

Meeting Minutes
Utah State Privatization Policy Board

Wednesday July 28, 2010 10:00 a.m. State Capitol, Room 450 Salt Lake City, Utah

Attendees

Randy Simmons, Curtis McCarthy, James Kesler, Steven Dickson, Gary Nielsen, Steve Densley, Kerry Casaday, Representative Hunsaker, Steve White, Kent Beers, Paul Tonks

Excused

Senator Stephenson, Senator Goodfellow, Robin Riggs, Ted Boyer, Kim Jones, Tanya Henrie, David Osborn

Visitors

Sam Lee, Dan Martinez

Welcome and Introductions and Approval of Minutes

Randy Simmons, Chair conducted the meeting. Curtis McCarthy moved to approve the minutes with some minor corrections from the June 16, 2010 meeting. Kerry Casaday seconded. The Board voted unanimously to approve the minutes.

State Surplus Vehicle Sales – Chris Bruhn, Sam Lee, Dan Martinez

- Chris Bruhn gave the board a handout entitled Surplus Vehicle Sales and gave a presentation on surplus vehicles along with Sam Lee and Dan Martinez.
- Dan Martinez discussed how Surplus Property vehicles stay on the State Surplus lot for 90 days and go through other options before being sent to TNT Auctions. The contract with TNT is due to expire in the next 9 months and Surplus Property would like to have a multiple award contract. State Surplus currently uses NADA which is similar to Kelly Blue Book for vehicle pricing.
- Chris Bruhn's analysis was that Surplus Property is functioning very efficiently on the surplus lot. Private industry would keep those cars 30 days less. At 60 days they want to get rid of the cars as soon as possible. The problem is the 90 day wait period. Maybe a different option to look at is to hold those cars for 60 days at State Surplus and turning them over if you contract a larger company to market those vehicles more aggressively.
- Chris Bruhn mentioned that Brashers is very interested in bidding on an RFP. They could do it for a less percentage than is going to TNT. TNT takes 4%. Brashers would do it for 2% or 3%.
- Kent Beers said then the question was could we do better if we sent the vehicles to an auction house and that it looks like Surplus Property in the 90 days is doing a pretty good job.
- Sam Lee reported that cars are kept in the motor pool until they reach 105,000 miles, can be up to 12 years, diesel vehicles can go up to 15 years and 150,000 or 180,000 miles.
- Chris Bruhn feels it would be beneficial to pick up that multiple vendor contract and after that is established do a study on the gap between TNT, Braiser and/or Manheim. He recommends dropping the 90 days to 60 days and changing the discount structure. He feels the 105,000 miles might be too high. Used car vehicle dealers sell the cars between 50,000 and 80,000 miles.
- Kent Beers made a couple of points about the current contract TNT has with Surplus Property. The current contract was bid in June of 2006 and it will terminate in May of 2011. It was bid out for light duty vehicles, heavy duty equipment and miscellaneous

property. He also feels the best thing to do for the committee is to take a small sample of the Crown Victoria's and we could also discuss with the committee of testing this further.

- Steve Densley made a recommendation that we do a motion to recommend two things. One to get a comparison of what the Crown Victoria's were selling for through State Surplus compared to what they were selling for at a private auction. Two send a sample of vehicles to private auction immediately rather than selling through the state and comparing like vehicles through the state sales.
- Kent Beers said that even though the comparison they have is 4 years old it is the only one we have. We can then recommend to the legislative committee that we need to test this further.
- Representative Hunsaker thinks that if we could have a recap of what has been discussed today would be very helpful but we may come back and if there is additional information that could be gathered.
- Randy Simmons said what we could do is distill what Chris has done and condense it, explaining the process, inserting the data we have on the Crown Victoria's and adding that Surplus Property is doing a really fine job. If the committee is interested in changing those rules then there would have to be some experiments done first.
- Steve Dickson also wanted to let the committee know of the limited staff.

Survey Results – Chris Bruhn

- Chris Bruhn gave the board a handout of updates on the surveys and gave and the board an explanation.
- Linda Hull from UDOT was at the meeting and needed clarification on how detailed her report should be and some guidance as UDOT is very complicated.
- Kent Beers explained that she only had to say whether these functions were inherently commercial or governmental and just to go with the broad based categories.

Next Meeting

August 25, 2010 at 10:00 a.m. in room 450 of the State Capitol