

Council Business Meeting

October 20, 2020

Agenda Item	Declaration and Authorization to Dispose of Surplus Property	
From	Scott Fleury	Interim Public Works Director
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SUMMARY

Approval is being requested to declare surplus and dispose of City property through GovDeals, an online marketplace for government agencies to sell surplus property.

POLICIES, PLANS & GOALS SUPPORTED

City Council Goals (supported by this project):

- Maintain Essential Services
- Continue to leverage resources to develop and/or enhance Value Services

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

PREVIOUS COUNCIL ACTION

The City Council approved and authorized City staff to conduct an online auction through GovDeals on March 5, 2019 ([Staff Report](#)). Staff anticipates bringing similar requests to Council on a quarterly or bi-annual basis.

BACKGROUND AND ADDITIONAL INFORMATION

On March 5, 2019, the City Council approved the sale of surplus property on GovDeals. In the past, City staff conducted an annual sealed bid auction. Staff researched options to the annual action and evaluated the services of GovDeals.

GovDeals is an online auctioneer that provides services to various government agencies that allow them to sell surplus items via the internet. Each participating agency has its own auction rules and regulations and may be subject to government ordinances. The legal department has developed an agreement for the City to utilize the services provided by GovDeals.

Disposing of surplus property in an online auction, allows the public to continue to participate in the sealed bid auction process. Additionally, online auctions give the City the ability to sell to a larger audience allowing for the chance of a higher return on auction items. Another advantage to an online auction is that equipment would be disposed of on a more regular basis (quarterly) allowing for less handling, repairs and potentially a higher resale value. All items are typically offered “as is.” Staff on most of the equipment set a reserve minimum price based on estimated value at the time of disposal to ensure a minimum is received in the auction.

Fleet staff strive to maintain a healthy operational fleet (vehicles and equipment) that allow employees to perform essential job functions for the community, but there comes a time when repair and maintenance of fleet vehicles or equipment become too costly when compared to the purchase of a new vehicle or piece of equipment. For example, in the first few years of vehicle life repairs include brakes, fluid changes, minor electrical issues and after the first few year’s items like transmissions and major engine components can require repairs at a significant cost. Not only do older vehicles become an issue with respect to associated repair costs, but one must consider the loss of that resource for a specific time and how that can impact job functions and schedules. Not

only are fleet vehicles replaced over time due to age and maintenance costs, but also as technology or job requirements change fleet upgrades are done that allow staff to accomplish essential tasks and job duties.

Shown below in Figure 1 is a generalized annual schedule of residual value compared to common maintenance and repair of the vehicle. Common industry standard for fleet replacement occurs in year six when the maintenance costs equate to 30 percent or greater of the residual value.

Figure 1: Repair to Residual Value

Comparing Maintenance and Repair (M&R) Expenses to Residual Values			FIGURE 2
Year	M&R	Residual Value	Percent M&R is of Residual Value
0		\$60,000*	
1	\$1,500	\$42,000	3.6%
2	\$2,500	\$33,600	7.4%
3	\$3,500	\$26,880	13.0%
4	\$3,700	\$21,504	17.2%
5	\$3,800	\$17,155	22.2%
6	\$3,900	\$12,048	32.4%
7	\$4,500	\$11,010	40.9%
8	\$6,000	\$8,808	68.1%
9	\$7,100	\$7,047	100.8%
10	\$10,000	\$5,620	177.9%

Assumes a \$60,000 medium class value SOURCE: CHATHAM CONSULTING

FISCAL IMPACTS

Disposing of this property will avoid any future storage handling and labor costs. The City’s Equipment fund (730) and Parks fund (411) will receive the revenue generated by the sale of surplus property under the category of “sale of assets” (480.310).

Items to be declared surplus:

Equip #	VIN / ID#	Item	estimated revenue
335	DWTC54H569215	1998 John Deer TC54H Loader	18,000
352	46YUP1015R1045878	1994 Tack Trailer	500
340	1FV6JLBB0XHA09839	1998 Freightliner FL80 Truck	12,000
435	1C9SY101911418286	2001 Crafco Crack Sealer	4,000
450	33113	2002 Kubota B7500DT-4 Tractor	4,000
463	C0328920200026719	1996 JLG 1532-E Scissor Lift	3,000
466	1HTWCAAR33J071425	2003 International 4700 Flusher Truck	12,000
471	4V5KC9GH04N355940	2004 Volvo VHD64F Bio Solids Truck	12,000
491	CAT0430DTBNK04485	2004 Backhoe Loader	18,000
492	CAT0430DLBNK04481	2004 Backhoe Loader	18,000
508	1GCGG25V751146522	2005 Chevrolet 2500 Van	3,500
566	1GCDDT19E078146830	2007 Chevrolet Colorado	4,000
579	6041177	2007 Hustler Fasttrak #927376 Mower	800
586	1FTWF31578EC93852	2008 Ford F-350 Pick-Up Truck	6,000
588	1FMCU59H28KC65411	2008 Ford Escape SUV	3,400
589	1FMCU59H48KC65412	2008 Ford Escape	3,400
602	1GCDDT13E288163719	2008 Chevrolet Colorado Pick-Up Truck	5,000
608	1GDM7F1B78F402201	2008 Schwarze A7000 John Deere Sweeper	4,000
620	1FMCU93G89KB20186	2009 Ford Escape XLT SUV	3,400
709	264261865	Stihl BR-420C Blower	200
768	1FTSX2B58AEB37328	2010 Ford F-250 Pick-Up Truck	6,000
778	9901152	1999 Toro 22043 Mower	150
790	256171028	Stihl FS-85 Weedeater	80
797	249863234	Stihl FS-85 Weedeater	80
824	1FMCU9DG9BKB854	2011 Ford Escape XLT SUV	3,400
855	1FMJU1J50CEF29069	2012 Ford Expedition SUV	4,000
935	6G3NS5V33EL950461	2014 Chevrolet Caprice Car	3,000
947	6G3NS5721EL945069	2014 Chevrolet Caprice Car	7,000
954	1FTSS34L16DA05668	2006 Ford F-350 Passenger Van	3,000
955	6G3NS5U2XEL946737	2014 Chevrolet Caprice PPV Car	7,000
		Total estimated revenue	168,910

STAFF RECOMMENDATION

City staff recommends these vehicles and equipment be declared surplus property and authority be granted to conduct an online auction through GovDeals.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

1. I move to declare the vehicles and equipment surplus property and authorizes City staff to conduct an online auction through GovDeals.
2. I move to take no action, whereby the City will retain the surplus property.

REFERENCES & ATTACHMENTS

[Ashland Municipal Code \(AMC\) 2.54 Disposal of Surplus Property](#)