

SALE OF SURPLUS VEHICLES TO DCF/REACH UP

Justification

Statute allows Surplus Property to transfer the state’s surplus property “...to any other state agency or department having a justifiable need for the property.” When BGS Surplus sells to a state agency/department, the property (in this instance the vehicle) remains a state asset. Surplus is still responsible to track the disposal of that state asset. Reach Up provides justification to transfer state surplus property to Reach Up clients.

TIMELINE

February 2021 Initial discussion
March 2021 List of 31 available vehicles provided to Reach Up (RU) | Total Price \$306,525.00
2 minivan | 17 Sedan | 12 SUV
May 2021 Reach Up elected to purchase 16 of the 31 vehicles | \$129,337.50
August 2021 List of 25 available vehicles to RU | RU opted not to purchase at that time.
January 2022 List of 19 vehicles offered to RU | Decision/sale pending | Total Price \$214,050.00
1 minivan | 8 Sedan | 2 SUV | 7 Truck | 1 Wagon

Process

1. BGS Fleet Management Services (FMS)
 - a. Determines the fair market value (FMV) on the vehicle(s) positioned for sale.
 - b. Contacts Reach Up before posting the vehicle(s) for sale to the public.
 - i. To offer Reach Up first refusal for vehicles identified for disposal.
 - ii. To provide the description of the vehicle and the FMV on the vehicles(s)
2. Reach Up has 10 business days to indicate whether they are interested.
 - a. Could have the vehicles assessed by a vendor of their choice.
3. If Reach Up elects to purchase the vehicle, Surplus is notified.
4. If Reach Up elects NOT to purchase the vehicle(s), Fleet will post the vehicle(s) for sale to the public.
5. BGS Surplus Property
 - a. Is notified of the vehicles to be purchased
 - b. Issues the invoice
 - i. 90% of the proceeds is returned to Fleet | 10% is retained by Surplus
 - ii. The Fleet proceeds are applied to the future replacement of the state fleet.
 - iii. The established fleet lease rates are calculated using that expected residual.
 - c. Handles the transfer of title
6. Memorandum of Understanding (MOU)
 - a. An MOU was created to clarify the transfer of funds for DCF/Reach Up.

Fleet Management Services

- Assessed the retail book value for each of the vehicles available for sale -- the condition is assessed as “average”
- Performed a two-year (2019 and 2020) assessment of average sale price compared to the book value
- Determined the average sale price was 76% of the book value.



- The list of vehicles offered to Reach Up reflects (1) the book value and (2) the price (75% of book value) that is offered.
- The price is NOT negotiable.

BACKGROUND

Three Government Business Services programs sell state vehicles – the systems are in place to ensure the sales process is fair and transparent and to provide the highest return on investment to the programs.

1. **Fleet Management Services (FMS)** – Sells only the surplus vehicles from the FMS program –
2. <https://bgs.vermont.gov/gbs/fleet/for-sale>
 - a. Fleet Process: Publicly advertised a non-negotiable price on Craigslist and systematically lower the price until it reaches a specific percentage of book value. If it does not sell at the lowest advertised price, it is listed through the online auction.
2. **State Surplus Property** – sells surplus vehicles for the rest of state government - <https://bgs.vermont.gov/gbs/surplus/state>
 - a. Vehicles are sold through Auctions International Online and at the Annual Spring Auction.
3. **Federal Surplus Property** – This program acquires and distributes surplus property from various military and federal sources. Public entities (towns, schools, districts, volunteer fire departments, etc.) and non-profit organizations conducting educational and health care programs may apply for eligibility. This property is not available to the general public. There is a GSA website where eligible donees can search for available property. Generally, the only cost is the cost to transport the property.

COVID Interruption of Vehicle Sales

The sales of all state used vehicles – through both the Fleet Management Services and the Surplus Property programs – was suspended in mid-November of 2020 in compliance with the Governor’s executive order that restricted access to Vermont by out of state visitors. In order to realize the highest return on the state’s investment, it is important to offer these vehicles to both Vermonters and out-of-state buyers. Once that executive order was rescinded, and in consideration for the available staffing resources, the vehicles have been offered primarily for sale through the online auction vendor (Auctions International).

Legislative Language – Links To

The guiding legislation relative to two of the Government Business Services programs – Fleet Management Services and State Surplus Property – is as follows:

1. Fleet Management Services is expected to sell all vehicles – the proceeds of the sale are applied to state fleet vehicle replacements. <https://legislature.vermont.gov/statutes/section/03/009/00217>
2. Surplus Property – can donate, at no charge, surplus motor vehicles and related equipment, to any nonprofit entity engaged in rehabilitating and redistributing motor vehicles to Vermont residents with low income, **provided that the Commissioner has first attempted to sell or satisfy the needs of the State for the vehicles or equipment concerned.** <https://legislature.vermont.gov/statutes/fullchapter/29/059>