



August 7, 2002

Metropolitan  
Transportation  
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**TO:** BOARD OF DIRECTORS

**THROUGH:** ROGER SNOBLE  
CHIEF EXECUTIVE OFFICER

**FROM:** JOHN B. CATOE, JR.  
DEPUTY CHIEF EXECUTIVE OFFICER

**SUBJECT:** DISPOSAL OF 118 SURPLUS / OBSOLETE BUSES

**ISSUE**

The MTA disposed of 118 surplus / obsolete transit buses for a total sale price of \$87,450.12. These buses were sold by web auction/sealed bid between December 13, 2001 and May 6, 2002.

**BACKGROUND**

Federal Transit Administration (FTA) guidelines allow for retirement of buses with over 500,000 miles or 12 years of service. With the introduction of new buses into the fleet during the past year, the MTA retired a considerable number of buses meeting these retirement criteria. Disposal of surplus / obsolete buses results in increased revenue and is consistent with established MTA policy regarding asset disposal which allows for disposal of surplus / obsolete buses by bid or auction.

Historically, the preferred alternative for disposal of surplus / obsolete transit buses has been through public auction due to higher monetary returns. However, the large number of buses being sold by the MTA and other transit properties in conjunction with diminished demand in recent years has resulted in reduced revenue from the sale of buses through public auction.

In an attempt to increase revenue from the sale of surplus / obsolete transit buses, the Procurement Department initiated alternative and innovative methods of selling this equipment in accordance with Board policy on the disposal of assets. Sealed bids for the sale of 118 buses resulted in the revenues of \$87,450.12.

## **NEXT STEPS**

The Procurement Department will sell the next group of surplus / obsolete buses by listing them on Internet sites and/or use auction sites in an effort to identify the sales method that results in the greatest monetary return.

In future dispositions of surplus/obsolete buses, the MTA will investigate the possibilities of transferring some of the buses to private or non-profit organizations, consistent with adopted MTA policy.

Details related to the sale are available upon request.

Prepared by:                      Hector Rojas  
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