



DATE: September 20, 2024
TO: Angela Calvillo, Clerk of the Board
FROM: Taraneh Moayed, Assistant Director of Office of Contract Administration
SUBJECT: Resolution for approval of Contract 1000034294 – As-needed citywide auction services for disposal of City owned vehicles and heavy equipment with Auction Exchange Inc., dba Bar None Auction

The Office of Contract Administration (OCA) respectfully requests retroactive approval of PeopleSoft Contract 1000034294 (Term Contract 68336) for as-needed citywide auction services for disposal of City owned vehicles and heavy equipment with Auction Exchange Inc., dba Bar None Auction (“Bar None”). The proposed contract, which has a duration of five (5) years starting October 1, 2024 and ending September 30, 2029, may have anticipated revenues exceeding \$1 million which, based on Charter Section 9.118(a), requires approval by the Board of Supervisors.

Background

Section 21.03(i)(1) of the San Francisco Administrative Code requires City to dispose of surplus Commodities in a manner that “best serve[s] the interests of the City.” For the purposes of Section 21.03(i)(1), the disposal methods that best serve the interest of the City include:

- 1) maximizing the City's economic return on surplus assets,
- 2) maximizing the reuse of surplus assets by public entities, non-profit organizations and schools, and
- 3) avoiding any unnecessary additions to the waste stream.

Once a City department confirms an asset to be a surplus, Section 21.03(i)(1) authorizes OCA to sell that asset. Consistent with this authority, proposed Contract 1000034294 with Bar None will ensure City departments can sell their obsolete and surplus vehicles and heavy equipment to the highest bidder through monthly and as-needed, multi-seller public auctions (“auction services”). Assets to be sold under this Contract 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 sale of all such vehicles and equipment will be managed by Fleet Management, a division of the City Administrators Office. Fleet Management is responsible for buying, managing, and fixing all City vehicles and equipment.

Purchasing Authority

OCA’s existing contract for auction services, PS Contract ID 1000024326, is also with Bar None. Contract 1000024326 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. In response, OCA received three proposals, one of which was deemed non-responsive for not meeting the RFP’s Minimum Qualifications. The two remaining proposals were evaluated by three panelists from Fleet Management, the San Francisco Municipal Transportation Agency and the San Francisco Police Department based on the criteria set forth in Table 1. Based on the average of their combined scores, Bar None was ranked as the highest ranked proposer, receiving a total of 184 points out of 200 points.

Table 1: Sourcing Event 0000009684 Evaluation Criteria

Evaluation Phase	Maximum Points
Minimum Qualifications Documentation	Pass/Fail
Price Proposal	200 Points
Written Proposal	200 Points
Total Available Points	400 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 and Anticipated Revenue

In exchange for its end-to-end auction services under proposed Contract 1000034294, 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”). If City elects the Seller-Paid Commission Fee option, the Commission Fee is deducted from the gross proceeds received from the sale of a City asset. If City elects the Buyer-Paid Commission Fee option, the Commission Fee is not deducted from the gross proceeds and, instead, paid directly by the buyer to Bar None. *Because City has historically elected the Buyer-Paid Commission Fee option, it will be assumed that City will continue with this practice for the purpose of this memo.* In addition to receiving a Commission Fee for each sale, Bar None will also charge City for certain services not included in the commission fee (“Non-Commission Fee Services”). A list of Non-Commission Fee Services that City can request under the proposed Contract 1000034294 are listed in Table 2. Additionally, Table 3 provides a breakdown of the Non-Commission Fees Services for which City made payments between 2021 and 2023 under its existing Contract 1000024326 with Bar None.

Table 2: Pricing for Non-Commission Fee Services under Proposed Contract 1000034294

Line	Description	Unit of Measure	Enter Unit Cost (\$)
1	Towing - Carrier Transport, multiple operating vehicles	Per Mile	\$ 2.00
2	Towing - Towing standard, single, operating & non-operating vehicles	Per Mile	\$ 6.50
3	Towing - Loads on a Trailer, low bed.	Per Mile	\$ 15.00
4	Towing - Loads on a Truck, 20’ – 24’, flatbed and enclosed.	Per Mile	\$ 6.50
5	Towing - Loads on a Trailer, 40’ – 48’, flatbed and enclosed.	Per Mile	\$ 10.00
6	Towing - Standard, single, operating & non-operating 60’ articulating buses.	Per Mile	\$ 20.00
7	Towing - Standard, single, operating & non-operating 40’ electric trolleys.	Per Mile	\$ 20.00
8	Removal of standard size CCSF Markings, incl. logos and decals	Per Vehicle	\$ 50.00
9	Removal of oversized CCSF markings, incl. logos and decals, & full wraps	Per Vehicle	\$ 1,500.00
10	Title search & application for duplicate Cert. of Ownership	Per Vehicle	\$ 250.00
11	Storage fee beyond two auctions	Per Day	\$ 100.00

Table 3: Non-Commission Fee Services between 2021 and 2023 under Existing Contract 1000024326

Fee Type	Non-Commission Fees Paid by City (2021, 2022, 2023)	Average Annual Non-Commission Fees Paid by City (2021, 2022, 2023)
40’ Bus Tow	\$ 50,221	\$ 16,740
60’ Articulating Bus/Truck/Equipment	\$ 1,694	\$ 565
Flatbed / Lowboy Transport	\$ 54,594	\$ 18,198
Flatbed Load	\$ 13,200	\$ 4,400
Standard Tow / Non-Op	\$ 578	\$ 193
Towing Standard Non-Op	\$ 94,192	\$ 31,397
Towing Standard Non-Op + 1hr repair	\$ 4,038	\$ 1,346
Grand Total	\$ 218,518	\$ 72,839



Based on asset sales data from 2021, 2022 and 2023, the gross proceeds for City assets sold by Bar None under its existing Contract 1000024326 averaged \$857,097 per year, while the Non-Commission Fees paid by City averaged \$72,839 per year. This resulted in net proceeds to City averaging \$784,257 per year.

Using this historical data, and as further detailed in Table 4, OCA projects that:

- 1) The gross proceeds for City assets to be sold by Bar None under its new Contract 1000034294 will be approximately \$4.2MM over 5 years, of which approximately 92% (or \$3.9MM) will be paid to City in net proceeds; and
- 2) Bar None will receive approximately \$1MM in Commission and Non-Commission Fees during the term of the new 5-year Contract 1000034294, of which approximately 36% (or \$360K) will be paid by City for Non-Commission Fee Services and 64% (or \$640K) will be paid by buyers through Buyer-Paid Commission Fees.

Table 4: Est. Gross Proceeds, Non-Commission Fees, Net Proceeds & Commission Fees for Proposed Contract 1000034294

Asset Category	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 5-Year Proceeds and Fees for PS Contract 1000024326			
				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

Retroactive Approval Justification

OCA’s existing contract for auction services, PS Contract ID 1000024326, is set to expire on September 30, 2024. Without a new contract in place by this date, the City will be unable to continue the sale of surplus vehicles and heavy equipment. This would have several immediate negative impacts:

1. **Delayed Revenue Generation:** The sale of surplus vehicles and heavy equipment is an important revenue stream for the City. Any delay in continuing these auctions will postpone the receipt of these revenues.
2. **Increased Costs:** Without a contract in place, the City will be forced to store surplus equipment, incurring additional storage fees. The City has limited storage capacity, particularly for large items such as vehicles and heavy machinery, which would compound these expenses.
3. **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.



Recommendation

This contract is vital in the management of Citywide surplus assets to recover the maximum possible revenues from obsolete and/or retired asset sales and to ensure the City has enough space to receive replacement assets. Without this contract, the City would be at risk of not having adequate space to receive replacement assets. Additionally, depreciation of surplus assets as they age, will reduce potential revenues to the City. Approval of this Resolution will provide the City with the necessary means to properly dispose of surplus assets and space to receive replacement assets.

If you have any questions or require additional information, please contact Taraneh Moayed at 415-554-6212.

Enclosures:

1. Contract 1000034294 Proposed Agreement
2. Contract 1000034294 SFEC Form 126(f)2
3. Contract 1000034294 SFEC Form 126(f)4
4. Contract 1000034294 Resolution