

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act 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,*  
 3 *2.2-1156, 2.2-1157, 10.1-1122, and 36-139.1 of the Code of Virginia, relating to the Department of*  
 4 *General Services; real estate management services.*

[S 1140]

Approved

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

8 **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,**  
 9 **10.1-1122, and 36-139.1 of the Code of Virginia are amended and reenacted as follows:**

10 § 2.2-1130. Care of Virginia War Memorial Carillon.

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

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

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

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

32 § 2.2-1131.1. Establishment of performance standards for the use of property.

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

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

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

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

52 § 2.2-1136. Review of easements; maintenance of real property records.

53 A. The ~~Division~~ Department shall review all deeds, leases and contractual agreements with utilities to  
 54 serve state institutions or agencies that require the approval of the Governor, as well as all easements  
 55 and rights-of-way granted by institutions and agencies to public and private utilities.

56 B. The ~~Division~~ Department shall be responsible for the maintenance of real property records of all

57 state institutions and agencies, except records of real property acquired by the Department of  
 58 Transportation for the construction of highways, and may have such boundary, topographic and other  
 59 maps prepared as may be necessary.

60 § 2.2-1137. Location, construction or lease of state consolidated office buildings.

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

65 § 2.2-1146. Department may lease certain state property; approval of leases by Attorney General;  
 66 disposition of rentals.

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

81 § 2.2-1153. State agencies and institutions to notify Department of property not used or required;  
 82 criteria.

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

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

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

114 C. Notwithstanding the provisions of subsection A:

115 1. The property known as College Woods, which includes Lake Matoaka and is possessed and  
 116 controlled by a college founded in 1693, regardless of whether such property has been declared surplus  
 117 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.

179 C. In instances where the appraised value of property proposed to be sold is determined to be a  
 180 nominal amount or an amount insufficient to warrant statewide advertisement, but in no event in excess  
 181 of \$50,000 250,000, the notice of sale may be placed in only one newspaper having general circulation  
 182 in the county or city in which the property to be sold is located.

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

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

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

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

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

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

235 § 2.2-1157. Exploration for and extraction of minerals on state-owned uplands.

236 A. The Department of Mines, Minerals and Energy, in cooperation with the Division, shall develop,  
 237 with the assistance of affected state agencies, departments, and institutions, a State Minerals  
 238 Management Plan (the "Plan"). The Plan shall include provisions for the holding of public hearings and  
 239 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.