

**MEMORANDUM
COUNTY OF PLACER
PROCUREMENT DIVISION**

2964 Richardson Drive
Auburn, CA 95603

TO: Honorable Board of Supervisors

FROM: Brett Wood, Purchasing Manager

DATE: March 27, 2012

SUBJECT: Recommendation to Authorize the Execution of Contracts with Public Surplus and Gov Deals for Online Sale of County Surplus Equipment in Accordance with County Policy.

RECOMMENDATION

Authorize the execution of contracts with Public Surplus and Gov Deals for the online sale of County surplus equipment; and authorize the Director of Administrative Services and the Purchasing Manager to take all actions necessary to sell and dispose of County surplus equipment in accordance with County Policy.

BACKGROUND

The Procurement Services Division (Division) is responsible for preparing and distributing procedures to ensure the maximum use of surplus equipment including the transfer, sale or disposal of County surplus equipment. Surplus equipment may include used desks, file cabinets, chairs, shelving, computers, computer peripherals, telephone equipment and miscellaneous office supplies.

It is incumbent upon each department head to promptly notify the Division when County property in their possession is no longer needed. The Division will determine whether the item has the potential for use by another department or should be stored, transferred or disposed of.

Over the past years several improvements to streamline the County's surplus program have been implemented including the deployment of an internal online surplus exchange service available on iPlacer which lists surplus equipment that is no longer needed by one department and is being made available for use by other County departments. After a 30-day period, if the equipment is not requested by another department the item is moved into the surplus warehouse and continues to be made available to County departments.

To promote positive public relations a focused effort has been made to provide local non-profit groups and organizations an opportunity to obtain the County's surplus equipment prior to its disposal. We have refocused our outreach efforts to these organizations and will continue to seek new potential opportunities to aid local service agencies with their mission.

However, the surplus warehouse is a 2,750 sq. ft. facility with limited storage capacity. Currently equipment is housed in the surplus warehouse until such time that it is claimed by another Department or disposed of through an off-site auctioneering service. Previous efforts to dispose of County surplus equipment via an off-site auctioneering service provider have not proven to be the most fiscally viable solution for disposing of County surplus equipment.

The Procurement Services Division has an extensive list of surplus items with limited storage facilities to house surplus. The Auctioneer under contract with Placer County has reviewed this equipment and declared that it is neither effective nor profitable for their agency to continue to sell

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this material on behalf of Placer County. Our research has identified that while this material is difficult to sell in a live auction setting it is more effective and beneficial to utilize an online auction system for sale of surplus equipment. These online systems are similar to eBay in that they allow for members of the public to bid on items without having to attend a live auction.

Public Surplus and Gov Deals are two service providers that have been awarded contracts from other government agencies through a competitive solicitation process for the disposal of surplus equipment via online auctions. Both service providers are available to Placer County through a cooperative clause in their contracts. The Procurement Division recommends establishing agreements with both firms to allow maximum flexibility in selecting the appropriate firm for the sale of County surplus equipment. Each firm provides comprehensive sales reports that would allow the Division to monitor and manage sales to ensure they are in compliance with County policy. Public Surplus charges a fee of 10% and Gov Deals charges a 12% fee of the final sales price as their commission for services rendered.

This approach to online sale of surplus equipment is widely used in California and throughout other public agencies with strong success. This type of sale is familiar to the public and provides members of the public the opportunity to bid for surplus equipment that otherwise can be very difficult to sell.

The Division has developed and implemented a schedule to streamline the disposal of surplus equipment countywide. First all surplus equipment would be made available to County departments and agencies for a period of 30-days. After the 30-day period, surplus equipment would be made available to non-profit agencies as well as County departments for an additional 30-day period. Any remaining items would be made available for public sale prior to their disposal through a certified recycling program or other means in compliance with County Policy. In addition, the Division will maintain a minimum surplus inventory of commonly requested office equipment at all times. This surplus equipment will be made available to County Departments to prevent unnecessary expenditures.

Purchasing Policy Manual Section 1.3 (e)(3), permits contracting with a vendor that was awarded an agreement by another public agency as the result of a competitive process without further competitive bidding by Placer County. The Public Surplus and Gov Deals agreements being recommended meet this criterion.

FISCAL IMPACT

The proceeds generated from an online sale of surplus equipment shall be deposited into the County treasury for use of the County in accordance with Section 12.6 of the Purchasing Policy Manual less the fees charged by the online service providers. These fees range between 10% – 12% of the final sale price.

cc: Jerry Gamez, Director of Administrative Services