

AASHTO Innovation Initiative

[Proposed] Nomination of Innovation Ready for Implementation

Sponsor

Nominations must be submitted by an AASHTO member DOT willing to help promote the innovation

1. Sponsoring DOT (State): Utah Department of Transportation

2. Name and Title: Charles A. Stormont – UDOT Director of Right of Way and Property Management

Organization: UDOT's Right of Way Division (Project Development Department) submitted with support from UDOT's Innovation & Implementation Team.

Street Address: 4501 South 2700 West

City: Salt Lake City

State: UT

Zip Code: 84114

Email: castormont@utah.gov

Phone: 385.226.8948

Fax: n/a

3. Is the sponsoring State DOT willing to promote this innovation to other states by participating on a Lead States Team supported by the AASHTO Innovation Initiative? ☒ Yes ☐ No

Innovation Description (10 points)

The term "innovation" may include processes, products, techniques, procedures, and practices.

4. Name of the innovation:

UDOT's Online Auction Platform (Surplus Property Disposal)

5. Please describe the innovation. Describe how this innovation transforms your existing “state of play.”

Through a traditional RFP procurement process, UDOT called for and has now implemented an online auction platform (<https://www.udotauctions.utah.gov/>) that has proven to be a fast, efficient, and transparent way to sell surplus real property. The platform also maximizes return on taxpayer investments. It combines traditional real estate concepts (e.g., marketing, site inspections, response to interested party inquiries, etc.) with an easy-to-access platform where interested buyers compete to purchase surplus property. Before the platform was launched, UDOT struggled to reach potential buyers and create market demand for surplus property sales because of limited resources and broad demands on the right-of-way team. UDOT held several “onsite” auctions in an attempt to solve this problem, but it did not work. Onsite auctions were inefficient and labor intensive, with the number of UDOT staff involved in the onsite auction frequently outnumbering the number of interested buyers that would participate. We had a marketing problem, where onsite auctions averaged sales of only one-third of listed properties. After learning this lesson, we explored options to fix the problem and decided to try something new: an online system. We prepared an RFP that called for critical needs to be addressed, and identified a partner to help us get there. UDOT’s online auction platform has proven to be a game-changer. It effectively addresses every hurdle associated with the before condition. It achieved the following outcomes that constitute a true paradigm shift away from the prior status quo: 1) no cost to UDOT to build and implement the online platform (including live iOS and Android Apps); 2) less than 90 days from conclusion of the procurement process to \$12.3MM in realized auction bids; 3) the process and system is completely scalable; 4) the first online auction of 10 properties received starting bids on every property listed within the opening hour, and a total of 167 bids from four states at the time of auction close; 5) of 27 listed properties so far, 26 received bids, providing potential return to UDOT of greater than \$20 million dollars in the first six months of the online auction’s operation; 6) UDOT set a new record for the revenue returned to the Transportation Fund from surplus property sales in the first fiscal year of the online auction’s operation, and is on track for an even better year as the auction efforts continue; 7) bidding regularly results in property sales at far greater than appraised value (in one case, a parcel sold for 303% of appraised value); 8) the online system creates significant transparency in the property sales process, which is critically important to any State agency (not only can almost anyone participate in the auction and follow it live, but all prior auction listings are archived on the site for transparent access); 9) the platform includes a convenient “opt-in” email notification creating situational awareness for all interested parties; 10) the platform is fully branded as a UDOT-specific product and reflects positive credit on leadership; 11) the process efficiently adds tens of millions into the Transportation Fund where those dollars are expertly managed to address the most significant safety and mobility issues across Utah’s entire highway ecosystem; 12) property sales immediately reduce public cost associated with maintaining vacant land and buildings; and property sales take property from a tax exempt State agency and return them to the county and municipal tax rolls, which is another win for all citizens in Utah; 13) recognizing our success, the State Legislature has tasked us with assisting another State agency by selling its surplus property. In short, we found a way to significantly increase our sales of surplus property while reducing the burden on staff, resulting in significantly more revenue that can be used to fund important safety and mobility issues across Utah.

6. If appropriate, please attach photographs, diagrams, or other images illustrating the appearance or functionality of the innovation (if electronic, please provide a separate file). Please list your attachments here. Attach photographs, diagrams, or other images here.

(A) Online Auction Launch Information Advisory. (B) Team photo (majority, but not entire team captured). (C) Marketing examples. (D) Results, including website printout of archived sales from auction website, printout of sale 19-024 (with 48 bids, sold at 303% of appraised value), and chart showing record year for surplus sales in FY2019.

7. Briefly describe the history of its development.

UDOT historically sold surplus property in an entirely reactive fashion, i.e., we would receive external inquiries about property and then determine whether it was surplus, and if it was, sell it for appraised value. In an effort to increase throughput, UDOT attempted to proactively identify surplus parcel and sell them via onsite auctions. UDOT's onsite auction model failed. After considerable review and consideration of why that model failed and whether a more traditional real estate brokerage firm could help, UDOT determined that it needed to try something new. While traditional brokerage houses offer many services, government agencies have a duty to act transparently. We also knew that we needed better marketing. After considering these issues, we settled on an on-line auction platform as the best approach. We prepared an RFP that was advertised nationally, and identified a partner who could build a successful platform without charge to UDOT for the build-out, and who partnered with a traditional brokerage firm to ensure prospective buyers had real people to work with on what were expected to be significant real estate transactions. While we went into the RFP process hoping for some measurable degree of improvement, it has far exceeded our expectations and proven to be an incredibly adept tool to address what used to be a significant challenge, but is now something we look forward to executing on a regular basis.

State of Development (40 points)

Innovations must be successfully deployed in at least one State DOT. The AII selection process will favor innovations that have advanced beyond the research stage, at least to the pilot deployment stage, and preferably into routine use.

8. How ready is this innovation for implementation in an operational environment? Please check of the following options. Please describe.

- ☐ Prototype is fully functional and yet to be piloted
- ☐ Prototype demonstrated successfully in a pilot environment
- ☐ Technology has been deployed multiple times in an operational environment
- ☒ Technology is ready for full-scale adoption

The online auction has successfully gone through two auction cycles in the first six months of 2019, with 27 properties listed, and 26 receiving bids. We have closed more than a dozen of the transactions, and the remaining are in process, and expected to close within 60 days. We are in the process of preparing the third auction, which may also include property from a sister State agency.

9. What additional development is necessary to enable routine deployment of the innovation? What resources—such as technical specifications, training materials, and user guides—are already available to assist with the deployment effort?

Routine deployment would require following a product development path similar to that already modeled by UDOT. The product platform interface is incredibly simple and intuitive. It includes self-contained materials relating to the process, and contact information for anyone needing additional assistance. Given that each state has different legal requirements, a legal review and slight modifications to terms and conditions may be needed, but would be easy to implement.

10. Has any other organization used this innovation? ☐ Yes ☒ No

If so, please list organization names and contacts. Please identify the source of this information.

Organization	Name	Phone	Email
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a

Potential Payoff (30 points)

Payoff is defined as the combination of broad applicability and significant benefit or advantage over other current practice (baseline).

11. How does the innovation meet customer or stakeholder needs in your State DOT or other organizations that have used it?

This product provides 24/7 customer access to properties being auctioned by UDOT. It creates program and process transparency relative to the very opaque before condition. It converts surplus property into tens of millions of dollars that are then transferred into the Transportation Fund, which translates into lives saved as these funds are ultimately used to build safer highway facilities. As mentioned, it also places the property back onto tax rolls, while also reducing maintenance-related carrying costs. In addition, these same funds help to improve mobility, which leads to a broad spectrum of additional positive externalities. Finally, through our success, we have been tasked to assist another State agency (the Utah Division of Facilities Construction and Management) with its surplus property sales, potentially relieving that agency of considerable costs and returning funds to it to serve its mission of assisting State entities in meeting their facility needs for the benefit of the public.

12. What type and scale of benefits have your DOT realized from using this innovation? Include cost savings, safety improvements, transportation efficiency or effectiveness, environmental benefits, or any other advantages over other existing baseline practice. Please identify the following benefit types:

Check boxes that apply	Benefit Types	Select a rating from the drop-down menu
<input checked="" type="checkbox"/>	Cost Savings	5-High
<input checked="" type="checkbox"/>	Shortened Project/Service Delivery Schedule	4-Moderate to High
<input checked="" type="checkbox"/>	Improved Customer Service	7-Exceptional
<input checked="" type="checkbox"/>	Improved Quality	7-Exceptional
<input checked="" type="checkbox"/>	Environmental Benefits	3-Moderate
<input checked="" type="checkbox"/>	Organizational Efficiency	5-High
<input checked="" type="checkbox"/>	Improved Safety	4-Moderate to High
<input checked="" type="checkbox"/>	Improved Operation Performance	5-High
<input checked="" type="checkbox"/>	Improved Asset Performance	5-High
<input type="checkbox"/>	Other (please describe)	Choose an item.

Provide an additional description, if necessary:

Please see section 5 above.

13. Please describe the potential extent of implementation in terms of geography, organization type (including other branches of government and private industry) and size, or other relevant factors. How broadly might the technology be deployed?

Given that this platform operates online, it has the potential to be used across the United States (and potentially internationally), by any governmental entity that needs to sell real property. We did face some mild opposition as our auction launched from the conventional real estate market because this was a disruptive new tool. But the efficiencies are undeniable, and through our marketing efforts, we have been able to gain support and participation from the conventional real estate market, so we do not believe this to be an obstacle since we were able to overcome it in very short order. In Utah, other State agencies are paying attention to this UDOT innovation. For example, Utah has just passed a state law to allow UDOT to sell property for another State agency that had process bottlenecks similar to UDOT's pre-auction before condition. This is a clear indicator of a winning innovation! That said, the particular model employed by UDOT could easily be transferrable to the majority of other State DOT's with active surplus property disposal programs. Our role is not to expand this model into the conventional real estate market, but such spillover possibilities are real.

Market Readiness (20 points)

The All selection process will favor innovations that can be adopted with a reasonable amount of effort and cost, commensurate with the payoff potential.

14. What specific actions would another organization need to take along each of the following dimensions to adopt this innovation?

Check boxes that apply	Dimensions	Please describe:
<input checked="" type="checkbox"/>	Gaining executive leadership support	Inform and make the business case.
<input type="checkbox"/>	Measuring performance (e.g. benefits documentation)	n/a
<input type="checkbox"/>	Improving technology understanding	n/a
<input type="checkbox"/>	Overcoming financial constraints	n/a
<input type="checkbox"/>	Addressing legal issues (if applicable) (e.g., liability and intellectual property)	n/a
<input checked="" type="checkbox"/>	Acquiring in-house expertise	Involve a qualified business analyst or project manager for implementation.
<input checked="" type="checkbox"/>	Resolving conflicts with existing regulations and standards	Screen to ensure there are no statutory prohibitions and set up the auction to ensure compliance with existing legal requirements.
<input type="checkbox"/>	Other Challenges	n/a

15. What is the estimated cost, effort, and length of time required to deploy the innovation in another organization?

Please describe: As mentioned, this product was designed, developed, deployed, and has produced multimillion dollar results in less 90 days from the notice to proceed on the contract. UDOT spent six months developing the RFP prior to that, but there was no preexisting model to borrow from. Other motivated state DOT's could half that RFP startup stage by following UDOT's now existing model. Development of the platform, together with associated marketing and launch, was cost free, and we pay only traditional real estate transaction costs on the properties sold.

Cost: \$0 upfront costs. Contract-based commissions schedule *if* a property sells at auction.

Level of Effort: Medium. 250-400 hours including project team, procurement, legal, & managerial oversight, but this would be reduced for anyone who takes a moment to review our model and RFP.

Time: <6 months with breathing room. Less if the team is motivated and able to follow the same formula as UDOT.

16. To what extent should the implementation of this innovation require the involvement of third parties, including vendors, contractors, and consultants? If so, please describe. List the type of expertise required for implementation.

UDOT's model includes partnering with an experienced real estate firm that, in turn, partnered with a high-level online auction platform. No consultants were hired to move the process on UDOT's side. Internal staff and counsel were able to work directly with the real estate firm and platform team to fully implement the program without any additional outside consultants.

[Exhibits appear on following pages]

(A) ONLINE AUCTION LAUNCH INFORMATION ADVISORY

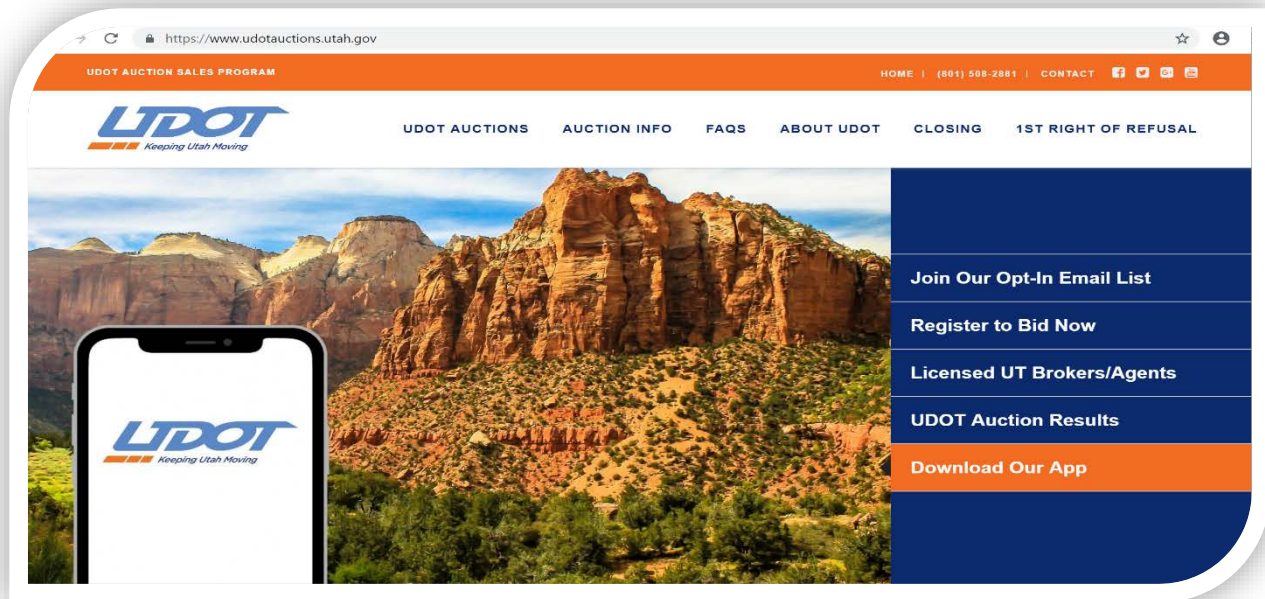


INFORMATIONAL ADVISORY

UDOT ONLINE AUCTION SALES PROGRAM

WHAT?

UDOT's *Central Right of Way Division* is excited to announce its new and innovative online auction sales website. This new auction site will streamline and accelerate the sale of real property declared surplus by UDOT.



WHEN?

The online auction site is available now. Interested parties are encouraged to sign up for opt-in email notifications. Prospective buyers, brokers, and agents are encouraged to register for bidding. The first properties eligible for sale will be advertised from 02/13/2019 through 03/12/2019. The accompanying auction runs for one week following this scheduled advertising window from 03/13/2019 through 03/20/2019.

HOW TO START?

Getting started is easy. Just click the link below and follow the links on the right side of the page.

www.udotauctions.utah.gov

ADDITIONAL DETAILS:

The new auction site delivers 24/7 access to UDOT auction-related information allowing interested parties to register for opt-in email notifications. It also allows real-time mobile platform bidding for qualified buyers via Android and iOS apps. For more information, please refer to the web address above. Email inquiries may also be directed to this email address: udotsurplusauctions@utah.gov.

(B) TEAM PHOTO & PRINCIPAL PARTICIPANTS



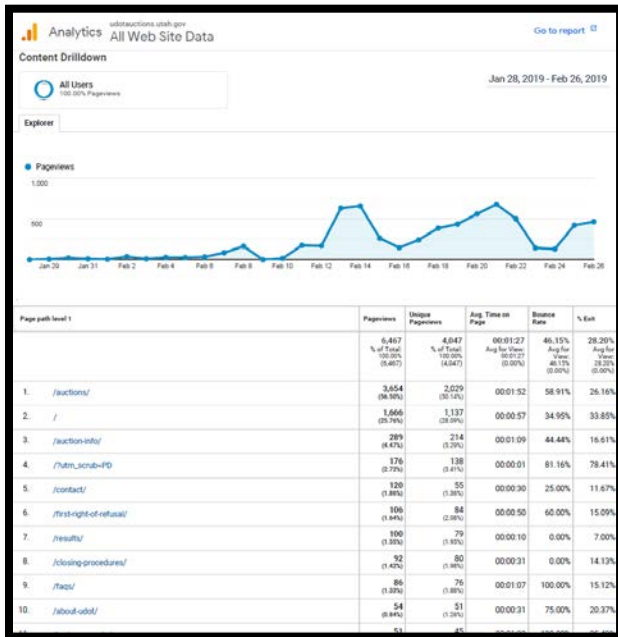
Front Row (left to right): Deryl Davis, Tia Shim, Mike Timothy. **Back Row (left to right):** Chet Barber, Lewis B. Fisher III, Rod McDaniels, Jim Palmer, Charles A. Stormont, Chris Meredith, Michelle Verucchi. **Team Members Not Photographed:** Taylor Morris, David Gilmore, Lyle McMillan, Gary Williams, Ladonna Haslem, Mark Parry, Kai Turner, Renee Spooner, Shirleen Hancock, Tiffany Nelson, Elizabeth Weight, John Gleason, Mat Allred, and Christine Brignac. **Additional Project Champions:** UDOT's Project Development Department, and Senior Leadership.

(C) MARKETING EXAMPLES

PHYSICAL SITE MARKETING EXAMPLES



VIRTUAL SPACE MARKETING



WEB ANALYTICS

An infographic titled "Tactic Mobile Geofence" by Punchdrunk. It explains "Location Based Targeting" and lists four benefits of mobile geofencing: targeting people in real time, engaging users via mobile apps/games/browsers, high engagement rates for mobile/tablet delivery, and complete control over targeting radius. An illustration of a smartphone with colorful geofence tags (FREE, 25%, 50%, SALE) is shown.

Tactic Mobile Geofence

Location Based Targeting

Mobile is the word at the tip of every digital marketers mouth. Mobile provides the first marketing avenue that a consumer can't live without, with the smartphone almost more of an appendage than a communication tool. Mobile Geofencing is taking advantage of that "must have" consumer behavior and placing direct messages to the smart phone user as they enter a specific area of your choosing. Put simply, when someone comes within a specific mile radius of your location, you tell them to stop in.

- Target people based on their location in real time.
- Engage someone by mobile app, game, or browser.
- Mobile and tablet delivery with high engagement rates.
- Complete control, target as close or far as you want.

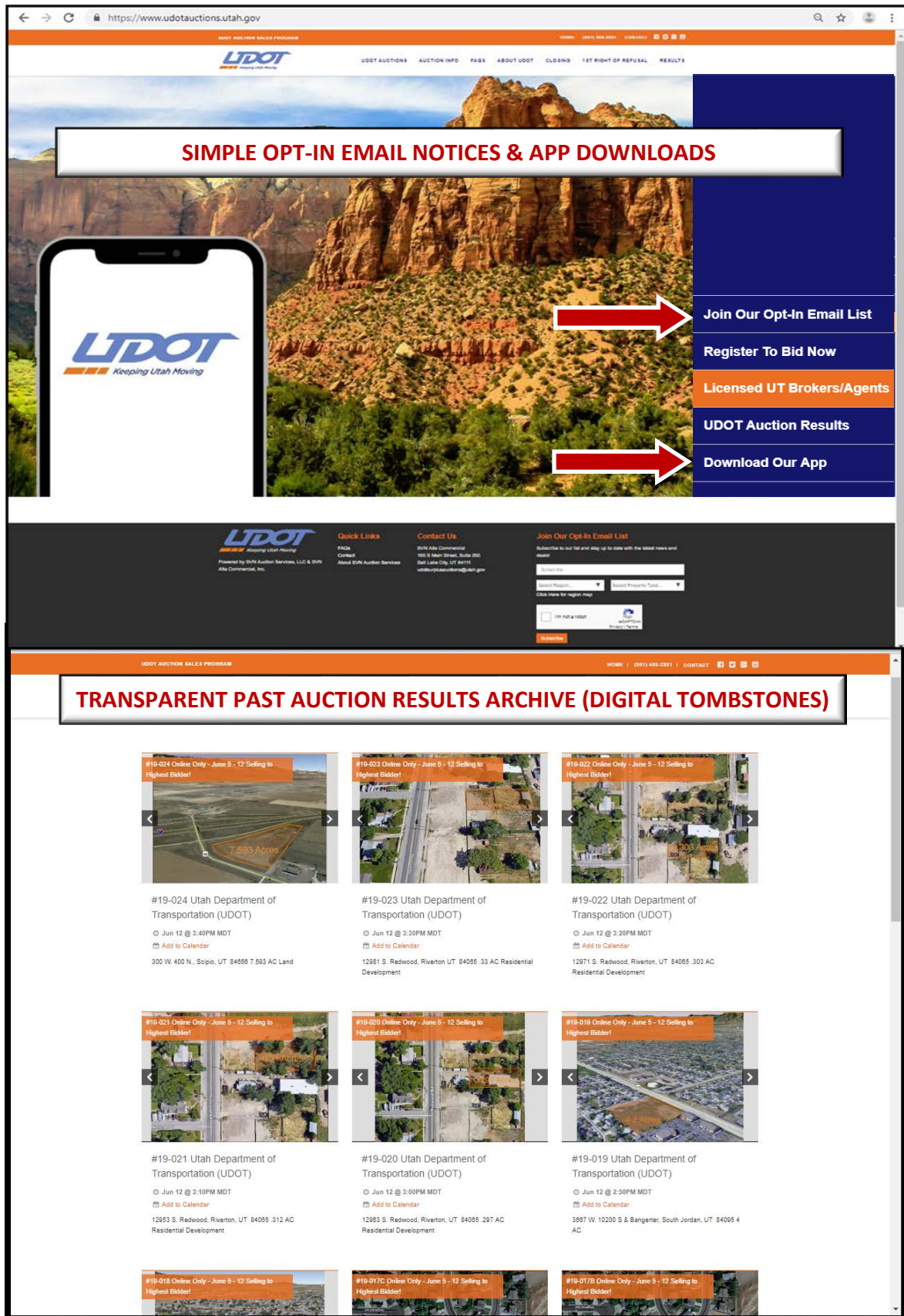
PUNCHDRUNK

GEO-FENCING


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(D)RESULTS

WEBSITE



< #19-024 Utah Department of Transportation (UDOT) UDOT Auctions >



#1: #19-024
 #19-024 - 300 W. 400 N., Scipio, UT 84656

Property Executive Summary Aerial Photo Valuation Title Commitment

Real Property Purchase Contract Joint Escrow Instructions Escrow

SOLD High bid [\$851,000]

Bids: 48 (reserve met)

This item is closed

48 BIDS = 303% ABOVE APPRAISED VALUE

RECORD SALES IN FY2019

