



SURPLUS PROPERTY PROGRAM



Sustainable Solutions for Oregon's Surplus Property



**“More than just a place that
sells excess items!”**

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March 24, 2009



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DAS
DEPARTMENT OF
ADMINISTRATIVE
SERVICES

Oregon Department of Administrative Services State and Federal Surplus Property Program



Programs and Services

- State and local government personal property reuse, public sale and recycling
- Federal donation, fixed price vehicle and excess property sales to government and nonprofit customers
- General Store open to the public 1 pm to 4 pm Monday through Friday
- Law Enforcement Support Office (LESO) program
- State and local government electronic waste (e-waste) management

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State and Federal Surplus Property Program

The Federal Surplus Property Program (Fund 4460):

- Annually transfers an average of \$6,000,000 worth (original federal acquisition value) federal surplus property to state agencies, local governments, and non-profit organizations. The program recovers costs of operation through service charges on items, which average 4% of the federal acquisition value. The federal General Services Administration auctions any unsold items the program acquired and gives the program 50% of the auction value.
- Oversees the US Department of Defense **Law Enforcement Support Office** program which allows state local law enforcement to obtain excess military items (1033 program) and purchase equipment and supplies off federal contracts (1122 program) The Surplus program manages the eligibility and compliance requirements for the program the which saves local law enforcement agencies in Oregon about \$200,000 per year.
- Administers the “Fixed Price” sale of federal vehicles to local government, state agency, and nonprofit customers. The program coordinates the sale of low mileage federal vehicle to customers for a small service charge.
- Acts under an agreement with the US General Services Administration to receive federal excess property. These items are sold to government, nonprofit and public auction customers.
- Provides low cost storage options to Legislative Council, Parks and Recreation, Fish and Wildlife and Marine Board for publications and other materials in our Property Distribution Center warehouse.

The State Surplus Property Program (Fund 4450):

- Provides a central distribution point for surplus, seized/recovered public property for state agencies and local governments using a variety of marketing methods, including online auctions, online catalogs, and store sales.
- Promotes and facilitates sustainable reuse of surplus items to state and local governments, qualified non-profit organizations and the public.
- Manages e-waste disposal program for use by state agencies, counties, and cities through a collaborative effort with the State Procurement Office Qualified Rehabilitation Facility Program and Garten Services Inc. Garten provides data sanitization, recycling and resale of usable e-waste through a state price agreement.

Fact: Gross sales for both programs combined average over \$20,000,000 for the last two biennia. With 16 FTE and 2 Limited Duration staff, Surplus Program employees generate an average of \$550,000 per person in gross sales each year; most is reimbursed back to our city, county, state agency, and federal agency customers.

Comparing 2008 to other companies:

Costco	\$943,000 gross revenue/employee
Surplus	\$534,000
Intel	\$447,000
Wal-Mart	\$195,000
Target	\$180,000

Program Core Mission and Expanded Services

Originally, the Surplus Program consisted of the Federal Donation Property and State Surplus Property programs. Over the last ten years, the program expanded its services to other federal agencies, state agencies outside executive authority and local governments.

The Federal program added sales of excess property and exchange sale property for several federal agencies such as Department of Interior, Army Corp of Engineers, Transportation Safety Administration, Bonneville Power Administration and a few other local federal agencies.

In 2000, the federal program took over the Law Enforcement Support Office (LESO) program from Oregon State Police. The US Department of Defense, who oversees LESO, required additional inventory oversight and decided Surplus was the logical agency to manage the program.

State Agencies, such as Legislative Council, Parks and Recreation, Fish and Wildlife and the Marine Board use the federal warehouse to store publications and other items

On the State program side, the main addition to program activities is the Intergovernmental Agreement customers. The program sells items for over 75 city, county, fire districts, and local law enforcement agencies.

Another expansion of the state program mission is the management of the state's electronic waste. This occurred gradually as surplus electronics, mainly computers and related items became recognized as a hazardous waste and a potential source for release of confidential state data.



In a collaborative effort involving State Procurement Office, Enterprise Information Strategy and Policy Division and many state agency stakeholders, the Surplus Program coordinated the implementation of a statewide policy for proper data sanitation and disposal of electronic waste (e-waste). The program also sells the used, working e-waste to public customers

Program Funding and Expenses

The program receives no direct funding from tax sources and is funded by commissions on sales conducted for government customers and service charges for items sold to government and nonprofit customers.

People we sell items

for:

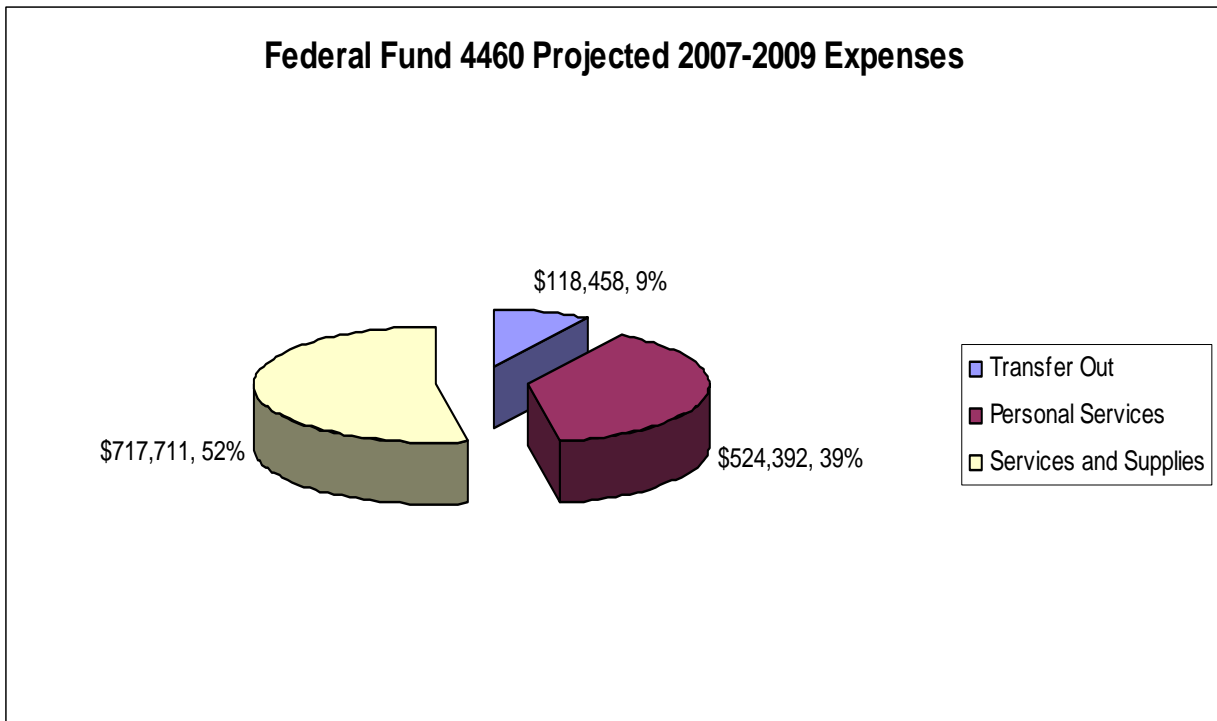
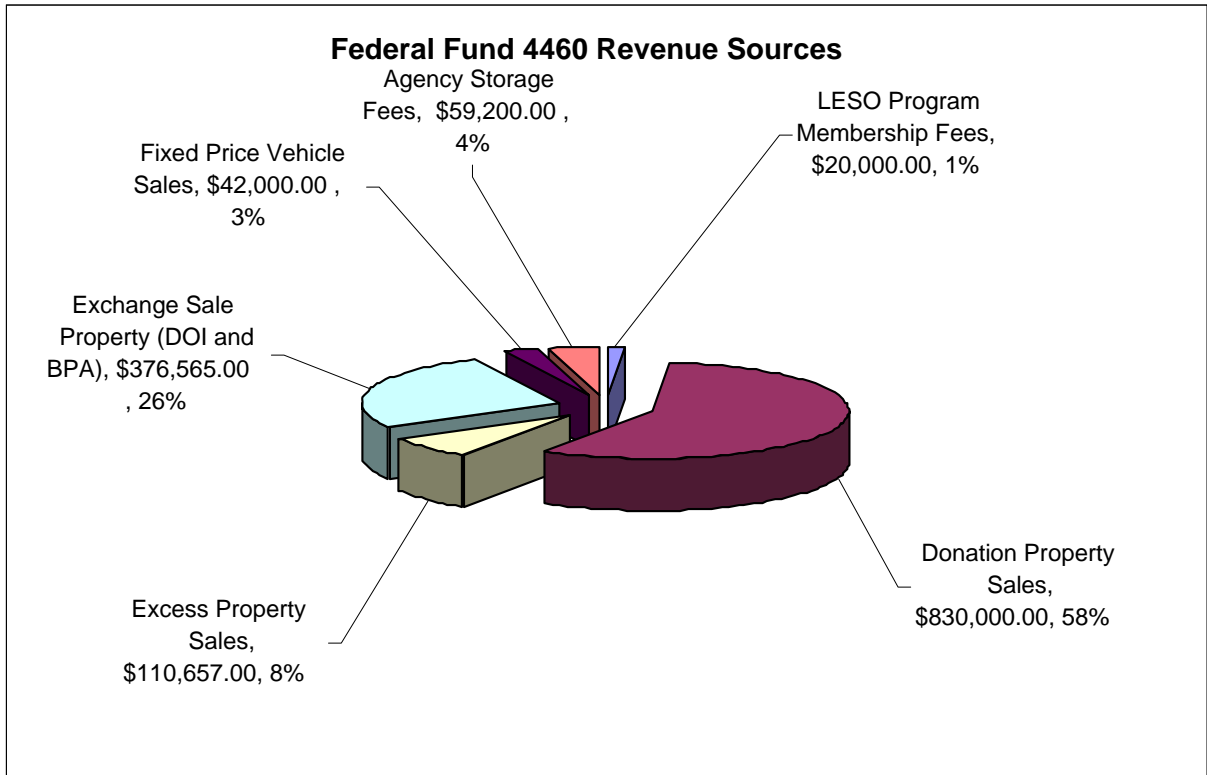
Type	Customers	Notes
State Agencies	90	Over last five years we returned \$15,492,000 to state agencies including Higher Ed, SAIF and Lottery
Counties, Cities	71	Includes central operations, law enforcement, fire districts, school districts, water districts, ports within the city of county. Over the last five years we returned just over \$6.4 million to this group
Federal Agencies	10	We sell excess and exchange classes of property for some federal agencies. Some of these items are sold to our other customers below

People that buy from

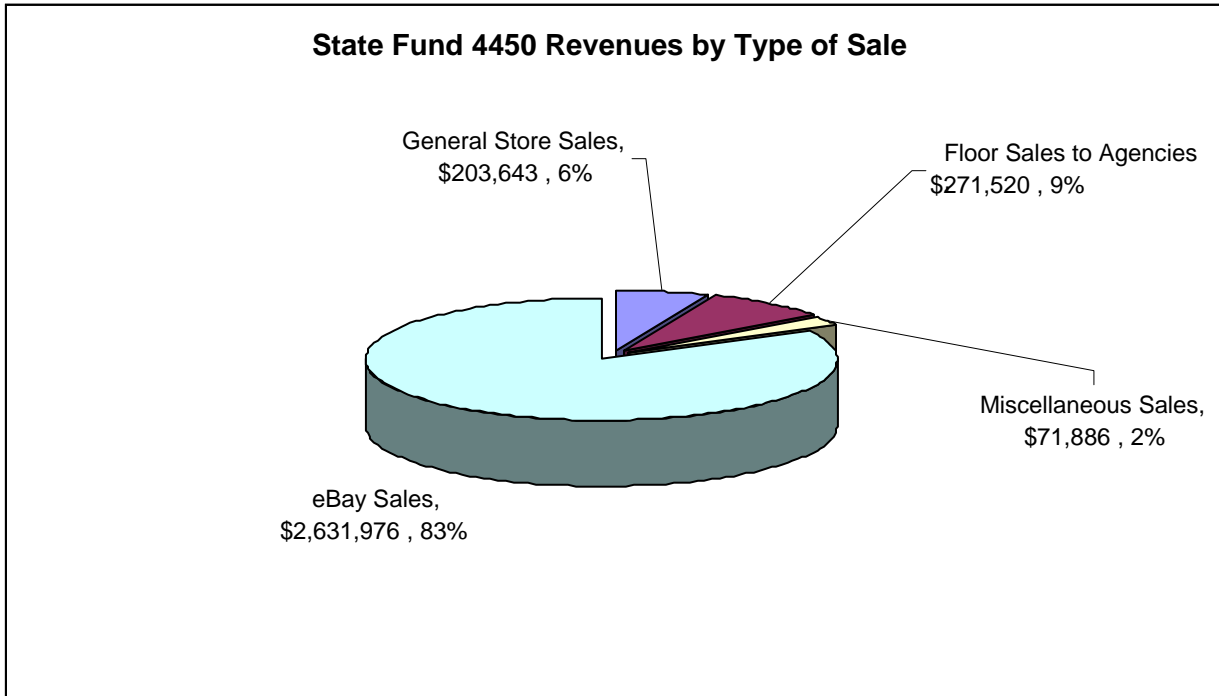
us:

State agencies	95	This includes agencies outside our authority that elect to use our services
Counties and Cities	560	This category is broken down to the individual unit of local government (i.e. City of Tualatin, Tualatin School District and Tualatin Fire district are listed separately because they are of different federal categories
Non-Profit Organizations	120	Includes Homeless Shelters, Foster Parents, Museums, Food Banks, Rural Volunteer Fire Depts., QRF's, Boy scout Troops, Charter Schools and more

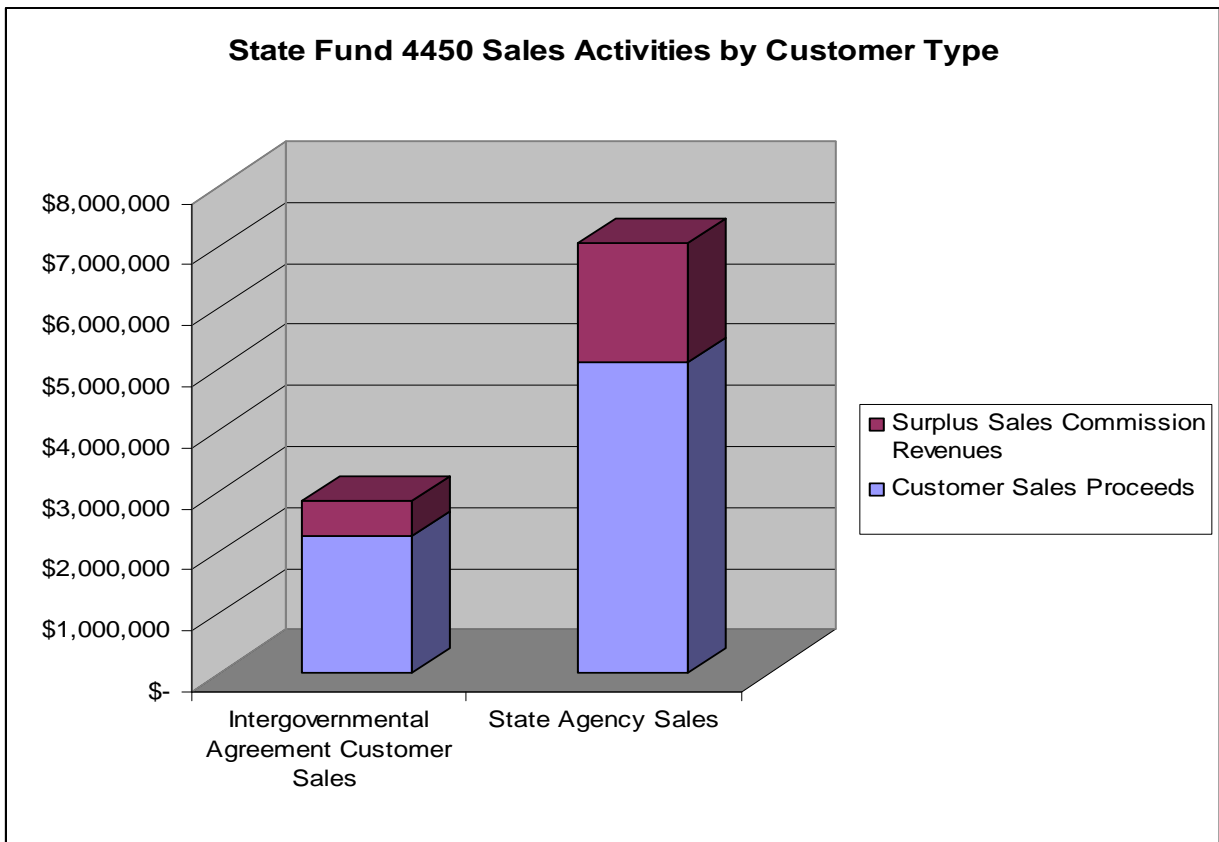
The charts below illustrate the revenue streams and expenses for the Federal Surplus program for the 2007-2009 biennium.



For the State program, eBay auction sales are the main source of revenue.

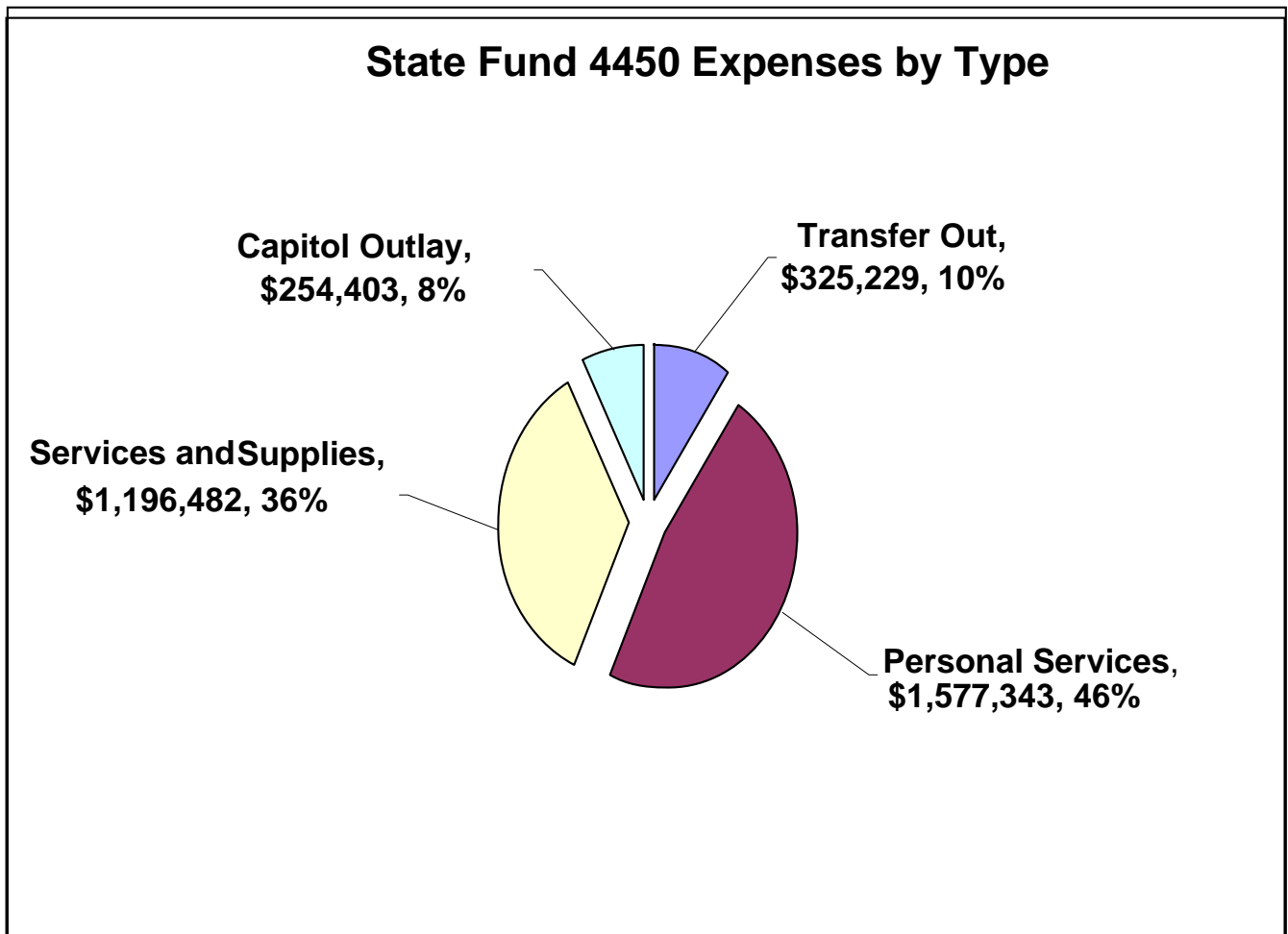


The bar graph below compares the 2007-2009 sales activity for state agency and intergovernmental agreement customers. The bars are split to show Surplus commission revenues from sales and how much is returned to our customers.



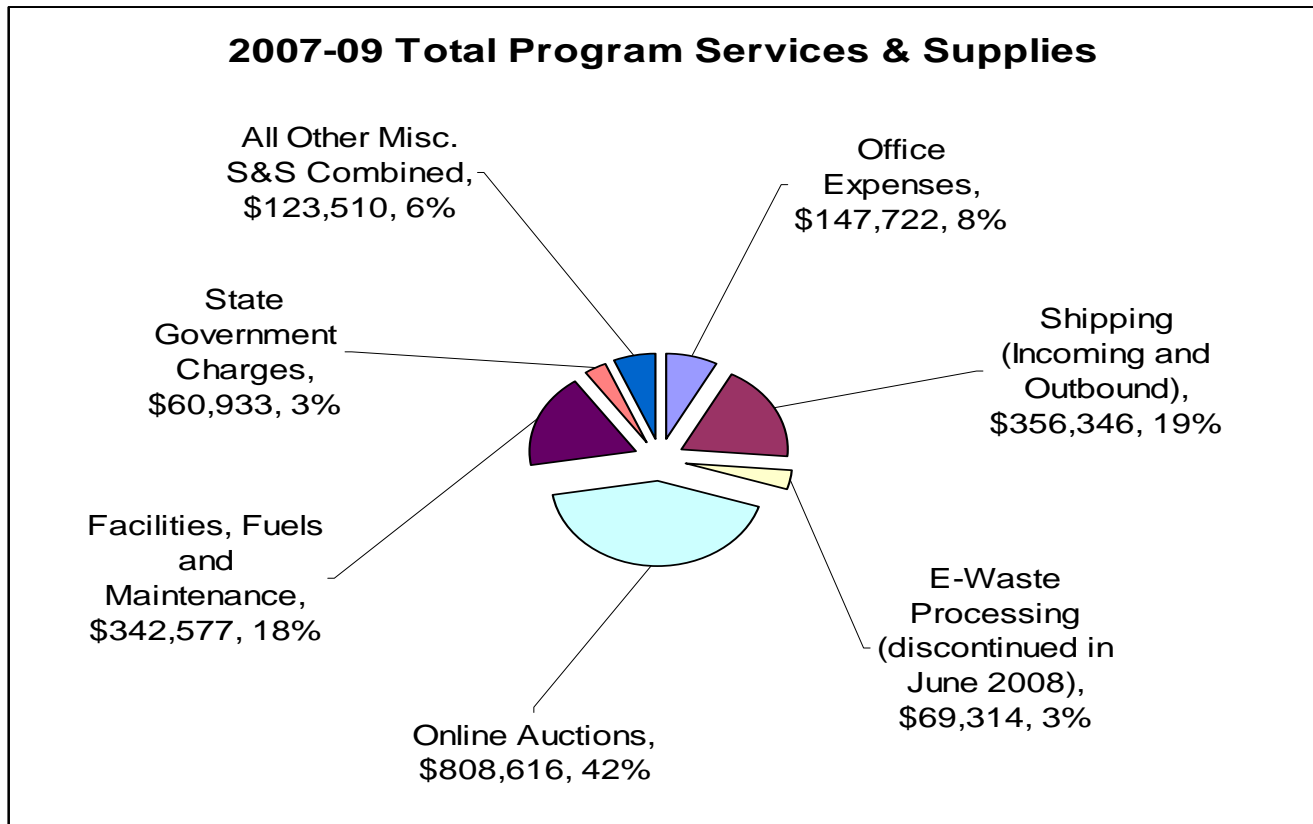
The state program focused on process improvements and lowering expenses over the 07-09 biennium and reduced its Services and Supplies expenditures by 10.8% from 2005-2007 levels. Surplus also invested in capital improvements this biennium to replace forklifts and our inventory database. These two items were deferred for over 5 years as the program recovered from the last economic downturn.

The graph below shows State program expenses for 2007-2009. Almost 28% (\$331,000) of the Services and Supplies expenses are for eBay fees the program absorbs as it conducts the online sales for its customers.



Both funds for the program incur many expenses that are primarily associated with the services we provide. Online Auction Expenses, Incoming and Outgoing Freight and E-waste Processing are a few examples. Surplus passes very few of these expenses through directly to customers. Instead, the program gears its service charges, fees, and rates to cover these expenses.

The following chart shows Services & Supplies and Capital Outlay expenses for both funds (4450 and 4460) broken down into the major categories where we incur costs conducting consolidated services for our customers.



Because Surplus has historically tied its rates to a commission percentage of sales for state surplus customers, the funding for the program is highly susceptible to swings in the economy and unpredictable changes in incoming property from agency customers.

During calendar year 2008, the state fund faced a \$1,000,000 drop in gross sales due to the effect of high gas prices on vehicle sales, the slide toward an economic recession and DAS Fleet retaining 48% more vehicles for agency use than previous years

One program strategic improvement initiative is examination of alternative funding mechanisms to stabilize program funding.

Program Accomplishments 2007 to Present

The following list provides a sample of the Surplus program's achievements over the last two years:

- Internet Payment Gateway. Project with e-Gov and EDS to allow customers to pay for items online with their credit card. Quicker, easier payment options for customers and simplified processing for us. The project was very complicated because of the need to interface with eBay.
- Addition of two Limited Duration Positions dedicated for eBay posting, filming and shipping. Faster, more accurate postings of items, more revenues and quicker shipping fulfillment. These positions also allowed other staff to focus on their regular duties.
- Started online "PX" catalog of items in our inventory. Allows agency, local government and non-profit customers to view items online rather than make physical trips to our facility.
- Completed project to simplify the Surplus accounting and budgeting structure. This project will allow the program to plan its business better and reduce workload for DAS Ops.
- Upgraded our PC's and Radios. Both were outdated. Allows staff to perform their work more efficiently. We can actually hear each other on our new radios.
- Initiated an Interstate Agreement with Washington to serve southern Washington local governments that Washington Surplus Property cannot. Gives more options to Oregon Surplus customers for property.
- Pursued and tabled electronic Property Disposition Request (e-PDR) project. The project would eliminate paper process and staff workload for us and our agency customers. However, the cost was more than projected. Many Systems examined for replacing our inventory database include e-PDR functions so the project was tabled until the replacement is complete. Surplus worked with an agency interest group and Saber Consulting at e-Gov for this project. The collaborative approach was new and rewarding for us.
- Procured a ride-on Floor Scrubber for the warehouse. This long awaited machine will help us reduce the amount of dust our staff and customers are exposed to.
- Completed changes to Surplus OAR 125-0050. The changes update the rule to current business practices and give our public customers more options for conflict resolution. This was a learning experience for Surplus since none of the current staff had experience in rule writing. Mary Unger was our instructor and we learned a great deal.
- Rearranged State side warehouse. This allowed customers to more easily find items they wished to inspect and bid on.
- Developed a shared calendar in Outlook for staff leave requests. Allows staff to submit request, managers to approve and the time is posted for all staff to see when their co-workers are absent. Staff cannot see reason for absence. Murray McNeil collaborated with TSC to set this up.

- Developed shared scheduling calendar for incoming shipments and pickups. Allows all staff to view activity.
- Increased our training opportunities and arranged job rotation for development. This enhanced staff expertise and the range of staff able to perform tasks.
- Presented at Conferences to increase our visibility and educate people about the services and goods we provide.
- Worked with Capitol Facilities to manage the task of removing all the furnishings from the House and Senate offices for the remodel project. Some staff volunteered to work overtime to assist. Surplus collaborated with Dept of Corrections to stored trailers of items at their warehouse until they could be sold. We were able to move out the items in the timeframe established. We also publicized the sale of the items so interested people could obtain mementos from the Capitol.
- Vernonia Response. Staff pulled together and we were able to provide about three truckloads of food and supplies for the relief effort. Surplus supplied about 280,000 servings of food. Total cost for the items is under \$10,000 at this time. We continue to supply items for the recovery. This exercise offered many learning opportunities for what we can do and how we should do it.
- Direct transfers of items directly between customers. These are opportunities of timing usually. A good example is the 10,000 Oregon Grape plants we handled. Marion County had the plants, which were abandoned by a contractor who had leased some county land. We were planning how we were going to sell them when State Parks walked in the office. Parks said they could use them all. We put the two customers together and stayed out of the middle.
- Developed a better relationship with DMV. Marilyn Spencer has worked with DMV to establish a relationship. She can now go to their senior policy expert to get questions answered. Surplus sometimes faces different situations from the average car dealer.
- The Federal Law Enforcement Support Office (LESO) program administered through Surplus allows Law Enforcement entities to obtain Department of Defense surplus items and procure new items through federal contracts. In 2007, the LESO program saved just over \$300,000 for Oregon Law Enforcement offices.
- Surplus recycled 62,740 pounds of metal waste and over 360 cubic yards of wood waste in calendar year 2007.
- E-waste! In January 2006, the Surplus and SPO sponsored Sustainable Acquisition and Disposal of Electronic Equipment statewide policy was enacted. Surplus began charging a fee to customers to offset the cost of sustainable refurbishing, resale and recycling of e-waste. In February, 2007, we brought in an enclave from Garten Services to sort reusable e-waste from items for direct recycling. Despite our efforts, analysis showed we were still losing money on the deal. In June 2006, we began negotiation to contract with Garten services to move the processing of e-waste to their facility. This was collaboration between SPO, Surplus, the DAS Enterprise Security Office and Garten. The contract was signed early in December 2006. State agencies and local government customers in the Garten

service area can arrange pickups and drop-offs directly with Garten. Garten will securely clean or destroy data devices and responsibly recycle the items with no resale value. For now, Surplus will market the refurbished items from Garten. This effort has also helped to create jobs requiring technical skills for disabled individuals.

- Started online catalog with pictures for Federal Surplus Property Program inventory. Customers can view items online which cuts down on the need to travel to Surplus for onsite visits from agency, local government and non-profit customers. Increase in sales by volume is 14% since January with
- Gross sales paid through the E-Gov online credit card payment gateway is \$1,990,000 for the six-month period of June 2007 to January 2008. This is a 25% increase from the previous six month period of \$1,594,000 in online credit card payments
- Through Surplus, Aviation sold an airplane and hanger for more than expected. The \$176,000 will be used toward the purchase of a larger plane from Forestry, which better suits agency needs.
- Fully implemented new contract with Garten Services Inc. to handle pickup, processing, recycling secure data destruction and refurbishing of e-waste for an 8-county service area. Garten took in 157,000 pounds of e-waste through the contract. Approximately 56,000 pounds was refurbished and sold for reuse. The remainder was recycled. Another benefit is Garten hired several new employees with disabilities to work on e-waste processing.
- The program replaced four ten year old forklifts with new models. One feature added is called a fork spreader. This option allows the operator to position the forks without getting off the machine and manually moving them. This speeds customer service and reduces risk of injury from climbing down from the lift and moving the solid steel forks. The program will replace two additional lifts soon.
- The music department at Western Oregon University received a welcome boost when it purchased several instruments from the Oregon state government's surplus property program. Oregon obtained the instruments from military depots in Pennsylvania, Washington and California, including saxophones, trumpet, clarinets, snare drum, sousaphones, French horn and tuba.
- The Saturday Store event on August 4 was the best attended and highest grossing to date. Gross sales were \$22,018 for the six-hour sale. Surplus reimbursed \$14,355 of the sales to our local government, state agencies and Garten Services (for computer sales).
- Surplus worked cooperatively with DAS SPO to help them with web page and receiving payments for the Partner's in Public Procurement Conference.
- Worked with the Oregon State Hospital Replacement Project team to assist in the sale of four historical buildings on the OSH campus. These buildings were deemed removable by the City of Salem and by City building codes must be offered at auction prior to demolition.
- Gained one Volunteer through Easter Seals and one through Chemeketa's Occupational Skills Training Program.
- Sold 6 retired fire engines for the City of Salem. Four engines went to Charleston one to Sumner, and one to Klamath County Fire District

- Found a home for the taxidermy animals from Fish and Wildlife. The animals went to the Boy Scouts for display in one of their lodges.
- Acquired license plate covers with our Website and program information. Each car sold through surplus will carry advertising about where the buyer received the vehicle
- Sold a Drilling Rig with numerous accessories to Port of Morrow for \$25,000. The original federal acquisition value for the items is \$333,687.
- Ended a long-term pilot project to grant more leniency toward return of vehicles sold at auction with undisclosed problems. The Surplus Program reverted to a stricter, “sold as is with no warranties” stance due to the resultant increased costs and workload seen during the pilot project.
- Sold miscellaneous equipment and goods to North Santiam School District. Original federal acquisition value for the items is \$35,863. The district paid \$9,454 for the items, many of which were new.
- Coordinated transfer of OSH pallet shop to Sunrise Enterprises so they can expand their operation and hire more disabled clients. Sunrise paid a fee of \$5,000 for the equipment — based on the age of the equipment (now 20 to 40 years old), the additional cost of transport, and the relationship between the clients served by the Department of Human Services and Sunrise. The original purchase price of the equipment was \$315,000.
- Worked with OSP and Risk to provide an estimated value for OSP’s crashed Cessna 185. This enables Risk to settle the claim and for us to move forward with the sale of the wreckage. There are still many usable parts.
- The RFP to replace our inventory database was posted on ORPIN. This project will replace the failing database Surplus has used for almost 10 years. Along with the purchase of new forklifts, the database replacement is our only capital improvements for 2007-2009.
- Surplus collaborated with SDC to install a wireless network in our warehouse. This is in preparation for our database replacement and use of barcode readers. SDC installed a Wireless N band system to test this newer technology in preparation for when more wireless devices move to this format and SDC can use the Surplus warehouse as a proving ground. The system is backwards compatible with the current Wireless G commonly used.
- Obtained a fuel truck for Morrow County that allows them to fuel equipment scattered around the County rather than arrange to bring the equipment to fueling stations.
- Raised our average positive feedback score across our four eBay stores to 99.1% positive (99.4%, 99.2%, 99.1% and 98.6%). This achievement gained us some 5% and 20% discounts off our eBay fees for the months of November and December.
- Held our best attended Saturday Public Sale event ever in December of 2008. Surplus used a new advertising tool where a sticker was on the front page of the Statesman Journal to announce the sale. Although not all papers received the stickers as planned, we had large crowds of attendees, large volumes of phone inquiries and hits to our website.
- Implemented our new “state only eligibility” policy. Previously, all applicants needed to meet the federal requirements to obtain state and federal property. The new policy allows Surplus

to expand the types of non-profit organizations that can receive state surplus property. A marketing outreach to 3000 charitable organizations is planned for the near future

- Raised eBay detailed seller rating and gained discounts on our rates
- Improved credit card processing with Virtual Merchant on line credit card processing
- Addressed storage issues – able to absorb more property at each drop off for our government customers
- Created Power Point training guides for agency customers. This allows quick reference for customers on procedures and policies for property disposition
- Applied plain language guidelines to all new and revised documents
- Created better filming station and purchased better cameras. This increased the professional image of our items for sale. Despite the poor economy, we managed to raise the average price we received per item during 2008.

Original “What’s Up at DAS” article from December 2008:

“Surplus coordinates a new beginning from the end of an era

The Oregon State Hospital's pallet shop has employed patients for decades, providing both a form of therapy and work training. Today, however, the construction project for a new hospital has required the shutdown and removal of the pallet shop to make room for the new facility.

Steve Smith, Darren Kennedy and Brian King of the DAS Surplus Property program worked with OSH and Sunrise Enterprises of Roseburg to arrange the removal of the equipment from the site. Sunrise is a Qualified Rehabilitation Facility and plans to expand its pallet manufacture operation to create more job opportunities for people with disabilities.

Sunrise paid a fee of \$5,000 for the equipment — based on the age of the equipment (now 20 to 40 years old), the additional cost of transport, and the relationship between the clients served by the Department of Human Services and Sunrise. The original purchase price of the equipment was \$315,000

Surplus specializes in the continued use of state resources. Partnerships such as these allow an agency's original investment to carry on.”

Surplus 2009-11 Policy Option Package

Title: Surplus Staffing

The Reasoning

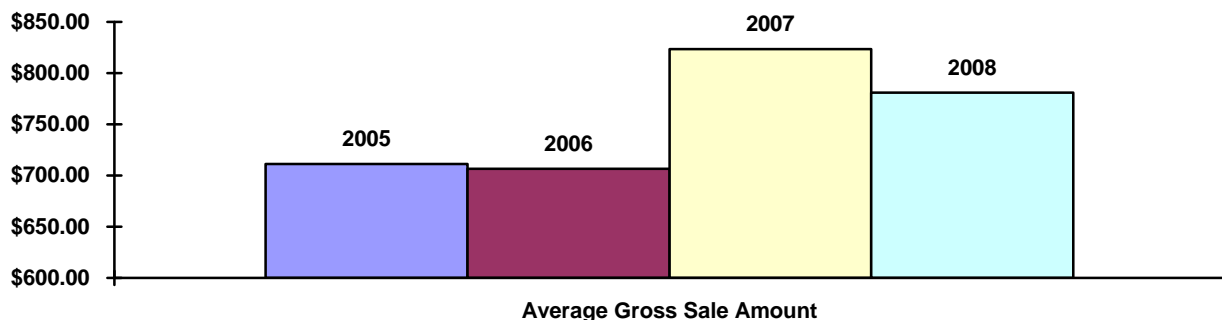
The Surplus program spread the duties for filming, describing, posting and shipping fulfillment for eBay auction items over five to six positions for several years. The staff processed items for eBay between their other assigned tasks, which, lead to inconsistent volumes, and quality for auction information. The program also became increasingly dependent on temporary and student employees, and overtime to keep up with demands for service.

Surplus added a dedicated position to post information on auction listings and another position to photograph police evidence property and to process shipments to customers. The goal was to see if dedication of staff resources improved sales revenues and increased the level of customer service.

Before and After

Surplus analyzed data from the two years before the two proposed position were established as limited durations and compared the effects on eBay sales.

- The average number of items sold decreased by 5.9% (see 2008 notes)
- The gross sales over the two year period increased \$1.2 million or an average increase of 6.6%
- The gross sale amount per items sold **increased** \$187 or an average of 13.2%



The 2008 Economy and the Effect on Sales

Customer retention of better quality vehicles, keeping vehicles to higher mileages before sale, high gas prices and a troubled economy all contributed to the drop in vehicle, and overall, sale revenues

- Possibly, due to fears over the loss of the federal timber payments, city and county customers turned in fewer items. From 2007 to 2008, Surplus experienced a 14.7% drop in volume and a 15.7% decrease in gross sales for items turned in by city and county (IGA aka Intergovernmental Agreement) customers.
- Because DAS Fleet experienced an unanticipated increase in agency vehicle requests, Fleet turned in 163 fewer vehicles in the 2008 calendar year. This represents a 50.1% drop in volume and a 54.7% (\$499,000) drop in gross sales compared to calendar year 2007.

The Bright Side

The addition of the Limited Duration positions helped Surplus increase the value of its services to city, county and state customers despite effects of the poor economy and helped Surplus raise its customer service levels.

- Despite the drop in gross revenue for 2008, Surplus raised the average gross sale amount and average price received per item for the two years the proposed positions are active (2007, 2008)
- Since the proposed positions were added, Surplus raised its average positive feedback scores on eBay from 97.65% positive in 2007 to 99.1% in 2008.
- Surplus also raised its Detailed Seller Rating (DSR) enough to gain discounted rates from eBay in November and December of 2008. The DSR's ask customers to rate Surplus on the accuracy of item descriptions, timely communication, speed of shipping and shipping and handling charge
- The enhanced duties of the Public Service Representative 3 to a 4 (reclass in PoP) allowed Surplus to implement an online catalog of federal surplus items. The site received about 20,000 visits since inception. This position also maintains an online list of federal fixed price vehicles available to the program's government customers.
- The Public Service Representative has provided additional customer support for custom shipping which helped raise our ratings for shipping time, cost and communication on eBay items.

Four Year Comparison of eBay Sales Showing Impact of Proposed Positions (State Agency and Intergovernmental Agreement Customers Only)

	# of Sales	Gross Sales	Gross \$/item
2005	13,384	\$ 9,517,501.00	\$ 711.11
2006	11,911	\$ 8,415,057.00	\$ 706.49
Positions added 1/2007			
2007	12,338	\$ 10,161,482.00	\$ 823.59
2008	11,468	\$ 8,955,072.00	\$ 780.87
Totals	49,101	\$ 37,049,112.00	

Average Gross Sales 2005 to 2006 =	\$8,966,279	
Average Gross Sales 2007 to 2008 =	\$9,558,277	6.6% Increase

Average Gross sale amount per item 2005 to 2006 =	\$709	
Average Gross sale amount per item 2007 to 2008 =	\$802	13.1% Increase

Original Policy Option Package Narrative

Department of Administrative Services Proposed 2009-11 Policy Package

Title: Surplus Staffing

Division: State Services Division

Description: This package is to ensure the State Surplus Property Program can continue to provide its agency, local government, non-profit and public customers with timely and high quality customer service.

Reviewed/Supported/Endorsed by: DAS Executive Team

Expected Outcome/Benefit: The State Surplus Program serves as a central point for the distribution of surplus personal property for more than 200 state agencies, local governments and schools. In addition, the program sells over 25,000 surplus items a biennium directly to the public through online auctions and direct sales. Surplus faced deep budget reductions five years ago and never replaced positions lost. As demand for services increased and business needs changed, duties were reassigned across five different positions and the program became increasingly dependent on temporary workers, student workers and overtime to keep up. Surplus also took on the unfunded duty of securely and responsibly processing the state's electronic waste. The request to make two limited duration positions permanent and the additional personal services limitation for a re-classification of a Public Service Representative 3 to a PSR 4 will allow the Surplus program to continue to provide an elevated level of service to its customers. Increased rate of property dispersal, faster response to agency requests, maintaining an online catalog of property available to agency customers and faster customer shipping fulfillment are dependent upon approval of the request

Performance Measure(s): Increased volume of items processed and the increases in revenue generated will be compared to prior periods.

Total Cost: \$268,157 **Fund Type:** Other

Positions/FTE Count: 2.5 **Position Type:** Permanent

Revenue: \$631,604 is the additional estimated revenue due to increased sales

Estimated 2009-11 Rate/Assessment – EBL	\$2,530,816.08
Proposed Policy Package Impact	\$268,157
Total with Policy Package	\$2,798,973.08
Percentage Change	9.6%

Surplus Property Program

Business Transformations

Surplus Mindset

The Surplus Program is in a constant state of improvement and actively seeks opportunity to change the way we do business by asking:

1. Why are we doing something in a particular way? “Because that’s the way we always done it” is not an acceptable answer for us!
2. Is there a better way?
3. Should we do it at all? Can someone else do it better?
4. Can we collaborate with another organization to perform the task better than either could do alone?

Another factor for our success is a willingness to experiment. The Surplus Program does not hesitate to try a new way. Even if the attempt is a failure or is not an overall improvement, the program continues to strive for excellence by trying again, and again, and again.

Past Transformations

- **Online Auctions:** Oregon was the first state to sell its surplus property through eBay with online auctions. This was a complete change from previous oral and sealed bid auctions. The program not only expanded its ability to market items to more customers across Oregon and the US, we saw significant increases in revenues to the program and the government customers we serve.
- **Intergovernmental Agreements:** As the program gained success selling state surplus online, other city, county, fire district, police agencies and federal agencies requested we sell items for them as well. The program developed agreements to bring the benefits of our services to other parts of state and federal Government
- **E-Waste Management:** Electronic waste (e-waste) took a rapid transformation path. Within three and a half years, the following evolution for e-waste processing took place:
 1. Surplus sold computers and other e-waste in lots like any other property
 2. Discovery of confidential data on surplused machines and designation of e-waste as hazardous waste
 3. Surplus contracted a vendor for data sanitization and testing of used equipment for resale
 4. The remaining e-waste was recycled by Surplus through another vendor
 5. Analysis revealed Surplus was not recovering cost of recycling and data sanitization through sales of used equipment.
 6. Surplus began charging state and local government agencies by the pound to accept e-waste
 7. Garten Services Inc., a Qualified Rehabilitation Facility, took over e-waste recycling, data sanitization and staging usable items for resale at their location. The statewide price agreement reduces the cost for e-waste processing for agencies and provides employment for people with disabilities

Present and Ongoing Transformations

- **State Only Eligibility:** Prior to this year, all recipients of state and federal surplus property were required to meet the federal eligibility criteria. The OAR for state surplus allowed the program to expand these criteria to receive state property. The program wrote a new policy that allows more nonprofit organizations and Oregon's Tribal Governments access to state property before items are sold to the public.
- **ODOT's Property in Remote Locations:** The program worked with ODOT to find ways to minimize or eliminate transport of low value items to Salem. This collaboration is still in development, but will find local outlets for items to reduce costs to ODOT to properly dispose of property.
- **Trucking:** Surplus and Publishing and Distribution are examining the possibility of combining staff and resources to cover trucking. PnD has a truck for delivery of larger, heavy loads of print documents: the need for this service has declined significantly. Surplus has a truck to pick up and deliver property. Surplus could acquire the PnD truck, reclassify the Surplus Driver to drive the truck with some of the Personal Service Limitation form the eliminated PnD driver , and Surplus will deliver any remaining loads for PnD as needed.
- **Policy Option Package:** Surplus added two Limited Duration positions to see if streamlined processing for online sales and shipping would increase revenues and customer service. The result is we raised the average price received per item, despite the poor economy and raised our positive feedback scores on eBay to 99.1%. Surplus raised its customer service ratings so high, we have started receiving discounts on our eBay rates.
- **Reuse of Miscellaneous Office Supplies:** Surplus and Oregon State Hospital Vocational Services are close to implementing a pilot program to recover new and good condition office supplies for reuse in state government. The goal is for state hospital patient workers to recover the usable items from larger lots of mixed items. This project will see if recovery of these items is cost effective and will teach new skills to patients.
- **Database Replacement Project:** Surplus is in process to award a contract for a new inventory database system. The existing system is 10 years old, no longer supported and unstable (occasionally forgets how to add!) The new system will:
 1. Eliminate antiquated paper forms agency customers must now type or hand write.
 2. Allow agency customers to actively search our inventory for needed items
 3. Customers can input wanted items and the system will notify them by email when such an item is received by Surplus
 4. Allow Surplus to migrate gradually to hosting its own online auctions. The program currently spends about \$500,000 per biennium on eBay fees. A staged project to our own auctions coupled with a marketing campaign will mitigate loss of revenue and public customers.

Future Transformations

The program is actively analyzing and engaging stakeholders about the following possibilities and opportunities:

- **Funding Structure Change:** Surplus rates are currently based on commissions on sales of items for state agency customers. The program reimburses agencies monthly for items sold. Surplus is analyzing the possible savings of accumulating sales revenue for each quarter, deducting operation costs for the quarter and reimbursing agencies from the remaining proceeds based on each agency's percentage of the total sales. This may decrease overall effort to account for the 10,000 sales per biennium for agencies and stabilize funding for the program.
- **Used Federal Vehicles for Fleet:** The federal fleet (most) replaces sedans at three years or 50,000 miles. Fleet and Surplus are analyzing if low mileage used federal vehicles is a cost effective option to buying new vehicles.
- **Transportation Bulletin Board:** Several State agencies, including ODOT and DOC, have facilities scattered across the state and need to truck items and supplies on a regular bases. Surplus will facilitate a meeting among these agencies to see if posting trucking schedules on a shared bulletin board or calendar will result on consolidated transportation for items and cost savings for the state. This may also help reduce greenhouse gas emissions for the state.
- **Wrecked Car Sales:** Surplus and Risk management will examine the possibility of moving low value wrecked cars, and those where fatalities occurred, directly to recycle rather than auction sale.
- **Systems Furniture:** Surplus, State Procurement Office, and DAS Facilities are in the early stages of examining the possibility of a vendor who could remove unneeded systems furniture for state agencies, sell used, refurbished systems to state agencies, and provide a source of parts for older systems. There is a possibility for reduced cost to the state and reduced reliance on newly manufactured items.
- **New Surplus Facility:** Long-range feasibility planning to move Surplus to a new, sustainably, green built facility next to Fleet. DAS owns property adjacent to fleet and locating Surplus at this location moves us closer to our major state agency customers (ODOT, Fleet, Lottery, Military, Forestry, Agriculture, etc) and gives better, more visible access for public customers. The goal is to build a showcase example of a green and sustainable building.

The following are bullets from our 2008 Year in Review Success Factors. These qualities keep the Surplus Program on a continual path for improvement

- Determination to follow through
- Ideas encouraged, everyone respects new ones
- Willingness to try new things
- Not stopped by fear of failure or obstacles
- Actively look for opportunities to improve
- Brainstorm practice in small teams
- Expectation of "We can be better"
- Leadership is encouraging (Brian)
- Customer perspective strongly held: All feedback matters
- Continuous examination of our processes
- Humor, even when things are stressful
- Coaches believe in us