



## KENAI PENINSULA BOROUGH

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MIKE NAVARRE  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Mike Navarre, Mayor

**FROM:** Valentina Sustaita, Acting Purchasing & Contracting Director *(Signature)*

**DATE:** March 22, 2016

**SUBJECT:** Authorization to Change Business Practice of the Disposal of Surplus Tangible Property from an Outcry Public Auction to an Online Public Auction

Historically, the sale of Borough surplus tangible property has been organized and conducted through an annual public outcry auction. To improve efficiency and cost savings, the Purchasing and Contracting Department recommends that this auction be moved to an online public auction.

Annually, the Borough sells up to 320 pallets of various surplus tangible properties and up to 10 vehicles through the auction. The Borough auction sells tangible properties from Borough departments, the service areas, the Kenai Peninsula Borough School District (KPBSD), Homer Electric Association (HEA), South Peninsula Hospital, and Central Peninsula Hospital. On average, Borough gross receipts sum to approximately \$130,000. However, the borough spends approximately 10% of this for logistics and another 12.5% for hired auctioneering services.

Preparation, logistics, and work hours involved in running the auction total approximately \$11,000, between the Borough [90%] and School district [10%]. This cost includes regular and overtime worker hours to organize, stage, and work the event; advertisements and radio spots; and miscellaneous expenses such as packaging and staging materials, dumpsters, and portable rental toilets. In addition, Borough hired auctioneering services cost 12.5% of gross-sales.

In an effort to achieve more efficient and less costly business practices for running the annual auction, it is recommended that the Borough move the current practice of public outcry auction to a public online auction.

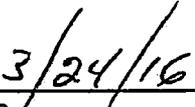
This transition would remove the cost of over-time hours, reduce the requirement for condensed work hours during the auction season, remove the cost of transporting materials to the auction site from all participating departments/service areas, and allow for larger exposure to potential buyers. The ability to perform the auction at any time would reduce the cost of storage and increase the space availability in Borough departments and service areas, as well as the KPB School District. The use of an online auction would increase the pool of buyers, and therefore provide the potential for the better earnings to the Borough.

The Purchasing and Contracting Department reviewed several available online auction service providers and compared the services provided, ease of usage for bidders, and cost of operations. The Purchasing and Contracting Department recommends that the Borough use the online auction service Public Surplus, which is designed for and used by only government entities. Public Surplus online auction services are currently utilized by State of Alaska, Fairbanks North Star Borough, Mat-Su Borough and the City and Borough of Juneau, and therefore would provide an easy transition for Alaskan buyers. The cost of the service is 10% of the gross sales. This will provide for an additional 2.5% savings to the Borough.

This process change is in line with the requirement for public auction under the Borough Code 5.28.500.

Your approval for this business process is hereby requested.

  
\_\_\_\_\_  
Mike Navarre, Mayor

  
\_\_\_\_\_  
Date