



# **Analysis of Surplus Operations and Services**

**October 2016**

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# Washington State Department of **Enterprise Services**

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## Executive Summary

### The purpose of the 2016 surplus operations review

Under [RCW 43.19.008](#), the state Office of Financial Management (OFM) is required to review the programs and services that are performed by the Department of Enterprise Services (DES) and select up to six services that may be performed by the private sector in a more cost-efficient and effective manner. In 2016, OFM directed DES to evaluate the surplus services the agency provides to determine if those services could be provided by the private sector at a reduced cost or with greater efficiency. This report includes the following data and information that was compiled for the evaluation of DES surplus operations:

- Overview of surplus operations program
- Approach to surplus operations review

### DES surplus operations (Appendix 1)

DES provides surplus services to an estimated 165 customers that include state agencies, political subdivisions, public institutes of higher education, and qualified nonprofits. In fiscal year 2016, with 26 full time employees, the program processed an estimated 5,000 requests per year to dispose of or transfer surplus items, or to store property in its 60,000 square foot warehouse. The numbers of requests have been increasing at a rate of 18-20 percent each year.

The largest portion of the program's business is online auctions. Online auctions average 5,800 transactions per year and consist of vehicles, heavy equipment, implements, and other miscellaneous high-dollar items. With total gross sales of nearly \$12.5 million in FY16, DES was able to return close to 76 percent — 9.5 — million, to its state agencies.

DES surplus operations encompasses the following lines of business and Federal programs to accommodate all the required services requested and mandated by [Revised Code of Washington 43.19.1919](#).

- Priority Transfer
- Computers 4 Kids
- Online and Retail Sales
- Transportation
- Storage / Warehouse
- Recycling / Landfill
- Federal Surplus and 1033 Programs
- Emergency Response Program

DES manages surplus operations by interlinking its multiple streams of business and collaborating between programs to maximize and exhaust all avenues to ensure the best possible results for customers and taxpayers. With the focus of being good stewards to the environment and the state's communities, DES maintains a consistent proactive approach of engaging in sound practices of optimizing ways to repurpose and recycle any and all items that cycle through the program. DES considers the use of landfills the very last option for property disposal.

### **DES approach to surplus operations program review**

DES engage in a competitive procurement to collect data on the feasibility of contracting out the surplus program. For federal compliance reasons (Appendix 2), it was determined that the management of the federal surplus and 1033 programs, as well as the emergency response program, could not be put out for competitive bid. Therefore, the priority transfer, online and retail sales, transportation, storage and disposal services were offered for procurement. To ensure the continued efficiency of the service for state and local governments, the procurement offering was presented as a single comprehensive service offering.

No vendors bid on the RFP.



## **Topic Overview**

### **RFP results and feedback**

A request for information (RFI) was issued through Washington's Electronic Business Solution (WEBS), the state's online vendor registration system used by agencies to solicit bids and by businesses to compete for contracts to 799 vendors on April 29, 2016. A total of five vendors responded. (Appendixes 1&2)

A customer survey was sent to 18 DES customers who use the agency's surplus services. A total of five responded indicating that the DES service saved their organizations money and helped them meet their business needs.

A request for proposal (RFP) was issued to 779 vendors on July 21, 2016. Of the 779, two vendors contacted DES by telephone to ask for more information about the solicitation. Both indicated they could not perform the scope of work. No vendors submitted a bid during the 30-day solicitation.

### **Surplus program comparisons**

In April 2016, a survey was sent to members of the National Association of Agencies for Surplus Property. Of the 20 that responded:

- 80 percent said they manage both state and federal surplus property
- 60 percent said they manage surplus for non-state agencies
- The numbers of employees for surplus ranged from two to 28
- 53 percent provide transportation services
- 47 percent operate a retail store
- 74 percent use an online auction
- 58 percent return sales dollars to agencies
- 42 percent return sales dollars to their state's general fund

See Appendix 3 for more information about surplus programs in other states.

### **Financial analysis data (Appendix 4)**

It is important to ensure a fair and accurate comparison of the cost to Washington State government to either perform a service directly or to contract for the service with the private sector. If the comparison only looks at current DES costs and the bids submitted by vendors, important information may be missed. For example:

- The Surplus Operations Program bears a share of DES and statewide allocated costs. Some of these costs will not be reduced completely if the business is contracted out. These costs will be shifted to other parts of DES and/or directly to state agencies.
- The service may be of a size that only fractions of full-time equivalent employees (FTEs) are involved, so it could be difficult to fully reduce the direct costs of the service without harming another service.

- DES may have conversion or transition costs, or revenue from the disposition of assets if a service is contracted out.
- DES may have new costs due to administering and managing the contract.

To aid accurate comparison and to reduce decision risk, DES developed a standard approach and format to itemize and categorize costs when performing a cost analysis. The current costs to provide the service are shown in three categories:

- Costs that would go away immediately if the service were contracted out,
- Costs that would go away eventually, but not immediately, and
- Costs that would be transferred to other parts of DES or state government

No vendor responses were received during the competitive bidding process. Therefore, no comparative analysis could be performed.

#### **State surplus costs and revenue to state agencies (Appendix 4)**

In the absence of data that would accurately compare the cost to Washington state government to either perform a service directly or to contract for the service with the private sector, the cost to provide state surplus services and the revenue it generates for state agencies is included for review. For the fiscal year that ended June 30, 2016 (FY16), net revenue from providing state surplus services was \$3,329,800 after returning sales proceeds to state agencies. Of that, \$9,511,300 was returned to customer agencies as sales proceeds, netting DES \$3,329,800 on which to operate the program. For the same time frame, expenses totaled \$3,310,000, leaving net income for the fiscal year of \$19,800.

#### **Future efficiencies and planned improvements (Appendix 5)**

The DES Surplus Operations program is currently implementing or plans to implements improvements that will further increase efficiency within the program and enhance the customer experience. These efforts include:

- Organize the layout of the warehouse to increase capacity and improve efficiency
- Explore opportunities to add hubs across the state to save time and miles traveled
- Evaluate current transportation routes and schedules for possible efficiencies
- Increase customer outreach to better understand the needs of agencies and the public

We are available to discuss the process and any information related to this procurement. If you need additional information or have any other questions or concerns, please contact Bob Covington, DES Deputy Director, at (360) 407-9203 or [bob.covington@des.wa.gov](mailto:bob.covington@des.wa.gov), or MariJane Kirk, Interim Assistant Director, DES Business Resources Division, (360) 407-9392 or [marijane.kirk@des.wa.gov](mailto:marijane.kirk@des.wa.gov)

## **Appendix 1: Overview of Surplus Operations and Market**

### **Introduction**

This section will provide information about the surplus operations program within the Washington State Department of Enterprise Services (DES), who its customers are and the services it provides.

### **DES surplus operations and services**

DES offers a variety of surplus services to more than 1,560 agencies. Their customer base includes: state and local government agencies, Native American tribes, school districts and qualified nonprofit organizations. Proceeds from sales pay for the surplus program and also result in financial returns to state and local governments. The sale, reuse and recycling of goods keeps hundreds of thousands of pounds of materials out of landfills.

### **Priority customers**

Certain organizations, such as state and local governments, and qualified nonprofit organizations are considered priority customers. Priority customers have the first chance to acquire surplus goods – such as newer office furniture, office supplies or used vehicles – rather than purchasing those items at higher retail prices off contract.

### **Computers 4 Kids**

In partnership with the State Office of the Superintendent of Public Instruction, DES transports state agency computers and monitors to schools for the Computer for Kids program. In the 2013-2015 biennium, 7,642 units were shipped out of the surplus program's Tumwater warehouse. DES receives no revenue from systems put into service.

### **Online sales**

Online auctions are the biggest revenue generator for DES Surplus Operations. Auction items include vehicles and items valued over \$200. Competitive online auctions secure fair and equitable opportunity for all interested bidders. The transparency to all parties helps mitigate potential perception of mishandling and or biased transferring of public property.

### **Retail sales**

DES surplus services exhaust all avenues in regard to keeping as much out of landfills as possible. The retail store is one of the last stops for surplussed items. The retail store primarily sells small items that averaging less than \$12.

### **Transportation**

The transportation program is an all-inclusive operation that covers the entire state. It processes an average of 3,200 requests a year. The program primarily supports state agencies, institutes of higher education and political subdivisions. These requests include hauling of standard property, (furniture, office supplies, IT equipment etc.) as well as the transferring of vehicles and heavy equipment. This program also supports both of the federal surplus programs DES manages, state of Washington emergency response program, and C 4 Kids.

**Storage/warehouse**

The DES surplus operations program manages storage space in its Tumwater warehouse for short and long-term needs. The program accept shipments directly from agency vendors, and coordinate transport services to deliver goods throughout Washington state.

**Recycling/disposal**

As a central location, the surplus operations program consolidates material for recycling. This economy of scale and location enable's the program to provide a greater recovery of material that would otherwise be sent to a landfill. Surplus operations provide e-cycle collection and transportation services for qualified schools, State and Priority agencies. Despite best efforts, some material is sent to the landfill for disposal. This volume is low based on our reuse and recycling options.

**Federal Surplus and 1033 programs**

This program uses multiple avenues to find and acquire property on behalf of qualified and eligible agencies, poly-subs and non-profits. We work collaboratively with federal agencies to assist in the proper disposal, acquisition, and or donation of federally surplussed items.

**Emergency Response program**

DES surplus operations provide transportation services to support the state emergency response program. The warehouse is used in emergencies as a staging area for multiple agencies such as the Department of Health, Washington State Patrol and local health jurisdictions, to deploy critical supplies to areas in need.

## **Appendix 2: Summary of Results and Findings**

This section provides information on the approaches used by DES to evaluate the market through requests for information and proposals from the vendor community and feedback from surplus customers.

A request for information (RFI) was issued through Washington's Electronic Business Solution (WEBS), the state's online vendor registration system used by agencies to solicit bids, to 799 vendors on April 29, 2016. A total of five vendors responded.

A request for proposal (RFP) was issued to 779 vendors on July 21, 2016. Of the 779, two vendors contacted DES by telephone to ask for more information about the solicitation. Both indicated they could not perform the scope of work. No vendors submitted a bid during the 30-day solicitation.

### **Request for information**

The purpose of the RFI was to learn about surplus services the vendor community can provide. It asked vendors about

- The types of surplus services they could provide
- If they subcontracted for services
- If they used online auctions
- Who their primary customers are (private sector or public)
- Who their target audience is (general public or other industries)
- The scope of their business
- Method of reimbursement

DES learned that there are vendors in the private sectors that provide some of the same services the surplus program does, but none can perform the entire scope of DES surplus services.

### **Customer survey**

In June, a survey was sent to 18 customers asking them to

- Rank the services that are most important to them
- Score areas of service such as customer service, price and job performance
- What they like about the current surplus program
- Areas where the current program could improve

Five customers responded to the survey. See Appendix 2 for the responses.

### **Request for proposal**

The purpose of the RFP was to receive competitive proposals and award a statewide master contract for surplus services, unless the Office of Financial Management (OFM) concludes that it is not more beneficial for the state to privatize the work. The procurement included surplus property management for state and local governments including sales, transportation of property, storage and warehousing, and disposal and recycling. It stipulated that [WAC 200-360-010](#) gives state agencies and other entities first right of refusal on surplus properties. The procurement did not include the federal surplus and 1033



programs because the General Services Administration determined the management of those programs at the state level must be performed by state employees.

The services in the RFP included providing excess and/or surplus property for sale, transfer, distribution, donation, storage, disposal and recycling. These services are provided to state agencies, higher education, municipalities, and school districts under [RCW 43.19.1919](#) and [WAC 200-360-010](#).

The RFP also pointed out that while state agencies are required to use Enterprise Services for all their surplus property needs, approximately 39 percent of standard property and 13 percent of vehicles received are from voluntary public-sector customers such as cities, counties, ports, and school districts (political subdivisions).

The RFP was posted on July 21, 2016 for 30 days. No vendors bid on the solicitation.

## Attachment 1 – Federal Services

Ms. Limmeroth.....

The authorizing statute establishing the Federal Surplus Personal Property Donation Program, found at 40 USC 549, requires that a State Agency for Surplus Property (SASP) have “established procedures for accountability, internal and external audits, cooperative agreement, compliance and use reviews, equitable distribution and property disposal, determination of eligibility and assistance through consultation with advisory bodies and public and private groups.” 40 USC 549(e)(3)(B)(ii). Title 41 of the Code of Federal Regulations (CFR) Chapter 102 has a part, 102-37, Donation of Surplus Personal Property, that further establishes requirements and responsibilities of the SASP. Included therein are the requirements for the State legislature to develop the State Plan of Operations which sets forth the organization and operation of the SASP. **The State Plan must be approved by the U. S. General Services Administration (GSA) before it can be placed in effect.** Information on this can be found at 41 CFR 102-37.130 et seq. ([http://www.ecfr.gov/cgi-bin/text-idx?SID=96fabb157f59e15a5e7fe66b8e051816&mc=true&node=sp41.3.102\\_637.d&rgn=div6](http://www.ecfr.gov/cgi-bin/text-idx?SID=96fabb157f59e15a5e7fe66b8e051816&mc=true&node=sp41.3.102_637.d&rgn=div6))

The references above address required functions of the SASP, but they do not address the possibility of outsourcing any of those functions. One other SASP has partially outsourced some of its functions. GSA's determination is that the core responsibilities of the SASP are inherently governmental and must be performed by State employees. Those core functions include determining eligibility to participate in the donation and compliance with the terms and conditions imposed on donated property. Oversight, including compliance and utilization reviews, of the complete SASP operation must be by State employees.

Changes such as those envisioned must be incorporated in the State Plan of Operations and submitted to GSA for formal approval. Please keep in mind, that the SASP is funded by its levied service and handling fees, which can be used only in furtherance of the Donation program.

I hope this answers your questions. Please feel free to contact me if further guidance is required.

*Dave*

David M. Robbins  
Director  
Office of Personal Property Management  
GSA, Federal Acquisition Service  
office 703-605-5609  
cell 571-438-1623

***Reuse is Recycling***

On Tue, May 10, 2016 at 4:21 PM, Limmeroth, Mimi (DES) <[mimi.limmeroth@des.wa.gov](mailto:mimi.limmeroth@des.wa.gov)> wrote:

David,

Thank you for taking the time to present our questions to the GSA Council for higher level clarification. Our goal is be very informed and prepared to address any questions brought forth by the Executive Team.

As discussed the main question is: If Surplus is contracted out, is there any portion of the Federal and or 1033 program that could be managed by a private vendor?

If so;

What portions?

What statutes support these functions being performed by the private sector?

What oversight is required, and who can oversee the program?

Thanks again for your help. Please contact me at any time, if more clarification is needed. Cell: [360-810-1614](tel:360-810-1614)

*Mimi Limmeroth*

**Contract Specialist**

**1500 Jefferson ST. SE**

**Olympia WA. 98504**

**Ph: [360.407.8483](tel:360.407.8483)**

*Kindness in words creates confidence in people.*

## Attachment 2 – RFI Responses

### Surplus Services RFI Results

Total number of records in WEBS = 799  
 Total number of minority owned records = 8  
 Total number of woman owned records = 15  
 Total number of minority and woman owned records = 7  
 Total number of Washington small business records = 189  
 Total number of Washington mini business records = 4  
 Total number of Washington micro business records = 25  
 Total number of veteran owned records = 29

Vendor Name	Perez Move Management	Bidadoo Auctions	World Logistics, Inc.	GovDeals	Arthur Jackson CTC, Inc.
Contact	Bob Perez	Chuck Meyer	Luis LaMonte	Alicia Andrews	Arthur Jackson
Contact #	(253) 735 6161 (800) 444 0852	Cell: (206) 799-5148 Phone: 206.442.9000	253-267-1965	334-274-3846	425-359-9655
Contact Email	<a href="mailto:BOBP@perezmm.com">BOBP@perezmm.com</a>	<a href="mailto:chuckm@bidadoo.com">chuckm@bidadoo.com</a>	<a href="mailto:worloq@live.com">worloq@live.com</a>	<a href="mailto:aandrews@govdeals.com">aandrews@govdeals.com</a>	<a href="mailto:ajackon@aol.com">ajackon@aol.com</a>
What Type of Surplus Services (Retail Store, Online Auction, Pick-up, Delivery, Storage, etc.)?	Transportation and Storage	Online Auction (Mostly trucks, Equipment, etc.)	Pick-up and Storage of Lead Acid Batteries	Online Auction Services	Pick-up & Disposal of Electronic Equipment - Broken down to component level and sold.
Provide All Services, or Subcontract Work?	Provide all services above - No subcontracting	Online Auction, minimal pick-up/storage	Provide all services above - No subcontracting	Provide all services above - No subcontracting	Provide all services above - No subcontracting
If Online Auctions are used who is the provider?	N/A	EBAY	N/A	GovDeals	N/A
Surplus Items For?	None	Anyone	Private, General Public and Government	Government & Public Entities	Private
Audience to Sell To?	None	Anyone - 2 years with Municipalities (City of Seattle, Snohomish Co.)	Industries	General Public	Private
How many items Surplused Annually?	None	Hundreds	Hundreds (batteries only)	In the last 12 months, 170,000 items	Hundreds
Method of Reimbursement?	Hourly Rate	Percentage - sliding scale	Per Pound, current market price	Percentage of each item sold. If an item does not sell there is no fee.	Flat Fee
Other?	N/A	9 years in business and largest seller of trucks on EBAY. <b>Won't</b> sell small items, furniture/partitions or clothing. Doesn't have much capacity to sell on the Eastern side of the state. Holds master dealer license so they can title vehicles. Feedback from customers is the most vital to their success. Would recommend a multi category, multiple award contract with no prevailing wages. No federal items	N/A	Launched in 2001, has worked with more than 8,700 government agencies in the US and Canada. Over 1 million items have been auctioned worth over \$1.2 Billion. More than 5,600 GovDeals active bidders reside within 300 miles of Olympia. GovDeals accepts all liability for fraudulent payments and chargebacks that may occur and remits proceeds to our clients on a weekly basis. Therefore, we can guarantee the State will not lose any money or assets utilizing our auction service and payment collection and remittance program. Additionally, all payment disputes after pickup of an asset are handled by GovDeals, further eliminating the State's liability. The State will have 24/7 access to an array of real-time reporting features during and after auctions.	N/A



## Appendix 3: Surplus Program Comparisons

### Attachment1 - Oregon

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**From:** Limmeroth, Mimi (DES)  
**Sent:** Friday, September 16, 2016 10:00 AM  
**To:** Reynolds, Jennifer (DES)  
**Subject:** FW: Oregon revenue data

Oregon revenue info

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**From:** Baker, David (DES)  
**Sent:** Wednesday, August 31, 2016 2:11 PM  
**To:** Limmeroth, Mimi (DES)  
**Subject:** FW: Oregon revenue data

As requested, I reached out to Sven and he was able to get back to us with some info.

Thanks  
db

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**From:** ANDERSON Sven \* DAS [<mailto:Sven.ANDERSON@oregon.gov>]  
**Sent:** Wednesday, August 31, 2016 1:47 PM  
**To:** Baker, David (DES) <[david.baker@des.wa.gov](mailto:david.baker@des.wa.gov)>  
**Subject:** Oregon revenue data

David –

Here you go below – bottom line highlighted in yellow. More details than you might want below that. HOWEVER, if you have any questions/need additional information, just let me know.

- Sven

[www.OregonSurplus.com](http://www.OregonSurplus.com)

Data Classification: Level 1 - Published

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**From:** JEANNETTE Carla \* DAS  
**Sent:** Wednesday, August 31, 2016 1:44 PM  
**To:** ANDERSON Sven \* DAS <[Sven.ANDERSON@oregon.gov](mailto:Sven.ANDERSON@oregon.gov)>  
**Subject:** Answer for Washington State

Sven,

Trying to determine the level of detail you might want.

For 7/1/2015 to 6/30/2016 – the summary:

State Program: Total Sales \$4,030,129, Commission we keep \$1,824,889  
Federal Program: Total Sales \$1,005,366

State Program – the details

DEPT OF ADMINISTRATIVE SERVICES  
 ENTERPRISE ASSET MANAGEMENT  
 PROGRAM  
 4450

Load Month: 12

Biennium: 2017

	Q1 (ACT)	Q2 (ACT)	Q3 (ACT)	Apr (ACT)	May (ACT)	Jun (ACT)	Q4 (ACT)
<b>Beginning Budgetary Working Capital</b>							
CASH AND CASH EQUIVALENTS	(40,252)	186,273	139,319	328,688	399,922	314,382	328,688
ACCTS, INT, AND OTHER REC	15,379	1,250,242	387,500	172,200	85,798	74,655	172,200
A/P & OTHER LIAB	(33,781)	(128,333)	(134,847)	(172,181)	(157,121)	(65,552)	(172,181)
<b>TOTAL</b>	<b>(58,654)</b>	<b>1,308,182</b>	<b>391,972</b>	<b>328,707</b>	<b>328,600</b>	<b>323,484</b>	<b>328,707</b>
<b>Current Biennium Activity</b>							
<b>REVENUES</b>							
0410 CHARGES FOR SERVICES	361,998	259,679	310,530	83,922	125,188	100,587	309,698
1442 FEDERAL ABANDONED PROPERTY SALES	-	-	-	-	-	-	-
1443 FEDERAL DONATIONS	-	-	(75)	-	-	-	-
1000 OTHER CHARGES FOR SERVICES	296,940	212,277	235,000	68,654	96,987	82,708	248,349
1048 STATE SURPLUS COMMISSION-BUYERS PREMIUM	54,098	37,687	70,743	13,918	25,776	13,245	52,939
1440 FEDERAL SHARP SALES	10,960	9,715	4,863	1,350	2,425	4,635	8,410
0415 ADMINISTRATIVE AND SERVICES CHAF	1,416,057	(816,055)	-	-	-	-	-
0701 ASSESSMENTS	1,416,057	(816,055)	-	-	-	-	-
0605 INTEREST AND INVESTMENTS	(38)	46	265	344	241	298	883
1605 INTEREST STATE TREASURY	(38)	46	265	344	241	298	883
0705 OTHER SALES INCOME	(51,877)	36,874	(8,170)	16,800	44,120	(39,121)	21,799
1416 SALE OF VEHICLES	-	-	-	-	-	13,815	13,815
1418 STATE SURPLUS PROPERTY PROGRAM SALES	853,593	981,375	1,003,280	312,270	476,048	403,563	1,191,881
1419 ELIMINATION_OF_STATE_SALES	(940,207)	(944,500)	(1,007,538)	(299,383)	(431,928)	(456,499)	(1,187,809)
1430 SURPLUS PROPERTY - RETURNED ITEMS	-	-	(3,912)	3,912	-	-	3,912
1431 SURPLUS - SPECIAL SALES ADJUSTMENTS	(14,983)	-	-	-	-	-	-
1441 FEDERAL EXCHANGE SALES	49,720	-	-	-	-	-	-
0975 OTHER REVENUE	101	56,632	652	45	12,257	400	12,702
0560 REBATES AND RECOVERIES	-	-	-	-	12,257	-	12,257
1800 OTHER REVENUE	-	20	-	-	-	-	-
1810 CASH OVER/SHORT	(80)	(15)	-	-	-	-	-

Load Month: 12

Biennium: 2017

	Q1 (ACT)	Q2 (ACT)	Q3 (ACT)	Apr (ACT)	May (ACT)	Jun (ACT)	Q4 (ACT)
1811 MISC REVENUE REIMBURSED	-	56,416	-	-	-	-	-
1820 SURPLUS SHIPPING	181	211	653	45	-	400	445
<b>TOTAL REVENUES</b>	<b>1,726,241</b>	<b>(462,824)</b>	<b>303,277</b>	<b>101,111</b>	<b>181,807</b>	<b>62,164</b>	<b>345,082</b>
<b>TRANSFER IN</b>							
1010 TRANSFER IN FROM OTHER FUNDS	4,835	-	-	-	-	-	-
2640 TRANSFER IN - EAM ADMINISTRATION	4,835	-	-	-	-	-	-
<b>TOTAL TRANSFER IN</b>	<b>4,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSFER OUT</b>							
2010 TRANSFER OUT TO OTHER FUNDS	(16,116)	(16,116)	(29,745)	(9,915)	(9,915)	(9,915)	(29,745)
2718 TRANSFER OUT - DAS BUSINESS SERVICES	(8,790)	(8,790)	(8,790)	(2,930)	(2,930)	(2,930)	(8,790)
2740 TRANSFER OUT - EAM ADMINISTRATION	(7,326)	(7,326)	(20,955)	(6,985)	(6,985)	(6,985)	(20,955)
<b>TOTAL TRANSFER OUT</b>	<b>(16,116)</b>	<b>(16,116)</b>	<b>(29,745)</b>	<b>(9,915)</b>	<b>(9,915)</b>	<b>(9,915)</b>	<b>(29,745)</b>
<b>TOTAL NET REVENUE</b>	<b>1,714,960</b>	<b>(478,940)</b>	<b>273,532</b>	<b>91,196</b>	<b>171,892</b>	<b>52,249</b>	<b>315,337</b>

Federal Program: Total Sales \$1,005,366 – the details

Load Month: 12

Biennium: 2017

	Q1 (ACT)	Q2 (ACT)	Q3 (ACT)	Apr (ACT)	May (ACT)	Jun (ACT)	Q4 (ACT)
<b>Beginning Budgetary Working Capital</b>							
CASH AND CASH EQUIVALENTS	(154,043)	(239,255)	(210,858)	(100,999)	(114,408)	(121,550)	(100,999)
ACCTS, INT, AND OTHER REC	177,222	211,662	201,406	132,007	133,041	121,102	132,007
AP & OTHER LIAB	(14,212)	(4,014)	33,786	(18,041)	(13,783)	(61,899)	(18,041)
<b>TOTAL</b>	<b>8,967</b>	<b>(31,606)</b>	<b>24,333</b>	<b>12,967</b>	<b>4,850</b>	<b>(62,346)</b>	<b>12,967</b>

**Current Biennium Activity**

**REVENUES**

0410 CHARGES FOR SERVICES	185,514	341,665	129,340	50,638	52,645	81,124	184,408
1442 FEDERAL ABANDONED PROPERTY SALES	6,111	90,778	16,217	951	575	4,338	5,864
1443 FEDERAL DONATIONS	91,427	103,400	68,929	47,273	9,528	41,451	98,252
1444 SURPLUS STORAGE	22,171	22,840	24,377	2,773	-	26,560	29,333
1445 LESO (SURPLUS)	35,500	(4,500)	(1,000)	(500)	-	-	(500)
1000 OTHER CHARGES FOR SERVICES	-	-	-	-	-	-	-
1048 STATE SURPLUS COMMISSION-BUYERS PREMIUM	-	-	5,367	141	-	-	141
1435 GSA ONLINE SALES	30,306	129,147	15,451	-	42,542	8,776	51,318
0605 INTEREST AND INVESTMENTS	(219)	(516)	(375)	(153)	(71)	(98)	(323)
1605 INTEREST STATE TREASURY	(219)	(516)	(375)	(153)	(71)	(98)	(323)
0705 OTHER SALES INCOME	-	3,099	130,676	(7,557)	(35,288)	44,269	1,425
1416 SALE OF VEHICLES	-	-	128,000	-	-	-	-
1418 STATE SURPLUS PROPERTY PROGRAM SALES	-	-	-	-	-	-	-
1419 ELIMINATION_OF_STATE_SALES	-	-	-	(8,732)	(35,288)	44,019	-
1420 FIXED PRICE VEHICLES	-	3,099	2,676	1,175	-	250	1,425
0975 OTHER REVENUE	1,241	24,178	-	-	5,253	-	5,253
0560 REBATES AND RECOVERIES	-	-	-	-	5,253	-	5,253
1811 MISC REVENUE REIMBURSED	1,241	24,178	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>186,536</b>	<b>368,426</b>	<b>259,641</b>	<b>42,929</b>	<b>22,539</b>	<b>125,295</b>	<b>190,763</b>



GA State Investment Recovery

[WWW.INVRECOVERY.ORG](http://WWW.INVRECOVERY.ORG)

### Public vs. Private

- Funding & Budgets
- Politics
  - External (Legislature)
  - Internal (Agencies)
- Laws
- Transparency
  
- Business answers to shareholders
- Governments answer to everyone

2 10/6/2016

## GA Demographics

- 8<sup>th</sup> Largest state population 10,214,860
- 59,425 Square Miles (24<sup>th</sup> by area)
- 28<sup>th</sup> Largest world economy (2010)
- \$22 billion annual budget
- 159 Counties
- State government
  - 160 Agencies
  - 120k Employees



3

10/6/2016

## Surplus Division

- Division of the Department of Administrative Services
  - Self-funded
    - ✦ 10 FTE
  - State Surplus
    - ✦ Final disposition of all personal property
    - ✦ FY-15 Gross Revenue \$5.7M
  - Federal Surplus, State Agency for Surplus Property (SASP)
    - ✦ FY-15 Gross Revenue \$350k
  - Mission
    - ✦ Redistribution (state, local government, non-profit)
    - ✦ Public Sales
    - ✦ Creates audit trail

4

10/6/2016

## Disposal Flow

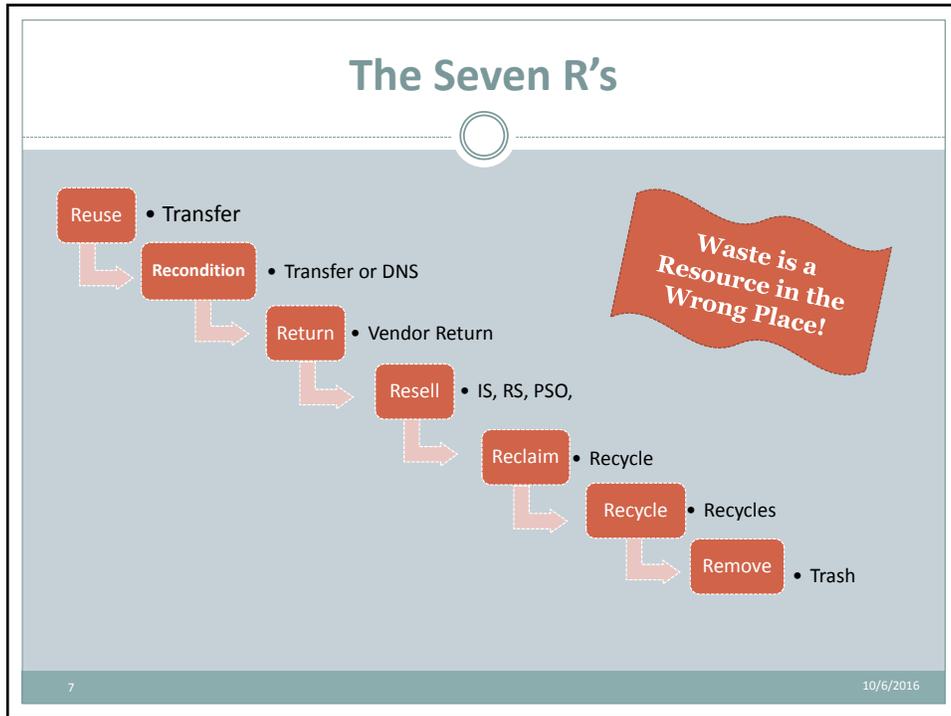
- All state agencies, universities, colleges, technical colleges, prisons, executive agencies enter surplus personal property into one application
- Includes:
  - Description
  - Location
  - Photos
  - Disposal method requested

5
10/6/2016

## Asset Disposal

	Disposal Type	To	Notes
Redistribution	Transfer (T)	State agency	No cost between agencies
	Direct Negotiated Sale (DNS)	Local government or Nonprofit	Always a charge to recipient
	Vendor Return (V)	Authorized Vendor	Must demonstrate benefit to the state
Public Sale	Internet Sales (IS)	Actual sale of items to the public	E-Bay, GovDeals, Public Surplus
	Retail Sale (RS)		Original acquisition cost must be < \$5000
	Live Auction (LA)		State employees may participate
	Public Sale – Other (PS)		Tracks other sales
Recycle/Destroy	Authorized Disposal (AD)	Includes scrap (recyclable) and trash (destruction)	Requires Affidavit of Destruction
	Electronics (ELC)	DOAS Vendor	Considered hazardous material for disposal

6
10/6/2016



### Proceeds

- Transactions that generate revenue (except electronics disposal) are shared with agencies after the first \$100:

Sale Amount	Agency Split	Cap
\$101 to \$9,999	55%	
\$10,000 to \$49,999	75%	\$7,500
≥\$50,000	90%	\$10,000

8

10/6/2016

## Rules of Thumb...



- Cost avoidance is the same as revenue
- If it doesn't generate revenue, it shouldn't cost
- Just because its old, it doesn't mean its valuable
- Just because its old, it doesn't mean it trash
- Its rarely worth what the owner thinks
- It doesn't matter what you paid for it...
- The photo sells the item



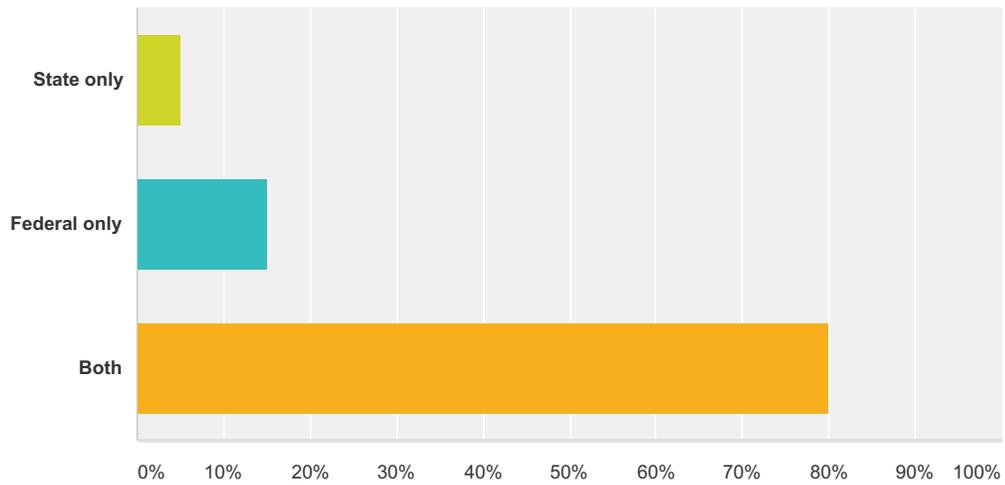
### Q1 Please tell us about yourself.

Answered: 20 Skipped: 0

Answer Choices	Responses
Name:	100.00% 20
State:	100.00% 20
Agency:	100.00% 20

## Q2 Does your agency manage state and federal surplus?

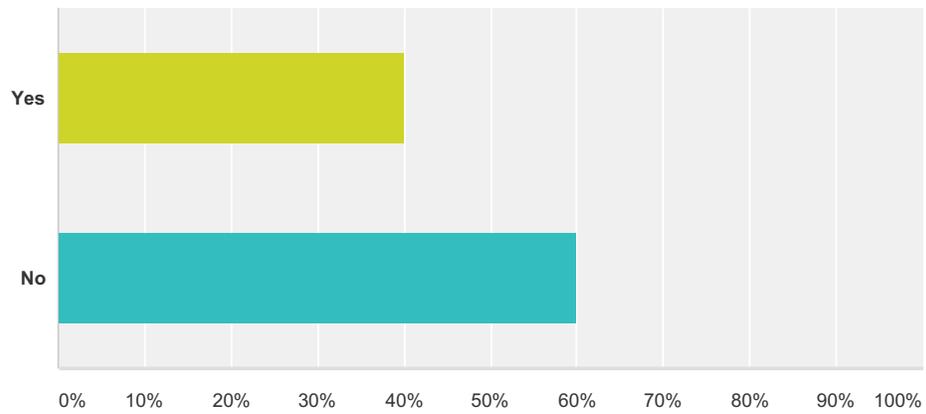
Answered: 20 Skipped: 0



Answer Choices	Responses
State only	5.00% 1
Federal only	15.00% 3
Both	80.00% 16
<b>Total</b>	<b>20</b>

### Q3 Does your agency manage surplus for non-state agencies?

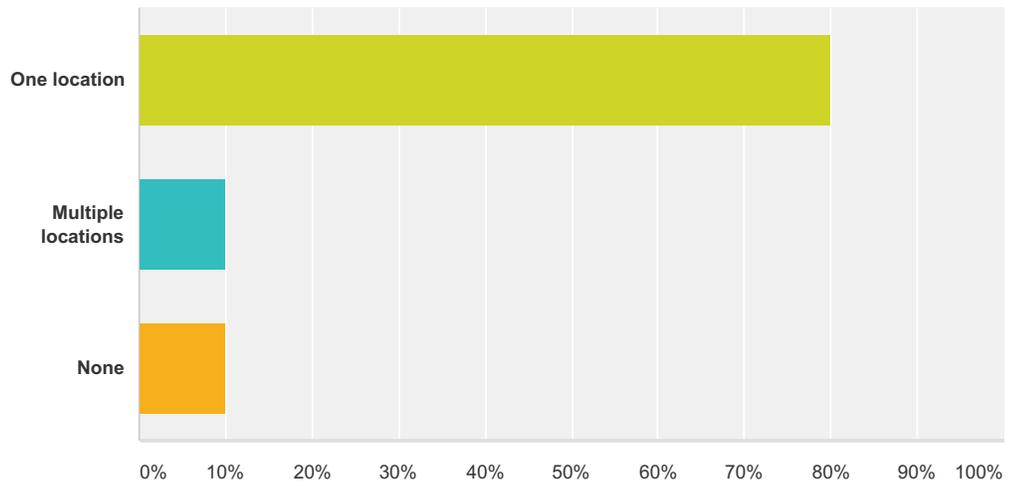
Answered: 20 Skipped: 0



Answer Choices	Responses
Yes	40.00% 8
No	60.00% 12
<b>Total</b>	<b>20</b>

### Q4 Do you have one central location, more than one location or none at all?

Answered: 20 Skipped: 0



Answer Choices	Responses	
One location	80.00%	16
Multiple locations	10.00%	2
None	10.00%	2
<b>Total</b>		<b>20</b>

## Q5 How many?

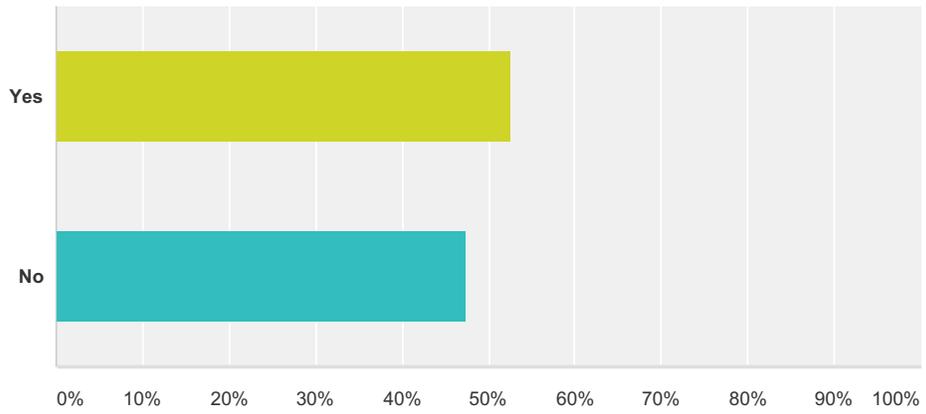
Answered: 2 Skipped: 18

**Q6 How many employees are in your program?**

Answered: 19 Skipped: 1

### Q7 Do you provide transportation services?

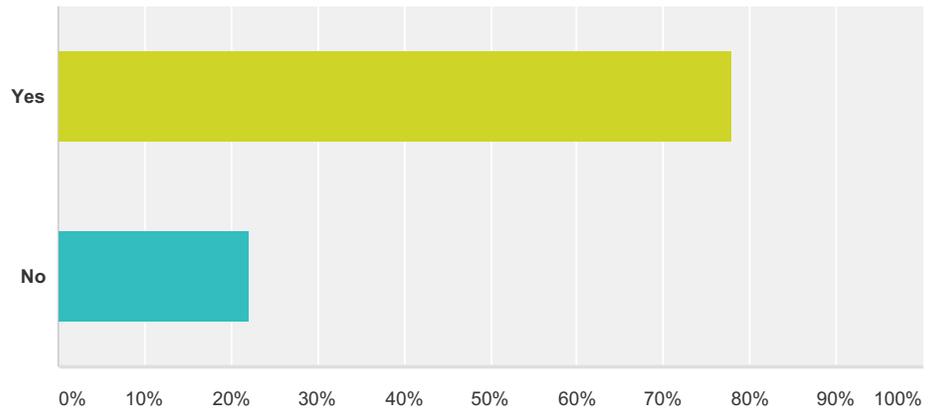
Answered: 19 Skipped: 1



Answer Choices	Responses
Yes	52.63% 10
No	47.37% 9
<b>Total</b>	<b>19</b>

### Q8 Do you charge for transportation?

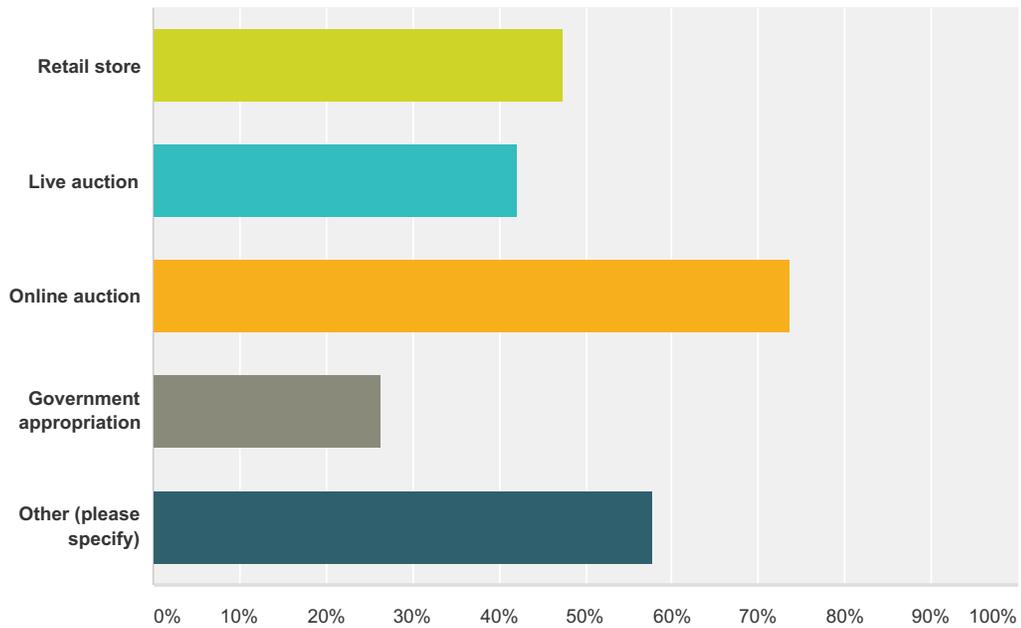
Answered: 9 Skipped: 11



Answer Choices	Responses	
Yes	77.78%	7
No	22.22%	2
<b>Total</b>		<b>9</b>

### Q9 What are your funding methods (choose all that apply)?

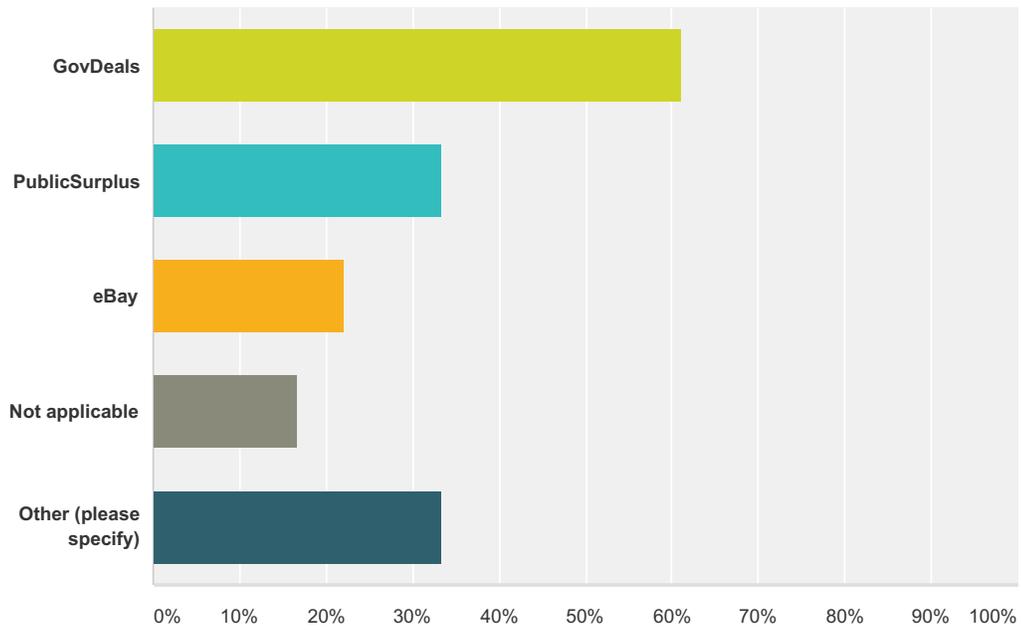
Answered: 19 Skipped: 1



Answer Choices	Responses
Retail store	47.37% 9
Live auction	42.11% 8
Online auction	73.68% 14
Government appropriation	26.32% 5
Other (please specify)	57.89% 11
<b>Total Respondents: 19</b>	

### Q10 If you use an online auction, which site(s) do you use?

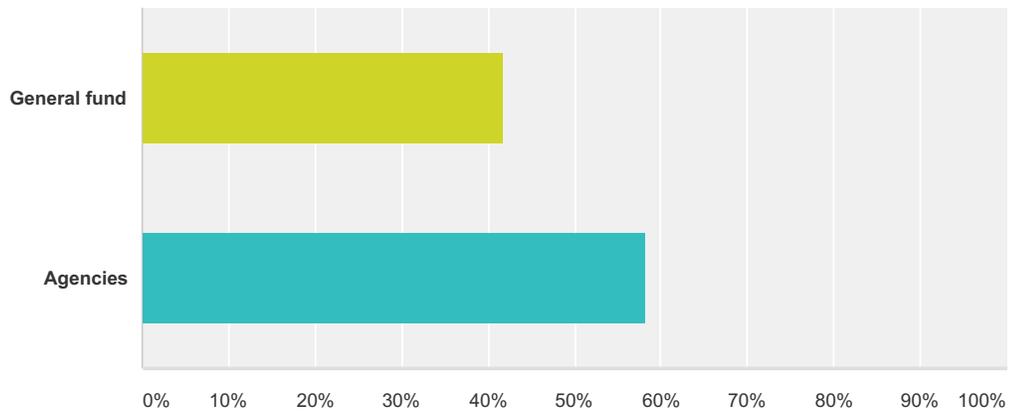
Answered: 18 Skipped: 2



Answer Choices	Responses
GovDeals	61.11% 11
PublicSurplus	33.33% 6
eBay	22.22% 4
Not applicable	16.67% 3
Other (please specify)	33.33% 6
<b>Total Respondents: 18</b>	

### Q11 Are sales dollars returned to a general fund or to the agencies?

Answered: 12 Skipped: 8



Answer Choices	Responses
General fund	41.67% 5
Agencies	58.33% 7
<b>Total</b>	<b>12</b>

**Q12 What portion of sales are returned?**

Answered: 16 Skipped: 4

**Q13 I would be interested in seeing the results of this survey. Please email them to me at:**

Answered: 13 Skipped: 7



**Appendix 4: Financial Analysis**  
**Additional Financial Data**

**DES Direct Staff Costs:**

In FY 2016, state surplus services were provided by 24.7 FTEs within the Business Resources Division of DES. Total staffing costs, including salaries and benefits, were \$1,524,500 for FY16.

**DES Direct Non-Staff Costs:**

Other direct costs associated with this work include costs for leased facility rent, vehicle expenses, technology and processing services, recycling fees, shipping, utilities, staff training, travel, supplies, and communications. These costs totaled \$1,338,800 for FY16.

**DES Internal Shared Services:**

This includes the prorated share of the costs of agency shared services, such as human resources, finance, legal, and contract management services. For FY16, these costs for state surplus services totaled \$399,000.

**External Cost Allocations to DES:**

This includes the prorated share of the interagency costs allocated to DES through the Central Service Billing Model (CSBM), such as Archives, Enterprise Systems Fee, OCIO, etc. The cost allocated to the state surplus program for these expenses was \$47,500 for FY16.

**Revenue:**

In FY16, \$12,841,100 was collected in revenue through state surplus activity, primarily through sales of surplus vehicles and equipment. Of that, \$9,511,300 was returned to customer agencies as sales proceeds, netting the program \$3,329,800 on which to operate the program. With the program's FY16 expenses of \$3,310,000, the program had a net income in FY2016 of \$19,800.



## **Appendix 5: Future efficiencies and planned improvements**

The purpose of this section is to layout the improvements that have been implemented or are in the process of being implemented by the program as well as future improvement opportunities that have been identified for implementation in the future.

### **Warehouse layout**

- Improve overall warehouse layout of racking and floor space to improve efficiency of surplus item placement and increase storage capability

### **Transportation**

- Investigate possible hub locations on the East side of the mountains and up north for possible partnerships with other agencies to reduce miles driven and improve transportation efficiencies (DSHS Shoreline, DSHS Medical Lake, DOC Yakima)
- Increase cross training to improve schedule flexibility and customer support for local routes
- Evaluate current routes and schedules for possible efficiencies

### **Expand on eastern Washington surplus efficiencies**

- Computers 4 Kids program hub in Medical Lake warehouse (Potential C4k transfer location for eastern Washington schools)
- Maximize warehouse layout for future growth
- Build effective schedule to allow for staff to be onsite at least one week per quarter in order to provide service and educate priority customers and implement a priority hub for transferable items

### **Customer education**

- Spearhead quarterly service level meetings with agency key contacts in order to proactively schedule for increased service levels needs. (Planners, request submitters, on site contacts and program leads)
- Increase program participation by improving marketing strategies and targeting agencies, political subdivisions, schools or municipalities not currently utilizing our services
- Grow customer awareness of “Priority Mondays” by improving marketing outreach