



Agenda Report

April 25, 2022

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH JJ KANE ASSOCIATES, INC. DBA KEN PORTER AUCTIONS FOR AUCTIONEER SERVICES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Sections 15301 (Existing Facilities) and 15303 (New Construction of Small Structures) and that there are no features that distinguish this project from others in the exempt classes; therefore, there are no unusual circumstances;
2. Authorize the City Manager to enter into a revenue generating contract, as a result of a competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code with JJ Kane Associates Inc. dba Ken Porter Auctions (Ken Porter Auctions) to provide auctioneer services not to exceed \$89,700, based on a 12% commission rate for three-years; and
3. Authorize the City Manager to salvage property of a reasonable value in excess of \$25,000.

BACKGROUND:

The Pasadena Municipal Code (PMC) Chapter 4.04 directs staff to use public auctions as one of the three disposition methods for surplus City property that has lost its functional use but has financial value. As codified in PMC 4.04, the Salvage Ordinance is administered by the Purchasing Division of the Finance Department. The City has traditionally contracted with an outside auctioneer contractor capable of carrying out an array of services in support of and leading up to facilitating public auctions for City surplus property.

Prior to releasing a Request for Proposals (RFP), the Finance Department issued a Request for Information (RFI) to gather information and input from auctioneer

professionals. The RFI was posted on PlanetBids, six responses were received. The information and input received was considered and used to inform the development of a subsequent RFP. On September 29, 2021, an RFP was posted on PlanetBids. The posting generated notices to 252 vendors registered in PlanetBids to provide auctioneer services and other related services. The posting also generated notices to 12 Pasadena businesses. A total of 11 vendors downloaded the RFP, of which none were local.

On November 2, 2021, three proposals were received and scored by an interdepartmental panel including a representative from the Finance Department, Police Department, and the Housing Department. Ken Porter Auctions received the highest evaluated score based on the criteria outlined in the RFP. The summary of scores is attached as Attachment A. Their proposal stated the capacity to auction up to 800 vehicles along with other miscellaneous City property per auction. The successful contractor will be required to provide complete auctioning services including:

- the ability to pick up, transport or tow the surplus property
- store and secure all City property leading up to an auction
- the marketing of surplus property, equipment, furniture, supplies, vehicles, and heavy equipment
- conduct a public auction in person and online in accordance with law and the PMC
- collection of revenue from buyers, with no out-of-pocket expenses or charges to the City and remit payments directly to the City of Pasadena

The PMC section 4.04.020 item C, states "salvage property of a reasonable value in excess of \$25,000 shall not be sold without the authorization of the City Council". Since 2015, there have been three items, a helicopter transmission, John Deere 444k Wheel Loader, and laboratory equipment in excess of \$25,000, which required City Council approval. In an effort to expedite disposal of salvage property and receive maximum compensation for the items, it is recommended that the City Council authorize the City Manager to salvage items in excess of \$25,000. This would create an efficiency in the salvage process by ensuring a prompt sale, and would free up storage space where items are held.

In calendar year 2020, Ken Porter Auctions provided auctioneering services, which generated \$104,879 of revenue to the City, their commission rate was \$10,488 for the auctioneering services required. In calendar year 2021 the revenue generated to the City was \$510,828. If this contract is not approved, the City would use a year-to-year contract for auctioneer services. Based on the evaluation, staff recommends an award for auctioneer services with JJ Kane Associates Inc., dba Ken Porter Auctions. Ken Porter Auctions has a staffing team with more than 85 years of experience giving them the ability to auction the City's surplus property at a reasonable cost to the City.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City Council's Strategic Plan Goal to maintain fiscal responsibility and stability. The contract supports the Finance Department and Purchasing Division's ability to administer public auction services as codified in PMC 4.04.

ENVIRONMENTAL ANALYSIS:

The proposed action is for the purchase of auctioneer services for the City to allow for ongoing auctioneer services for all City surplus property.

The proposed contract has been determined to be exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

FISCAL IMPACT:

If approved, this contract will be revenue generating based on the public auction of City surplus property. There is no cost associated with the award of this contract. During the lifecycle of this contract, the estimated revenue to the City is \$650,000. The revenue is generally deposited back into the fund that originally paid for the item. Based on the 12% commission rate, the vendor is estimated to earn approximately \$89,700 including a contingency from the salvage of City surplus property.

Fiscal Impact Over Three Years

12% Commission Rate	\$78,000
15% Contingency	\$11,700
Total Contract Amount	\$89,700
City Estimated Revenue	\$650,000

Respectfully submitted,



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