



County of Santa Cruz

GENERAL SERVICES DEPARTMENT

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BOB WATSON, DIRECTOR

June 14, 2001

AGENDA: June 26, 2001

Board of Supervisors
COUNTY OF SANTA CRUZ
701 Ocean Street
Santa Cruz, CA 95060

SURPLUSING VEHICLES TO NON-PROFIT ORGANIZATIONS

Dear Members of the Board:

During the FY 2000-01 Budget Hearings, your Board directed the General Services Department to report back in January regarding the feasibility of making old Fleet vehicles available to non-profit agencies who could use them. In January and April, General Services requested an extension of the report-back date until today's agenda in order to continue researching the feasibility of this program. This report, which proposes a pilot program for surplussing vehicles to non-profit agencies, is the result of meetings and consultations between staff of the General Services Department, the County Administrative Office, the Human Resources Agency, the Auditor's Office, County Counsel and Risk Management.

Background:

Currently, vehicles from the General Services' and Public Works' fleets that are declared surplus by your Board are disposed of by Nationwide Auction Systems of Benecia, California. Nationwide is used to auction surplus vehicles by many cities, counties and other agencies in Northern California. Net proceeds from the sale of surplus vehicles are deposited into the appropriate Fleet Services or Public Works Fleet Internal Service Fund. These proceeds are used towards the purchase of replacement vehicles for the two fleets. The proceeds received by the County Fleet fluctuate based on the number and quality of the vehicles surplussed each year. County Fleet proceeds from surplus vehicle sales have averaged approximately \$32,000, ranging from a low of \$18,000 (FY 1999/00) to \$48,000 (FY 1997/98), over the last five years.

Vehicles that are recommended to be declared surplus property meet specific minimum guidelines for replacement that were previously adopted by your Board. These vehicles are generally in poor condition and/or have either high mileage, extensive service history, and/or structural damage. The majority of these vehicles have been fully depreciated or damaged beyond reuse

by the County.

Surplus Vehicles for Nonprofit Agencies

In consideration of your Board's request to explore the possibilities of surplussing vehicles to non-profit organizations, Fleet Services staff have determined that there may be from 5-10 vehicles per year that could be made available to non-profit agencies.

Staff from the Human Resources Agency indicate that there is a need in the non-profit community for used vehicles and support efforts to address this need. Although the Fleet replacement reserve would experience some loss, the reduction in funds is projected to be approximately \$5,000-\$10,000 annually. On the other hand, the outcome would provide community programs with an opportunity to enhance their services and such an endeavor is consistent with other initiatives that your Board has recently undertaken to strengthen Community Programs, including the Technology Enhancement Project and the Facility and Infrastructure Work Plan.

Program Guidelines

The following program guidelines have been developed in cooperation with HRA, County Counsel and Risk Management in order to establish a fair and equitable process for distribution of surplus vehicles to non-profits and to minimize any County risk and liability issues. Accounting and financing from various special districts in the Public Works fleet preclude its participation in this program at this time. It is recommended that only the County's general fleet be involved in surplussing vehicles to non-profit agencies at this time and that we evaluate the effectiveness of this effort before attempting to resolve issues affecting the Public Works fleet.

Currently, as fleet vehicles approach their replacement criteria, Fleet Services staff conduct a routine mechanical inspection in order to evaluate the condition of vehicles that are recommended for surplussing. Vehicles that are determined to be in unsatisfactory condition are recommended to be surplussed per the current procedures through Nationwide. Additionally, as part of the pilot program, those vehicles that are determined to be in fair and serviceable condition, but are no longer useful to the County, would be recommended for the new surplussing program for non-profit agencies.

Once a minimum number of vehicles are identified, non-profit agencies would be invited to apply for the vehicles. Applications will be screened by County staff with the assistance of the Human Care Alliance. The application process will consider each agency's need for a vehicle and their ability to maintain it.

Vehicles will be sold for \$1 .00 in order to establish a bonafide business transaction and avoid County liability. This is a process your Board has used in the past in donating surplus property to community agencies. In addition, agencies selected to receive a vehicle will be required to sign a sales agreement detailing program specifics in order to proceed with the sale (Attachment A). GSD Purchasing and Fleet staff will then process the necessary paperwork for the transfer of ownership to the non-profit agencies receiving vehicles.

Recommendations:

The General Services Department recommends that your Board approve the process outlined above as a pilot program for a one year trial basis and authorize the General Services Director to


implement it as described in this report. During the coming year, the program will be evaluated for its effectiveness in augmenting community program services and for the affect on the County fleet replacement reserve with a report to your Board next year at budget hearings.

It is therefore RECOMMENDED that your Board:

1. Accept and file this report on surplussing vehicles to non-profit community agencies;
2. Authorize the General Services Director to implement the program as described in this report; and
3. Direct the General Services Department to report back during the June, 2002 budget hearings with an evaluation of the program and recommendations as to whether it should be extended.

Sincerely,

RECOMMENDED:



BOB WATSON
Director



SUSAN A. MAURIELLO
County Administrative Officer

Attachment A - Sales Agreement

cc: Auditor-Controller
Public Works
Human Resources Agency
County Counsel
Risk Management

SALE AGREEMENT

This agreement is made and entered into this _____ day of _____, 2001, by and between the COUNTY OF SANTA CRUZ, hereinafter referred to as "County", and _____.

1. _____ hereby warrants that it is a non-profit corporation, organized and existing under the laws of the State of California, and that _____ is authorized to execute this agreement.
2. County hereby agrees to sell to _____ for the sum of one dollar and no cents (\$1.00), all its rights, title and interests in a motor vehicle more particularly described in Exhibit "A", which is attached hereto and incorporated herein by this reference. County agrees to sell the vehicle to _____ to assist in its continued provision of services to the public of Santa Cruz County.
3. _____ agrees that the vehicle shall be used exclusively for the provision of services to the public of Santa Cruz County.
4. The vehicle described herein is sold by the County "as is", and the County makes no warranty, claim or guarantee of any kind as to the condition of the vehicle.
5. _____ agrees that it shall pay any and all costs, fees, assessments and all other charges associated with the sale and transfer of the County's interest in the vehicle except those which are the legal obligation of the seller.
6. _____ hereby deposits the full purchase price of one dollar and no cents (\$1.00). The County will cause to be delivered to _____ evidence of ownership, properly executed by the County or an agent duly authorized by the County.
7. This agreement shall be binding on all parties, their heirs, successors and assigns, having any right, title or interest in the vehicle.

8. This agreement constitutes the entire understanding between the parties respecting the subject matter contained herein and supersedes any and all prior oral or written agreements regarding such subject matter. No waiver, modification or addition to the agreement shall be binding unless expressed in writing and signed by both parties.

IN WITNESS WHEREOF, this agreement has been executed as of the date first set forth above.

Dated: _____

COUNTY OF SANTA CRUZ

By _____

Dated: _____

(Name of non-profit)

By _____

Approved as to form:

Assistant County Counsel