

<http://www.ocregister.com/news/online-district-public-1879651-sold-school>

Sunday, October 7, 2007

Surplus items sold to the highest bidder

The public sector turns to online auctions to peddle its wares.

By JEFF OVERLEY and NIYAZ PIRANI
THE ORANGE COUNTY REGISTER

When the Metropolitan Water District of Southern California needed to unload a cargo container full of water-softening salt, the power of the Internet came to its rescue.

In a move that's fast coming into vogue among public agencies, water district officials listed the salt for sale online. One week later, a buyer stepped forward with a cool \$5.50, and the burdensome load was taken off the district's shoulders.

"Somebody bought that salt – we were stunned," said Michael Kolodisner, the district's contracting services manager. "But that's part of it – we're selling stuff we never thought we'd be able to sell."

Years after Web sites such as eBay and Craigslist caught fire with average consumers, public-sector officials are finally joining the e-marketplace.

Whether it's a police department with run-down Crown Victoria cruisers, a school with aging musical instruments or a city that can't find the owner of a lost diamond ring, public agencies are finding the Internet offers an easy way to ditch their unwanted wares – and make a tidy profit in the process.

Web sites that cater to cities and school districts – many of them founded years ago during the dot-com boom – are suddenly scrambling to keep up with an explosion of customers.

"It's just absolutely growing like crazy right now," said Bob DeBardelaben, president of GovDeals Inc., which specializes in online sales of surplus public property and has seen its client list grow nearly 30 percent this year.

"The governments are always a few years behind the private sector as far as moving forward with new technologies," said Eric Heaps, vice president at an online-auction firm called Public Surplus, which has 600 clients, up from 400 a year ago.

Time was, even selling surplus property – instead of sending it to the landfill – was a novel concept. Greg Marquard, senior maintenance worker for the city of San Juan Capistrano, was the subject of several news stories in 1992 when he hawked surplus fire hydrants, jackhammers and rattlesnake-warning signs at the city street fair.

More recently, cities and schools have used live auctions, but those venues are slowly falling out of favor as public officials find larger profits and smaller overhead in the online realm.

"Really, we've been getting better prices this way, and we've been saving ourselves money," said Kolodisner of the Metropolitan Water District, where revenue from surplus property was \$500,000 last year, up about 25 percent from the live-auction days.

Also important is the far-wider online reach, where millions can view products only a couple hundred people might see at a live auction. In that vast audience, a buyer is likely to be found even for niche items, such as the 100-pound anvil sold by the Saddleback Valley Unified School District or the industrial-size roll of butcher paper sold by the Metropolitan Water District.

"It definitely opens it up – it opens it up to the whole United States as opposed to just California or just somebody who shows up on a Saturday" at a live auction, said Debbie Dobrott, purchasing supervisor for the city of Costa Mesa, which has stopped using live auctions in favor of virtual sales.

San Francisco firm InterSchola, which caters to school districts, helped sell a huge supply of band uniforms to a group in China and a collection of dilapidated cellos and violins to a man in Europe.

Even for mundane items, the online presence can be key to making a deal. "You weren't going to get a local auctioneer really excited about a school district that had a bunch of old desks and chairs," said Melissa Rich, InterSchola's founder and president.

Until recently, online auctions have been reserved for exotic sales, with the Internet sale intended to drum up publicity. In 2005, the former El Toro Marine Base was sold online in a \$1 billion deal. Three parcels at the old Tustin Marine Base went for more than \$200 million three years earlier. And Newport Beach once used eBay to hawk seats on its Tournament of Roses Parade float.

Still, though, cities have been left overwhelmed by their less noteworthy goods, which devour space in warehouses. "We got to the point that the thrift stores wouldn't take this stuff anymore in the past couple of years," Marquard said.

Sales of public goods are restricted by various laws, which vary by state. DeBardelaben visited Orange County in August in an effort to penetrate the California market, but found himself discouraged by the state's "liberal" regulations that restrict what can be sold.

In the South, he said, confiscated guns are auctioned to authorized dealers. Liquor seized from markets that sell booze to minors can be sold to licensed purveyors.

But it's often the perfectly licit items that raise eyebrows. The veterinary school at the University of Georgia once sold a horse online, he said, while the state of Tennessee once sold a tracking bloodhound for \$100. Twenty tons of freshwater mussel shells, prized in the costume jewelry industry for their mother-of-pearl inlay, went for \$20,000, he said.

"It's crazy what people buy," said Marquard of San Juan Capistrano, which has used online auctions to sell everything from clay pots to electronic traffic signs. "It is the power of the Internet. ... You can sell just about anything you got."

Contact the writer: 714-445-6683 or joverley@ocregister.com