prospective buyers than the City can on its own. Staff is recommending Sierra Auction because of their low fees and the exceptional level of service provided. The City has used Sierra Auction for approximately seven years and is very pleased with their service.

9. FINANCIAL IMPLICATIONS:
Funds to pay contract fees will be deducted from sale proceeds. Proceeds will be deposited into various surplus property revenue accounts, depending on the City Fund that owned the property.

10. PROPOSED MOTION: Move to approve the use of the City of Mesa contract for auction services with Sierra Auction.

APPROVALS

11. Requesting Department
Robert Descheemaker, CPPB

12. Department Head
Dawn Lang

13. Procurement Officer
Mike Mandt, CPPB

14. City Manager
Rich Dugas