

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of May 24, 2011

ITEM # 11

ITEM TITLE: Fixed Asset Inventory District Wide

SPECIFIC BOARD ACTION REQUESTED: Approval to enter into a Professional Consultant Service Contract for Fixed Asset Inventory with American Appraisal Associated Inc., in the estimated amount of \$42,000.00.

ITEM SUMMARY: In order for the District to comply with Governmental Accounting Standards Board's (GASB) Statements No. 34 and 35, the District must conduct bi-annual physical inventory of all assets valued over \$500. This means every two years, the District must undertake a comprehensive room-by-room inspection of each of its sites, and capture all assets with an original (historical) cost of \$500 and above. This inspection will require an appraisal firm to capture the historical cost of the assets. For all assets that historical costs are not readily available, the firm must estimate the original cost by applying reverse inflation indices to the cost of reproduction new. Because of this inventory valuation method, and compliance with GASB, the District must utilize firms specializing in inventory valuation.

BACKGROUND/ANALYSIS:

The District has solicited proposals for Fixed Asset Inventory and Appraisal from two firms to appraise all of the District's assets over \$500, located at Berkeley City College, College of Alameda, COA- Airport Facility, Laney College, Merritt College, Merritt's Fruitvale Center, and the District Administrative Center. The pricing and tentative start dates for the proposal we received, are as follows:

Vendor	Cost of Service	Tentative Start Date
American Appraisal Associated Inc.	\$ 42,000.00	May 30 th , 2011
Associated Valuation Services	\$ 46,264.00	July 11 th , 2011

Both firms specialize in inventory valuation. Based on the proposals we received, the District evaluated the proposals and has selected American Appraisal as having the best price and timing for doing the Fixed Asset Inventory. American Appraisal Associated Inc. was the firm that conducted the District's last inventory and because of the synergies they gained from that, they were able to reduce their quoted fees to be less than what they had quoted in 2007. (In 2007 they had quoted \$49,500.) The District has been working with our external auditors because in 2009 the District had received an exception from conducting a physical inventory and only conducted a book inventory based on higher capitalized assets; but now, the District must conduct the comprehensive room-by-room inspection of all assets over \$500.

ALTERNATIVES/OPTIONS: None.

EVALUATION AND RECOMMENDED ACTION:

Recommend entering into a Professional Consultant Service Contract for Fixed Asset Inventory with American Appraisal Associated Inc., in the estimated amount of \$42,000.00. Because of the many variables, and sheer number of rooms, it is impossible to for any vendor to give an exact figure for this service. American Appraisal has in the past been able to conduct this inventory based on their quoted amount, and it's anticipated they will be able to do the same this time around. Should they under take this inventory and the scope exceeds more than 10% of their quoted amount, then District will be coming back to the Board to request approval for the change. If the change is less than 10%, with this Board approval the District is requesting authorization to issue a contract up to \$46,200 (\$42,000 plus 10%); however, the initial contract would be for \$42,000.00.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

General funds

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ No X

COMMENTS: NONE

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING? VICE CHANCELLOR GERHARD

DID A BOARD STANDING COMMITTEE RECOMMEND THE ITEM? YES _____ No X

IF "YES", PLEASE INCLUDE THAT INFORMATION IN YOUR SUMMARY.

PLEASE ACQUIRE SIGNATURES IN THIS ORDER:

DOCUMENT PREPARED BY:

Prepared by: [Signature] Date: 5/10/11
RONALD GERHARD, Vice Chancellor for Finance and Administration

DOCUMENT PRESENTED BY:

Prepared by: [Signature] Date: 5/10/11
RONALD GERHARD, Vice Chancellor for Finance and Administration

FINANCE DEPARTMENT REVIEW

X Finance review required _____ Finance review *not* required

If Finance review is required, determination is: X Approved _____ Not Approved

If not approved, please give reason: _____

Signature: _____



Date: _____



RONALD GERHARD, Vice Chancellor for Finance and Administration

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required

Legal review *not* required

If Legal review is required, determination is:

Approved

Not Approved

Signature: _____

Thuy T. Nguyen, General Counsel

Date: _____

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda

Not Approved, but Place on

Signature: _____


Wise E. Allen, Chancellor

Date: _____

