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SENATE BILL NO. 1257

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on February 17, 2011)

(Patron Prior to Substitute—Senator Vogel)

A *BILL to amend and reenact §§ 2.2-1136, 2.2-1153, and 2.2-1156 of the Code of Virginia, relating to the Department of General Services; sale of surplus real property; inventory of state-owned land.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-1136, 2.2-1153, and 2.2-1156 of the Code of Virginia are amended and reenacted as follows:

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

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

B. The Department shall be responsible for the maintenance of real property records of all state institutions and departments, agencies and institutions, except records of real property acquired by the Department of Transportation for the construction of highways, and may have such boundary, topographic and other maps prepared as may be necessary. *In addition, the Department shall develop the criteria for and conduct an inventory of all real property, as defined in § 2.2-1147, owned by state departments, agencies and institutions by January 1, 2012, and update the inventory at least annually thereafter. Such inventory shall be reviewed by the Department in developing recommendations pursuant to subsection A of § 2.2-1153. All state departments, agencies and institutions shall cooperate with the Department and provide such data and documents as may be required to develop and maintain the records and inventory required by this section.*

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

A. Whenever any department, agency or institution of state government possesses or has under its control state-owned or leased property that is not being used to full capacity or is not required for the programs of the department, agency or institution, it shall so notify the Department. Such notification shall be in a form and manner prescribed by the Department. Each department, agency and institution shall submit to the Department a land use plan for state-owned property it possesses or has under its control showing present and planned uses of such property. Such plan shall be approved by the cognizant board or governing body of the department, agency or institution holding title to or otherwise controlling the state-owned property or the agency head in the absence of a board or governing body, with a recommendation on whether any property should be declared surplus by the department, agency or institution. Development of such land use plans shall be based on guidelines promulgated by the Department. The guidelines shall provide that each land use plan shall be updated and copies provided to the Department by September 1 of each year. The Department may exempt properties that are held and used for conservation purposes from the requirements of this section. The Department shall review the land use plans, *the records and inventory required pursuant to subsection B of § 2.2-1136 and such other information as may be necessary* and determine whether the property or any portion thereof should be declared surplus to the needs of the Commonwealth. By October 1 of each year, the Department shall provide a report to the Chairmen of the House Appropriations and Senate Finance Committees setting forth the Department's findings, the sale or marketing of properties identified pursuant to this section, and recommending any actions that may be required by the Governor and the General Assembly to identify and dispose of property not being efficiently and effectively utilized. *The Department shall provide a listing of surplus properties on the Department's website. The description of surplus property shall include parcel identification consistent with national spatial data standards in addition to a street address.*

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

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

C. Notwithstanding the provisions of subsection A:

1. The property known as College Woods, which includes Lake Matoaka and is possessed and 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).

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

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.

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 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 \$250,000, 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.

D. The Department 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.

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 or sublease such property or space to any responsible person, firm or corporation on such terms as 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, lease, 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

122 action shall not create a cloud on the title to the property. The terms of the sale, lease, or sublease shall
123 be subject to the written approval of the Governor.

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

132 H. ~~Fifty~~ *Subject to any law to the contrary, 50 percent of the proceeds from all sales or leases, or*
133 *from the conveyance of any interest in property under the provisions of this article, above the costs of*
134 *the transaction, which costs shall include fees or commissions, if any, negotiated with and paid to*
135 *auctioneers or real estate brokers, shall be paid; subject to any contrary provisions of law, into the*
136 *Conservation Resources State Park Acquisition and Development Fund, so long as the sales or leases*
137 *pertain to general fund agencies or the property involved was originally acquired through the general*
138 *fund, except as provided in Chapter 180 of the Acts of Assembly of 1966. However, if such 50 percent*
139 *amount exceeds \$1 million, then that portion of the amount in excess of \$1 million shall be paid into the*
140 *Transportation Trust Fund.* The remaining 50 percent of proceeds involving general fund sales or leases,
141 less a pro rata share of any costs of the transactions, shall be deposited in the general fund of the state
142 treasury. The Department of Planning and Budget shall develop guidelines which allow, with the
143 approval of the Governor, any portion of the deposit in the general fund to be credited to the agency,
144 department or institution having control of the property at the time it was determined surplus to the
145 Commonwealth's needs. Any amounts so credited to an agency, department or institution may be used,
146 upon appropriation, to supplement maintenance reserve funds or capital project appropriations, or for the
147 acquisition, construction or improvement of real property or facilities. Net proceeds from sales or leases
148 of special fund agency properties or property acquired through a gift for a specific purpose shall be
149 retained by the agency or used in accordance with the original terms of the gift. Notwithstanding the
150 foregoing, income from leases or subleases above the cost of the transaction shall first be applied to rent
151 under the original lease and to the cost of maintenance and operation of the property. The remaining
152 funds shall be distributed as provided herein.

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