



CITY COUNCIL REPORT

February 15, 2011

To: John Szerlag, City Manager

From: John M. Lamerato, Assistant City Manager/Finance & Administration
Susan A. Leirstein, Purchasing Director

Subject: Discontinue Auction Services

Background

The full-time Associate Buyer retired in August 2010 and further reductions in the department are planned for the 2011/12 fiscal year. As a result of current budget challenges, the positions will be vacated creating an opportunity to reorganize the current workload to meet future demands.

Analysis

The Purchasing staff has historically disposed of surplus property for all user departments. In 2004, City Council authorized staff to post auction items on the Michigan Intergovernmental Trade Network website, www.mitn.info, for sale as the items are deactivated from service with final auction reporting presented to City Council on a monthly basis.

As a result of reduced staffing, Purchasing must re-evaluate the need to continue providing auction services and re-align its resources to better serve the community. Since 2005, sale of surplus property less fleet vehicles has generated revenue on average of \$21,000.00 per year; it costs the City approximately \$37,000.00 in staff time to administer this program.

Conclusion

Whenever any City property is no longer needed for corporate or public purposes, the same may be offered for sale through the services of an auctioneer, who holds an open contract through the State of Michigan, which is currently provided by Chuck Cryderman and Associates. Property with a value in excess of \$1,000.00, most often out-of-service fleet vehicles, will continue to be disposed of by the Public Works – Fleet Division.