



AGENDA MEMORANDUM

CONTACT: CLIF CUSTER

SUBJECT: SURPLUS EQUIPMENT

SUMMARY:

Public Works needs direction on the way City Council wishes to sell surplus equipment within the Public Works Equipment Fleet.

BACKGROUND INFORMATION:

At the July City Council Meeting, Council was presented with a list of equipment within the Public Works Equipment Fleet that had become obsolete due to the purchase of new and improved equipment. The equipment motioned and voted on by Council to be deemed "Surplus" at the July meeting is as follows:

Frontier 90" Finishing Mower Deck
Land Pride 72" Mowing Deck
Ford 3930 2WD Tractor
Ingersol Rand Steel Wheel Roller
MQ Power 230V Single Phase Generator
2005 Ford F-650 Dump Truck
2002 Ford F-350 Dump Truck
Curtis Dyna Fog Aerosol Fogger

A public sale of the equipment was suggested to Council with a condition of no minimum bid. Based on Council's input regarding no minimum bid, a revised equipment list is included in the Council Packet showing previously determined values for surplus equipment with a minimum acceptable bid of 25% less the estimated value. The 25% benchmark was implemented based on seller's fees that would be paid to Gov Planet. Gov Planet was suggested by Councilman Escalante in the July Meeting as a possible alternate means of selling surplus equipment.

Gov Planet is an auction service that specializes in the auctioning of equipment deemed "Surplus" by Federal, State, and Local Governments. Gov Planet owns auction houses across America with the nearest auction house to Richwood being in Humble, TX.

The 2 manners of auction of surplus equipment through Gov Planet are Online Auction and Live Auction. Online auctions cost the government entity additional fees as Gov Planet adds an additional step of sending a representative to Richwood to assess all equipment that will be auctioned off via Gov Planet's online portal. The online auction option also requires that Richwood be responsible for loading equipment for buyers to transport.

The Live Auction option is facilitated by a single local Gov Planet Representative. Richwood is responsible for the transport of all equipment to the nearest auction house for sell. After the sell, Gov Planet sets time limits for equipment pickup and assists buyers in the loading and transport of purchased equipment.

I spoke with the South Houston Region, Gov Planet Representative and gained the following knowledge of the auction process.

- The government entity completes necessary paperwork identifying individual pieces of equipment as well as signing a contract inclusive of auction terms and seller's fees.
- Richwood Public Works is responsible for the transport of all equipment to Humble, TX to be auctioned by Gov Planet.
- Auction item values and/or opening bid prices are determined by the equipment's estimated resale value which is based on the current market and previous sale of the same or similar equipment by Gov Planet. ***The City of Richwood does not set this value.***
- Auctions take place twice a month.
- Equipment that sells for \$3000.00 or less are subject to a 25% seller's fee. Equipment selling for more than \$3000.00 is subject to a 15% seller's fee. ***These fees are possibly negotiable. I understand the fees are heavily dependent on what kind of equipment and how much equipment is being sold.***
- Based on Gov Planet's guidelines for bidders purchasing equipment, the buyer has six days to retrieve the equipment after purchase. The government entity receives proceeds from the auction within three weeks of the equipment sale.

ISSUE:

It was initially thought by Public Works that a local sale would be a productive way to sell surplus equipment due to the general nature and applicable use of such equipment in the localized area. It is the opinion of Public Works that sale via Gov Planet auction would be the most streamlined, efficient, and profitable way to discard surplus equipment.

FISCAL IMPACT:

RECOMMENDATION:

I recommend a motion to sell Richwood's identified surplus equipment through Ritchie Brothers Gov Plant auction house in Humble, TX.