


100656

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

District: All

- Resolution or Ordinance (Blue)**
- Recommendations of Boards, Commissions & Committees (Green)**
- Other Business (Pink)**

TO : PRESIDENT AND BOARD OF TRUSTEES

FROM: David A. Hulseberg, Village Manager 

DATE : November 22, 2010 **B of T:** December 2, 2010

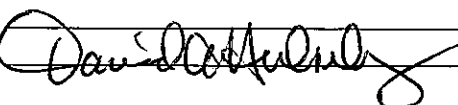
SUBJECT: A Resolution Authorizing the Village President to sign two Services Agreements with PropertyRoom.com to allow for the online disposal of seized and recovered property.

SUBMITTED BY: Raymond J. Byrne, Chief of Police

BACKGROUND/POLICY IMPLICATIONS:

The attached resolution would authorize the Village President to sign two agreements with PropertyRoom.com. The agreements are essentially the same, although one allows for disposal of smaller items while the second covers larger items that are not easily transported. The police department currently disposes of seized and recovered property through a traditional live auction. These agreements would allow for the online sale and disposition of the same property in a more efficient and quicker manner. The police department would receive a portion of the sales proceeds as outlined in the agreements. There is no cost to the Village and the agreements can be terminated at any time without cause.

Fiscal Impact/Funding Source: None

Review (as necessary):
 Finance Director _____ Date _____
 Village Manager  _____ Date 11/23/10

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda distribution.



LOMBARD POLICE DEPARTMENT



DATE: November 22, 2010

TO: David A. Hulseberg, AICP, ICMA-CM

FROM: Ray Byrne
Chief of Police

SUBJECT: Agreements with PropertyRoom.com

The police department has been exploring means by which our crowded property control areas can be relieved more efficiently of disposing of seized and recovered property. Currently, we continue to store all items of property for which we cannot locate a proper owner. Generally, on an annual basis, this begins to lead to very crowded property storage areas until we can conduct a live auction. Our ability to properly store physical items like property and evidence is constrained by existing space. We would like to more efficiently dispose of property through an online auction service.

I have attached a memorandum from Sgt. Jeff Jordan that outlines the benefits of engaging the services of PropertyRoom.com. PropertyRoom.com works similar to E-bay. There are two agreements. Both allow for the online sale of items the police department needs to dispose of. The first agreement is for smaller items that propertyRoom.com picks up and lists for auction on their website. The second agreement is for larger items that PropertyRoom.com would list for online auction, however the property remains at the police department until picked up by the new owner.

I believe that entering into these agreements will improve our efficiency. Without being redundant to the items highlighted by Sgt. Jordan, these agreements provide some distinct benefits over our current practices. These would include:

- The elimination of the need to conduct an annual auction. This is a labor intensive effort that requires several personnel and man hours to conduct.
- Utilizing an online auction service allows us to free up storage space in a quicker and more efficient manner. We do not have to store property for upwards of a year waiting to dispose of it.
- There is no cost to the Village. We receive a percentage of the sale proceeds based upon the respective agreements. The annual auction does not produce significant

revenues. With the exposure of an online auction, it certainly increases the potential for persons to bid on the property. This might allow for a modest or slight increase in revenue proceeds, not to mention the elimination of any costs associated with conducting an annual auction.

- The agreements can be terminated at any time without cause or notice.

The police department staff believes that this is an opportunity to improve our efficiencies. We would respectfully request that the two agreements be forwarded to the Village Board for consideration. If you should have any questions, or I can provide additional information, please do not hesitate to contact me.

U: PropertyRoomcom Correspondence

LOMBARD POLICE DEPARTMENT

To: Chief Ray Byrne

From: Sgt. Jeff Jordan

Subject: Proposal for the use of Propertyroom.com on-line auction service

Date: November 5, 2010

Propertyroom.com is an on-line auction service available to law enforcement agencies. It provides an alternative method to the traditional police auction for the sale of seized and/or recovered property the department is otherwise authorized to dispose of. Propertyroom.com operates on much the same principal as Ebay. Some of the advantages are as follows:

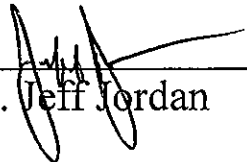
- The service costs the agency nothing for its utilization. No start up or continuing subscription type fees.
- Items for sale are exposed to the global market. Our agency has a better opportunity to garner a higher dollar amount per item.
- No personnel costs, in terms of overtime wages, are expended by the Village for the annual set-up of the traditional police auction.
- Propertyroom.com picks items up from the agency as often as the department needs. No stockpiling of property thereby

making more efficient use of the limited space available to our property custodian.

Some additional aspects are:

- 50/50 revenue split with agency/Propertyroom on items under \$1000 (portables program).
- 95/5 revenue split with agency/Propertyroom on items \$1000 and over (Gold program) These items are sold in place.
- Lombard PD is never identified as connected to any item is sells through Propertyroom.
- Items can be easily returned to the police department from Propertyroom if it is later discovered they are needed as evidence in a criminal proceeding.
- Items that do not sell Propertyroom can donate or destroy (such as dilapidated bicycles).
- Propertyroom, and our agency, maintain parallel, bar coded inventories of all items transferred to Propertyroom.

Respectfully Submitted,



Sgt. Jeff Jordan

R _____ 10 RESOLUTION

A RESOLUTION AUTHORIZING THE VILLAGE PRESIDENT TO SIGN TWO SERVICES AGREEMENTS WITH PROPERTYROOM.COM TO ALLOW FOR THE ONLINE DISPOSAL OF SEIZED AND RECOVERED PROPERTY BY THE POLICE DEPARTMENT

WHEREAS, the Lombard Police Department is continually taking possession of property that is seized or recovered; and,

WHEREAS, the Lombard Police Department has a need to properly dispose of seized and recovered property; and,

WHEREAS, entering into Agreements with PropertyRoom.com would allow for an efficient manner of disposing of both large and small items that are seized or recovered; and,

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve the attached Agreements,

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

SECTION 1: That the Village President is hereby authorized to sign on behalf of the Village of Lombard the Agreements as attached hereto.

SECTION 2: That the Village Clerk be and hereby is authorized to attest said Agreements as attached hereto.

Adopted this _____ day of _____, 2010.

Ayes: _____

Nays: _____

Absent: _____

Approved this _____ day of _____, 2010.

Resolution No. _____

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William J. Mueller
Village President

ATTEST:

Brigitte O'Brien
Village Clerk

APPROVAL AS TO FORM:

Thomas P. Bayer, Village Attorney

Propertyroom.com's Trial or Test Disposition Services Agreement

PORTABLE SERVICE

This Trial / TEST BASIS Services Agreement documents an arrangement between PropertyRoom.com (PRC) and The Village of Lombard, Illinois Police Department for purposes of permitting an evaluation period for testing new PRC services being made available to the Client.

Term and Termination: The term of this Service Agreement will be issued for 6 months on a TRIAL / TEST BASIS. After the first 6 month the Service Agreement will auto-renew for one year unless there is a 30 day written notice for termination without cause by either Party.

1. Method of Selling Property.

- a. **Portable Property Items.** PRC will, on Owners behalf, pick-up, store and list Property for sale by auction to the public on the internet on one or more domain names selected by PRC. To the extent that any Property is not sold by auction, PRC may, in any commercially reasonable manner selected by PRC, dispose of Property. PRC will determine all aspects, terms and conditions of auctions of Property and dispositions of Property not purchased at auction, subject to the ultimate control of Owner. PRC will be responsible for all phases of submitting the Property for auction, including, but not limited to, determining when Property will be auctioned, setting the opening and reserve prices of Property, if any; determining the selling price, setting the length of time Property will be auctioned; creating text and graphics to describe and depict Property submitted for auction; collecting Buyer information (such as name, billing address, shipping address, and credit card information); approving Buyer credit card purchase transactions; and collecting auction proceeds for completed sales from Buyers. PRC shall use reasonable commercial efforts in auctioning and selling the Property on the Internet and disposing of Property that does not sell at auction. PRC shall sell and dispose of all Property "as is" without any liability to the Owner. PRC is solely responsible for identifying and resolving sales and use tax collection issues arising from Property sales, including the necessity of charging and collecting such taxes.

2. Allocation of Sales Proceeds.

a. Portable Property Items

- (1) **Sales Price.** The total amount paid by Buyer shall be called the "Sales Price." The Sales Price shall include the winning bid amount (the "Winning Bid") and all costs, shipping and handling charges, taxes, and insurance costs associated with the transaction and paid by Buyer.
- (2) **The Split.** For each item of Property, Owner will be credited with 50% of the first \$1,000 of the Winning Bid and 75% of the Winning Bid portion, if any, that exceeds \$1,000. From this amount, the Owner's pro rata share of transaction fees (the "Processing Costs"), if any, will be deducted.
- (3) **Processing Costs.** Credit card processing costs ("Credit Card Cost") and affiliate processing fees (the "Affiliate Fees," which include commissions and processing costs paid to third parties IF they sent the winning bidder to the website), will be borne by Owner and PRC in proportion to the percentage of the revenue credited to the parties for each underlying transaction.
- (4) **Net Proceeds.** Amounts received by the Owner will be called "Owner's Net Proceeds".

Portable Item Example. The following example illustrates allocation of proceeds from a Portable Property Item sale. Assume an item of Property sells at auction for a \$100 Winning Bid; the Buyer pays shipping and handling of \$10, insurance of \$2, and sales tax of \$6. The Buyer pays the Sales Price of \$118.00 (\$100 + \$10 + \$2 + \$6) by credit card, and the Credit Card Cost is 3% of the Sales Price or \$3.54 (0.03 x \$118) and the Affiliate Fee is 4.8% or \$4.80 (0.048 x \$100). The

Owner and PRC each share 50% of the underlying Winning Bid, therefore Credit Card Costs and Affiliate Fees are also shared equally, \$1.77 each ($\$3.54 \div 2$) for Credit Cost and \$2.40 each ($\$4.80 \div 2$) for Affiliate Fees. The Owner's Net Proceeds are \$45.83 (\$50.00 less \$4.17). Note: less than 1 out of 10 transactions include Affiliate Fees.

- (5) **Fuel Surcharge.** The Company does NOT charge pick-up fees. Instead, a fuel surcharge applies per Portable Item manifest when diesel prices rise above a specific level as shown in the Fuel Surcharge Schedule below. The Company benchmarks average diesel retail prices as published online by the Energy Information Administration of the US Department of Energy and resets its fuel surcharge quarterly based on pricing from the prior quarter. Fuel surcharges, if any, deduct from monthly Owner's Net Proceeds.

Fuel Surcharge Schedule

Retail Diesel (per gal)	Fuel Surcharge*
Less than \$2.50	\$ 0.00
\$ 2.50 to \$ 2.99	\$ 12.40
\$ 3.00 to \$ 3.49	\$ 24.80
\$ 3.50 to \$ 3.99	\$ 37.20
\$ 4.00 to \$ 4.49	\$ 49.60
\$ 4.50 to \$ 4.99	\$ 62.00
\$ 5.00 to \$ 5.49**	\$ 74.40
* Divides across locations and/or sub-accounts picked-up same day	
** Table continues upward at same rate	

3. **Payment Terms.** Once every month, PRC will pay to Owner the amount of Owner's Net Proceeds payable for completed sales during the preceding month. Sales are deemed completed when all items comprising a line item on the original manifest or other list of Property are sold. With each payment of Owner's Net Proceeds, PRC will make available to Owner a detailed report setting forth the following information for the immediately preceding month:
- The completed sales during the prior month, including the total amount of related proceeds collected, Owner and PRC share of Processing Costs, and the Owners Net Proceeds;
 - Other dispositions of Property during the month; and
 - The Property, if any, inventoried by PRC at the end of the month.

_____ for "Owner"

_____ Date

PJ Bellomo
_____ for Property Room

11-18-10 Date

Addendum to Property Disposition Services Agreement

PORTABLE SERVICES

This addendum is attached to and made part of the Village of Lombard, Illinois, Police Department Property Disposition Services Agreement dated _____ (the "Agreement"). In the event of a conflict between the provisions of the main body of the Agreement and this Addendum, this Addendum will govern.

The Agreement is modified as follows:

This agreement is at will and may be terminated by either party at anytime without cause.

for "Owner"


for PropertyRoom.com Inc

Date

11/9/10

Date

PropertyRoom.com Trial Services Agreement - Gold Program

This **Trial Services Agreement** documents an arrangement between PropertyRoom.com (PRC) and **The Village of Lombard, Illinois Police Department** for purposes of permitting an evaluation period for testing new PRC services being made available to the Client.

Agreement Duration periods and Termination provisions: The term of this Trial Services Agreement will be for 6 months from the date of signature. This Trial Services Agreement will auto-renew as a Standard Service Agreement for one year terms thereafter, unless there is a written notice for termination issued by either party within 30 days of the applicable expiration date.

Services Covered by this Agreement: This agreement covers the **Gold** vehicle and other large equipment auction program being offered by PRC.

Under the Gold Program:

The Client is responsible for the following actions:

1. maintains physical control over the items being listed on the PRC web site for auction
2. cleans and prepares the item for sale
3. provides PRC with digital images of the item and a checklist describing the physical condition of the item
4. provides a contact person for PRC to notify concerning the successful bidder and selling price and to coordinate the release of the item bought to the successful bidder and to coordinate the transfer of title and registration, if needed
5. provides the instructions to PRC for the transfer of the Client's share of the auction proceeds at the conclusion of the sales process

PRC is responsible for the following actions:

1. loading the digital images and an electronic description of the item to be sold up to the PRC online auction site
2. marketing the PRC web site
3. conducting the auction using our proprietary auction technology
4. providing customer support to bidders
5. transaction payment processing of successful bids
6. providing online access to audit trails and accounting information to Client
7. coordinating contact between successful bidder and Client's designated contact person to effect hand over of purchased item
8. providing payments and account reports on each sale to Client

Gold Program Revenue Shares:

1. The Client receives 95% of the successful bid price, minus a pro rata share of any payment transaction cost assessed by the successful bidder's credit card company
2. PRC receives 5% of the successful bid price, minus a pro rate share of any payment transaction cost assessed by the successful bidder's credit card company

Gold Program Bidder's Premium:

PRC will assess and collect from each successful bidder a 15% buyer's premium. This additional charge will be on top of the successful bid price and will not be deducted from the amount paid to the Client for the sale of the Client's item.

Pro forma example of a typical Gold sale transaction:

PRC completes the sale by collecting the \$1,000.00 sales price from buyer. The underlying winning bid results in a \$50 PRC commission, leaving \$950 in Client's gross proceeds. Assuming processing costs of 3% (\$30.00), these would be borne 95% by Client, \$28.50 (0.95 x \$30) and 5% by PRC, \$1.50 (0.05 x \$30), respectively. The Client's net proceeds would equal \$921.50 (\$950.00 less \$28.50).

In a completely separate transaction, PRC would also collect a \$150.00 buyer's premium from the successful bidder.

Client Name: Village of Lombard

Address: 255 East Wilson Avenue

Lombard, IL 60148


Telephone: 630.620.5700

By: _____

Title: _____

Date Signed: _____

Propertyroom.com

By: 

Title: CEO

Date Signed: 11/9/10

**Addendum to Property Disposition Services Agreement
Gold Services**

This addendum is attached to and made part of the Village of Lombard, Illinois, Police Department Property Disposition Services Agreement dated _____ (the "Agreement"). In the event of a conflict between the provisions of the main body of the Agreement and this Addendum, this Addendum will govern.

The Agreement is modified as follows:

This agreement is at will and may be terminated by either party at anytime without cause.

_____	_____ Date
for "Owner"	
	
_____	_____ Date
for PropertyRoom.com Inc	