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## SENATE BILL NO. 1140

Offered January 14, 2009

Prefiled January 13, 2009

A *BILL to amend and reenact §§ 2.2-1130, 2.2-1131.1, 2.2-1136, 2.2-1137, 2.2-1146, 2.2-1153, 2.2-1154, 2.2-1156, 2.2-1157, 10.1-1122, and 36-139.1 of the Code of Virginia, relating to the Department of General Services; real estate management services.*

Patron—Petersen

Referred to Committee on General Laws and Technology

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 2.2-1130, 2.2-1131.1, 2.2-1136, 2.2-1137, 2.2-1146, 2.2-1153, 2.2-1154, 2.2-1156, 2.2-1157, 10.1-1122, and 36-139.1 of the Code of Virginia are amended and reenacted as follows:**

§ 2.2-1130. Care of Virginia War Memorial Carillon.

A. Notwithstanding the provisions of subsections B and C of § 2.2-1129, the Director of the Department and the City of Richmond shall enter into an agreement that would allow the City to permit the use of or access to the Virginia War Memorial Carillon for such short-term events as the City deems appropriate. The agreement (i) may allow the City to charge and collect a fee for such use and to retain any such fee, and (ii) shall require the City to provide a report by December 1 of each year to the Director of the Department, in a form approved by the Director, detailing (a) the funds collected by the City for use of the Carillon for the preceding year; (b) the funds made available to the City from all sources; and (c) the City's expenditures for upkeep, maintenance, and improvement of the facility.

B. Notwithstanding the provisions of subsection D of § 2.2-1156 or any other law to the contrary, the proceeds from the lease or other conveyance of an interest in the Virginia War Memorial Carillon by the Department shall be paid to the City to be applied with other City funds for the cost of upkeep, maintenance, and improvement of the Virginia War Memorial Carillon. The proceeds are hereby appropriated and shall be paid by the Comptroller to the City as soon as practicable after receipt by the Commonwealth.

C. All funds retained by the City or transferred to the City in accordance with this section and all fees collected by the City from use of or access to the Virginia War Memorial Carillon shall be paid into the City's treasury to the credit of a special fund that shall be used by the City solely for the upkeep, maintenance, and improvement of the Virginia War Memorial Carillon. Use of the special fund for any other purpose is prohibited.

D. Nothing in this section shall abrogate the obligations of the City of Richmond to provide for the upkeep and maintenance of the Carillon.

§ 2.2-1131.1. Establishment of performance standards for the use of property.

A. The ~~Division~~ Department shall establish performance standards for the acquisition, lease and disposition of property and for the management and utilization of such property at the individual agency and statewide levels to maximize the use of property for which it is held. For the purposes of this section "property" means the same as that term is defined in § 2.2-1147.

B. The head of each state agency or institution shall ensure that property assets held by the agency on behalf of the Commonwealth are managed in accordance with the standards set by the ~~Division~~ Department. State public institutions of higher education that have delegated authority to manage aspects of their real property usage and have signed a memorandum of understanding with the Secretary of Administration related to such delegated authority shall be deemed in compliance with the standards set by the ~~Division~~ Department as long as they abide by the terms of the memorandum of understanding. Standards established in accordance with the memorandum of understanding shall be reported to the ~~Division~~ Department by October 1 of each year.

C. The ~~Division~~ Department may take appropriate actions, including assuring compliance with the standards set by the ~~Division~~ Department and entering into leasing arrangements or other contracts, to ensure that asset usage by each state agency is proper and cost effective.

D. ~~By December 1, 2004, the Division shall submit a report to the Governor and the General Assembly on the performance standards established pursuant to subsection A. Thereafter, the Division shall prepare, no~~ No later than November 30 of each year, ~~reports the Department shall report to the Governor and the General Assembly on the implementation and effectiveness of this program.~~

§ 2.2-1136. Review of easements; maintenance of real property records.

A. The ~~Division~~ Department shall review all deeds, leases and contractual agreements with utilities to serve state institutions or agencies that require the approval of the Governor, as well as all easements

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59 and rights-of-way granted by institutions and agencies to public and private utilities.

60 B. The ~~Division~~ Department shall be responsible for the maintenance of real property records of all  
61 state institutions and agencies, except records of real property acquired by the Department of  
62 Transportation for the construction of highways, and may have such boundary, topographic and other  
63 maps prepared as may be necessary.

64 § 2.2-1137. Location, construction or lease of state consolidated office buildings.

65 Subject to the authority of the Virginia Public Buildings Board, the ~~Division~~ Department shall be  
66 responsible for the location and construction or lease of state consolidated office buildings at the seat of  
67 government and throughout the Commonwealth for joint use by state agencies, departments and  
68 institutions.

69 § 2.2-1146. Department may lease certain state property; approval of leases by Attorney General;  
70 disposition of rentals.

71 The ~~Division~~ Department, with the ~~prior~~ written approval of the Governor, may lease ~~property land,~~  
72 *buildings and any portions thereof* owned by the Commonwealth and ~~acquired for the development of~~  
73 *the state site plan for permanent state office buildings and related structures and facilities lying near the*  
74 *Capitol Square under the control of the Department, when such land, buildings, or portions thereof are*  
75 *in excess of current and foreseeable needs of the Department.* All such leases shall be ~~prepared~~ *executed*  
76 *in the name of the Commonwealth and shall be in a form approved by the Attorney General.* The leases  
77 may run for such time as ~~prescribed~~ *may be approved* by the Governor and shall be for appropriate  
78 rental. All rentals received shall be ~~paid into the general fund of the state treasury~~ *retained by the*  
79 *Department and used for paying the costs of entering and administering such leases and for off-setting*  
80 *the costs of maintaining and operating the facilities under control of the Department.* Notwithstanding  
81 *any law to the contrary or how title to the property was acquired, the deed or lessee shall be executed*  
82 *on behalf of the Commonwealth by the Director of the Department or his designee, and such action*  
83 *shall not create a cloud on the title to the property. The terms of the lease shall be subject to the*  
84 *written approval of the Governor or his designee.*

85 § 2.2-1153. State agencies and institutions to notify Department of property not used or required;  
86 criteria.

87 A. Whenever any department, agency or institution of state government possesses or has under its  
88 control state-owned *or leased* property that is not being used *to full capacity* or is not required for the  
89 programs of the department, agency or institution, it shall so notify the ~~Division~~ Department. *Such*  
90 *notification shall be in a form and manner prescribed by the Department.* Each department, agency and  
91 institution shall submit to the ~~Division~~ Department a land use plan for *state-owned* property it possesses  
92 or has under its control showing present and planned uses of such property. Such plan shall be approved  
93 by the cognizant board or governing body of the department, agency or institution holding title to or  
94 otherwise controlling the state-owned property or the agency head in the absence of a board or  
95 governing body, with a recommendation on whether any property should be declared surplus by the  
96 department, agency or institution. Development of such land use plans shall be based on guidelines  
97 promulgated by the ~~Division~~ Department. The guidelines shall provide that each land use plan shall be  
98 updated and copies provided to the ~~Division~~ Division by September 1 of each year. The ~~Division~~  
99 Department may exempt properties that are held and used for conservation purposes from the  
100 requirements of this section. The ~~Division~~ Department shall review the land use plans and determine  
101 whether the property or any portion thereof should be declared surplus to the needs of the  
102 Commonwealth. By October 1 of each year, the ~~Division~~ Department shall provide a report to the  
103 Chairmen of the House Appropriations and Senate Finance Committees setting forth the ~~Division's~~  
104 *Department's* findings, the sale or marketing of properties identified pursuant to this section, and  
105 recommending any actions that may be required by the Governor and the General Assembly to identify  
106 and dispose of property not being efficiently and effectively utilized.

107 Until permanent disposition of the property determined to be surplus is effected, the property shall  
108 continue to be maintained by the department, agency or institution possessing or controlling it, unless  
109 upon the recommendation of the Department, the Governor authorizes the transfer of the property to the  
110 possession or control of the Department. In this event, the department, agency or institution formerly  
111 possessing or controlling the property shall have no further interest in it.

112 B. The ~~Division~~ Department shall establish criteria for ascertaining whether property under the  
113 control of a department, agency or institution should be classified as "surplus" to its current or proposed  
114 needs. Such criteria shall provide that the cognizant board or governing body, if any, of the department,  
115 agency or institution holding the title to or otherwise controlling the state-owned property, or the agency  
116 head in the absence of a board or governing body, shall approve the designation of the property as  
117 surplus.

118 C. Notwithstanding the provisions of subsection A:

119 1. The property known as College Woods, which includes Lake Matoaka and is possessed and  
120 controlled by a college founded in 1693, regardless of whether such property has been declared surplus

pursuant to this section, shall not be transferred or disposed of without the approval of the board of visitors of such college by a two-thirds vote of all board members at a regularly scheduled board meeting. The General Assembly shall also approve the disposal or transfer.

2. Surplus real property valued at less than \$5 million that is possessed and controlled by a public institution of higher education may be sold by such institution, provided that (i) at least 45 days prior to executing a contract for the sale of such property, the institution gives written notification to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees; and (ii) the Governor may postpone the sale at any time up to 10 days prior to the proposed date of sale. Such sale may be effected by public auction, sealed bids, or by marketing through one or more Virginia licensed real estate brokers after satisfying the public notice provisions of subsection A of § 2.2-1156. The terms of all negotiations resulting in such sale shall be public information. The public institution of higher education may retain the proceeds from the sale of such property if the property was acquired by nongeneral funds. If the institution originally acquired the property through a mix of general and nongeneral funds, 50 percent of the proceeds shall be distributed to the institution and 50 percent shall be distributed to the State Park Conservation Resources Fund established under subsection A of § 10.1-202. The authority of a public institution of higher education to sell surplus real property described under this subdivision or to retain any proceeds from the sale of such property shall be subject to the institution meeting the conditions prescribed in subsection B of § 23-38.88 and § 23-38.112 (regardless of whether or not the institution has been granted any authority under Subchapter 3 (§ 23-38.91 et seq.) of Chapter 4.10 of Title 23).

§ 2.2-1154. State agencies, institutions, to inquire of Department before acquiring land for capital improvements.

A. Any state department, agency or institution shall, before purchasing or otherwise acquiring land for any capital improvement, inquire of the Department whether there is available any suitable land under the control of the ~~Division~~ Department or any other state department, agency or institution that may be authorized for the purpose for which the additional land is needed.

B. The Department shall require every state department, agency or institution responsible for the construction, operation or maintenance of public facilities within the Commonwealth, when siting state facilities and programs, to evaluate the feasibility of siting such facilities and programs in the Commonwealth's urban centers. In making such evaluation, the agency shall consider (i) the fiscal advantages of utilizing the existing infrastructure available in urban centers as compared to the construction of new infrastructure in less developed areas, (ii) the potential savings associated with leasing facilities from the private sector in urban centers as compared to purchasing or constructing new facilities in other areas, (iii) the convenience to employees and citizen users of state facilities and programs of placing such facilities and programs in close proximity to the road and transportation systems and other amenities found in the Commonwealth's urban centers, and (iv) whether the local governing body is supportive of the location as a desirable use of available land resources.

This subsection shall not be construed to limit the ability of a state department, agency or institution to locate facilities based on other factors such as a rural locality's desire to stimulate economic development or the need to have regionally dispersed services.

C. The provisions of subsection B shall not apply to any facility or program to be located on the campus of any public institution of higher education in Virginia.

§ 2.2-1156. Sale or lease of surplus property and excess building space.

~~Except~~ The Department shall identify real property assets that are surplus to the current and reasonably anticipated future needs of the Commonwealth and may dispose of surplus assets as provided in this section, except when a department, agency or institution notifies the Department of a need for property which has been declared surplus, and the Department finds that stated need to be valid and best satisfied by the use of the property; ~~the Department may dispose of the property as provided in this section.~~

A. After it determines the property to be surplus to the needs of the Commonwealth *and that such property should be sold*, the Department shall request the written opinion of the Secretary of Natural Resources as to whether the property ~~to be sold~~ is a significant component of the Commonwealth's natural or historic resources, and if so how those resources should be protected in the sale of the property. The Secretary of Natural Resources shall provide this review within 15 business days of receipt of full information from the Department. Within 120 days of receipt of the Secretary's review, the Department shall, with the prior written approval of the Governor, proceed to sell the property.

B. The sale shall be by public auction, or sealed bids, or by marketing through one or more real estate brokers licensed by the Commonwealth. Notice of the date, time and place of sale, if by public auction or sealed bids shall be given by advertisement in at least two newspapers published and having general circulation in the Commonwealth, at least one of which shall have general circulation in the county or city in which the property to be sold is located. At least thirty days shall elapse between

publication of the notice and the auction or the date on which sealed bids will be opened.

C. In instances where the appraised value of property proposed to be sold is determined to be a nominal amount or an amount insufficient to warrant statewide advertisement, but in no event in excess of \$50,000, the notice of sale may be placed in only one newspaper having general circulation in the county or city in which the property to be sold is located.

~~B-D.~~ The Department ~~shall have the right to~~ *may* reject any and all bids or offers when, in the opinion of the Department, the price is inadequate in relation to the value of the property, *the proposed terms are unacceptable*, or if a need has been found for the property. ~~If the Department deems the bid or offer fair and adequate in relation to the value of the property, and if no other need for the property has been found, the Department shall recommend acceptance of the bid or offer to the Governor for approval.~~

~~E.~~ In lieu of the sale of any such property, *or in the event the Department determines there is space within a building owned by the Commonwealth or any space leased by the Commonwealth in excess of current and reasonably anticipated needs*, the Department may, with the approval of the Governor, lease ~~it or~~ *sublease* such property or space to any responsible person, firm or corporation on such terms as ~~are fair and adequate in relation to the value of the property shall be approved by the Governor;~~ *provided, however the authority herein to sublease space leased by the Commonwealth shall be subject to the terms of the original lease.* The provisions of this section requiring disposition of property through the medium of sealed bids, public auction, or marketing through licensed real estate brokers shall not apply to any lease thereof, although such procedures may be followed in the discretion of the Department.

~~F.~~ The deed ~~or~~ , lease ~~to~~ , or *sublease* conveying the property *or excess space* shall be executed in the name of the Commonwealth and shall be in a form approved by the Attorney General. Notwithstanding any law to the contrary and notwithstanding how title to the property was acquired, the deed or lease may be executed on behalf of the Commonwealth by the Director of the Department or his designee, and such action shall not create a cloud on the title to the property. The terms of the sale ~~or~~ , lease, or *sublease* shall be subject to the written approval of the Governor.

~~G.~~ *G.* An exception to sale by sealed bids, public auction, or listing the property with a licensed real estate broker may be granted by the Governor if the property is landlocked and inaccessible from a public road or highway. In such cases, the Department shall notify all adjacent landowners of the Commonwealth's desire to dispose of the property. After the notice has been given, the Department may begin negotiations for the sale of the property with each interested adjacent landowner. The Department, with the approval of the Governor, may accept any offer which it deems to be fair and adequate consideration for the property. In all cases, the offer shall be the best offer made by any adjacent landowner. The terms of all negotiations shall be public information.

~~D-H.~~ Fifty percent of the proceeds from all sales or leases, or from the conveyance of any interest in property under the provisions of this article, above the costs of the transaction, which costs shall include fees or commissions, if any, negotiated with and paid to auctioneers or real estate brokers, shall be paid, subject to any contrary provisions of law, into the Conservation Resources Fund, so long as the sales or leases pertain to general fund agencies or the property involved was originally acquired through the general fund, except as provided in Chapter 180 of the Acts of Assembly of 1966. The remaining 50 percent of proceeds involving general fund sales or leases, less a pro rata share of any costs of the transactions, shall be deposited in the general fund of the state treasury. The Department of Planning and Budget shall develop guidelines which allow, with the approval of the Governor, any portion of the deposit in the general fund to be credited to the agency, department or institution having control of the property at the time it was determined surplus to the Commonwealth's needs. Any amounts so credited to an agency, department or institution may be used, upon appropriation, to supplement maintenance reserve funds or capital project appropriations, or for the acquisition, construction or improvement of real property or facilities. Net proceeds from sales or leases of special fund agency properties or property acquired through a gift for a specific purpose shall be retained by the agency or used in accordance with the original terms of the gift. *Notwithstanding the foregoing, income from leases or subleases above the cost of the transaction shall first be applied to rent under the original lease and to the cost of maintenance and operation of the property. The remaining funds shall be distributed as provided herein.*

~~E-I.~~ When the Department deems it to be in the best interests of the Commonwealth, it may, with the approval of the Governor, authorize the department, institution or agency in possession or control of the property to dispose of surplus property in accordance with the procedures set forth in this section.

§ 2.2-1157. Exploration for and extraction of minerals on state-owned uplands.

A. The Department of Mines, Minerals and Energy, in cooperation with the Division, shall develop, with the assistance of affected state agencies, departments, and institutions, a State Minerals Management Plan (the "Plan"). The Plan shall include provisions for the holding of public hearings and the public advertising for competitive bids or proposals for mineral exploration, leasing, and extraction

activities on state-owned uplands. Sales of mineral exploration permits and leases for these lands shall be administered by the Division, with the advice of the Department of Mines, Minerals and Energy.

B. Upon receiving the recommendation of both the Director of the Department of General Services and the Director of the Department of Mines, Minerals and Energy, the Governor shall determine whether the proposed mineral exploration, leasing, or extraction of minerals on state-owned uplands is in the public interest. No state-owned uplands shall be approved for mineral exploration, leasing, or extraction without a public hearing in the locality where the affected land or the greater portion thereof is located and a competitive bid or proposal process as described in the Plan. The provisions of this section shall not apply to the extraction of minerals on state-owned uplands pursuant to an oil or gas pooling order unless the well through which the extraction will occur is situated on such land.

For purposes of this section, "state-owned uplands" means lands owned by the Commonwealth that (i) lie landward of the mean low water mark in tidal areas or (ii) have an elevation above the average surface water level in nontidal areas.

C. The agencies, departments, or institutions proposing or receiving applications for mineral exploration, leasing or extraction on state-owned uplands shall, through their boards or commissions, recommend as specified in subsection B D of § 2.2-1156 all such activities to the Division following guidelines set forth in the Plan. The Division and the Department of Mines, Minerals and Energy shall review and recommend to the Governor such proposed activities. Such agencies, departments or institutions, through their boards or commissions, may execute the leases or contracts that have been approved by the Governor.

D. The proceeds from all such sales or leases above the costs of the sale to the Department of Mines, Minerals and Energy or to the agency, department or institution sponsoring the sale shall be paid into the general fund of the state treasury, so long as the sales or leases pertain to general fund agencies or the property involved was originally acquired through the general fund. Net proceeds from sales or leases of special-fund agency properties or property acquired through a gift shall be retained by such agency or institution or used in accordance with the original terms of the gift if so stated.

E. Mining, leasing, and extraction activities in state-owned submerged lands shall be authorized and administered by the Virginia Marine Resources Commission pursuant to § 28.2-100 et seq.

§ 10.1-1122. Management, harvesting, sale of timber on state-owned land.

A. The Department in cooperation with the Division of Engineering and Buildings shall develop a forest management plan for state-owned lands with the assistance of affected state agencies, departments and institutions.

B. Prior to the sale of timber from state-owned lands, the proposed sale shall be first approved by the Department and by the Division of Engineering and Buildings. The Department shall make or arrange for all sales so approved and shall deposit all proceeds to the credit of the Fund, except that when sales are made from timber on land held by special fund agencies or the Department of Military Affairs, or from timber on land which is gift property specified in subsection D H of § 2.2-1156, the Department shall deposit in the Fund only so much of the proceeds as are needed to defray the cost of the sale and to implement the forestry management plan on that particular tract of land. The remainder of the proceeds from such a sale shall then be paid over to the special fund agency concerned, the Department of Military Affairs, or the agency or institution holding the gift properties, to be used for the purposes of that agency, department, or institution.

§ 36-139.1. Sale of real property for housing demonstration projects.

The Director is authorized to sell surplus real property belonging to the Commonwealth which is placed under the control of the Department for the purpose of establishing owner-occupied residential housing demonstration projects, with the prior written approval of the Governor or his designee, who shall first consider the written recommendation of the Director of the Department of General Services. The methods, terms and conditions of sale shall be developed in cooperation with the Department of General Services. Any contract of sale or deed of conveyance shall be approved as to form by the Attorney General or one of his deputies or assistant attorneys general. The proceeds from all such sales shall be handled in the manner prescribed in subsection D H of § 2.2-1156.