



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

As-needed citywide auction services for disposal of City owned vehicles and heavy equipment (TC68336)

File 24-0922

Office of Contract Administration

Board of Supervisors Budget and Finance Committee
October 23, 2024

Request Summary

- Retroactive approval of PeopleSoft Contract 1000034294 with Auction Exchange Inc., dba Bar None Auction for as-needed citywide auction services for the disposal of City-owned vehicles and heavy equipment.
- Assets to be sold include City's vehicles and heavy equipment such as: transit vehicles and buses, police pursuit vehicles, passenger and pick up vehicles, fire trucks, rail vehicles and heavy equipment such as forklifts, excavators, and compressors.
- The proposed contract may have anticipated revenues exceeding \$1 million which, based on Charter Section 9.118(a), requires approval by the Board of Supervisors.

Contract Summary

- **PeopleSoft Contract ID:** 1000034294
- **Awarded contractor:** Auction Exchange Inc., dba Bar None Auction (“Bar None”)
- **Duration:** Five years starting October 1, 2024, and ending September 30, 2029.
- **Pricing Structure:** Commission fee equal to 15% of the gross proceeds received from the sale of each City asset.
- **Anticipated Revenue:** The gross proceeds for City assets to be sold by Bar None will be approximately \$4.2MM over 5 years, of which approximately 92% (or \$3.9MM) will be paid to City in net proceeds.

See Table 1 for Proceeds and Fees Calculations.

SF Admin. Code Section 21.03(i)(I)

- SF Admin. Code Section 21.03(i)(I) authorizes OCA to sell surplus assets and requires that such disposal be done in a manner that best serves the interests of the City. This includes:
 - maximize the City's economic return on surplus assets;
 - maximize the reuse of surplus assets by public entities, non-profit organizations and schools; and
 - avoid unnecessary additions to the waste stream.
- Consistent with SF Admin. Code Section 21.03(i)(I), Bar None will ensure City can sell their obsolete and surplus vehicles and heavy equipment to the highest bidder through monthly and as-needed, multi-seller public auctions.
- Each asset sale will be facilitated by Fleet Management.

Purchasing Authority

- OCA's existing contract for auction services, is also with Bar None. The contract commenced on October 1, 2019, and will expire on September 30, 2024.
- In anticipation of the expiration of this contract, OCA issued a Request for Proposals ("RFP") on June 10, 2024, under Sourcing Event 0000009684.
- OCA received three proposals of which Bar None was ranked as the highest ranked proposer, receiving a total of 184 points out of 200 points.

Scope of Services

- Under proposed Contract 1000034294, Bar None will provide all-inclusive, end-to-end auction services.
- The live auctions will take place at Bar None's auction facility located in Sacramento, California, online or both. Upon City's request, Bar None may also perform the auction services on City's premises.
- Bar None must perform auctions at least once per month throughout the Contract term.
- Items are sold "as is" without any expressed or implied warranties as to their condition, defects, hazards, and/or the fitness of the items for a particular use.

Pricing Structure

- In exchange for its end-to-end auction services, Bar None will receive a commission fee equal to 15% of the gross proceeds received from the sale of each City asset (“Commission Fee”).
- At City’s election, the Commission Fee can be paid by the City (“Seller-Paid Commission Fee”) or the buyer (“Buyer-Paid Commission Fee”).
- In addition, Bar None will also charge for certain services not included in the commission fee that will be deducted from the gross proceeds.

Anticipated Revenue

- Using this historical data from 2021, 2022 and 2023, OCA projects that the gross proceeds for City assets to be sold by Bar None under this Contract will be approximately \$4.2MM over 5 years, of which approximately 92% (or \$3.9MM) will be paid to City in net proceeds; and
- Bar None will receive approximately \$1MM in Commission and Non-Commission Fees during the term of the new Contract, of which 64% (or \$640K) will be paid by buyers through Buyer-Paid Commission Fees, with the remaining amount paid by City.

Retroactive Approval Justification

- **Delayed Revenue Generation:** A delay in continuing monthly auctions will postpone the receipt of much needed revenues.
- **Increased Costs:** Without a contract in place, the City will be forced to store surplus equipment, incurring additional storage fees.
- **Operational Inefficiency:** The lack of an efficient auction process will disrupt the City's efforts to manage its surplus assets. Prolonged storage could also lead to depreciation of vehicles and equipment, reducing their market value and, consequently, the revenue generated from their sale.

Reference materials

Table 1: Est. Gross Proceeds, Non-Commission Fees, Net Proceeds & Commission Fees for Proposed Contract 1000034294

Asset Category	Historical Data (2021-2023)			Projected 5-Year Proceeds and Fees for PS Contract 1000024326			
	Avg Annual Gross Proceeds (2021, 2022, 2023)	Avg Annual Non-Commission Fees Paid by City (2021, 2022, 2023)	Avg Annual Net Proceeds to City (2021, 2022, 2023)	Projected Gross Proceeds over 5 Years	Projected Non-Commission Fees Paid to Bar None over 5 Years (Paid by City)	Projected Net Proceeds to City over 5 Years	Projected Commission Fees Paid to Bar None over 5 Years (Paid by Buyers)
Trucks	\$ 233,560	\$ 9,582	\$ 223,978	\$ 1,167,800	\$ 47,910	\$ 1,119,890	\$ 175,170
Passenger Vehicles, Pick Up Trucks, SUVs, Vans	\$ 168,417	\$ 20,616	\$ 147,801	\$ 842,083	\$ 103,080	\$ 739,003	\$ 126,313
Other	\$ 130,135	\$ 6,874	\$ 123,261	\$ 650,675	\$ 34,371	\$ 616,304	\$ 97,601
Heavy Equipment	\$ 107,458	\$ 6,520	\$ 100,938	\$ 537,292	\$ 32,602	\$ 504,689	\$ 80,594
Street Sweepers	\$ 79,652	\$ 4,296	\$ 75,356	\$ 398,258	\$ 21,478	\$ 376,780	\$ 59,739
Transit Buses	\$ 61,167	\$ 16,307	\$ 44,860	\$ 305,833	\$ 81,535	\$ 224,298	\$ 45,875
Trailers	\$ 28,850	\$ 2,058	\$ 26,792	\$ 144,250	\$ 10,290	\$ 133,960	\$ 21,638
Paratransit Bus	\$ 25,525	\$ 4,334	\$ 21,191	\$ 127,625	\$ 21,670	\$ 105,955	\$ 19,144
Fire Trucks	\$ 13,233	\$ 1,564	\$ 11,670	\$ 66,167	\$ 7,818	\$ 58,349	\$ 9,925
Motorcycles	\$ 7,467	\$ 438	\$ 7,028	\$ 37,333	\$ 2,192	\$ 35,141	\$ 5,600
Boats	\$ 1,633	\$ 250	\$ 1,384	\$ 8,167	\$ 1,249	\$ 6,918	\$ 1,225
Grand Total	\$ 857,097	\$ 72,839	\$ 784,257	\$ 4,285,483	\$ 364,197	\$ 3,921,286	\$ 642,823