

EXECUTIVE SUMMARY



TO: Jim Scholl, City Manager

COPIES: David Fernandez, Assistant City Manager
Mark Finigan, Assistant City Manager
Greg Veliz, Director Community Services
Rod Delostrinos, Deputy Director Community Services

FROM: Eduardo Herrera, Fleet Manager – Community Services

DATE: September 8, 2011

SUBJECT: Disposal of Surplus City Vehicles (Approval of ITB #11-019)

Action statement:

This resolution authorizes City staff to proceed with the disposal of thirty eight (38) City owned vehicles, pursuant to City of Key West Code of Ordinances, Subdivision II, Authority of Purchasing Agent, Section 2-771-(3)(c), *The City Manager shall have the authority to sell, trade or otherwise dispose of surplus and obsolete personal property belonging to the City either by sale, barter or exchange or by sealed bid, public auction, cannibalization, trade-in or any other means of disposal as may be appropriate and in the best interests of the city. Disposal of surplus or obsolete personal property with acquisition prices in excess of \$20,000.00 per item shall be made only after approval by the City Commission.*

Strategic Plan/Business Plan:

Staff solicited bids via ITB #11-019 (Surplus Vehicle Disposal), requesting that potential purchasers acquire a pool of city vehicles set aside for disposal by a single bulk sale. All vehicles would be sold in a single transaction, to the highest bidder. The City received two bids, one from Alex's Auto Wrecking, Inc. of Key West, FL and the other from Arnolds Wrecking and Repair, Inc. of Key West, FL. The vehicles would be sold as salvage title and will have title conversions to Certificates of Destruction. This would ensure that any vehicles purchased would not be repaired and sold on the market for civilian use. Vehicles sold as salvage title must be purchased by a licensed salvage company, and can be sold for parts or scrap metal. Due to the condition of the vehicles, staff does not recommend they be sold with a standard title, which would allow for resale and possible operation on city streets.

Background:

The City has been storing de-commissioned vehicles in an overflow lot on Trumbo Road for the past several years. Basic maintenance was being given to functional vehicles in order to keep a “backup” pool of vehicles in the event of a storm emergency. These vehicles have continued to deteriorate to the point that they are no longer functional. None of the vehicles can operate normally and most have become unsafe to operate even if running repairs were made.

Purpose and Justification:

The vehicles are currently being stored on College Rd. and have exceeded any possibility of keeping them operational at a reasonable cost. The vehicle values have declined steadily and the cost for maintenance has increased substantially. All of the vehicles have reached full depreciation and would now need major repairs to make them operational and safe. The original invitation to bid, the listing of vehicles allocated for disposal, along with the two bids received have been included.

Options:

- 1) The City Commission could approve the disposal of the thirty-eight (38) surplus vehicles currently being stored on College Rd., and accept the highest bid offer of nineteen thousand thirty eight dollars and thirty eight cents (\$19,038.38) from Alex’s Auto Wrecking, Inc. of Key West, FL. The bid package provided by Alex’s Auto Wrecking, Inc. contained a complete original; however, included copies did not contain all required documents. By accepting this option, the City Commission would be waiving this minor irregularity. This would allow for expedited removal of the vehicles, at the highest financial return for the City.
- 2) The City Commission could approve the disposal of the thirty-eight (38) surplus vehicles currently being stored on College Rd., and accept the lower bid offer of eleven thousand six hundred and sixty six dollars (\$11,666.00) from Arnold’s Auto Wrecking and Repair, Inc. of Key West, FL. The bid package provided by Arnold’s Auto Wrecking and Repair, Inc. was complete and adhered to the original bid specifications. This option would allow for expedited removal of the vehicles, at a lower financial return for the City.
- 3) The Commission could decline to approve the disposal of the surplus vehicles. This option would result in the vehicles continued deterioration, further value decline and a continued visual nuisance.

Financial Impact:

The sale of the vehicles would result in a positive budget impact for the city. If the commission accepts option number one (1) to award the high bidder, the City would collect \$19,038.38 for the sale of the vehicles. It would also remove the budgetary burden on the Fleet Maintenance Department from escalating costs to keep the vehicles in working condition.

Recommendation:

Staff recommends the City Commission approve Option one (1), the disposal of the thirty-eight (38) surplus vehicles currently being stored on College Rd., and accept the highest bid offer of nineteen thousand thirty eight dollars and thirty eight cents (\$19,038.38) from Alex's Auto Wrecking, Inc. of Key West, FL. The bid package provided by Alex's Auto Wrecking, Inc. contained a complete original; however, included copies did not contain all required documents. By accepting this option, the City Commission would be waiving this minor irregularity. This would allow for expedited removal of the vehicles, at the highest financial return for the City.