

# AGENDA



Thursday, November 6, 2008

## Purchasing Office RECOMMENDATION FOR COUNCIL ACTION

Item No. 39

**Subject:** Authorize award and execution of a 10-month requirements service contract through the TEXAS LOCAL GOVERNMENT PURCHASING COOPERATIVE (BUYBOARD) with GOVDEALS, INC., Montgomery, AL for auction services in an estimated amount not to exceed \$48,886, with two 12-month extension options in an estimated amount not to exceed \$58,663 for each extension option, for a total estimated contract amount not to exceed \$166,212.

**Amount and Source of Funding:** Funding in the amount of \$47,323 is available in the Fiscal Year 2008-2009 Operating Budget of the Financial and Administrative Services Department, Fleet Fund. Funding in the amount of \$1,563 is available in the Fiscal Year 2008-2009 Operating Budget of the Financial and Administrative Services Department, Materials Management. Funding for the extension options is contingent upon available funding in future budgets

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Sharon Patterson, Buyer II/972-4014

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). This contract is a Cooperative Purchase; therefore, it is exempted under Chapter 791 of the Texas Local Government Code and no goals were established for this solicitation.

This contract is for auction services to sell the City's surplus fleet vehicles and equipment such as trailers, street equipment, office furniture, small tools, power tools, electronics, computers and other miscellaneous items.

GovDeals Inc. is the leading source for selling heavy equipment and fire trucks for government entities. It provides a means for government entities to list items for sale and for potential buyers to bid upon those items via an Internet based auction system. The web-based application used by GovDeals ("GovDeals Auction Server") allows users to submit items to auction and at the same time to maintain information about those assets. GovDeals provides assistance and research to determine comparable/fair market values; provides marketing of on-line auction service to potential buyers, and has a staffed help desk on weekdays. They also provide training and support services either on-site or via telephone and the Internet.

GovDeals only charges for sold items and the fee is based on the final sale price of the item. For each auction item that sells for less than \$100,000, the fee is 7.5%; for individual items that sell for more than \$100,000 but less than \$500,000, the fee is 5.5%. A different fee structure is used for auction items greater than \$500,000.

Most of the auctioned items will be sold for less than \$100,000 and will include the 7.5% fee; therefore, the City anticipates a total fee of \$48,886 and a total net revenue of \$398,992 for the first 10 months. For each of the extension options, the City anticipates a total fee of \$58,663 and a total net revenue of \$478,790 for each extension option period. Revenue will be included in the General Fund.

GovDeals, Inc. is under contract with BuyBoard to provide auction services as a result of a competitive bidding process. Utilizing BuyBoard contracts allows the City to benefit from volume discount pricing.