JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION
OF THE VIRGINIA GENERAL ASSEMBLY

Review of State-Owned Real Property

Senate Document No. 7 (1995 Session)

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Philip A. Leone

Preface

Item 15 from the 1993 Appropriation Act and Senate Joint Resolution 239, approved by the 1993 General Assembly, directed JLARC to examine the management of State-owned real property. This report inventories and estimates the market value of potentially surplus real property owned by the Commonwealth and makes recommendations for improving the State's real property recordkeeping and disposition of surplus real property.

The Commonwealth owns more than 730,000 acres of land and 10,000 buildings. JLARC staff identified approximately 7,100 acres of potentially surplus land and approximately 30 surplus buildings that are held by agencies and institutions of the Commonwealth. This potentially surplus real property has an estimated market value of more than $36 million.

The State's real property recordkeeping needs improvement. Real property records maintained by the Department of General Services contain numerous inaccuracies. In addition, the State maintains three databases of its real property assets; these databases create unnecessary duplication of effort for State agencies. The State also needs a method for recording the estimated market value of its most valuable real property assets so that the Commonwealth's policy makers can determine whether this real property is being optimally used or should be disposed of to generate revenue.

Improvements are also needed in the State's process for disposing of surplus real property. Under present State law, there is little potential for generating general fund revenue from the sale of surplus real properties. The State has no consistent policy regarding transfer of surplus real property to localities. Further, transfers of surplus real property among State agencies have been problematic. The report recommends modifications to State law to address these issues.

In general, State agencies have not been sufficiently proactive in identifying surplus real property. The report recommends that the Secretary of Administration develop recommendations for encouraging State agencies and institutions to identify their surplus real property assets. The report also recommends that the Secretary of Administration examine the relationship between institutions of higher education and their foundations in real property transfers and the disposition of funds from the sale of surplus real property.

This report was presented to the Commission on September 13, 1994. On September 16, 1994 the Governor created the Commission on the Conversion of State-owned Property to address many of the findings and recommendations made in the report.

On behalf of the JLARC staff, I would like to thank the Secretary of Administration, the Director and staff of the Department of General Services, and the Commissioner and staff of the Department of Taxation for their cooperation and assistance during the course of this review.

Philip A. Leone
Director

October 20, 1994

JLARC Report Summary

Review of State-Owned Real Property

October 1994

Joint Legislative Audit and Review Commission

The Commonwealth of Virginia owns approximately 730,000 acres of land -- the equivalent of the combined size of Loudoun, Prince William, and Stafford counties -- and more than 10,000 buildings. Most of this land is held for highway right-of-way, conservation, or forestry. Item 15 of the 1993 Appropriation Act and Senate Joint Resolution 239, approved by the 1993 General Assembly, directed the Joint Legislative Audit and Review Commission (JLARC) to (1) examine and make recommendations for improving the State's management of real property, and (2) identify potentially surplus real property and estimate the market value of this property. JLARC last reviewed the State's real property management in 1977.

Conclusions of the current study are:

- The Commonwealth holds approximately 7,100 acres of land and 30 buildings that may reasonably be declared surplus.
- Surplus real property held by agencies and institutions of the Commonwealth has an estimated market value of about $36.5 million.
- Most surplus buildings owned by the Commonwealth have limited alternative uses due to their poor condition and out-dated design.
- The State's process for disposing of surplus real property often experiences significant delays and is neither efficient nor effective.
- Real property records maintained by the Department of General Services' Bureau of Real Property Management contain a significant number of errors and overlap with databases maintained by the Division of Risk Management and the Department of Accounts.
- The State needs a system for recording the market value of significant real property assets to allow for a more proactive, business-like approach to real property asset management.

- The Secretay of Administration should examine the State's real property policies and make recommendations to the Governor and the General Assembly regarding (1) the appropriate relationship between institutions of higher education and higher education foundations in management of real property, and (2) the disposition of surplus properties that were donated or purchased with special funds that have no deed restrictions on their future use.

- The Secretary of Administration should also examine the advisability of revising (1) the *Code of Virginia*'s provisions for disposition of the proceeds from the sale of surplus real property, and (2) the *Code of Virginia* so that real property transferred by State agencies to other State agencies will revert to the control of the originating agency in the event the receiving agency does not need or does not fully utilize the transferred property. The Secretary of Administration should present the administration's proposals on these issues prior to the 1995 General Assembly.

Progress Has Been Slow in Declaring Real Property Surplus

Since JLARC last reviewed real property management in 1977, little progress has been made by State agencies in identifying additional surplus properties other than facilities which have been closed by State agencies. Nine properties identified in the 1977 JLARC report as surplus and which were deemed surplus during the current review have either not been disposed of or have not been declared surplus. The Department of General Services' (DGS) latest inventory of surplus real property contained eight properties, five of which had been identified as surplus by the 1977 JLARC report. State agencies need to be more proactive in identifying surplus real property.

JLARC staff conducted 68 site visits to State-owned properties and surveyed all executive branch agencies and institutions. As a result of this review, JLARC staff identified 25 additional surplus real properties that are not contained on the DGS inventory. Surplus real property identified during this review, with an estimated market value of approximately $36.5 million, is shown on the table on page III.

Real Property Records Are Unreliable

JLARC staff assessed the accuracy of the Bureau of Real Property Management's (BRPM) records by surveying State agencies and institutions and asking them to verify the accuracy of their holdings as reflected by BRPM records. JLARC staff identified a significant number of errors in BRPM's records of both land and buildings. The errors included missing tracts, listings of buildings or land no longer or never held by the agency, duplicate entries, incorrect acreage or building size, and failure to note properties that had been declared surplus. BRPM's director conceded in an interview with JLARC staff that BRPM's records are not very reliable.

Real Property Databases Overlap

There is overlap among three real property databases maintained by State agencies: (1) BRPM's real property management system, (2) the Division of Risk Management's Property Information System, and (3) the Department of Accounts' (DOA) Fixed Asset Accounting and Control System. These three systems create an unnecessary duplication of effort for State agencies holding real property. Since the first two systems are located within DGS, the department's management should assign a high priority to the consolidation of

Potentially Surplus Real Property Identified by JLARC Staff

Agency	Facility/Property	Estimated Acres	Estimated Value	On DGS Inventory?	Declared Surplus by Agency?
DMHMRSAS	Southeastern Virginia Training Center	28	$1,400,000	Partially	No
DMHMRSAS▲	Eastern State Hospital	97	1,045,000	Yes	No
DMHMRSAS▲	Western State Hospital/Dejarnette Center	177	2,626,000	Yes	Partially
DMHMRSAS▲	Central State Hospital	55	586,000	Partially	Partially
DMHMRSAS	Catawba Hospital	490	280,000	No	No
Youth and Family Services▲	Hanover Learning Center	1,650	❑	No	No
Youth and Family Services▲	Bon Air Learning Center	15	675,000	No	No
Corrections	Nansemond Field Unit	63	193,000	No	No
Corrections	Pinecrest Learning Center	20	200,000	Yes	Yes
Corrections	Haymarket Field Unit	39	225,800	No	No
Transportation	Rosedale Satellite Engineering Center	13	159,500	No	Yes
Transportation	Bowers Hill Area Headquarters	17	68,000	No	Yes
Transportation	Richmond District Headquarters	80	❑	No	Yes
Rehabilitative Services	Woodrow Wilson Rehabilitation Center	100	637,600	No	No
State Police	Culpeper Division Headquarters	15	39,000	No	No
Mines, Minerals, and Energy	Big Stone Gap Property	<1	110,000	No	Yes
Motor Vehicles	Virginia Beach Property	5	125,000	No	Yes
Motor Vehicles	Annandale Property	2	1,151,130	No	Yes
College of William and Mary	College Woods	500	❑	No	No
George Mason University▲	Woodland Acres	81	427,500	No	No
James Madison University	University Farm	31	45,100	No	No
Mary Washington College	Rowe Tract Two	35	520,700	No	No
Mary Washington College	Rowe Tract Three	44	653,300	No	No
Richard Bland College	Surrounding Property	575	❑	No	No
University of Virginia	Blue Ridge Hospital	157	2,626,000	No	No
University of Virginia▲	Milton Airport	172	775,000	No	No
University of Virginia	Vivarium	19	89,300	No	No
Va. Com. College System◆	Portsmouth Campus	241	10,000,000	Yes	Yes
Virginia Tech	Saltville Property	64	24,900	No	No
Virginia Tech	Winchester Station	11	1,076,100	No	Yes
Department of Education▲	Hampton School for the Deaf and Blind	20	1,455,000	No	Partially
Department of Education	Staunton School for the Deaf and Blind	19	183,000	No	No
Innovative Tech. Authority▲	Center for Innovative Technology	20	3,500,000	NA	No
Department of General Services	Elko Tract	2,272	5,680,100	No	No
TOTAL		7,127	$36,577,030		

❑ Selling not recommended due to wetlands, flooding, or lack of access.

✩This total shows estimated market value of surplus properties identified; selling any or all of these properties could take several years.

▲ Reviewed by the Department of Taxation.

◆ The Governor approved the transfer of this property to the VCCS Foundation in July 1994. This approval was rescinded by the Governor in October 1994.

Source: JLARC analysis of site visits, survey responses, and local tax records; reviews by Department of Taxation staff.

these systems. In addition, DGS and DOA should work together to improve the compatibility of their real property systems.

DGS should also develop a method for recording the market value of the State's most valuable real property assets. This would allow the State to practice more prudent asset management by determining whether the activities taking place on valuable properties are sufficiently compelling to justify the retention of these activities at the site. By determining the market value of potentially valuable properties, the State will be able to determine whether it may be more prudent to sell the property and relocate the present activity.

Disposition of Surplus Real Property Could Be Improved

Improvements are needed in the State's disposition of its surplus real property. JLARC staff identified numerous instances in which the State was unable to dispose of surplus real property in a timely manner. The General Assembly may wish to consider revising the *Code of Virginia* in order to expedite the sale of surplus real property assets by the Commonwealth and to generate general fund revenue from the sale of these assets. Suggested changes to State law include:

- allowing DGS greater discretion in the use of real estate brokers,
- developing a consistent policy for the transfer of State-owned real property to local jurisdictions, and
- requiring a reversion clause in all transfers of surplus real property from one agency to another so that the property will revert to the control of the originating agency if the property is subsequently declared surplus to the needs of the receiving agency.

Options for Disposing of Surplus Real Property

The State has several options for disposing of surplus real property. These include: (1) selling the property to generate revenue, (2) transferring selected properties deemed to be prudent investments by the Virginia Retirement System (VRS) to VRS in lieu of a cash contribution, and (3) alternative public uses. However, under current State law there is little potential for generating general fund revenue from surplus real properties identified in this report. The Governor and General Assembly may wish to consider recommendations made in this report in order to improve the potential for generating general fund revenue from surplus real properties.

Table of Contents

I. Introduction

JLARC's review of State-owned surplus real property was mandated by Item 15-E of the 1993 Appropriation Act and by Senate Joint Resolution (SJR) 239 in 1993. Item 15-E of the 1993 Appropriation Act directs JLARC to:

> prepare a report, including such recommendations as may seem appropriate, regarding state owned real property which has been declared surplus, which reasonably could be declared surplus, or which could be reused or adapted creatively for public purposes. All agencies and institutions shall cooperate fully in this review.

Senate Joint Resolution 239 also directs JLARC to study surplus State-owned real property. The resolution instructs JLARC to inventory, estimate the market value of, and make recommendations regarding State-owned real property.

The management of State-owned land was previously reviewed in the 1977 JLARC report Operational Review: Management of State-Owned Land in Virginia. This report follows up on findings from the previous report and discusses JLARC staff's current findings concerning the State's management of real property. Surplus real property holdings are identified and recommendations are made to improve the record-keeping and management of State-owned land.

OVERVIEW OF REAL PROPERTY MANAGEMENT IN VIRGINIA

As of February 1994, the Commonwealth of Virginia owned more than 730,000 acres of land. This amount of land is equivalent to the size of Loudoun, Prince William, and Stafford Counties combined. On this land, the State also owns more than 10,000 buildings. With few exceptions, all State-owned land and buildings are titled to the Commonwealth and held by individual State agencies or institutions. The five agencies with the largest land holdings are displayed in Table 1. These five agencies own 90 percent of all State-owned land.

Acquiring, managing, and disposing of State-owned real property is left to the State agency or institution holding each piece of land or building. However, the *Code of Virginia* requires the Governor to approve the acquisition, conveyance, and transfer of all State property. The Department of General Services (DGS) has the role of making recommendations on property transactions to the Governor. For this reason, oversight and coordination of State agencies' real property transactions are the responsibility of the Department of General Services, with some exceptions. For example, State law gives the Virginia Department of Transportation (VDOT) significant autonomy in its management of right-of-way land acquired for highway construction.

Table 1

Five Largest Landholding Agencies

Agency	Acreage
Department of Transportation	338,259*
Department of Game and Inland Fisheries	184,824
Department of Conservation and Recreation	66,522
Department of Forestry	49,600
Department of Corrections	19,513

* The Department of Transportation's acreage is the total of VDOT's actual maintenance facility acreage and an estimate of VDOT's right-of-way acreage. The right-of-way acreage is derived from a formula based on VDOT's linear road mileage.

Source: JLARC analysis of State Real Property Survey, April 1994 and interviews with Department of Transportation staff.

The State owns land for a variety of purposes. Some State-owned land is developed in support of functions such as transportation, education, mental health, and corrections. Other land is used for agriculture in corrections or to harvest natural resources such as in forestry. Some land is developed minimally in the interests of conservation and open space recreation.

Department of General Services' Responsibilities for Real Property Management

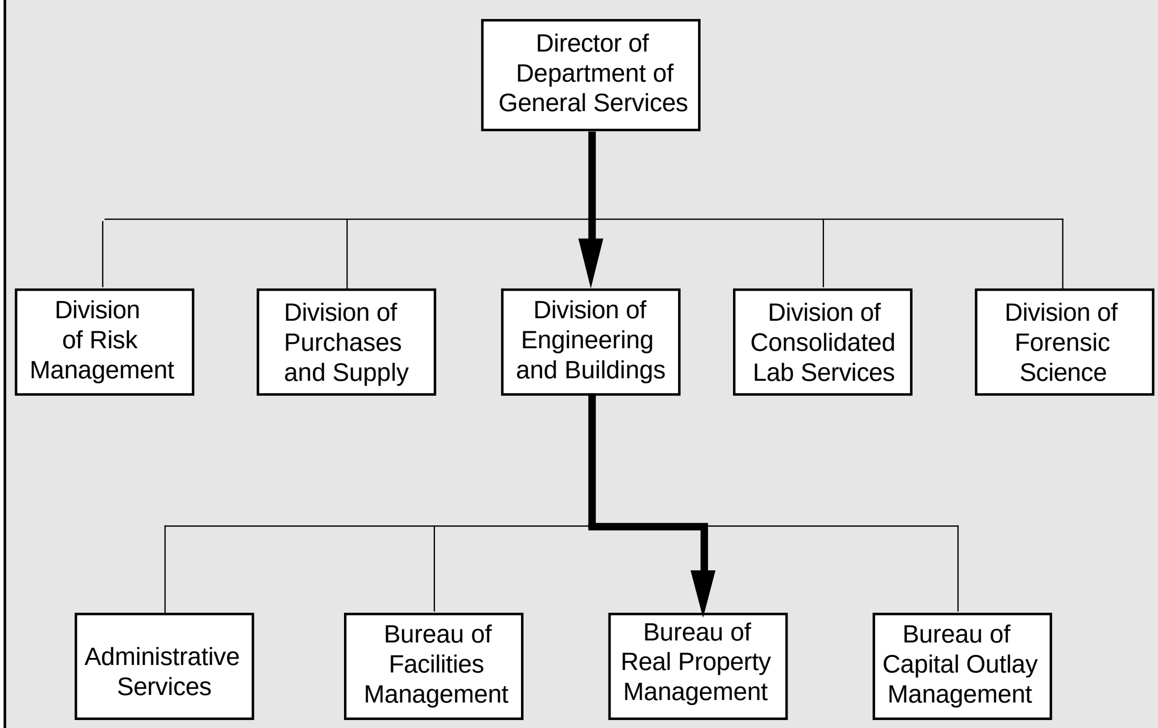
The *Code of Virginia* charges the Division of Engineering and Buildings (DEB), a division of the Department of General Services, with responsibility for coordinating the real estate function in Virginia. Since a reorganization in 1989, the division placed all real property management functions in the Bureau of Real Property Management (BRPM). The relationship of these organizational units is displayed in Figure 1.

Currently, the responsibilities of the bureau are performed by eight staff members. As elaborated in DEB Directive 1, BRPM's oversight responsibility includes:

- acquisition of land and buildings by State agencies
- leases entered into by State agencies
- disposition of State land and buildings (including surplus land)
- maintaining an inventory of State-owned land and buildings, as well as deeds and other records of title
- maintaining an inventory of surplus State-owned land.

Figure 1

Organization of the Department of General Services



Source: JLARC staff graphic.

Uses of State-Owned Real Property

State-owned real property is held for a variety of purposes. All agencies need office space in buildings to perform their work. The nature of some agencies' functions dictate that they need land as well. For example, VDOT needs land to build roads and store road maintenance equipment. The Department of Corrections (DOC) needs land to confine prisoners and uses land for agricultural purposes. In addition, State colleges and universities need campuses for their educational mission. Some of these properties could be used for other purposes if agencies' plans for the land changes. However, in transportation and conservation, some State-owned lands have singular purposes.

Right-of-Way Land. The Department of Transportation is the State agency with the largest land holdings. Of the approximately 338,000 acres it holds, approximately 335,000 are designated as right-of-way for State roadway use. Right-of-way land accounts for 46 percent of the land owned by the State. The *Code of Virginia* gives the Commissioner of VDOT broad authority to handle real property management of right-of-way land without review by the Department of General Services.

Currently, VDOT holds more than 2,000 tracts of surplus right-of-way land. While this surplus land is valued by VDOT at $8,300,000, most of these parcels have no access to public roads that would permit independent development. Therefore, the land can only be conveyed to adjacent landholders. Furthermore, because many of these properties were acquired solely or in part with federal funds, some or all of the revenues derived from conveying these properties would revert to the federal government.

State-Owned Land for Conservation Purposes. A large portion of State-owned land is held in the interest of conservation. The State owns nearly 300,000 acres for conservation purposes, which include natural resource protection, development, and outdoor recreation. The primary agencies with this land include the Department of Game and Inland Fisheries, the Department of Conservation and Recreation, and the Department of Forestry.

Conservation means that land is held for its natural setting and/or public use. Such land may appear to be idle but is in fact held to preserve its natural setting, control the use of natural resources, and prevent any commercial development except as warranted for natural resource management and public outdoor recreation. State wildlife management areas, State parks, and State forests are examples of such land. Furthermore, many of these properties are acquired through federal assistance, special bonds, and through gifts. The deeds to these properties often mandate their conservation purpose and restrict future use.

PREVIOUS JLARC REPORT

Surplus land management was the subject of the 1977 JLARC report, *Operational Review: Management of State-Owned Land in Virginia*. At the time of the report, the State held an estimated 629,000 acres of land. While land was held by various State agencies, many land holdings were subject to some review and coordinative functions by DEB, then a division of the Governor's Office (DEB is now part of the Department of General Services). Three aspects of surplus land management were examined by JLARC in the 1977 report: land inventory, identification of specific tracts of surplus land, and land management policies.

Land Inventory

Several deficiencies were noted in the inventory of State land maintained by DEB. First, land owned by the Virginia Department of Transportation (VDOT), then the Department of Highways and Transportation, was not included in the inventory. Right-of-way land acquired for highway construction, as well as land occupied by department facilities, was absent from the land inventory. Furthermore, even the highway department did not maintain a comprehensive listing of its properties.

Second, there were discrepancies in land holding details between DEB's inventory, agency records, and local property tax records. This deficiency in the land inventory was attributed to inaccurate reporting of land transactions to DEB. Third, the format of DEB's inventory was deemed to meet only minimal management information needs.

In accordance with these findings, JLARC suggested methods to improve the inventory. These included assigning responsibility of the inventory to a specific position and including all land used for VDOT facilities. Right-of-way land was excluded from the recommendation because of its singular use. The report also recommended upgrading the inventory format to include current land use, appraised value, topography, and availability of natural resources as well as photo maps or composite plats.

Identification of Surplus Land

Through surveys, interviews, and on-site inspections, the 1977 JLARC report also examined several land holdings which could be considered surplus. JLARC identified more than 9,000 acres as potentially surplus, and local estimates indicated some of the property could be worth as much as $10.3 million. In addition, more than 5,000 acres were identified as underutilized.

During this part of the 1977 study, JLARC staff also learned that there were no specific criteria used to identify surplus land. State agencies used varied methods to identify surplus land, and agencies were reluctant to declare land as surplus. Accordingly, JLARC recommended that DEB develop criteria for assessing the status of State land holdings during each agency's biennial land review required by executive policy. Disputes over land holdings between the agencies and DEB were to be resolved by the Governor's Secretaries.

Land Management Policies

JLARC's 1977 review identified a need for policies regarding the disposing of surplus land, transferring land, and managing natural resources on surplus land. In the past, a few parcels of surplus land had not been sold expeditiously due to restrictive methods of sale, lack of advertising, or the absence of a policy to determine the selling price. JLARC recommended that DEB review the policy of selling land only through public auction or sealed bid, use "for sale" signs on surplus property and periodically advertise, and formulate guidelines on appropriate selling prices for State-owned land.

JLARC also recommended that DEB develop policies to better coordinate land transfers between agencies. In addition, JLARC recognized the benefits of natural resource management on land such as timber harvesting. Accordingly, JLARC recommended that the Department of Forestry (then the Division of Forestry) provide technical assistance to other agencies to harvest timber on State-owned land that would benefit from this service.

Impact of 1977 JLARC Report

There were three outcomes to the 1977 JLARC report. The first outcome was the identification of surplus properties and the sale of several of those properties. The other two outcomes affected real property management and natural resource management on State properties.

Status of Surplus Properties Identified in 1977. The 1977 report identified more than 9,000 surplus acres and 5,000 underutilized acres. Since that time, more than 1,100 acres have been sold, generating $4.1 million in revenue. Other properties were transferred to localities and to other agencies or the use of the land has changed. Some properties found to be surplus in 1977, such as Camp Pendleton military reservation, are still under negotiation to be sold or transferred. The status of the properties identified in 1977 are listed in Appendix B.

Real Property Management Changes. Since the 1977 study, several changes have been made in the State's management of real property. The creation of the Bureau of Real Property Management addressed one of the recommendations made by the 1977 report. In addition, BRPM transferred the land inventory to an automated system, included agencies that were previously not included, and revised the State's real property policies to include criteria for surplus property.

Timber Management Improvements. JLARC's 1977 review of State-owned land also recommended improved timber management practices on State-owned land. Since 1981, the Department of Forestry, in cooperation with DGS, has been responsible for timber management on land held by State agencies (excepting land held by the Departments of Conservation and Recreation and Game and Inland Fisheries). As of 1993, timber from these properties had generated approximately $977,000 in gross revenue. Throughout the 12 years, Forestry has generated a total of $500,000 in net revenue.

Staff at a number of State agencies remarked during interviews with JLARC staff on the high quality of the assistance provided by the Department of Forestry in managing timber on State-owned real property. It appears that the department has been extremely proactive and energetic in implementing JLARC's 1977 recommendation.

CURRENT STUDY ISSUES

Two mandates directed JLARC to identify State-owned real property that could be declared surplus and identify any alternative uses for those properties. In addition, the mandates requested JLARC to make recommendations concerning the management of State-owned real property. Three research questions were developed to guide research activities. These issues are:

- What State-owned real property is surplus and what is the market value of this property?

- What can be done with real property that is identified as surplus?

- What changes, if any, are needed in the State's management of surplus land and buildings to ensure that State-owned real property is managed and disposed of in the most efficient, economical manner?

Surplus Property Criteria

JLARC staff developed criteria to determine what property is potentially surplus. Potentially surplus real property was defined for this study as real property that is:

- not utilized for any program-related purpose
- not included in any formal agency plans to meet its program objectives
- free from deed restrictions and environmental problems limiting use.

These criteria are similar to those used by the 1977 JLARC report and by DGS. However, in the 1977 report, land that was land-locked or otherwise difficult to dispose of and was not used for the agency's primary mission was labeled underutilized. This report identifies such property as surplus. Problems that may limit the potential for disposing surplus real property, such as no access except through State-owned land or steep topography, are detailed in the discussion of each individual site in Chapter II.

Property Not Reviewed by This Study

Several types of State real property were not covered in this review due to their special property status. First, right-of-way land used for road construction was not reviewed because it is administered separately by VDOT and was excluded from this review by one of the study mandates. Second, properties owned by special political subdivisions established by the *Code of Virginia*, such as the Virginia Historical Preservation Foundation and the Virginia Outdoor Foundation, were not reviewed. Third, properties held by conditional interest and not owned as fee simple, such as scenic easements and natural heritage preserve dedications, were omitted.

RESEARCH ACTIVITIES

Several research activities were undertaken to address the study issues. These included: (1) a mail survey of State agencies, (2) site visits, (3) in-person structured interviews, (4) document reviews, and (5) property value determination. These activities were conducted between January and August 1994.

Mail Surveys

JLARC staff administered a mail survey to each executive branch agency and authority and the judicial branch. The survey was sent to the head of each agency and was designed to obtain four types of data. The survey:

- identified agencies that owned real property,
- checked the accuracy of BRPM's inventory of real property,
- identified surplus real property held by agencies, and
- solicited State agencies' perceptions of BRPM's performance in the management of real property in general and surplus real property in particular.

All 122 agencies surveyed returned the survey for a response rate of 100 percent.

Site Visits

Site visits were used to examine the extent and use of agency property holdings. During site visits, JLARC staff conducted interviews and toured the property holdings to locate property borders, view buildings on the premises, and observe activities occurring on the property. Photographs were taken of land tracts and buildings that were considered potentially surplus. Site visits were selected based on the criteria listed below:

- the property was identified in the 1977 JLARC review as surplus or underutilized and is still owned by the State; or
- agency officials indicated the property was surplus or underutilized; or
- the description of the property's purpose as indicated on the survey was vague or questionable; or
- the agency held a relatively large amount of real property; or
- an agency site was significantly larger than other agency-owned sites with the same function; or
- the property was likely to have a significant market value.

JLARC staff visited 68 sites, which included all independent four-year higher education institutions, all major institutions of the Department of Mental Health, Mental Retardation, and Substance Abuse Services, several correctional institutions, and other sites that met the criteria. These sites included properties held by the

Department of Transportation, the Virginia Community College System, and other State agencies.

Structured Interviews

Two types of structured interviews were conducted for this study. The first type took place during each site visit to gather information about property characteristics, history, and uses prior to taking a tour of the property. The second type of interview covered management issues. While some property management questions were asked at all site visits, these questions were primarily directed toward agencies with centralized record keeping of property records. These agencies included: the Bureau of Real Property Management, the Division of Risk Management, and the Department of Accounts.

Document Reviews

For potentially surplus properties, three types of documents were reviewed to supplement other research activities. JLARC staff obtained deeds, tax maps, and aerial photographs of properties meeting the surplus property criteria. These documents were used to clarify property borders, identify restrictions as well as opportunities for property development, and determine the means by which the State obtained ownership of specific properties. Deeds were provided by agency representatives and BRPM. Aerial photographs were obtained from VDOT. Tax maps were provided by agency representatives, the Department of Taxation, and local Commissioners of the Revenue. In some cases, JLARC staff also reviewed agency planning documents to determine whether the agency had a programmatic need and formal plan for a given piece of real property.

Property Value Determination

Once potentially surplus properties were identified, JLARC staff estimated property values. Three sources were used to determine property values. The Bureau of Real Property Management obtained estimates from their property files and updated them based on the most recent local government assessments. In addition, assessors from the Property Tax Unit of the Department of Taxation visited selected sites and researched local property records in order to develop assessments for JLARC staff. The third source used was individual agencies who obtained their own appraisals of selected properties.

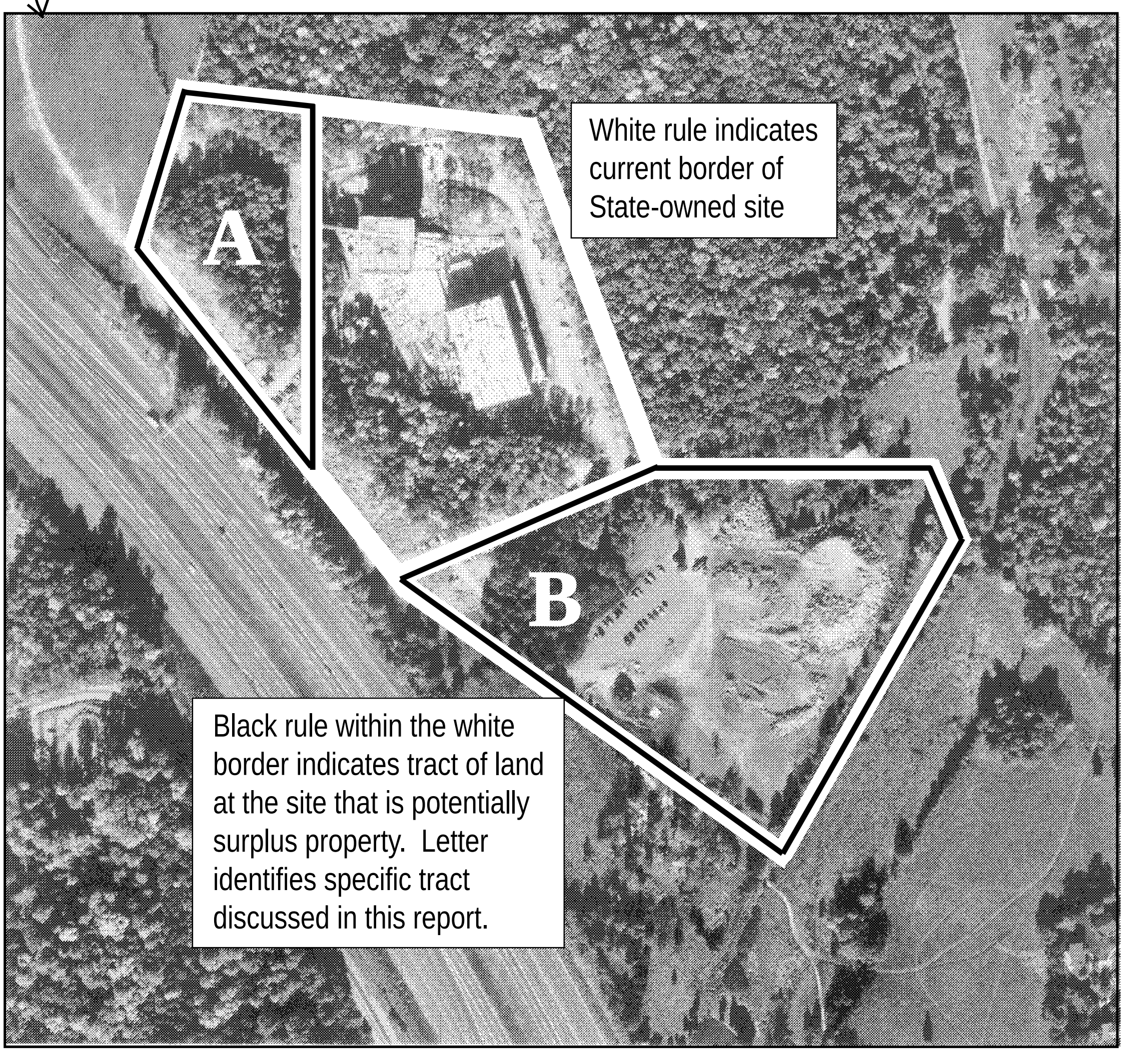
REPORT ORGANIZATION

This report is organized into three chapters. This chapter has provided an overview of real property management in Virginia and the former and current JLARC reviews. Chapter II identifies tracts of State-owned real property that are potentially surplus. Included in this chapter as exhibits are aerial photographs of many of the properties, edited to show the potentially surplus tracts. A key to these exhibits is provided below. The third chapter discusses the management of State-owned real property and makes recommendations for improvement.

KEY TO EXHIBITS

Each section of Chapter II contains aerial photographs of the sites discussed in that section. The photographs were produced by enlarging small sections from the most recent available aerials taken by the Virginia Department of Transportation (VDOT). The photos have been edited to show the boundaries of each State-owned site and the tracts identified as potential surplus property. The key below explains the graphic conventions employed to delineate each site:

Portion of a VDOT aerial photo, enlarged and scanned for publication in this report



II. Inventory of State-Owned Surplus Real Property

The JLARC review of State-owned real property indicates that approximately 7,100 acres of State-owned land may reasonably be declared surplus. Surplus State-owned land is held by the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS), the Department of Youth and Family Services (DYFS), the Department of Corrections (DOC), the Department of Transportation (VDOT), the Department of Rehabilitative Services, the State Police, the Department of Mines, Minerals, and Energy, the Department of Motor Vehicles (DMV), institutions of higher education, the Department of Education, and the Innovative Technology Authority. Surplus real property identified in this study is shown in Table 2. This property has an estimated value of approximately $36.5 million.

Most State agencies do not have substantial holdings of occupiable surplus buildings. The exception to this is DMHMRSAS, which has a total of 23 vacant buildings. However, most of these buildings would require substantial renovations to meet safety codes, and many are in poor repair.

This chapter presents short narrative descriptions of each of the sites identified by JLARC staff as potentially surplus. These descriptions include estimates of the acreage and market value of the properties discussed. In most cases, the estimated value includes only land and site improvements, not building improvements, since most vacant State buildings either have limited value or may actually detract from the value of the property due to their poor condition.

Real property identified as potentially surplus in this chapter appears to be surplus to the needs of the agency or institution presently holding the property. This does not mean that the real property cannot be used for some other State purpose.

DEPARTMENT OF MENTAL HEALTH, MENTAL RETARDATION, AND SUBSTANCE ABUSE SERVICES

The Department of Mental Health, Mental Retardation, and Substance Abuse Services holds a total of 3,118 acres of land at 15 major institutions located at 12 different sites. JLARC staff visited all major institutions within the department. Nearly 850 acres of surplus land were identified at five of these sites. The estimated value of these surplus properties is approximately $5.9 million.

The 1993 Appropriation Act authorized DMHMRSAS to retain all the proceeds from the sale of any of its surplus lands. This authority was not continued in the 1994 Appropriation Act. The department has tentatively identified most of the property

Table 2
Potentially Surplus Real Property Identified by JLARC Staff

Agency	Facility/Property	Estimated Acres	Estimated Value	On DGS Inventory?	Declared Surplus by Agency?
DMHMRSAS	Southeastern Virginia Training Center	28	$1,400,000	Partially	No
DMHMRSAS▲	Eastern State Hospital	97	1,045,000	Yes	No
DMHMRSAS▲	Western State Hospital/Dejarnette Center	177	2,626,000	Yes	Partially
DMHMRSAS▲	Central State Hospital	55	586,000	Partially	Partially
DMHMRSAS	Catawba Hospital	490	280,000	No	No
Youth and Family Services▲	Hanover Learning Center	1,650	❑	No	No
Youth and Family Services▲	Bon Air Learning Center	15	675,000	No	No
Corrections	Nansemond Field Unit	63	193,000	No	No
Corrections	Pinecrest Learning Center	20	200,000	Yes	Yes
Corrections	Haymarket Field Unit	39	225,800	No	No
Transportation	Rosedale Satellite Engineering Center	13	159,500	No	Yes
Transportation	Bowers Hill Area Headquarters	17	68,000	No	Yes
Transportation	Richmond District Headquarters	80	❑	No	Yes
Rehabilitative Services	Woodrow Wilson Rehabilitation Center	100	637,600	No	No
State Police	Culpeper Division Headquarters	15	39,000	No	No
Mines, Minerals, and Energy	Big Stone Gap Property	<1	110,000	No	Yes
Motor Vehicles	Virginia Beach Property	5	125,000	No	Yes
Motor Vehicles	Annandale Property	2	1,151,130	No	Yes
College of William and Mary	College Woods	500	❑	No	No
George Mason University▲	Woodland Acres	81	427,500	No	No
James Madison University	University Farm	31	45,100	No	No
Mary Washington College	Rowe Tract Two	35	520,700	No	No
Mary Washington College	Rowe Tract Three	44	653,300	No	No
Richard Bland College	Surrounding Property	575	❑	No	No
University of Virginia	Blue Ridge Hospital	157	2,626,000	No	No
University of Virginia▲	Milton Airport	172	775,000	No	No
University of Virginia	Vivarium	19	89,300	No	No
Va. Com. College System◆	Portsmouth Campus	241	10,000,000	Yes	Yes
Virginia Tech	Saltville Property	64	24,900	No	No
Virginia Tech	Winchester Station	11	1,076,100	No	Yes
Department of Education▲	Hampton School for the Deaf and Blind	20	1,455,000	No	Partially
Department of Education	Staunton School for the Deaf and Blind	19	183,000	No	No
Innovative Tech. Authority▲	Center for Innovative Technology	20	3,500,000	NA	No
Department of General Services	Elko Tract	2,272	5,680,100	No	No
TOTAL		7,127	$36,577,030		

❑ Selling not recommended due to wetlands, flooding, or lack of access.

☆This total shows estimated market value of surplus properties identified; selling any or all of these properties could take several years.

▲ Reviewed by the Department of Taxation.

◆ The Governor approved the transfer of this property to the VCCS Foundation in July 1994. This approval was rescinded by the Governor in October 1994.

Source: JLARC analysis of site visits, survey responses, and local tax records; reviews by Department of Taxation staff.

discussed in this section as surplus. However, the department has not yet formally declared the bulk of its surplus property to be surplus in accordance with applicable Division of Engineering and Buildings (DEB) directives.

Southeastern Virginia Training Center

Located off Interstate 64 in Chesapeake, the Southeastern Virginia Training Center is an intermediate care facility for the mentally retarded. The facility sits on a campus of 95 acres, 28 acres of which have been identified as surplus to the needs of the facility (Exhibit 1). The surplus tract is located at the rear of the facility bordering I-64. The surplus tract includes a lake, and the training center needs to maintain rights to water runoff into this lake. The surplus property has access to a VDOT maintained road. This property was assessed at approximately $1,400,000 by the local Commissioner of Revenue.

Eastern State Hospital

Eastern State Hospital sits on a campus of 555 acres west of Williamsburg in James City County. In 1977, the campus encompassed 655 acres, of which more than 200 acres were determined to be surplus by the previous JLARC study. While portions were transferred to the College of William and Mary (30 acres) and to the county, much of the surplus acreage identified in 1977 still remains as surplus. The hospital has currently identified 134 acres as surplus, which includes a 37-acre tract being turned over to VDOT for the expansion of Route 199. These tracts are displayed as tracts A, B, C, and D of Exhibit 2.

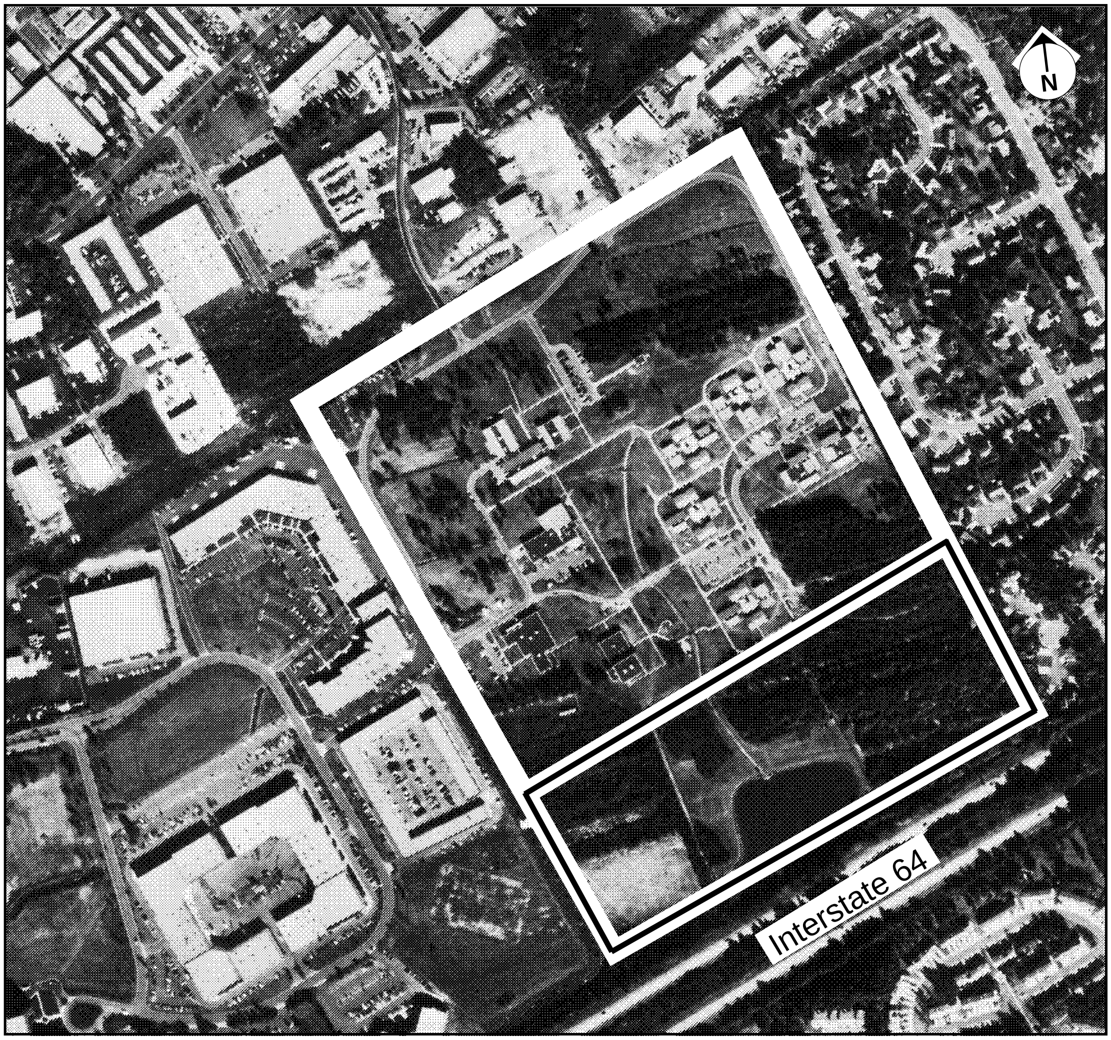
Tract A is four acres and estimated to have a market value of $25,000. Tract B is 13 acres and includes a water tower. This tract is estimated to be worth $655,000, and James City County has expressed an interest in acquiring it. Tract C is separated from tract B by a road. This parcel is about one-third of an acre and is estimated to be worth $15,000. The 80 acres of tract D are valued at $350,000. However, the presence of an endangered plant species may limit the potential for development of tract D. All estimates of land values were based on a review by representatives from the Department of Taxation. The total assessment for all tracts is estimated to be $1,045,000 (this figure does not include the 37 acres being conveyed to VDOT.)

Western State Hospital/DeJarnette Center

Western State Hospital and the DeJarnette Center are located along Route 250 in Staunton near the intersection of Interstates 81 and 64. Between the psychiatric facility and treatment center for children, DMHMRSAS holds approximately 300 acres. The 1977 study identified in excess of 450 surplus acres of which more than half has been disposed of. Some land that was declared surplus in 1977 has been selected to be the site

Exhibit 1

Southeastern Virginia Training Center



Agency: DMHMRSAS
Estimated Acreage: 28
Estimated Value: $1,400,000

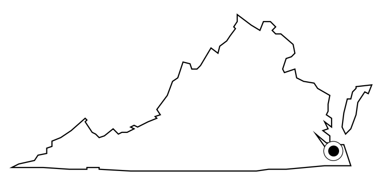
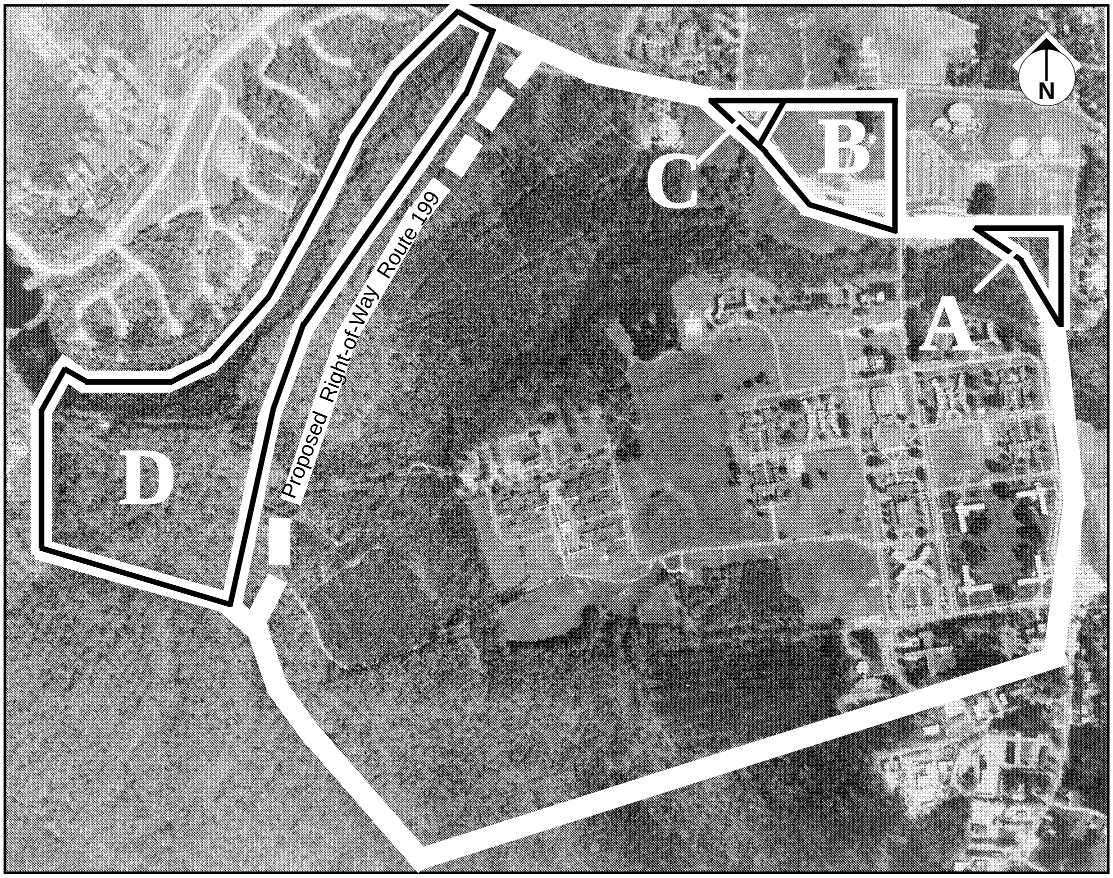


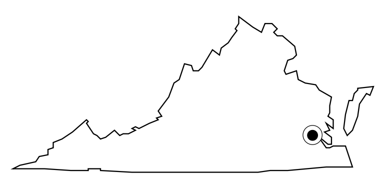
Exhibit 2

Eastern State Hospital



Agency: DMHMRSAS

	Estimated Acreage	Estimated Value
Tract A:	4	$25,000
Tract B:	13	$655,000
Tract C:	0.3	$15,000
Tract D:	80	$350,000
Total	97.3	$1,045,000



of the new DeJarnette Center, which will render the current DeJarnette Center's property as surplus. The new DeJarnette Center is expected to open in 1996.

Including the current DeJarnette Center's property, DMHMRSAS has identified five tracts of surplus land at this site. Two of these tracts are remnants of surplus tracts identified in 1977 (tracts D and E on Exhibit 3). Tract A is the current site of the DeJarnette Center, consisting of 41 acres whose market value is estimated by the Department of Taxation at between $50,000 and $60,000 an acre. Therefore, the market value of this tract is approximately $2,050,000. Tracts B and C have frontage along Route 250 providing access, and appear to lend themselves to development. Tract B is approximately eight acres and estimated to be worth $300,000 by representatives of the Department of Taxation. Tract C is three acres and has an estimated value of $112,000.

Tracts D and E have less value because access is severely reduced. Tract D is landlocked and isolated from the rest of the property. It consists of approximately 18 acres with an estimated value of $3,000. While Tract E is the largest tract, access to this property is limited to roads through Western State Hospital grounds unless the parcel could be sold to neighbors of the hospital. This tract encompasses 107 acres and has an estimated value of $160,500. The total assessment of all five tracts is estimated by Department of Taxation staff to be $2,626,000.

Central State Hospital/Southside Virginia Training Center

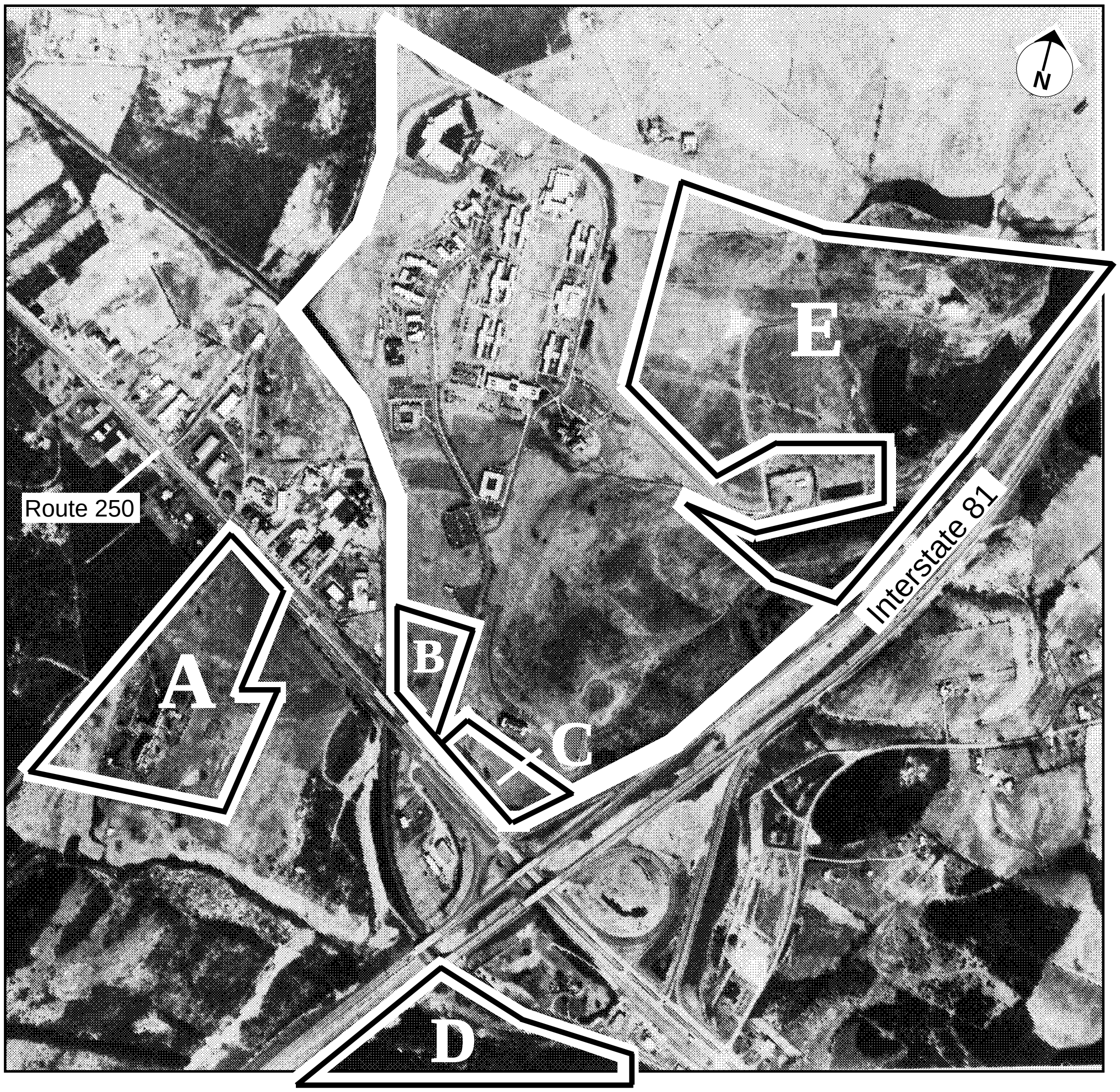
The grounds at Central State Hospital actually include three DMHMRSAS facilities: Central State Hospital, Hiram Davis Medical Center, and Southside Virginia Training Center. The current campus consists of approximately 550 acres and is located off Interstate 85, just west of Petersburg. In 1977, JLARC identified 238 acres of surplus land. Approximately 37 acres were sold to the local water authority and a seven-acre parcel was sold on the south side of I-85. Some of the other tracts of surplus property identified in 1977 have since been developed by the department.

However, some property still remains as surplus. DMHMRSAS has identified three such tracts. Two parcels, both approximately 12 acres each, are shown as tracts A and B in Exhibit 4. Tract C, consisting of 31 acres, is the remainder of a 38-acre parcel identified as surplus in the 1977 JLARC report.

Review by the Department of Taxation indicated that tracts A and B have an estimated value of between $400,000 and $524,000 if sold together. Staff at DMHMRSAS and a review of local property tax records by JLARC staff indicates that tracts C and D are worth approximately $6,000 an acre. Therefore, the value of tract C is estimated at $186,000. Together, all tracts are estimated to be worth $586,000.

Exhibit 3

Western State Hospital/DeJarnette Center



Agency: DMHMRSAS

	Estimated <u>Acreage</u>	Estimated <u>Value</u>
Tract A:	41	$2,050,000
Tract B:	8	$300,000
Tract C:	3	$112,500
Tract D:	18	$3,000
Tract E:	<u>107</u>	<u>$160,500</u>
Total	177	$2,626,000

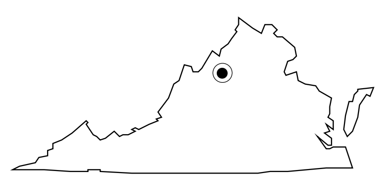
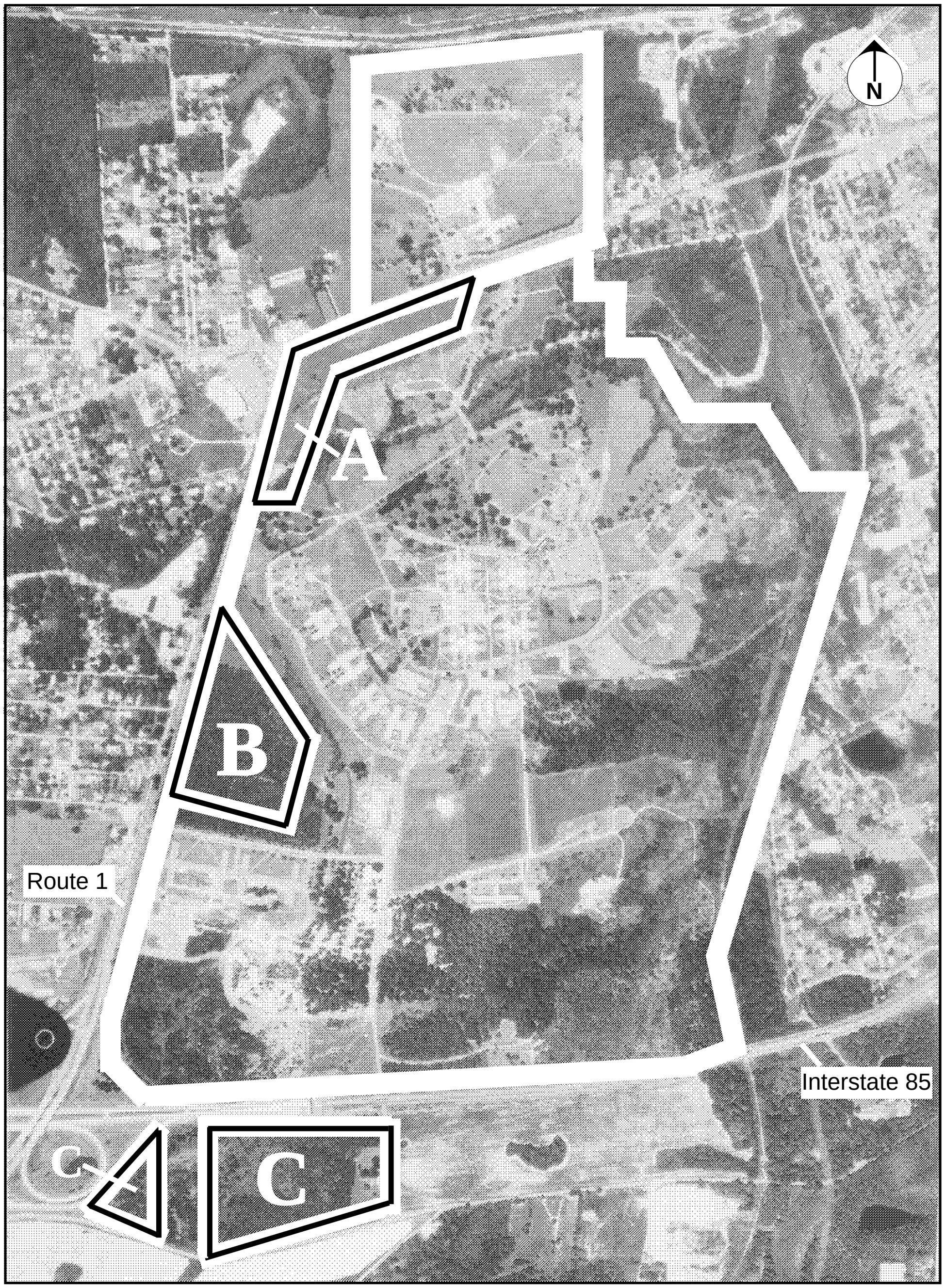


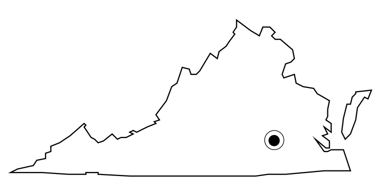
Exhibit 4

Southside Virginia Training Center / Central State Hospital



Agency: DMHMRSAS

	Estimated Acreage	Estimated Value
Tract A:	12	$400,000 (with Tract B)
Tract B:	12	Recommend selling with Tract A
Tract C:	31	$186,000
Total	55	$586,000



Catawba Hospital

Situated near Roanoke, Catawba Hospital is a mental hospital emphasizing geriatric psychiatric care. The campus currently consists of approximately 780 acres. Since the 1977 study, an estimated 387 surplus acres have been transferred to Virginia Tech for agricultural research; this occurred in 1990. However, approximately 440 acres of surplus or underutilized property identified in 1977 still remain.

DMHMRSAS has currently identified 140 surplus acres at this facility. This acreage is located on three tracts displayed in Exhibit 5. All three tracts enjoy good access and are assessed at a combined $280,000, according to BRPM. Tract C, consisting of approximately 80 acres, is not owned by Virginia Tech but is currently used for Virginia Tech's agriculture program. In addition, a larger parcel (tract D) of 350 wooded acres is located behind the hospital's buildings. While this land is surplus to the needs of the hospital, it is accessible only through the hospital's grounds, and its steep topography limits its value. Alternative public uses may include transferring the land to the Department of Forestry or the Department of Conservation and Recreation.

Vacant Buildings at Mental Hospitals and Training Centers

JLARC staff visited all sites held by DMHMRSAS that contain vacant buildings. According to department staff, almost all of these buildings are contaminated to some extent with asbestos and/or lead paint. On-site inspection by JLARC staff suggested that most of the buildings are in poor repair. DMHMRSAS staff and staff from DGS indicate that significant resources would need to be devoted to renovating these buildings to meet minimum standards of safety.

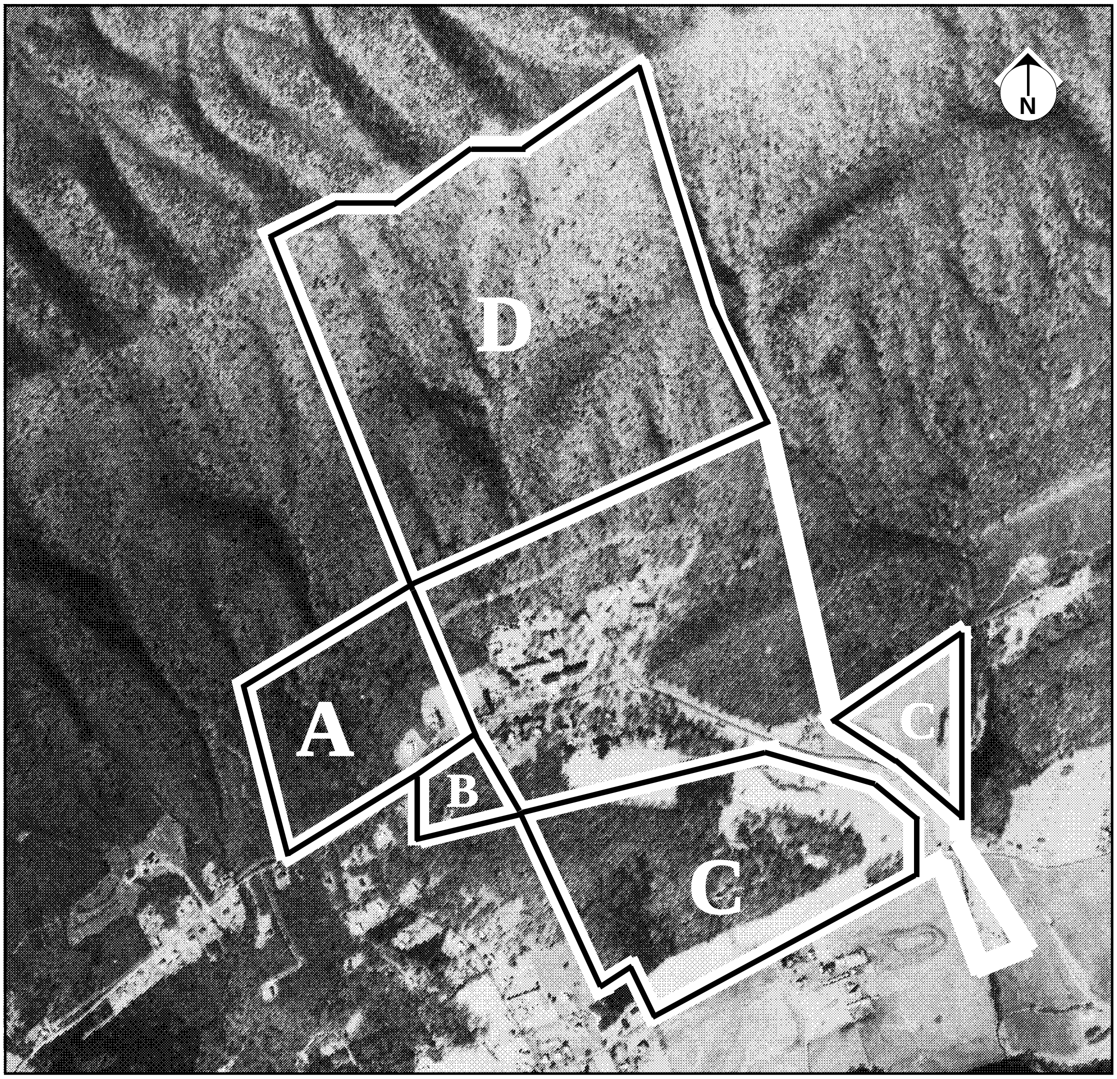
A recent example of a renovation of a former training center building was the renovation of an 8,000 square foot building at Richard Bland College for $750,000. The college is housed on the former site of Southside Virginia Training Center and the building, which was converted to administrative office space, had been the training center's maximum security building. The building had some asbestos to abate, but its problems were not as severe as some that are known or suspected in other mental hospital buildings. Renovating a larger vacant building, even for office space, would involve substantial expenditures. DMHMRSAS staff estimate the cost of renovating several of their vacant buildings at more than $10,000,000, without considering the full costs of asbestos abatement.

Even if the buildings could be renovated, they are of limited programmatic use. Most of the larger vacant mental hospital buildings were built from 1930 to 1955 and used an "open ward" design that once allowed State institutions to house thousands of patients. Accreditation standards and standards of professional practice have evolved since this time, however, and the buildings are no longer suitable for mental hospitals or training centers because of:

- lack of patient privacy
- inefficient design for maximum use of staffing

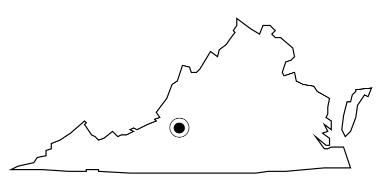
Exhibit 5

Catawba Hospital



Agency: DMHMRSAS

	Estimated Acreage	Estimated Value
Tract A:	50	$100,000
Tract B:	10	$20,000
Tract C:	80	$160,000
Tract D:	350	na
Total	490	$280,000+



- safety code deficiencies
- lack of appropriate climate control
- poor repair.

These factors also mitigate against most alternative public uses. One alternative use that is frequently discussed is using vacant DMHMRSAS buildings to house juvenile or adult offenders. While a large building at Southwest Virginia Mental Health Institute was successfully adapted to create Marion Correctional Center, this building was in unusually good condition, was located on the periphery of the campus, and is used to house mentally ill inmates, not general population inmates. The old Western State Hospital was also adapted to create Staunton Correctional Center, but the physical plant of this facility has reportedly proven problematic for the Department of Corrections and has resulted in higher operating costs.

Most vacant mental hospital buildings, such as those located at Central State Hospital are located in the midst of on-going activities at the facility. In addition to the high cost of renovating these buildings for use by the Department of Corrections or Department of Youth and Family Services, studies conducted by other states of this issue suggest that the following problems would be encountered:

- stigmatization of the mentally ill or mentally retarded by co-locating them with inmates,

- higher security staffing costs as a result of the building's designs, and

- higher operating costs.

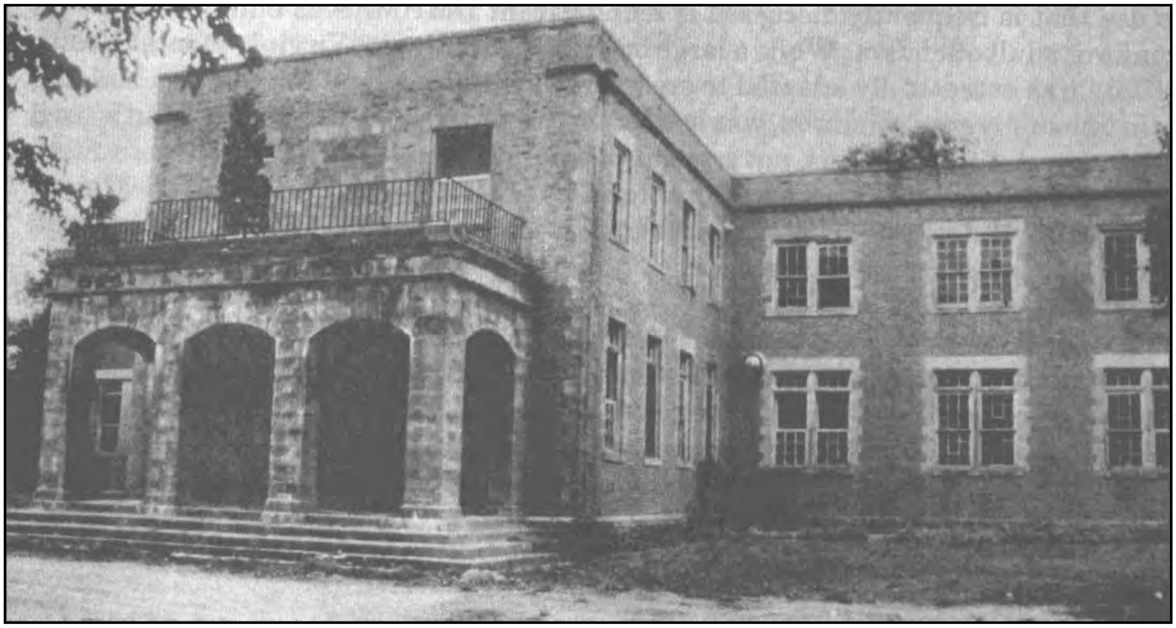
However, this is not to say that entire mental health or mental retardation facilities could not be converted to other uses, such as correctional facilities, if the State were to choose to close an existing DMHMRSAS institution. This review concerned only real property that, at present, could reasonably be declared surplus. Therefore, the potential for converting existing, actively used facilities to other uses as a result of a policy decision was not examined.

As noted above, most mental hospital buildings are in poor repair. The State's largest surplus building, located at Central State Hospital, is shown in Exhibit 6. This building is severely deteriorated and is contaminated with asbestos. While most mental hospital buildings are in poor repair, one large building at Southwest Virginia Mental Institute in Marion (Exhibit 7) is in better condition than most because it had been heated and cooled during the time it was largely vacant. This prevented the interior deterioration noted in many other buildings. .

Recommendation (1). **The Department of Mental Health, Mental Retardation, and Substance Abuse Services should declare surplus real property not needed for department purposes at: Southeastern Virginia Training Center, Eastern State Hospital, Western State Hospital/DeJarnette Center, Central State Hospital/Southside Virginia Training Center, and Catawba Hospital in accordance with Division of Engineering and Buildings directives.**

Exhibit 6

Example of a Mental Health Building in Disrepair



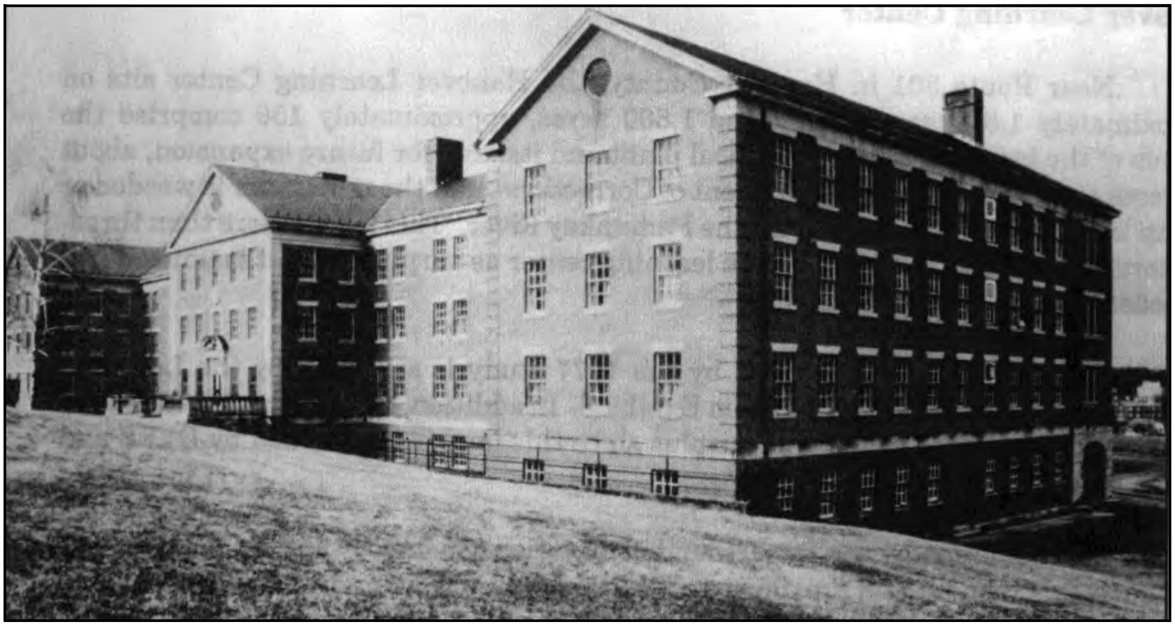
Many mental hospital buildings are in poor repair. The large building at Central State Hospital shown above is severely deterioriated and contaminated with asbestos. The interior view at left shows the extent of the deterioration. Buildings that have fallen to this level of deterioration are probably unusable and unrepairable, and they must be considered liabilities in terms of property value.

Exhibit 7 (Opposite page) shows a large building in good repair at Southwest Virginia Mental Institute.

JLARC staff photos.

Exhibit 7

Example of a Mental Health Building in Good Condition



DEPARTMENT OF YOUTH AND FAMILY SERVICES

The Department of Youth and Family Services currently operates seven juvenile correctional centers, formerly known as learning centers. These facilities are located at five sites, of which four are State-owned and located in the Richmond metropolitan area. All four State-owned sites were visited by JLARC staff. A fifth property, leased from the federal government, is located in Natural Bridge.

While Barrett Learning Center and Beaumont Learning Center were found to have surplus or underutilized land the 1977 report, these two DYFS facilities were found to have no current surplus property. Barrett Learning Center in Hanover County has some underutilized land but a deed restriction prohibits the State from using the property for other than a center for treating juvenile offenders. Beaumont Learning Center located in Powhatan County is the largest DYFS facility. Currently a large portion of this land is farmed by DOC. However, DYFS has plans to expand this facility and gradually start using the land for vocational and recreational programs as well as commercial enterprises.

Due to the projected growth of DYFS's population, the 1994 Appropriation Act granted the department funding to purchase options on additional land for future growth. Even with its plans to purchase additional land, DYFS currently has surplus real property at two existing facilities.

Hanover Learning Center

Near Route 301 in Hanover County, the Hanover Learning Center sits on approximately 1,800 acres. Of these 1,800 acres, approximately 150 comprise the campus of the learning center's physical plant and its area for future expansion, about 725 acres are farmed by the Department of Corrections, and the remainder is wooded or swamp land subject to flooding from the Pamunkey River. This leaves more than three-quarters of the property owned by the learning center as surplus since it is unused and unneeded by the department.

Surplus property identified by the 1977 study is still held by the Learning Center. This includes tracts A and B on Exhibit 8. In addition, tract C, the 725-acre area farmed by DOC, can be considered surplus since this land is now owned by DYFS and unused for the department's programs.

An evaluation by the Department of Taxation concluded that the potential for flooding of this land and its proximity to the Hanover County landfill and the learning center significantly limits its potential to be developed into any industrial or residential use. While the farm land could be transferred to DOC, this would still leave the wooded and swamp land of tract B as unused and surplus. Another alternative that would utilize both tracts B and C would be to transfer the land to the Department of Game and Inland Fisheries (DGIF) for use as a Wildlife Management Area. Representatives from DGIF have indicated that federal funds might be available to pay the State for this transfer. In addition, the Department of Forestry has expressed an interest in developing alternative uses for this property.

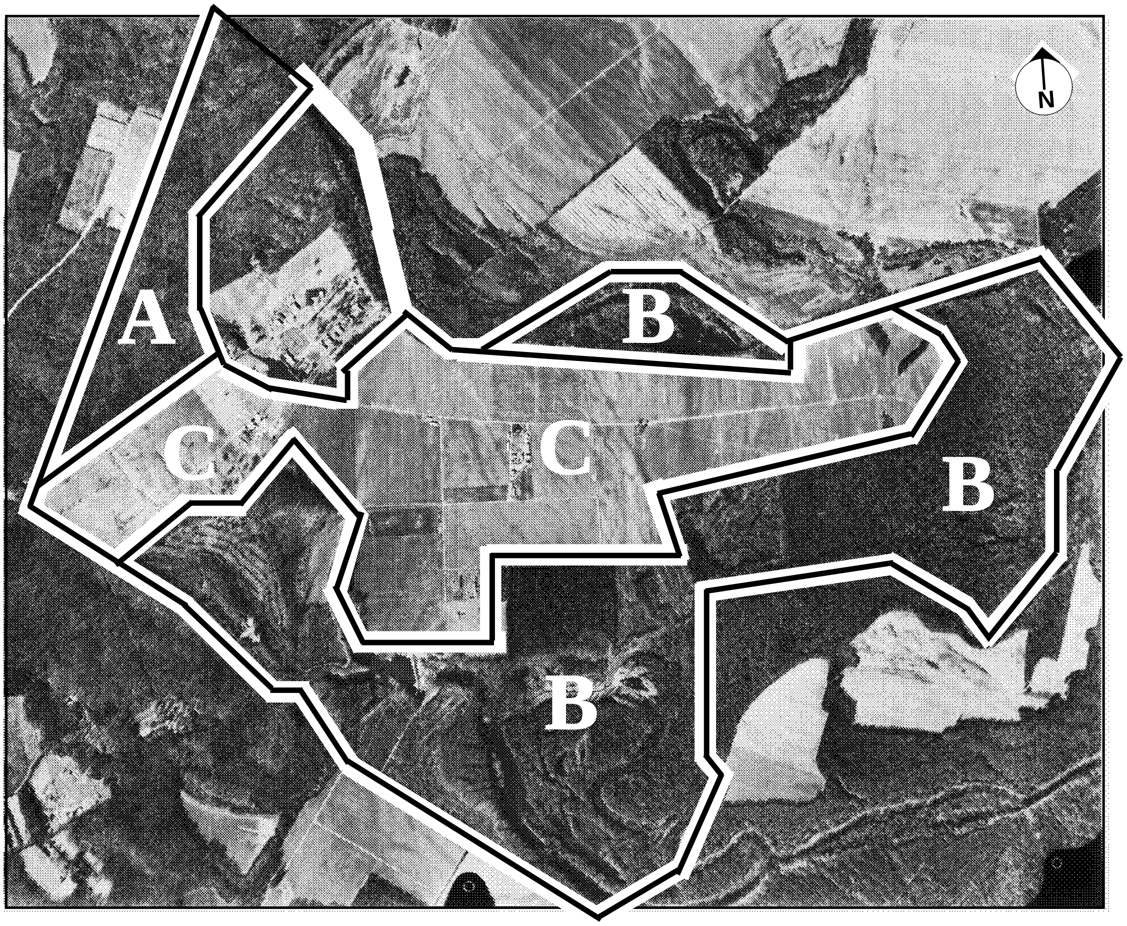
Bon Air Learning Center

DYFS also operates three facilities in Bon Air: Bon Air Learning Center, Oakridge Learning Center, and the Reception and Diagnostic Center for Children. These facilities are located on approximately 400 acres, of which approximately 300 acres are wooded. The 300 acres to the north, east, and south of the learning center campus are considered a "buffer" between the compound and nearby residential neighborhoods (Exhibit 9). A buffer does not exist to the west of the compound. These 300 acres were found to be surplus in the 1977 study. However, Department staff believe this buffer area is essential to maintain positive relations with the neighbors and to catch escaping offenders before they actually leave the property.

While there are no national or department standards for buffer zones at youth correctional facilities calling for Bon Air Learning Center's large buffer zone, alternative uses for most of the buffer zone appear to be lacking. A review conducted by a Department of Taxation representative noted that most of the buffer area is low-lying and subject to

Exhibit 8

Hanover Learning Center



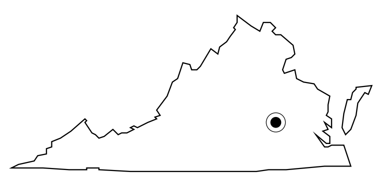
Agency: Department of Youth and Family Services

	Estimated Acreage	Estimated Value
Tract A:	250	na
Tract B:	675	na
Tract C:	725	na
Total	1650	na

Exhibit 9

Bon Air Learning Center

Agency: Department of Youth and Family Services
Estimated Acreage: 15
Estimated Value: $675,000



flooding and there are no roads providing access to most of the property. In addition, the buffer zone contains a closed 22-acre landfill, formerly operated by Chesterfield County, which DYFS staff say has leakage problems.

Based on these drawbacks, the review by the Department of Taxation indicated that the Commonwealth would not benefit from disposing this property, with two exceptions. Fifteen acres at the western tip of the campus might be suitable for sale. Since this property's value is estimated at $45,000 an acre, this parcel is valued at $675,000. The consultant also estimated that 50 to 70 acres along the southern and eastern borders might be of interest to adjacent landholders. Sold in small parcels, this acreage might be worth $500 an acre for a total of $25,000. Since these small parcels have little value, the department may find that disposing of these parcels is not cost-effective.

***Recommendation (2).* The Department of Youth and Family Services should declare 1,650 acres of Hanover Learning Center to be surplus in accordance with Division of Engineering and Buildings directives. The Department of General Services should consider the merits of continued use of the property by the Department of Corrections as well as use by other State agencies such as the Department of Game and Inland Fisheries or the Department of Forestry.**

***Recommendation (3).* The Department of Youth and Family Services should declare the 15 most western acres at Bon Air Learning Center to be surplus in accordance with Division of Engineering and Buildings directives. In addition, the department should work with the Department of General Services to identify potential uses for the remainder of the site's buffer zone.**

DEPARTMENT OF CORRECTIONS

The Department of Corrections currently owns more than 19,500 acres that are used to confine inmates and for agricultural purposes. The department has embarked on an ambitious agriculture program to approach self-sufficiency with respect to food by 1998. Consequently, more than 11,000 acres of DOC property is in use or planned for use as crop fields or grazing lands. Several thousand more acres are used for timber harvesting.

The 1977 JLARC study identified more than 1,600 surplus acres and nearly 3,900 underutilized acres at correctional facilities. Much of the surplus land has been transferred to the Department of Youth and Family Services. Only two properties with surplus land identified in 1977 were not transferred to DYFS. A 180-acre parcel located at Southampton Correctional Center was sold, and a 195-acre parcel in Louisa County is now largely put to agricultural use. The Department of Corrections also still owns nearly 2,000 acres labeled as underutilized in 1977. However, DOC is now using most of this land for agricultural purposes and timber management to support its operations. In addition, most of the 775 surplus and underutilized acres at DOC's field units have been either sold or transferred to localities.

While DOC has disposed of or changed the use of its surplus or underutilized properties, the department still has some surplus property. At a few institutions such as the Augusta Correctional Center and the Keen Mountain Correctional Center, the department owns parcels consisting of more than 50 acres of mountainside land. This property is underutilized, but the steep topography severely limits the value of this land. However, the department does have three tracts of potentially surplus land: the Haymarket and Nansemond field unit sites and the former Pinecrest Learning Centers. In addition, the department owns a surplus building in Richmond, near the site of the former Virginia State Penitentiary.

Haymarket Field Unit

This site had been the former location of a correctional field unit that was deactivated in 1991 and consists of approximately 39 acres. An eight-acre portion of this property has been transferred from the Department of Corrections to VDOT. The site formerly housed approximately 100 inmates. According to staff at the Department of Corrections, this site remains potentially viable for use as a correctional field unit or work camp. This site is assessed at $225,000 by the local Commissioner of the Revenue.

Nansemond Field Unit

The former Nansemond Correctional Field Unit #3 was deactivated in 1991. The property, which is technically owned by VDOT, consists of 63 acres and is shown in Exhibit 10. The local Commissioner of the Revenue has assessed this property at $193,000. While several of the seven field units vacated in fiscal year 1992 have been conveyed to localities for use as jails, this is not expected to be an option for the Nansemond Field Unit. This is because of the construction of a regional jail in the Suffolk/ Isle of Wight County area. However, policy changes made as a result of the September 1994 special session of the General Assembly may create a need for DOC to retain the facility for future use. If this is not the case, DOC should allow the land to revert back to VDOT. If VDOT has no programmatic use for this property, VDOT should declare it surplus.

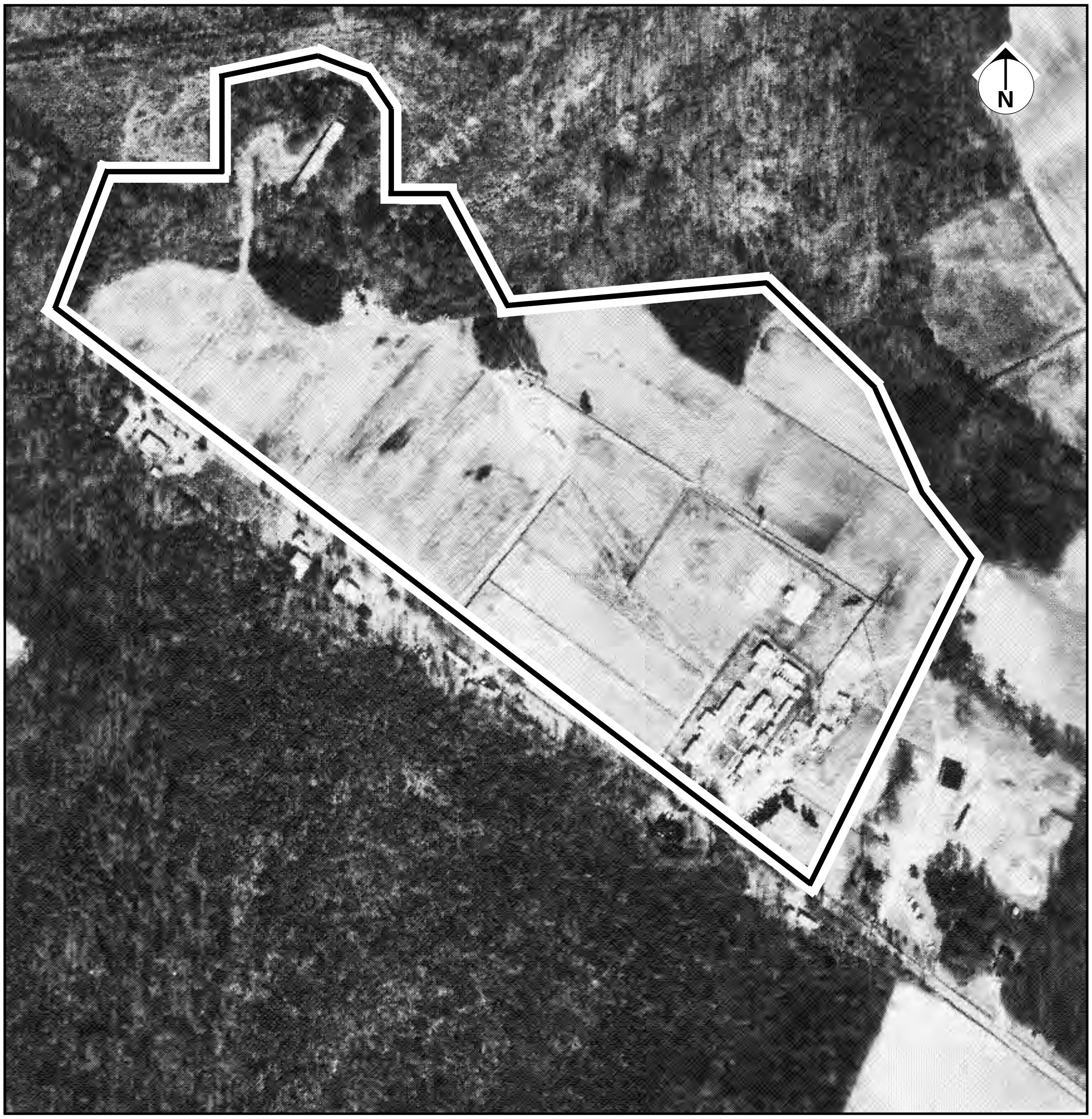
Pinecrest Learning Center

The Pinecrest Learning Center was closed in the mid-1980s. The learning center consists of approximately 20 acres and has been declared surplus by the Department of Corrections since 1990 (this property was never transferred to the Department of Youth and Family Services when that department was separated from DOC). The property is reflected on the DGS inventory of surplus real property and DGS estimates its value at $200,000.

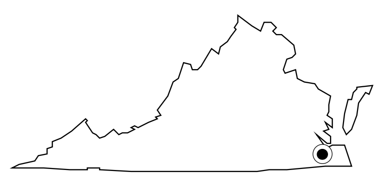
Recommendation (4). **If, after the September 1994 special session of the General Assembly, the Department of Corrections determines it does not need the Nansemond Field Unit property, then the Department of Corrections**

Exhibit 10

Nansemond Field Unit



Agency: Department of Corrections
Estimated Acreage: 63
Estimated Value: $193,000



should declare the Nansemond Field Unit site to be surplus and allow it to revert to the Department of Transportation. If the Department of Transportation has no programmatic use for this property, then the department should declare it to be surplus in accordance with DEB directives.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation owns more than 200 parcels of land used in conjunction with its mission to maintain and construct roadways throughout the Commonwealth. In its survey, the department identified several parcels throughout the State that are surplus or underutilized. However, only those surplus parcels that are free of deed restrictions and greater than 10 acres are discussed below. Besides the parcels discussed below, the department owns surplus parcels smaller than 10 acres at its Victoria area headquarters, Magnolia storage lot, Troy area headquarters, and on Route 641.

Rosedale Satellite Engineering Office

This property, located in Russell County, consists of 13 acres and a house that was acquired by VDOT in 1990 for $159,500. At present some surplus tangible property is stored in the house, but there are no other VDOT activities at the facility. The property is deemed suitable for residential or office use. Staff at VDOT's Bristol district office have begun proceedings to sell this property.

Bowers Hill Area Headquarters

Located in Chesapeake, this property is part of the Bowers Hill Area Headquarters. The surplus portion of the property consists of approximately 17 acres and its value is estimated at $68,000. The price estimate is based on a 1990 sale of 52 acres of the property to the City of Chesapeake.

Richmond District Office

VDOT's largest parcel of surplus real property is located at the Richmond District Office, which is located in Chesterfield County. The surplus portion of the property consists of approximately 80 acres. However, this property is landlocked, which limits its usefulness and opportunity for sale. The Commonwealth may wish to explore alternative public uses for this property.

Recommendation (5). **The Department of Transportation should declare all State-owned surplus real property held by the department at Bowers Hill, Rosedale, and the Richmond District Office to be surplus in accordance**

with Division of Engineering and Buildings Directives. The department should work with DGS to identify alternative public uses for the surplus property at the Richmond District Office.

DEPARTMENT OF REHABILITATIVE SERVICES

Just east of Staunton on Route 250, the Department of Rehabilitative Services operates its only residential facility, the Woodrow Wilson Rehabilitation Center. The entire center sits on 229 acres. Approximately half of the grounds are actively used in rehabilitative programs including nature trails through the center's wooded tracts. A significant portion of the land can be considered surplus since it is not part of any formal plans and has no programmatic purpose, or the programs conducted there could be easily moved.

Exhibit 11 displays the Woodrow Wilson Rehabilitation Center's property. The tract that is surplus is approximately 100 acres and is assessed by the local Commissioner of the Revenue at $637,600. This tract includes a lake and has access to Route 250 and State Route 358. Since the open property was planted with pine trees and hardwoods in 1991, the Department of Forestry has expressed interest in acquiring this property to manage the land and to relocate its forestry district office and equipment storage facility from Staunton.

Recommendation (6). **The Department of Rehabilitative Services should declare the front 100 acres at Woodrow Wilson Rehabilitation Center to be surplus in accordance with Division of Engineering and Buildings directives.**

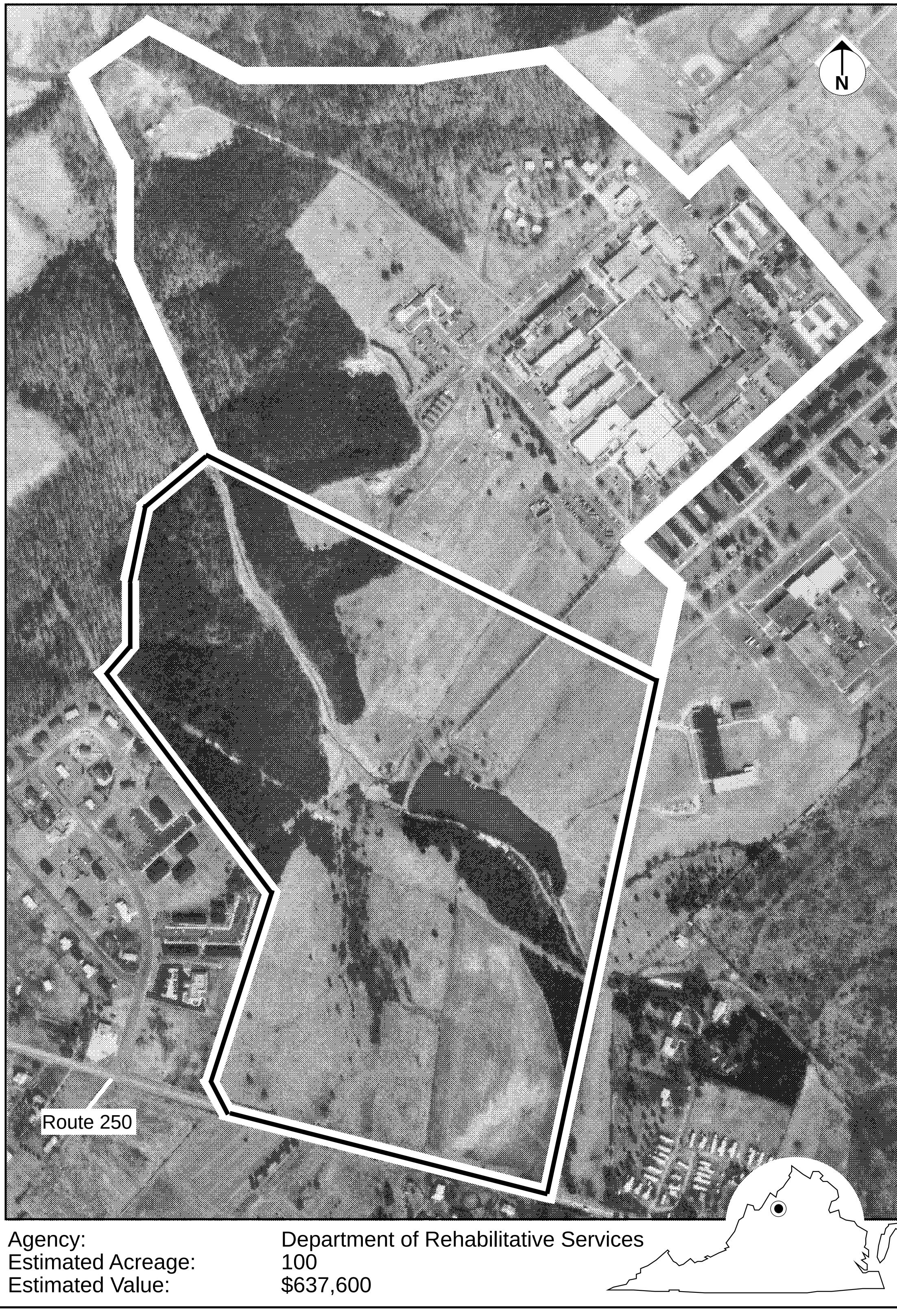
DEPARTMENT OF STATE POLICE

To carry out its law enforcement responsibilities, the Department of State Police owns nearly 200 acres of land on approximately 50 separate tracts throughout the Commonwealth. Most of these tracts are one to two acres in size and house a State Police area headquarters. However, the Culpeper division headquarters site sits on a 23-acre parcel. The headquarters has two small buildings (a third one is planned), a parking lot, and a firing range on approximately eight acres of this site (Exhibit 12). This one facility accounts for 18 percent of the department's land. The tract has nearby access to Route 29 and the acreage on the south and west side of the State Police facilities could be easily separated from the remaining tract. These surplus tracts total 15 acres and are identified as tracts A and B on Exhibit 12. Their estimated value is $39,000.

The department also appears to have excess land at its division headquarters in Appomattox and Wytheville. However, the placement of buildings at these properties

Exhibit 11

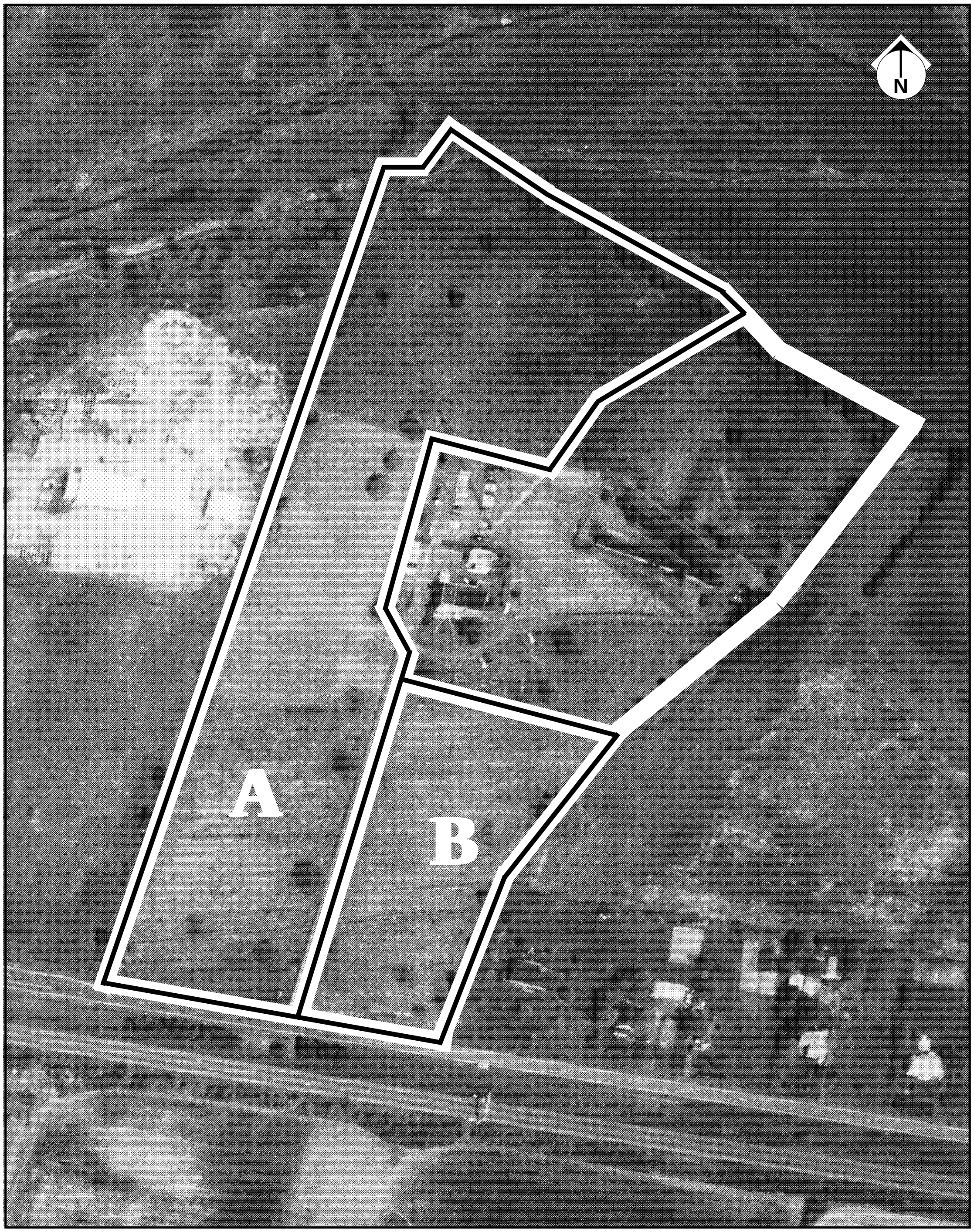
Woodrow Wilson Rehabilitation Center



Agency: Department of Rehabilitative Services
Estimated Acreage: 100
Estimated Value: $637,600

Exhibit 12

Culpeper Division Headquarters



Agency: Department of State Police

	Estimated Acreage	Estimated Value
Tract A:	10	$26,000
Tract B:	5	$13,000
Total	15	$39,000

minimizes the amount of land that could reasonably be declared surplus. It is unlikely that more than five acres could be declared surplus at each site. However, land at these sites may be suitable for use by other State agencies with compatible programs.

***Recommendation (7).* The Department of State Police should declare 15 acres at the Division Headquarters in Culpeper to be surplus in accordance with Division of Engineering and Buildings directives.**

DEPARTMENT OF MINES, MINERALS, AND ENERGY

The Department of Mines, Minerals, and Energy owns one piece of surplus real property located in Big Stone Gap. This office building (and less than one acre of land) formerly housed the department's coal mine safety staff. The department's coal safety and coal reclamation staffs (with administrative personnel) have now consolidated in a new building built on land transferred from Mountain Empire Community College. The surplus property has been appraised by a professional appraiser retained by the department at $110,000. The department declared this property surplus in 1992.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles holds two properties that it has recently determined to be surplus to its needs. Both properties were obtained by the department as sites for branch offices. One property is located in Virginia Beach and the other property is located in Annandale.

Virginia Beach Property. This property is a five-acre parcel that was conveyed from the Department of Military Affairs to DMV in 1990. The property was formerly part of the Camp Pendleton State Military Reservation and is located on General Booth Boulevard. DMV declared the property surplus in June 1994. The property was assessed by the local Commissioner of the Revenue in 1994 for $125,000.

Annandale Property. This property consists of approximately two acres and is located on Columbia Pike Boulevard. The property had been acquired as the site for a Northern Virginia branch office but has been determined to not be optimally located for DMV's needs. The department is considering either selling the property or attempting to trade it for a more suitable location. The property's land is assessed by the local Commissioner of the Revenue at $1,151,130.

INSTITUTIONS OF HIGHER EDUCATION

JLARC staff identified approximately 1,950 acres of potentially surplus land held by eight institutions of higher education. This land has an estimated market value of approximately $16.2 million.

College of William and Mary

The College of William and Mary holds an approximately 500-acre property called the College Woods/Lake Matoaka property (Exhibit 13). The college's Board of Visitors passed a resolution in February 1994 designating the property a natural preserve and forbidding development of the property. While the property would appear to be the college's only area for westward expansion, the Board of Visitors resolution prevents this potential use. At present, the property is an undeveloped wooded area with some limited recreational and educational use.

While the designation of a property as a natural preserve is consistent with State natural resource policy, natural heritage areas owned by the Commonwealth are typically understood to fall within the purview of the Secretary of Natural Resources, not institutions of higher education. An option available to State agencies, however, is to formally dedicate the property as a natural heritage preserve in accordance with Section 10.1-213 of the *Code of Virginia*. The college should either formally dedicate the property as a natural heritage preserve or it should declare the property to be surplus to allow it to be managed by a more appropriate agency.

Recommendation (8). **The Board of Visitors and administration of the College of William and Mary should either formally dedicate the College Woods property as a natural heritage preserve or it should declare the property to be surplus in accordance with Division of Engineering and Buildings directives.**

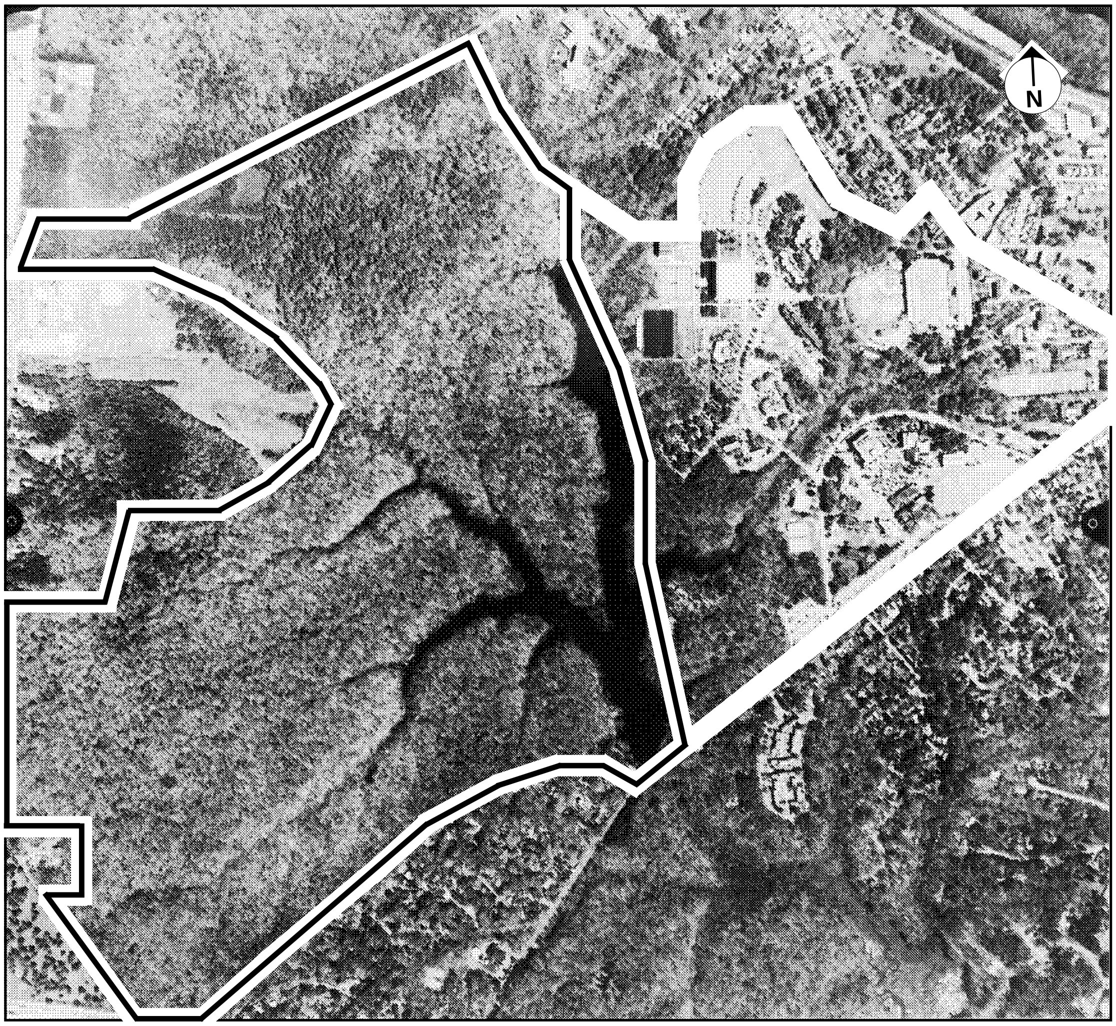
George Mason University

George Mason University owns an 81-acre tract of undeveloped land in Fairfax County, near the university's Fairfax campus. This tract is called "Woodland Acres" or the "Shirley Gate Property" and was purchased by the university from its foundation with general funds in 1987 for $1.65 million, approximately 2.5 times the assessed value at that time. This property is shown in Exhibit 14. At present, there are no university activities on this property, and the university has no formal plans for the use of the property.

In general terms, university staff describe Woodland Acres as an area for future expansion. However, the form of this expansion is variously described as a satellite

Exhibit 13

College Woods



Agency: College of William and Mary
Estimated Acreage: 500
Estimated Value: na

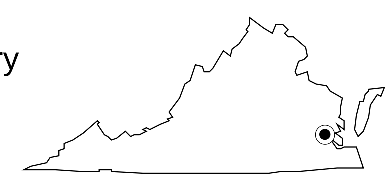
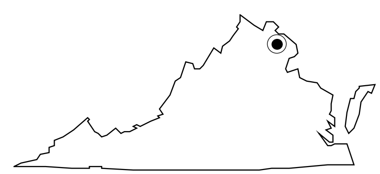


Exhibit 14

Woodland Acres

Agency: George Mason University
Estimated Acreage: 81
Estimated Value: $427,500



parking lot, football stadium (should the university start a football program), research center, and site for intramural playing fields. None of these uses for the property are addressed in the university's master plan, which was prepared prior to the property's purchase. University staff were unable to provide any formal, written discussion of future plans for the property.

The property is not currently used for a programmatic purpose; it was described in the university's survey response as 100 percent unused. With no present programmatic use or formal plans for its future use, the property meets the criteria for surplus. The property's lack of sewer access and current zoning (residential conservation) limits its potential for development, so that it was assessed by the local Commissioner of the Revenue at $427,500 in 1994. As noted above, the property was purchased, with general funds, for $1.65 million; at the time of this purchase the property was assessed at $609,375. Prior to being purchased by George Mason University, the property had been purchased by the George Mason University Foundation in 1986 from a private owner for $1.43 million (at this time the assessment was $234,375). However, the property had been appraised at between $1.8 million and $4 million in 1989 by an independent appraiser retained by GMU.

Recommendation (9). **George Mason University should declare the Woodland Acres Tract surplus in accordance with Division of Engineering and Building directives.**

James Madison University

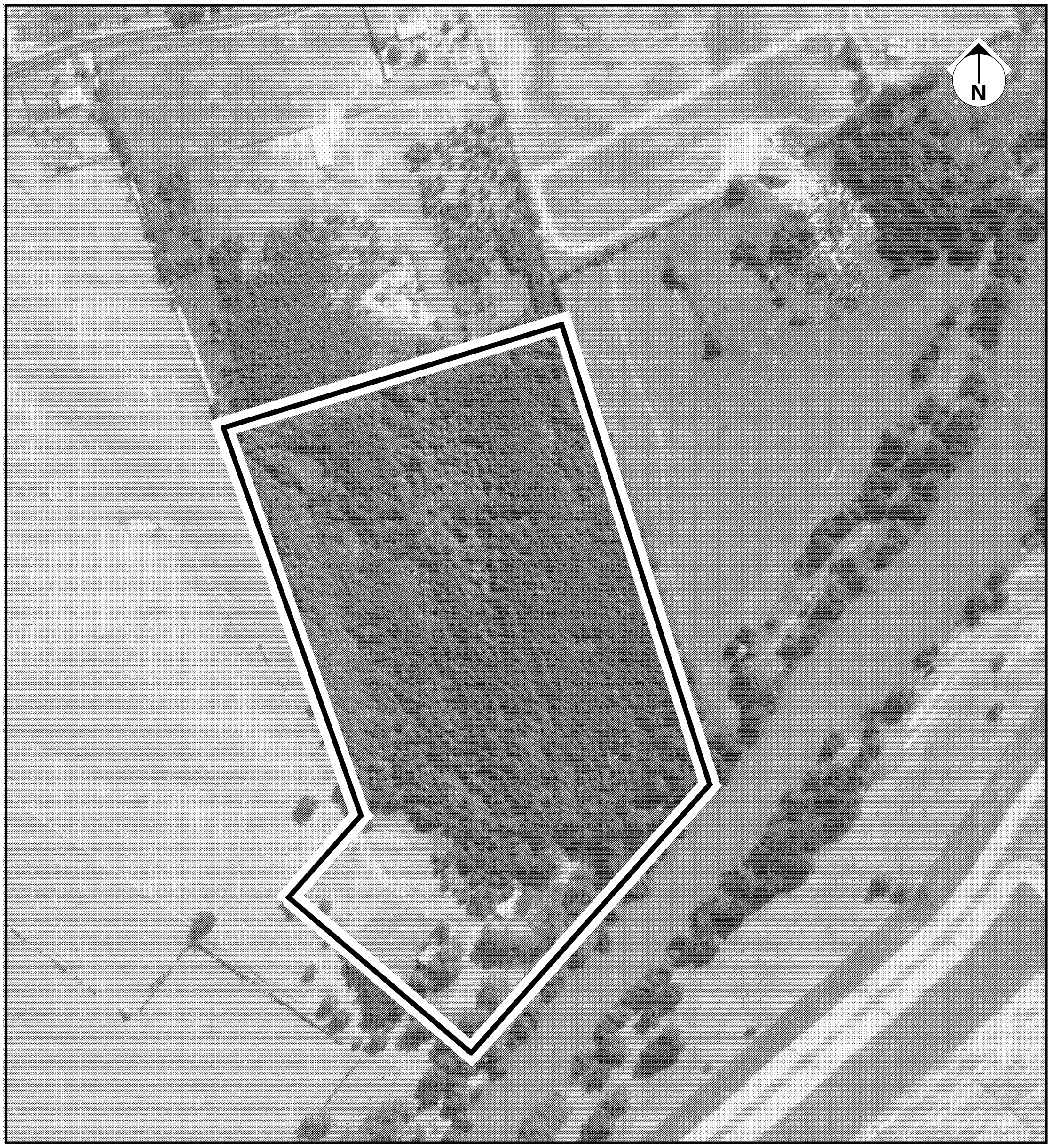
James Madison University (JMU) maintains a 31-acre property, referred to by JMU as the university farm, that is located in Rockingham county, approximately 10 miles from the university's main campus. This property is shown in Exhibit 15. The property has an abandoned house and a picnic pavilion on the premises and is used for university staff and faculty social functions. Approximately five acres of the property have been cleared to accommodate the picnic facilities; the remainder of the property is an undeveloped wooded tract. The university has no plans for future development of this property.

The university farm was acquired for $4,500 by the university in 1929 with State funds. This property meets the criteria for surplus property because it is not used for a programmatic purpose, and there are no plans to use the property for a programmatic purpose. While picnic facilities may provide some benefit to staff and faculty, it is difficult to justify why a 31-acre property ten miles from campus is needed for such a purpose. The university farm property meets the criteria for surplus property. The land for this property is assessed by the local Commissioner of the Revenue at $45,100.

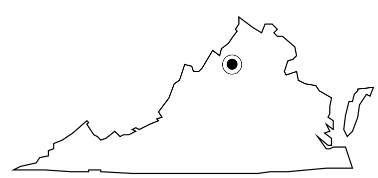
Recommendation (10). **James Madison University should declare the entire university farm property surplus in accordance with Division of Engineering and Buildings directives.**

Exhibit 15

University Farm



Agency: James Madison University
Estimated Acreage: 31
Estimated Value: $45,100



Mary Washington College

Mary Washington College, located in Fredericksburg, was formerly affiliated with the University of Virginia. In 1946, the Rowe estate conveyed to the University of Virginia three tracts of land known respectively as Rowe Tracts one, two, and three. These properties became part of Mary Washington College when it became independent from the University of Virginia. Rowe tract one consists of 71 acres and is occupied by the college president's house and elements of the college's physical education and athletics programs. Rowe tracts two (35 acres) and three (44 acres) are reserved for "future development." Both tracts are shown in Exhibit 16 as tracts A and B respectively.

Future development plans informally discussed by the college's Board of Visitors include developing a retirement community as a profit-making enterprise for the college. A college official noted that Rowe tract three, in particular, is located too far from the main campus to be useful for academic purposes and is located on the west side of Route 1, further complicating expansion there. The college has informally discussed expanding its athletic complex to Rowe tract two, but there are no formal plans to do this.

A college official indicated in interviews with JLARC staff that the property had been donated. Review of the deed for the property revealed that the property was, in fact, purchased by the University of Virginia with State funds from the Rowe estate for the sum of $71,000 in 1946. The purchase funds came from the university's operation and maintenance account.

Rowe tracts two and three meet the criteria for surplus, because they are not currently used for programmatic purposes and there are no formal plans to use these properties for programmatic purposes. In this context, a profit-making retirement home is not considered related to the programmatic purposes of a four-year college. Rowe tract two is assessed by the local Commissioner of the Revenue at $520,700 and Rowe tract three is assessed at $653,300.

***Recommendation (11).* Mary Washington College should declare Rowe Tracts two and three surplus in accordance with Division of Engineering and Buildings directives.**

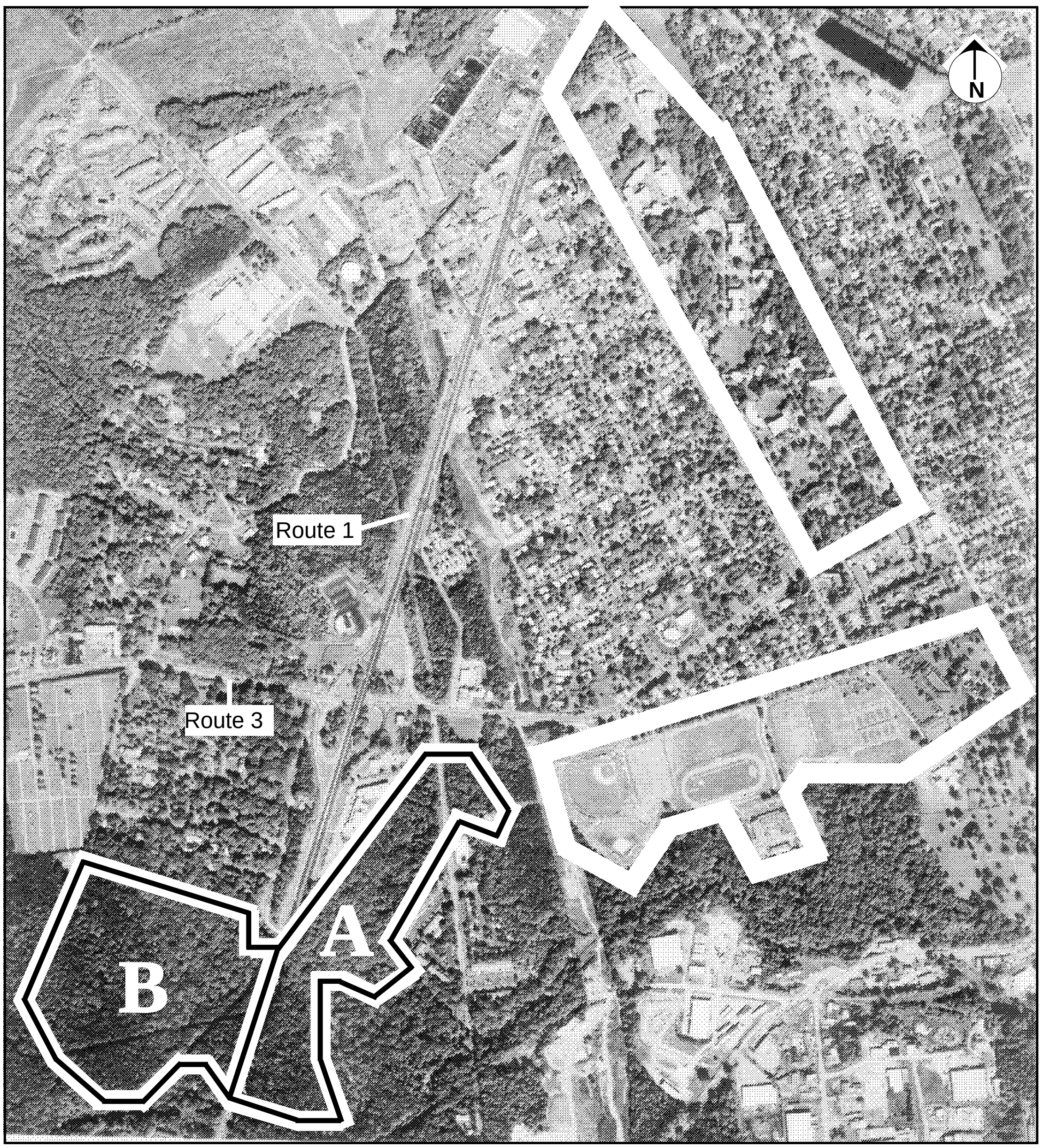
Richard Bland College

Richard Bland College is a two-year liberal arts college overseen by the Board of Visitors of the College of William and Mary. The college is located on the former site of Southside Virginia Training Center in Prince George County and Dinwiddie counties. The campus consists of 695 acres, as shown in Exhibit 17. The college serves a full-time equivalent enrollment of approximately 980 students.

The college has recently completed its master plan. This plan identified approximately 120 acres as needed for current or future development. The remainder of the property was considered a natural heritage area.

Exhibit 16

Rowe Tracts II and III



Agency: Mary Washington College

	Estimated Acreage	Estimated Value
Tract A:	35	$520,700
Tract B:	44	$653,300
Total	79	$1,174,000

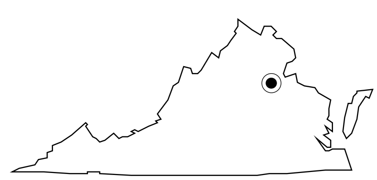
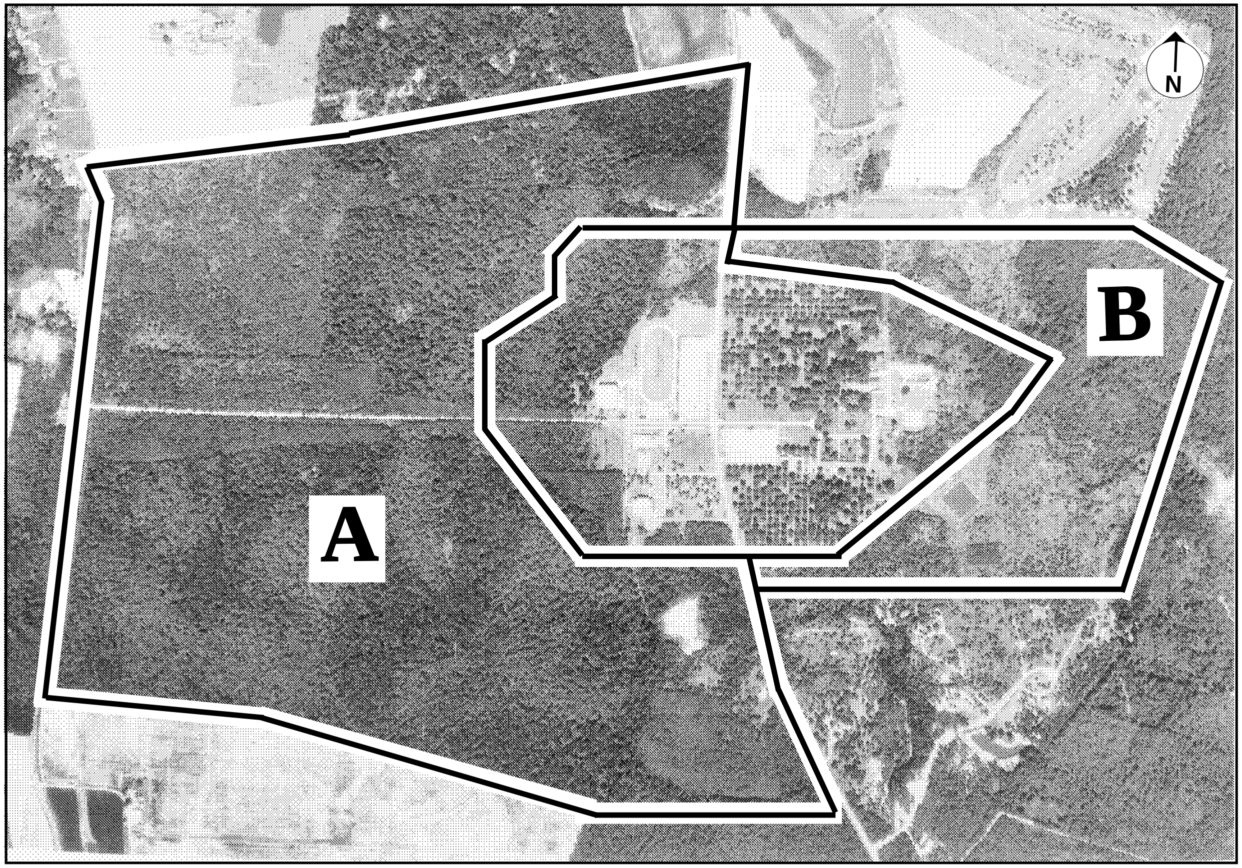


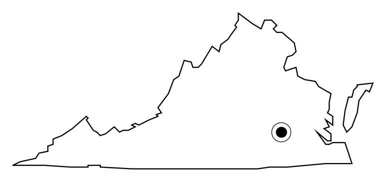
Exhibit 17

Richard Bland College



Agency: Richard Bland College

	Estimated Acreage	Estimated Value
Tract A:	450	na
Tract B:	125	na
Total	575	na



The presence of substantial wetland acreage and at least one historically significant building site limit the potential use of the approximately 575 acres not actively used by the college. Because these 575 acres are not currently used for any programmatic purposes and are not planned for any such purposes, they should be declared surplus. Dedication as a natural preserve area is an option available for this property.

As noted above, the presence of substantial wetlands limits the potential value of most of this surplus property for sale. However, Richard Bland staff indicated that at least one parcel of this property may have some commercial value. The Department of General Services should carefully examine the property to determine if any portions of it may have significant value and can be sold. DGS should then explore alternative public uses, such as dedication as a natural preserve area for the remainder of the property.

Recommendation (12). **Richard Bland College should declare surplus all land not included in its master site plan for development, in accordance with Division of Engineering and Buildings directives.**

Tidewater Community College (Virginia Community College System)

The Portsmouth Campus of Tidewater Community College (TCC) was donated to the State Board of Community Colleges in 1968. The property is located in the city of Suffolk and serves the Portsmouth area. The Virginia Community College System (VCCS) has identified 241 surplus acres at the Portsmouth campus of TCC. This tract was identified in the 1977 JLARC report as surplus. In 1993, 44 acres of this property were sold to the Hampton Roads Sanitation District for $750,000 (this is not part of the 241 acres mentioned above). The remaining surplus property's estimated market value is approximately $10 million, based on an architect's review commissioned by the college.

In July 1994 the Governor approved transfer of this surplus property to the VCCS foundation. This transfer is in accordance with section 4.401p of the Appropriation Act, which authorizes the Governor to permit the transfer of real property held by institutions of higher education to the institution's foundation if the property was originally purchased with special funds or was donated. The Governor rescinded this approval in October 1991, leaving the property in State control. The property therefore meets this study's criteria for surplus.

One issue raised by this transfer is the relationship between institutions of higher education and their foundations in real property transfers (this issue is also relevant to the previous discussion of George Mason University), and whether such transfers are appropriate in all cases. Another issue relevant to this property is the *Code of Virginia*'s provision for the distribution of funds from the sale of properties purchased with special funds or donated to the Commonwealth, as well as for properties held by institutions of higher education. In some instances, current State law may not always be consistent with the budgetary needs of the State.

The Secretary of Administration should examine both of these issues and make recommendations to the Governor and General Assembly regarding (1) the appropriate relationship between institutions of higher education and higher education foundations in management of real property, and (2) recommendations for disposition of surplus properties purchased with special or general funds that have no deed restrictions on their future use.

Recommendation (13). **The Secretary of Administration should examine the State's real property policies and make recommendations to the Governor and the 1995 General Assembly regarding (1) the appropriate relationship between institutions of higher education and higher education foundations in management of real property, and (2) disposition of surplus properties that were donated or purchased with special funds and which have no deed restrictions on their future use.**

University of Virginia

The University of Virginia owns several tracts of land that are non-contiguous to the university's main campus. These tracts are used for research, storage, and to house administrative offices. JLARC staff identified surplus property at three of these properties.

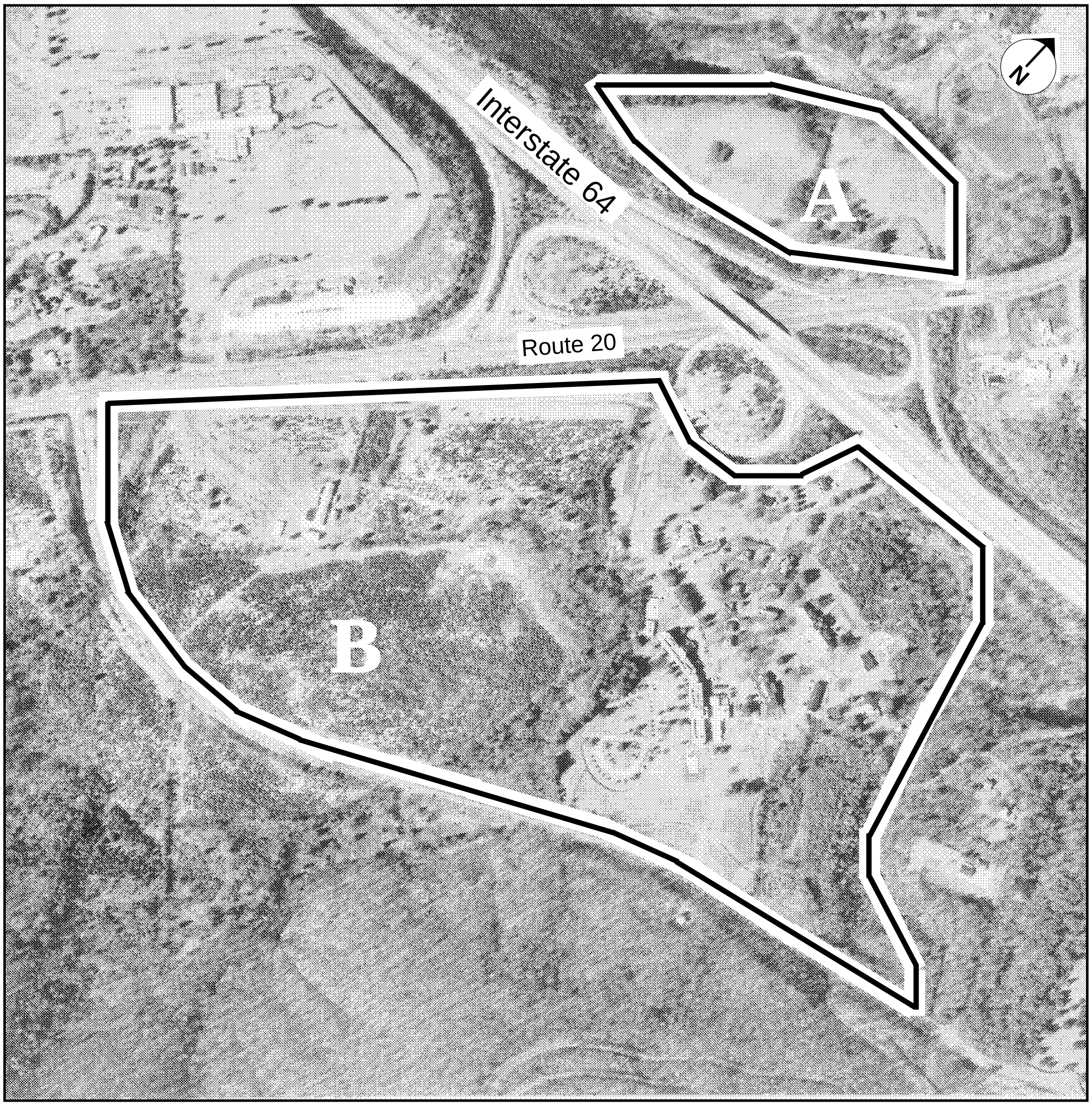
Blue Ridge Hospital. The Blue Ridge Hospital is a 157-acre tract that formerly housed a Department of Health sanitarium. This property is shown in Exhibit 18 and currently houses a university medical center sub-acute facility (which is slated to close in 1995), a poison control center, the university's Center for Law, Psychiatry, and Public Policy, other academic centers, and a child day care center. At the direction of the General Assembly, the property was transferred in 1978 from the Department of Health to the university for use as a health care facility. In 1992 the university conveyed 89 acres of the property to the Thomas Jefferson Memorial Foundation for $500,000 (this tract is not part of the 157 acres).

University staff have noted that there are some university activities at Blue Ridge Hospital that will continue to take place after the inpatient activity there is discontinued in 1995. The outpatient clinics and research space will be gradually relocated from Blue Ridge Hospital to other sites. A university official estimated that this would be completed within two years of closing the inpatient facility at Blue Ridge Hospital. The poison control center and day care center will remain important university activities, but the university official stated that there is nothing unique about Blue Ridge Hospital that requires these facilities to be located there. Another university official speculated that hospital administrative services might one day be located at the site but stated that this was just his own thought and that there were no formal plans for accomplishing this.

The land for the facility is assessed by the local Commissioner of the Revenue at $2,626,000. There are 45 buildings located on the property, but many of these buildings are in poor repair or are poorly designed for contemporary use. Tract A, consisting of 17 acres, is located on the north side of I-64 from the hospital complex and

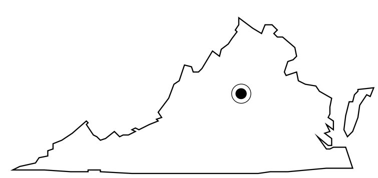
Exhibit 18

Blue Ridge Hospital



Agency: University of Virginia

	Estimated Acreage	Estimated Value
Tract A:	17	$284,300
Tract B:	140	$2,341,700
Total	157	$2,626,000



should be declared surplus immediately (the 1982 General Assembly granted the university authority to retain the proceeds from the sale of this property). The remainder of the property should be declared surplus once substantially all on-going university activities there are relocated.

Milton Airport. The Milton Airport is a 172-acre tract in Albemarle County purchased in 1939 and was used as a ROTC training facility during World War II. The property (Exhibit 19) and has not been used as an airfield since 1971. The University's Department of Environmental Sciences has located an experiment within one of the buildings on the property.

The 1977 JLARC report identified this tract as surplus. The University of Virginia resisted this finding at the time, stating that the tract was needed for storage and for on-going research. Seventeen years later, the university continues to maintain that the property is needed for storage and for research. This storage space and the research space are provided by two abandoned hangers on the property, as well as another unoccupied building. These three buildings occupy less than five acres, located at the front of the property, leaving approximately 167 acres unused.

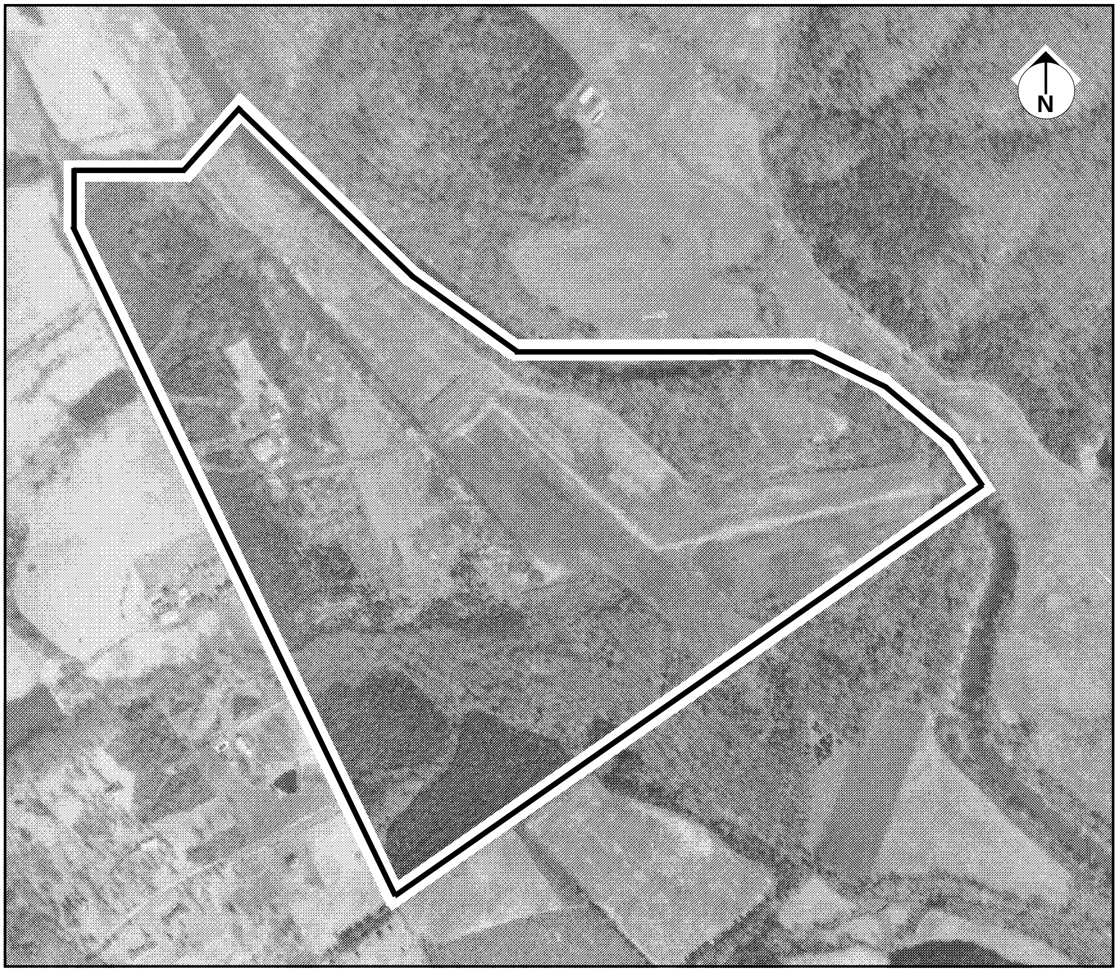
University staff who toured this facility with JLARC staff stated that the property is located too far (approximately six miles) from the university to be of much use for storage. UVA staff also indicated that much of what is stored there is surplus tangible property. The policy of the Commonwealth is to dispose of, rather than store long-term, surplus tangible property. Therefore, the university's stated use for the property does not appear to be consistent with this policy. The research conducted there requires indoor space to house a wind tunnel; there is nothing unique about Milton Airport that requires the research to be conducted at this property, however. While there is a firing range located on the property, this firing range occupies only a small portion of the property, and university staff noted that the university police generally use the indoor firing range that is located on the university's central grounds.

Part of the property is located on a flood plain, but Department of Taxation staff estimate the property's market value at between $775,000 and $860,000 (between $4,500 per acre and $5,000 per acre). There are no restrictions on future use of the property. The property should be declared surplus, because it meets the study criteria for surplus property.

Vivarium Property. This property is a 38-acre tract located in Albemarle County that is held by the university's medical center. The property is shown in Exhibit 20. Approximately half of the property appears to be used to support basic medical research and to locate an incinerator for disposal of medical waste. The remainder of the property (an estimated 19 acres) is an empty field that university staff state provides a buffer zone for the basic research and waste disposal activities there. While university staff state that they believe the Commonwealth should retain ownership of the property because of the sensitive nature of the activities located there, the property meets the criteria for surplus and should be declared surplus. The sensitive nature of on-going activities at the portion of the property retained by the university could then be considered when the Commonwealth determines how to dispose of the property. The

Exhibit 19

Milton Airport



Agency:	University of Virginia
Estimated Acreage:	172
Estimated Value:	$775,000

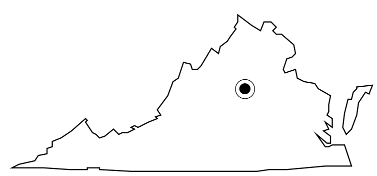
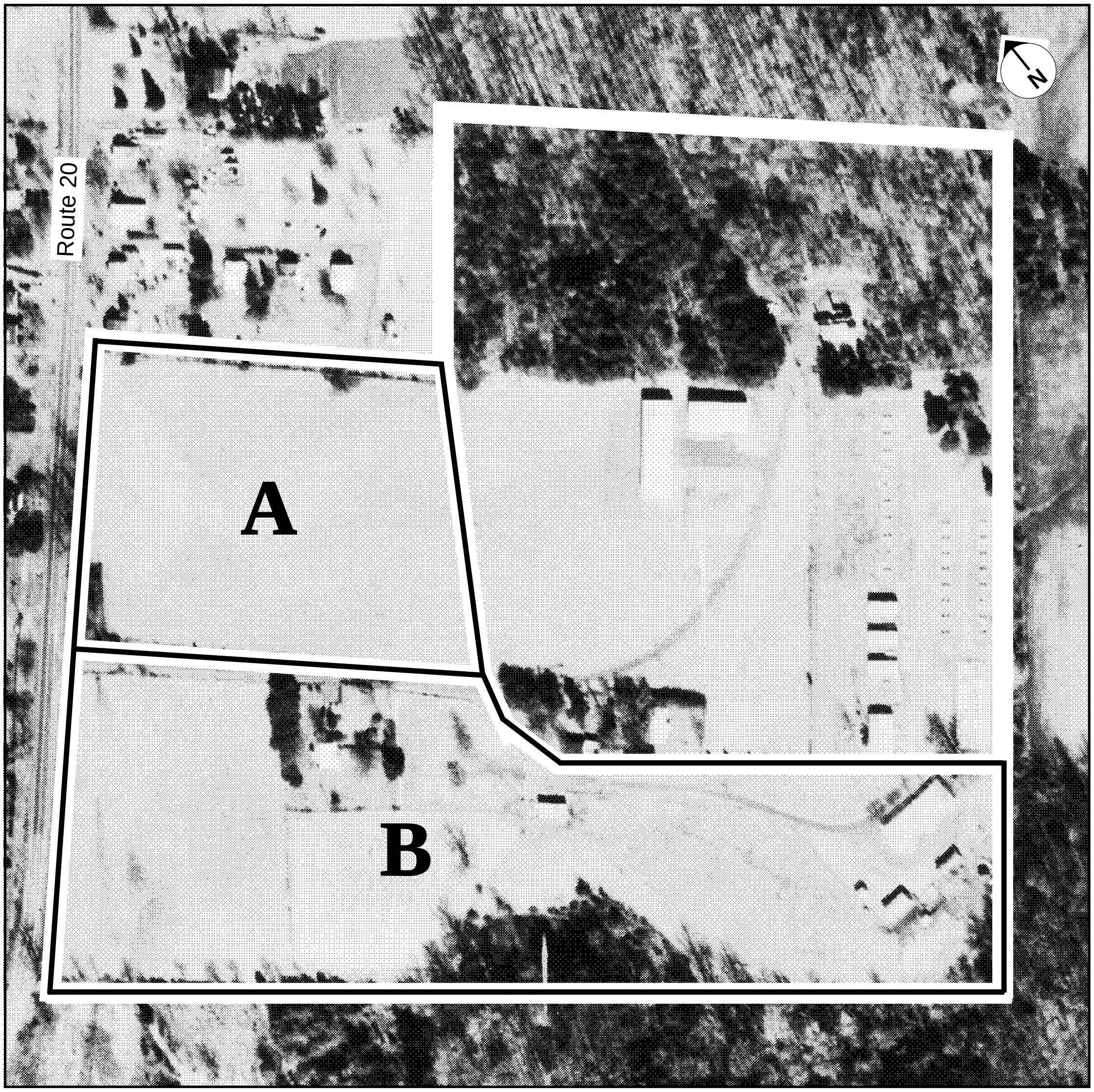


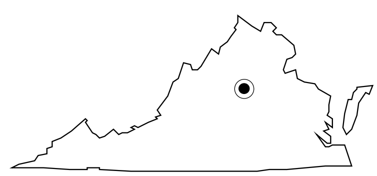
Exhibit 20

Vivarium



Agency: University of Virginia

	Estimated Acreage	Estimated Value
Tract A:	6	$28,200
Tract B:	13	$61,100
Total	19	$89,300



property is assessed at approximately $4700 per acre by the local Commissioner of the Revenue, giving the surplus tract an estimated value of $89,300.

Recommendation (14). **The University of Virginia should declare Milton Airport, the unused portion of the Vivarium property, and the 17 acre tract at Blue Ridge Hospital as surplus in accordance with applicable Division of Engineering and Buildings directives. The University of Virginia should declare the remainder of Blue Ridge Hospital to be surplus once the university has relocated substantially all of its existing activities.**

Virginia Polytechnic Institute and State University

Virginia Polytechnic Institute and State University (Virginia Tech) owns real property throughout the State in support of its mission of teaching, research, and extension. JLARC staff identified two surplus properties owned by Virginia Tech, one of which has already been declared surplus. These properties are located respectively in Smyth County and in Winchester.

Saltville Property. This 64-acre tract, located in Smyth County, formerly housed a geology research station. At present, Virginia Tech allows the Museum of Natural History to informally use the property under a memorandum of agreement. Virginia Tech has no direct use for the property, and therefore should declare the property to be surplus. The property's estimated market value is $24,900, due to the low value of land in this portion of southwest Virginia. An alternative public use for this property may be in the State's best interest.

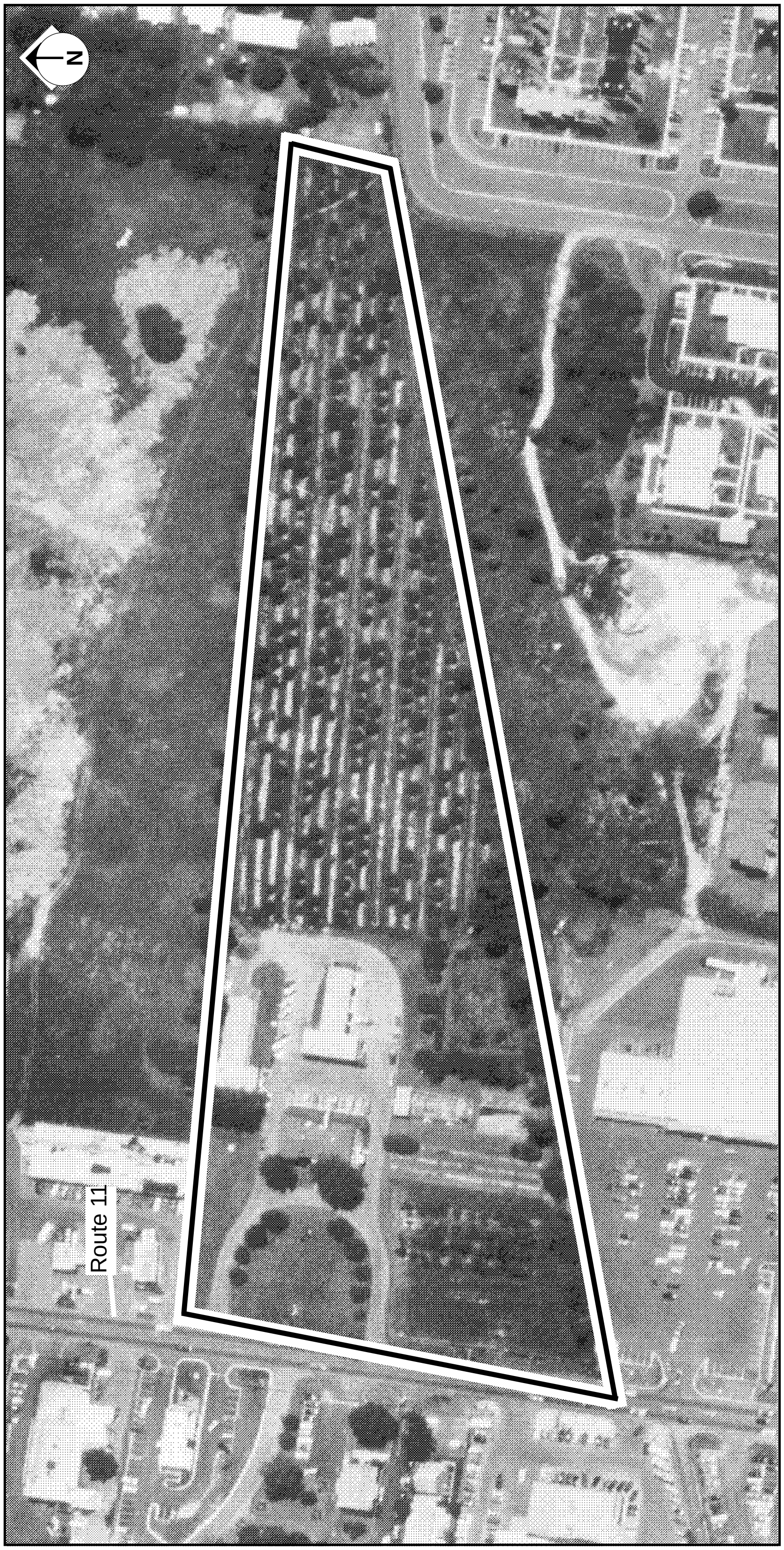
Winchester Laboratory and Research Station. The 1989 Appropriation Act granted Virginia Tech permission to sell an 11-acre tract of land located in the city of Winchester that had formerly housed a College of Agriculture research station. Virginia Tech was unable to begin marketing the property until August 1993, due to delays in the construction of the replacement facility caused by the State's budget situation after 1989. Virginia Tech has retained a real estate broker for the property, but apparently has not yet disposed of the property. University staff stated that the university is performing environmental remediation on the property and the completion of this activity may encourage potential buyers.

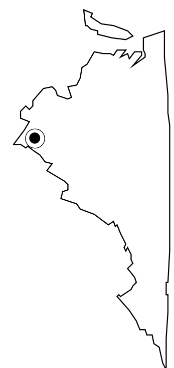
The property is currently assessed at $1,076,100 by the local Commissioner of the Revenue. This property is shown in Exhibit 21. According to the 1989 Appropriation Act, proceeds from the sale of this property, up to $650,000, were to be used to fund the replacement facility. Proceeds above $650,000 were to be returned to the general fund. The 1994 Appropriation Act continued the 1989 provisions for the most part but allows Virginia Tech to retain all proceeds beyond $650,000. In an interview with Virginia Tech staff, it was explained that the additional funds would go to support the increased operating needs of the new facility.

Recommendation (15). **Virginia Tech should declare the entire Saltville property to be surplus in accordance with DEB directives.**

Exhibit 21

Winchester Experimental Station





Agency: Virginia Tech
Estimated Acreage: 11
Estimated Value: $1,076,100

DEPARTMENT OF EDUCATION

The Virginia Department of Education has surplus real property at its two facilities for the deaf and blind: the Virginia School for the Deaf and Blind in Hampton and the Virginia School for the Deaf and Blind in Staunton. JLARC staff's application of the study criteria for surplus land identified approximately 20 acres of surplus land at the Hampton School. JLARC staff identified approximately 19 acres at the Staunton school as surplus.

Virginia School for the Deaf and Blind in Hampton

The Virginia School for the Deaf and Blind in Hampton owns three parcels of land that meet the criteria for surplus (Exhibit 22). The first of these (tract A) consists of approximately six acres and is planted with three-year-old pine trees. The tract is not used for any programmatic purpose. The market value of this property is estimated by Department of Taxation staff at between $55,000 and $60,000 per acre.

The second tract (tract B) consists of 14 acres and is located adjacent to the main entrance to the facility. This tract includes some mowed lawn and woodlands. The market value of this tract is estimated by Department of Taxation staff at between $75,000 and $90,000 per acre. Without these two surplus tracts, the campus would still be left with outdoor recreation areas. The third tract (tract C) consists of one third of an acre and its value is estimated by Department of Taxation staff at $75,000. The total value of the three tracts is estimated at $1,455,000.

In interviews with JLARC staff, staff from the Hampton School noted that the State Board of Education strongly considered closing the facility during the past administration. Staff also noted that there is a recent pattern of reduced funding for the school. It is possible that future policy decisions may render the entire complex to be surplus.

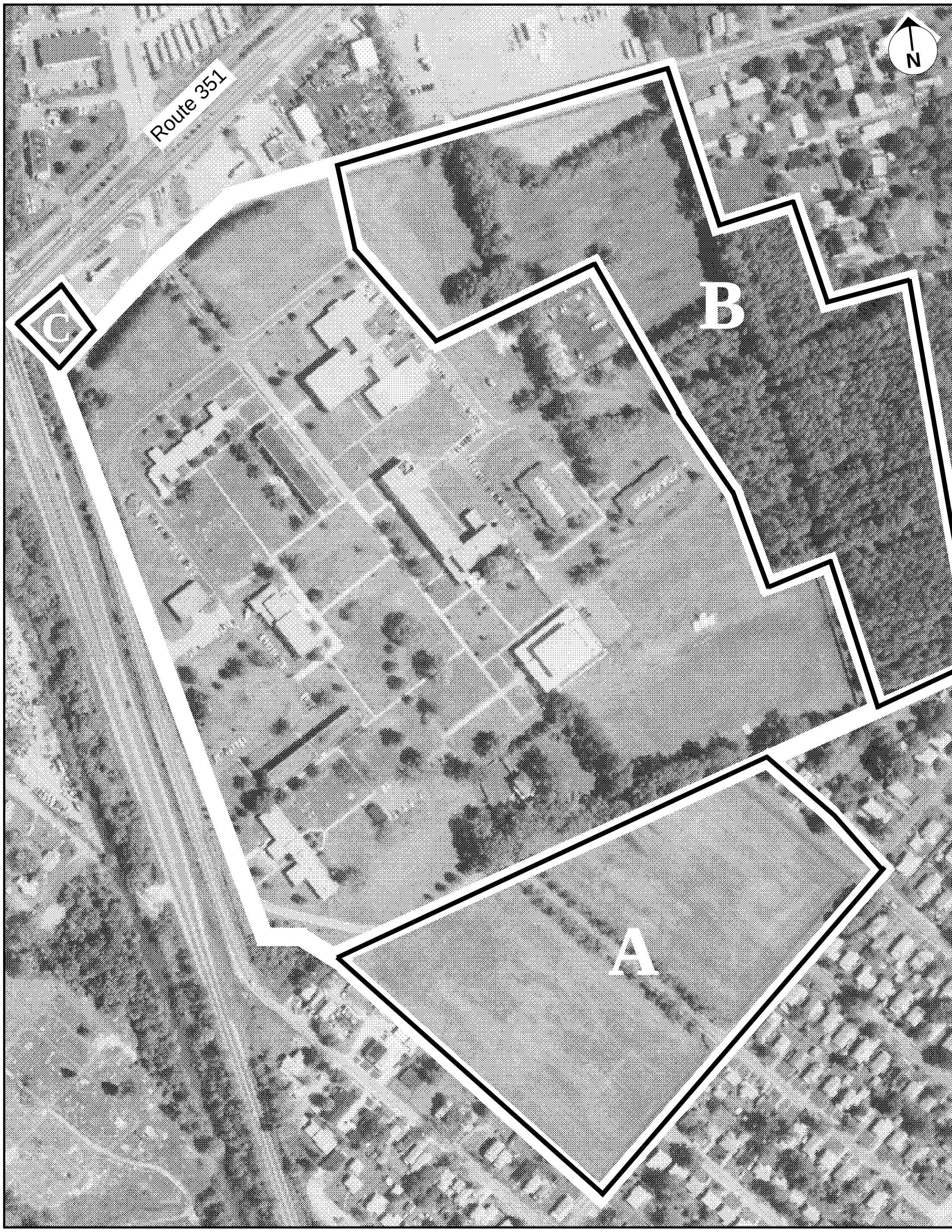
Virginia School for the Deaf and Blind in Staunton

The Virginia School for the Deaf and Blind in Staunton is located on a campus consisting of 74 acres. JLARC staff identified one tract (Exhibit 23) of approximately 19 acres, that can be considered surplus. This tract is on a hillside and is not presently used for any programmatic purposes and is not part of any formal plans for future expansion of the facility. The entire campus is assessed by the local Commissioner of the Revenue at approximately $9,000 per acre. The surplus tract has an estimated value of $183,000.

Recommendation (16). **The State Board of Education should direct the Virginia Schools for the Deaf and Blind in Hampton and Staunton to declare as surplus the real property identified in this report, in accordance with Division of Engineering and Buildings directives.**

Exhibit 22

Virginia School for the Deaf and Blind in Hampton



Agency: Department of Education

	Estimated Acreage	Estimated Value
Tract A:	6	$330,000
Tract B:	14	$1,050,000
Tract C:	0.35	$75,000
Total	20.35	$1,455,000

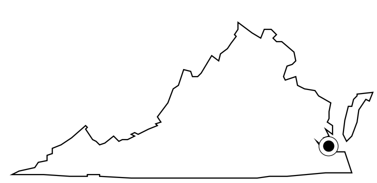
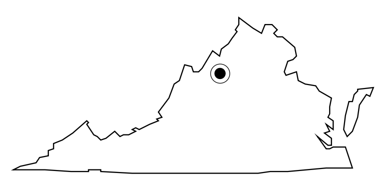


Exhibit 23

Virginia School for the Deaf and Blind in Staunton

Agency: Department of Education
Estimated Acreage: 19
Estimated Value: $183,000



INNOVATIVE TECHNOLOGY AUTHORITY

The Innovative Technology Authority was established in 1983 as the managing arm of the Center for Innovative Technology (CIT), a State-supported, private, non-profit corporation. CIT was incorporated in 1984. CIT's headquarters is located on a 36-acre tract of land in Northern Virginia on the border of Loudoun and Fairfax Counties near the Dulles Airport. This building was occupied in 1989. This property is shown in Exhibit 24.

CIT staff indicate that approximately 20 acres of this tract are presently unused. When CIT acquired this property through a donation in 1988, its master plan envisioned use of the entire complex; however, it has not received sufficient funding to allow this. At present, the 20 acres of unused land meets the study criteria for surplus real property, as there are no plans for use of the property that have been funded. CIT staff indicated that CIT has never had concrete discussions about what to do with the property. The current market value of this property is estimated at between $175,000 and $200,000 per acre based on a review conducted by Virginia Department of Taxation staff in 1994. The market value of the property is conservatively estimated at $3,500,000.

While the property was donated, there is no longer any reversion clause for the property. Since CIT remains a mostly general funded entity, the property should be transferred to the Department of General Services for disposition. It is noted that DGS has no presence in the area and may need resources to make provisions for any maintenance of the property that may be required prior to its disposition.

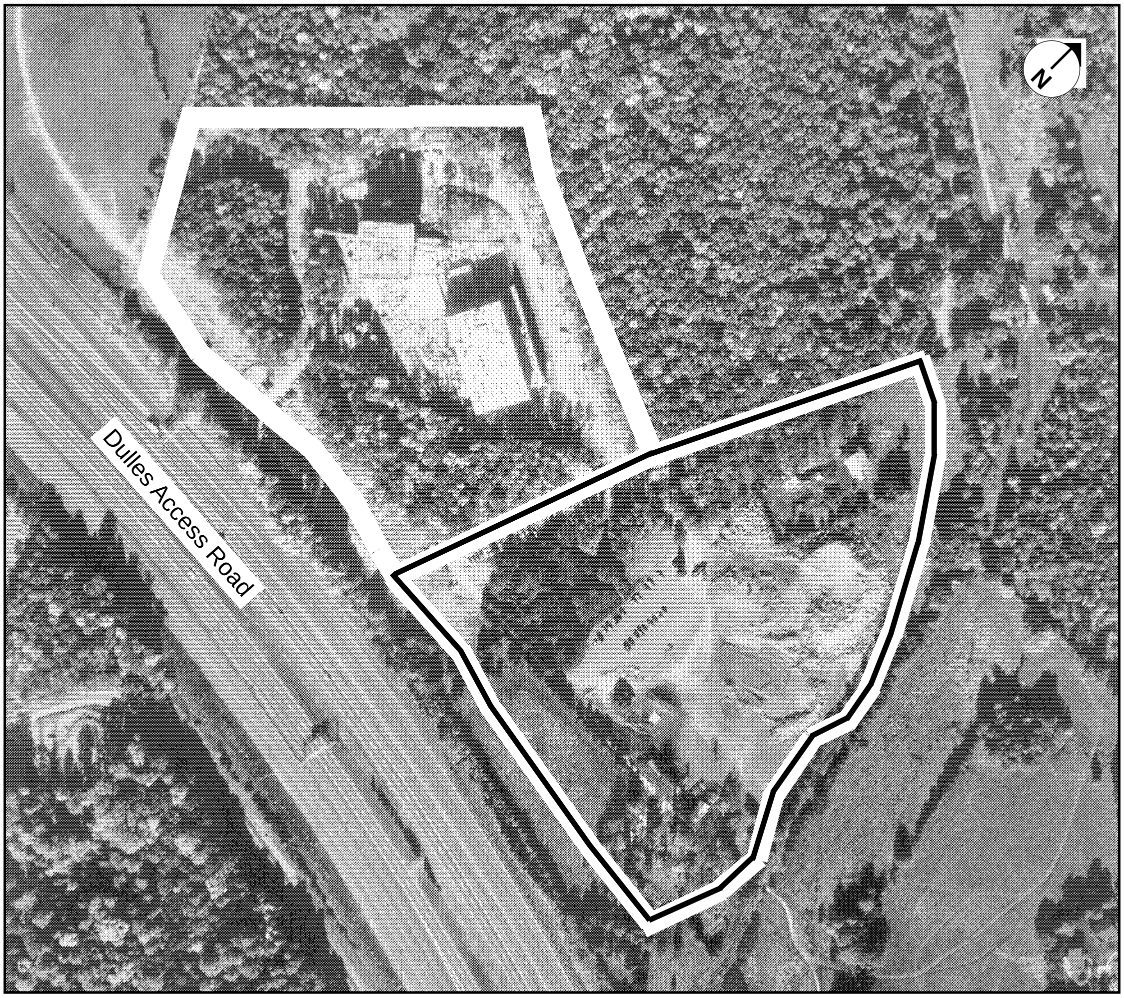
Recommendation (17). **The General Assembly may wish to consider directing transfer of the surplus property held by the Innovative Technology Authority to the Department of General Services so that the property can be disposed of as surplus.**

FUTURE SURPLUS PROPERTIES

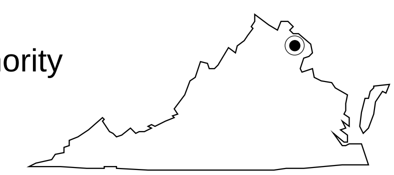
JLARC staff identified a number of other properties that will become surplus due to new capital outlay projects, policy decisions, or other changes. These include the Elko Tract owned by the Department of General Services, the Cheatham Annex held by the Department of Emergency Services, and the sites of two labs owned by the Department of Agriculture and Consumer Services.

Exhibit 24

Center for Innovative Technology



Agency: Innovative Technology Authority
Estimated Acreage: 20
Estimated Value: $3,500,000



Elko Tract

The Elko Tract consists of 2,373 acres located in Henrico County. This tract is a former army air force base and was acquired by the Commonwealth in 1949 for use by the then Department of Mental Health and Hospitals. Title to the property was transferred to the Division of Engineering and Buildings in 1966. Approximately 101 acres of the property were subsequently transferred to VDOT in 1969. These 101 acres house a residency office, an area headquarters, and the VDOT materials lab. In addition, VDOT has tentative plans for locating a training academy at the Elko tract and for requesting transfer of an additional 55-acre tract from the property controlled by DGS.

The remaining 2,272 acres were once considered as an alternative site for the seat of government. The property was identified as surplus in the 1977 JLARC report. The previous administration planned to use the site for a public safety complex, which would house the departments of Military Affairs, Emergency Services, State Police, and Youth and Family Services. According to the Secretary of Administration, this project is on hold indefinitely. The current capitol area master plan also sets aside part of the property for industrial development in cooperation with Henrico County.

According to the Henrico County Commissioner of the Revenue's office, the Elko tract's land has a 1990 assessed value of $5,680,100, excluding acreage owned by VDOT. The General Assembly and the Governor may wish to consider clarifying the Commonwealth's intentions for this property. In the event there are no plans for future use of the property, it should be sold as surplus with the proceeds going to the general fund.

Recommendation (18). **The Governor may wish to consider clarifying the Commonwealth's future plans for the 2,272 acres of the Elko Tract remaining under the control of the Department of General Services. If the State determines that it does not have future plans for use of the tract, then the Department of General Services should declare the property to be surplus.**

Cheatham Annex

The Cheatham Annex consists of 460 acres and was purchased by the State from the federal government in 1981 for use as a emergency fuel storage facility. In 1982, the facility was closed due to the reduced fuel crisis and lack of demand for storage. In 1987, the State identified environmental contamination on the property. At present, in coordination with the Environmental Protection Agency, the site is undergoing long-term environmental remediation, and the fuel storage tanks have been emptied.

Approximately 200 acres of the property are uncontaminated, according to the Department of Emergency Services. However, the magnitude of the environmental problems connected with the property might well discourage a potential buyer. The property is probably too small for alternative uses such as a wildlife management area or State park. Upon completion of environmental remediation, the property will be surplus and potentially attractive to buyers. However, this will not take place for more than 20 years.

Department of Agriculture and Consumer Services

The 1993 General Assembly approved funding for the Department of Agriculture and Consumer Services (DACS) to construct replacement sites for its labs in Warrenton and Lynchburg. DACS requested funds for replacement facilities for its labs in these two urban areas, because encroachment from the surrounding communities had become problematic. Both of the existing sites will probably become surplus upon completion of the replacement facilities during the 1996-1998 biennium.

Warrenton Lab. The Warrenton lab is located on two acres of land adjacent to a State Police area headquarters on West Shirley Avenue in Warrenton. The site includes an office building which department staff indicate can be adapted for other uses. The location of this facility in a fast growing area may make it a potentially valuable site.

Lynchburg Lab. The Lynchburg lab is located adjacent to Route 460 and consists of a building with two acres. Like the Warrenton lab, the Lynchburg lab will be replaced by a new facility during the 1996-1998 biennium. Upon completion of the new facility, the existing facility will probably be surplus.

III. Recordkeeping and Disposition of State-Owned Real Property

The Bureau of Real Property Management (BRPM) within the Department of General Services (DGS) has primary responsibility for oversight of the management and disposition of State-owned real property. In JLARC's survey of State agencies BRPM received consistently high marks from individual agencies for its helpfulness and knowledge. This chapter recommends improvements in BRPM's recordkeeping for State-owned real property and in the Commonwealth's identification and disposition of surplus real property.

BRPM's primary responsibilities for State-owned real property involve recordkeeping, disposition of surplus real property, and technical assistance in the acquisition of real property, and development of policies and procedures. In addition, BRPM has oversight responsibility for leases of real property entered into by State agencies and institutions. BRPM's roles in acquiring real property and in leasing are beyond the scope of this study and therefore are not reviewed. It is noted that BRPM staff appear to spend the majority of their time handling leases and that the time-consuming nature of handling leases constricts the time available for BRPM staff to manage the State's real property assets.

State agencies and institutions are responsible for identifying surplus real property and for complying with policies and procedures promulgated by BRPM. This chapter discusses:

- the need for improved recordkeeping by BRPM
- the need for compatibility among the State's three real property information systems
- problems identified by JLARC staff in the proactive identification of surplus real property by State agencies and institutions
- the need for a consistent policy regarding transfer of real property to localities
- problems that have developed regarding transfer of property among State agencies
- disposition of surplus real property and recommendations for improving the State's disposition of surplus real property.

REAL PROPERTY RECORDKEEPING

BRPM maintains records of real property owned by the Commonwealth on its computerized real property management system. In addition, many State agencies maintain records of real property for which they are responsible. The Department of Accounts (DOA) maintains real property records on its fixed asset accounting and control system (FAACS). The Division of Risk Management (DRM) within DGS also maintains real property records (buildings only) on its property information system. Currently, these systems are not linked and cannot share data.

BRPM's real property management system is the primary database responsible for identifying and maintaining records of surplus real property. FAACS is intended to serve as an asset accounting tool, however, and DRM's system serves to valuate State-owned buildings (as well as tangible property) for insurance purposes.

JLARC staff identified opportunities for improvement in BRPM's recordkeeping. For example, agency records often do not match the information in the BRPM's database. In addition, it appears that some overlap among existing real property recordkeeping systems could be eliminated.

Real Property Management System Records are Inaccurate.

BRPM initiated its Real Property Management System in 1979 in response to recommendations for improved recordkeeping made by the 1977 JLARC review of State-owned land. A new system was put into place in 1990. JLARC staff reviewed the accuracy of records contained within this database as of February 1994 by surveying all executive branch agencies and institutions and requesting that they verify the accuracy of their real property holdings as reflected in the BRPM database. The JLARC survey identified significant problems with the accuracy of BRPM's database. It appears that significant progress has been made towards automating real property records but little progress as been made in improving the accuracy of records.

Inaccuracies in BRPM Records of Land Holdings. Of the 122 agencies surveyed by JLARC, 71 indicated that they had land holdings. The JLARC survey asked agencies to verify the accuracy of the land tracts, acreage, and tract use that were reflected in BRPM's records. Forty-two agencies, 69 percent of those reporting having land holdings, indicated that BRPM's records of their land holdings were inaccurate to some degree.

Inaccuracies noted by reviewing survey responses included listing land tracts no longer held by the agency, listing incorrect acreage for tracts held by the agency, or failing to list tracts of land held by the agency. For example:

> *One agency indicated that BRPM's records: (1) included a 210-acre tract that had been sold as surplus approximately eight years earlier,*

and (2) over-stated the acreage of one tract by 240 acres and another by 105 acres.

* * *

Another agency indicated that BRPM's records included a 216-acre tract that had been sold in 1986.

Among the 42 agencies reporting inaccuracies in their land holdings, there were a total of 192 errors reported. These inaccuracies included the following: (1) land tracts listed that the agency did not own, (2) land tracts missing from the inventory that the agency did own, (3) incorrect tract usage given, (4) inaccurate tract acreage given. The total number of errors are reflected in Table 3.

Inaccuracies in BRPM Records of Building Holdings. Sixty-six agencies responding to the JLARC survey indicated that they owned buildings. Seventeen respondents indicated that BRPM's records of their building holdings were accurate, while forty-nine (74 percent) indicated that there were some inaccuracies in BRPM's records of their building holdings. In most cases, agencies reporting errors indicated a significant number of them.

Agencies were asked to verify the name of the buildings, square footage, and programmatic use. Inaccuracies noted by survey respondents included BRPM's inventory listing buildings that had been demolished, failing to list buildings, or having incorrect square footage or programmatic use. For example:

One agency noted that three buildings, acquired between January 1991 to August 1992, were not listed on the BRPM inventory. In addition, a building that had been sold in July 1991 was still listed on the DGS inventory as being owned by the agency.

* * *

Another agency indicated that BRPM building records include seven buildings that have been demolished in the past ten years. In addition, the DGS inventory did not include four of the agency's buildings.

* * *

Another agency noted that the DGS inventory included three demolished buildings and did not include nine buildings whose construction dates ranged from 1960 to 1992.

Inaccuracies in BRPM Inventory of Surplus Real Property. JLARC staff also noted numerous inaccuracies in the BRPM inventory of surplus real property. These inaccuracies were noted both from survey responses and from findings of site visits conducted by JLARC staff. These inaccuracies include: failing to list properties as

Table 3

Errors in DGS Land Records

Agency	Incorrect Acreage	Incorrect Tract Use	Tract Missing	Tract Listed Not Owned by Agency	Surplus Tract Not Listed
State Police	12				
VCU	2	1			
CIT			1		
William and Mary	4	2		3	
Fine Arts Museum	2	1			
DHCD	1			3	
VIMS			1	3	
Va. School-Staunton			1		
Va. School-Hampton			2		1
Forestry	13		5	1	
ODU	1				
Military Affairs	3				1
UVA	2	1	1		
VEC	1		4	1	
MWC	2			1	
JMU	1				
VPI&SU			2		
DMHMRSAS	6			1	2
VMI	4	2			
Conservation & Recreation	1	6		3	
Port Authority	1	1			
DYFS	1		2		
DGIF	23		3		
Motor Vehicles	2		1		1
Information Technology				1	
Clinch Valley			2		
GMU		1			
PDCC				2	
NRCC		1			
WCC					
JTCC	1			1	
SWVCC				1	
SSVCC		1			
MECC	1				
Marine Resources				1	
Health				1	
Visually Handicapped				1	
ABC		4			
TCC	1				
MWC		2			
Corrections			2	3	
Mines, Minerals & Energy	1			1	1
Transportation			1	13	
TOTALS	86	23	28	41	6
Total Errors	192				

Source: JLARC analysis of survey of State agencies and DGS records.

surplus that had been declared surplus by the agency and incomplete details about properties that had been declared surplus by the agency (such as acreage).

Periodically during the study, JLARC staff asked BRPM to provide an updated list of surplus State-owned real property. The most recent such list obtained by JLARC staff is dated April 16, 1994 (Figure 2). The BRPM inventory of surplus real property does not include 14 properties identified in the JLARC survey of State agencies as surplus by the agencies that own them. For example:

> *One agency included in its survey response a "surplus real property report" dated February 2, 1992 that declared surplus an office building appraised at $110,000 to be surplus. This property is not listed on the BRPM inventory of real property, though it has been over two years since the surplus real property report was filed.*

* * *

> *One university was given permission in the 1986 Appropriation Act to sell a 11-acre tract it had declared as surplus. The property has been acknowledged as surplus for eight years by the agency and is currently vacant, but the property is not reflected on BRPM's list of surplus real property.*

* * *

> *Another agency noted that it has been trying to declare a small parcel (approximately 1/3 of an acre) surplus for several years without success. Agency staff stated that an adjacent owner was interested in purchasing the property, the market value of which is estimated at $75,000, but had been unable to buy it because DGS had not acknowledged that the property is surplus, despite the agency's repeated requests. DGS states that the appropriate paperwork has never been filed by the agency.*

DGS staff indicate that a lack of staffing has had an impact on their ability to improve their inventory of real property. In an interview with JLARC staff, the BRPM director noted that two positions had been eliminated from the bureau in the early 1990's as a result of State budget difficulties. The DEB director also noted the difficulty faced by his staff face in declaring surplus property held by other agencies. He suggested that a periodic review by the Governor's office or the Governor's Secretaries may be needed to identify surplus real property. The Secretary of Administration's review recommended in Chapter II should also examine this issue.

***Recommendation (19).* The Department of General Services should annually update its inventory of State-owned real property and should more effectively verify the accuracy of its records with State agencies that own real property.**

Figure 2

DGS Inventory: Status of Surplus Real Estate

Agency Location	Acres Improvements	Estimated Value	Status
Central State Hospital Petersburg	± 29 Acres Unimproved	Unknown	Noncontiguous. Subdivided. One parcel sold. DGS plans to list with a real estate broker by 8/1/94.
Tidewater Community College - Suffolk	± 230 Acres Unimproved	$10,000,000	Agency is seeking to have land transferred to its Foundation.
Western State Hospital Staunton	6.62 Acres Unimproved	$3,000	Landlocked. Noncontiguous. Numerous attempts to sell have been unproductive.
Western State Hospital[1] Staunton	± 78 Acres Unimproved	$100,000	Numerous attempts to sell have not produced adequate offers. Recommend sale with DeJarnette
Pinecrest Learning Center Walsmley Boulevard, Richmond	20 Acres Improved	$200,000	Numerous attempts to sell have not produced adequate offers. DGS plans to list with a real estate broker (2nd listing).
Eastern State Hospital	(est.) 200 Acres	Unknown	Item C-60, Ch. 994
Southeastern Virginia Training Center	Unknown	Unknown	Item C-60, Ch. 994
Western State Hospital	Unknown	Unknown	Item C-60, Ch. 994
DeJarnette Center	Unknown	Unknown	Item C-60, Ch. 994
DOC Parsons House Richmond	2 Acres	$225,000	Negotiating sale to VHDA

[1]Although this property has a superior location, access is through DeJarnette property and is limited to 20-foot width under I-81.

Source: Department of General Services Inventory of Surplus Real Property, April 16, 1994.

Recommendation (20). **The Department of General Services should annually update its inventory of surplus real property owned by the Commonwealth and should report annually to Secretary of Administration on this inventory. The department should also ensure that surplus real property reports filed by agencies are processed in a timely manner.**

Overlap Among Real Property Records

The State has three principal systems for maintaining records of real property. Each of these systems is maintained for different management objectives. BRPM's real property management system is maintained for real property management, the Department of Accounts' FAACS system is maintained for asset accounting, and the Division of Risk Management's system is maintained for insurance purposes. However, the maintenance of three separate systems may create an unnecessary overlap that leads to duplication of effort in data entry and data validation.

Overlap Between Two DGS Systems. There appears to be unnecessary duplication of effort on the part of both DGS and State agencies owning real property with the overlap between BRPM's real property management system and the Division of Risk Management's property information system. Both systems are maintained by units of the Department of General Services, so it is reasonable to expect that these systems should at least be compatible. However, at present, this is not the case.

The Division of Risk Management's real property information system is maintained on the Department of Information Technology's mainframe computer, while BRPM's property information system is maintained on a personal computer. BRPM's system tracks both land and buildings, while DRM's system tracks buildings only. At present, State agencies and institutions are required to submit the same information on State-owned buildings to both the DGS Bureau of Real Property Management and the Division of Risk Management. Since the Commonwealth owns more than 10,000 buildings, this creates a significant duplication of effort that could be eliminated. Integrating the two systems would both eliminate unnecessary duplication of effort and streamline the task of improving the accuracy of real property records. In addition, the future accuracy of real property records might well be improved by a reduced burden on State agencies and institutions in terms of verifying DGS real property data.

Compatibility Between DGS Records and FAACS. In addition to the overlap between the two real property recordkeeping systems maintained by DGS, there is overlap between the DGS records and the fixed asset accounting and control system maintained by the Department of Accounts. DOA's FAACS system has the advantage of allowing some individual agencies to enter data, rather than requiring data to be entered by a central oversight agency. An individual agency's ability to enter data allows for instant updating of records, rather than the annual or biennial updates attempted by DGS.

Once DGS accomplishes the integration of the two DGS real property recordkeeping systems, DGS and DOA should discuss possible duplication between the DGS system and FAACS. In particular, the departments should examine the potential for allowing electronic updating of both recordkeeping systems by State agencies. This would eliminate duplication of effort in real property recordkeeping and would save time for State agencies and institutions as well as central agencies.

Valuation of State-Owned Real Property. The three existing real property management systems take three different approaches to valuation of State-owned real property. These different approaches are dictated by the different objectives of the three systems. FAACS values State-owned real property according to acquisition cost, meaning that the value FAACS attached to individual properties may not be particularly meaningful for properties that the Commonwealth has owned for a number of years or for properties which may be located in areas where real property values are rapidly changing. The Division of Risk Management's property information system uses replacement value for State-owned buildings. As a result, the system may substantially over-state or under-state the value of existing real property.

BRPM staff attempt to estimate the market value of surplus real property, principally by using local tax assessments. While the real property management system contains a field for property value, this is seldomly entered except when real property is declared surplus by the agency holding the real property.

While integrating the existing real property management systems, DGS should examine approaches for maintaining more accurate information on both the cost and market value of the Commonwealth's most valuable real property assets. This would allow for more proactive real property asset management by the Commonwealth. In essence, the State could adopt the typical practice of a well-run business to carefully monitor the value and use of its significant assets to ensure that such assets are being optimally utilized.

For example, the Commonwealth owns a significant amount of property with substantial market value in the Richmond, Hampton Roads, and Northern Virginia areas. Most of this property is used to support on-going activities and programs. However, the State's policy makers may determine that these activities and programs can be more appropriately located on less valuable real property, allowing the existing site to be sold as surplus. For example, the previous administration examined the possibility of selling Bon Air Learning Center and relocating the activities there. According to DGS staff this was examined because of the potential market value of the property and the high population density around the learning center.

A system for recording the market value of selected property would assist in making these sorts of decisions. Clearly it is not very useful to know the market value of land that is unlikely to be disposed of, such as State parks and wildlife management areas. However, information on the market value of a limited number of selected land tracts in potentially useful areas can assist the State in assuring that its land holdings are necessary and are utilized appropriately.

***Recommendation (21).* The Department of General Services should assign priority to integrating the Division of Risk Management's property information system and the Bureau of Real Property Management's Real Property Management System.**

***Recommendation (22).* The Department of General Services and the Department of Accounts should discuss the potential for addressing overlapping information that may exist among their databases and for allowing for electronic updating of real property records by State agencies.**

***Recommendation (23).* The Department of General Services should develop an approach to determining, recording, and regularly updating the market value of a limited number of selected valuable real property assets of the Commonwealth.**

DISPOSITION OF STATE-OWNED SURPLUS REAL PROPERTY

The disposition of State-owned real property that has been declared surplus is primarily the responsibility of the Department of General Services Bureau of Real Property Management. JLARC staff's review suggested that improvements are needed in the process for disposing of State-owned surplus real property, whether the property is sold or transferred to another State agency or to a local jurisdiction. At present, the process for disposing of surplus real property experiences significant delays and has limited potential for generating general fund revenue. There are several options available for the State to improve its disposition of surplus real property assets.

Significant Delays in the Sale of Some State Surplus Real Property

The State experiences significant delays in selling some of its surplus real property assets. DGS is responsible for selling State-owned surplus real property. However, the *Code of Virginia* allows DGS to authorize individual agencies to sell properties in accordance with the procedures set forth in State law. The *Code of Virginia* places several restrictions on procedures used to sell surplus property and provides for circumstances under which agencies may retain the proceeds of the sale of real property. These restrictions as well as other factors have led to significant delays in the sale of some surplus State real property.

Code of Virginia Restrictions on the Sale of Real Property. State law places several limitations on the methods used to sell surplus real property. Section 2.1-512 of the *Code of Virginia* states that DGS must:

- obtain the Governor's approval to sell property, and

- sell the property at public auction or by using sealed bid, and

- determine that exceptional circumstances exist in order to retain the services of a real estate broker.

Part of this study's mandate was to solicit opinions from the Department of General Services about potential improvements in the State's management of real property. DGS staff suggested that allowing them to more freely use real estate brokers might improve their ability to dispose of some real property. The Commonwealth could benefit from employing a more business-like approach to the disposition of surplus real property, in which it routinely considers retaining brokers to sell property. Using commissions to compensate brokers would give the brokers an incentive to obtain the greatest possible price for the Commonwealth. The Division of Engineering and Buildings could work with DGS's Division of Purchases and Supply to develop guidelines for employing and compensating real estate brokers to assure that such a process is consistent with the Procurement Act and with prevailing standards of government ethics.

Delays in the Sale of Surplus Real Property. In some instances, it has taken State agencies several years to dispose of surplus property. For example:

The 1982 General Assembly gave the University of Virginia permission to dispose of a vacant, unused 17-acre tract at Blue Ridge Hospital and to retain the proceeds. As of August 1994 this tract has not been disposed of and has not been declared surplus by the university, despite being separated by Interstate 64 from the university's on-going activities at Blue Ridge Hospital.

* * *

DMHMRSAS continues to hold significant amounts of real property identified in the 1977 JLARC review as surplus. While the department's staff has identified much of this property as surplus, the department's board has not yet acted to declare the property surplus.

A total of ten properties identified as surplus in the 1977 JLARC report that were also found to be surplus during the current JLARC review have not been disposed of.

DGS relies on agencies to declare properties surplus. As State agencies do not assign a high priority to identification of surplus real property this has lead to significant delays in identifying and disposing of surplus real property. A process is needed to more proactively identify surplus real property held by State agencies. Options for the State include giving DGS greater authority to declare real property held by State agencies to be surplus or vesting this authority in the Governor's Secretaries. The Secretary of Administration's review recommended in Chapter II should examine this issue.

Limited Potential for General Fund Revenue from the Sale of Surplus Real Property. Under current State law there is limited potential for generating general fund revenue from the sale of surplus real property:

- agencies are entitled to retain 100 percent of the proceeds from sale of properties that were donated or purchased with special funds;

- agencies can, with the approval of the Director of the Department of Planning and Budget (acting on behalf of the Governor), retain 50 percent of the proceeds from the sale of properties purchased with general funds; otherwise this 50 percent is credited to the general fund;

- the remaining 50 percent of the proceeds of properties purchased with general funds are credited to the Conservation Resources fund;

- the General Assembly, in the Appropriation Act, can authorize an agency to retain 100 percent of the funds from sale of property purchased with general funds.

In considering the Commonwealth's priorities in the sale of surplus real property, the General Assembly may wish to consider the relative importance it places on generating general fund revenue. If the General Assembly deems generation of general fund revenue to be a priority in the sale of surplus real property, then it may wish to consider revising State law to allow all the proceeds from sale of surplus real property to go to the general fund. The Secretary of Administration should examine this issue as part of the review recommended in Chapter II.

Another option available for generating revenue from surplus properties would be transfer of properties to the Virginia Retirement System (VRS) in lieu of a cash contribution. Properties deemed surplus to the needs of the Commonwealth could be examined by VRS to see if they might be prudent investments for the retirement system. Properties that VRS's Board of Trustees deemed to be prudent investments could then be transferred to the retirement system in lieu of a cash contribution equal to the appraised value of the property. No transfer should be made without the concurrence of the VRS Board of Trustees.

Incentives for State Agencies to Sell Properties Do Not Always Lead to Timely Disposition of the Property. Each of the three mechanisms to allow agencies to retain proceeds from the sale of surplus real property is intended as an incentive for agencies to identify and dispose of surplus real property. JLARC staff's review suggests that, in some cases, agencies are reluctant to declare property surplus despite these incentives. As noted in Chapter II, JLARC staff identified numerous instances in which agencies had not declared surplus real property that clearly met criteria in DEB directives for surplus real property. Interviews conducted by JLARC staff indicate that State agencies are reluctant to declare property surplus, despite the possibility of retaining some of the funds, because of:

- an assumption that it is necessary to conserve land for possible needs in the distant future,

- reluctance to complete the necessary administrative chores required to declare property surplus, and

- a low priority given to the identification of surplus real property by agency managers.

In other cases when property is declared surplus to the needs of the agency, it is not disposed of promptly, despite the agency being able to retain some or all of the proceeds from the property. For example:

The University of Virginia would retain all proceeds from the sale of Milton Airport under present State law. Nevertheless, the property has not been sold or even declared surplus despite having been identified as surplus in 1977 by the JLARC study of surplus land.

* * *

The 1993 Appropriation Act authorized the Department of Mental Health, Mental Retardation and Substance Abuse Service (DMHMRSAS) to retain the proceeds of the sale of surplus real property at four of its facilities. As of the 1994 legislative session, the department's management and board had not approved its survey of surplus real property. Several of the department's properties had been noted as surplus in the 1977 JLARC report.

Recommendation (24). **The General Assembly may wish to consider revising the *Code of Virginia* to allow the Department of General Services to authorize use of real estate brokers to market surplus real property owned by the Commonwealth whenever the department determines that doing so is in the best interest of the Commonwealth.**

Recommendation (25). **As part of the review recommended in Chapter II, the Secretary of Administration should examine (1) options for a more proactive identification and disposition of surplus real property held by agencies and institutions of the Commonwealth and (2) the advisability of revising the *Code of Virginia*'s provisions for distribution of the proceeds from the sale of surplus real property. The Secretary of Administration should present the administration's recommendations on this issue prior to the 1995 General Assembly.**

Recommendation (26). **The Governor and General Assembly may wish to consider offering surplus real property owned by the Commonwealth to the Virginia Retirement System. Any State-owned surplus real property deemed prudent investments by the VRS Board of Trustees could be transferred to VRS in lieu of a cash contribution by the Commonwealth for the property's appraised amount.**

Transfer of Real Property for Other Public Purposes

The State has transferred surplus real property both to other agencies and to local governments. In the case of transfers to other State agencies, the State may wish to ensure that the property transferred is appropriate for the use intended by the receiving agency and that all land used by a particular agency is deeded in the name of that agency. The State may also wish to examine properties identified as surplus in this report to determine if they meet the needs of agencies that are looking for additional land. In the case of transfers to local governments, the State should develop a policy on such transfers that is consistently and fairly applied.

Transfer of Real Property to Other State Agencies. One option for disposition of surplus real property owned by the Commonwealth is transfer of the property to other State agencies. Two examples of this are the transfer of part of Eastern State Hospital to the College of William and Mary for the Dillard complex and the transfer of pasture land held by Catawba Hospital to Virginia Tech for use by the College of Agriculture. These two examples also highlight two potential problems with transfer of real property from one State agency to another, however. These are: (1) the real property transferred may not be optimal for the receiving agency's purposes, and (2) confusion may arise as to which agency owns particular parts of a property.

The Dillard complex at the College of William and Mary is a 30-acre parcel of land that contains two large buildings and four houses. This land and its buildings were once part of Eastern State Hospital. The narrative portion of the College of William and Mary's master plan notes that the Dillard complex is used for dormitory space, but adds that "the Master Plan proposes the concept of replacing the Dillard residences with new structures on the main campus." The master plan adds that "the existing buildings have always been used as residences, and it does not appear practical to convert them to uses other than residences or office space." The master plan then proposes exploring either selling or leasing the buildings, to generate revenue to fund a physical plant complex.

William and Mary staff noted in interviews that the college is exploring the concept of declaring itself to be a residential college, with the majority of students housed on campus. In this event, the Dillard complex would be required as there would be no other college-owned housing available. Nevertheless, the college's contemplation of surplusing (with the proceeds to go to its own benefit) an asset acquired without charge from a general funded State agency raises two concerns.

The first is that a potentially valuable general fund purchased property formerly owned by one agency would be disposed of at the discretion of and for the benefit of a second agency. This would be the case were the Dillard complex to be sold to generate revenue for the College of William and Mary. The second concern is that the State may forgo the present value of immediate revenue from sale of a surplus asset in order to meet a need of another agency in a sub-optimal fashion. This would also be the case if the sale of the Dillard complex has been forgone in order to provide dormitory space to the college, when the college's master plan states the property is undesirable for dormitories because of its location away from the main campus.

Two other examples of this issue of property being transferred from one State agency to another and then becoming surplus to the needs of the new owner are discussed in Chapter II. The first of these properties discussed is a five-acre tract in Virginia Beach owned by the Department of Motor Vehicles that was transferred from the Department of Military Affairs and has now been declared surplus by DMV. The other property is the Blue Ridge Hospital that was transferred to the University of Virginia by the Department of Health. The General Assembly may wish to consider revising the *Code of Virginia* so that real property transferred by State agencies to other State agencies will revert to the control of the originating agency in the event the receiving agency does not need or does not fully utilize the transferred property. The Secretary of Administration's review recommended in Chapter II of this report should make recommendations to the Governor and 1995 General Assembly on the advisability of this revision.

The transfer of land from Catawba Hospital to Virginia Tech raises another concern about the transfer of real property from one agency to another. This concern regards clarifying ownership of the property. Catawba Hospital transferred 387 acres to Virginia Tech in 1990. However, interviews with the hospital director and the dean of Virginia Tech's College of Agriculture indicate that Virginia Tech is using substantially more land than the 387 acres. Also, Virginia Tech owns a 64-acre tract in Saltville (profiled in Chapter II) that is actually used by the Museum of Natural History. This sort of informal arrangement between agencies, while seemingly benign in individual cases, can be problematic when aggregated across all properties owned by the Commonwealth. Arrangements like these have the potential to create uncertainties about ownership of property and limits the Commonwealth's flexibility in managing and disposing of assets.

Despite the problems noted above with transfer of real property among State agencies, there are instances where such transfers may be appropriate. There are some State agencies looking to acquire additional land. For example, the Department of Corrections and the Department of Youth and Family Services are looking for property to accommodate their growing programs. In addition, the Departments of Forestry, Game and Inland Fisheries, and Conservation and Recreation are also looking for additional properties.

Some of the lands identified in this report may be well suited for transfer to these or other agencies. For example, the 350 acres of forest land located behind Catawba hospital on steep terrain may be an ideal candidate to be transferred to the Department of Forestry or the Department of Conservation and Recreation. Another option for transfer is the property at Hanover Learning Center. Of the 1,650 surplus acres, approximately 675 acres of wooded and swamp land are unused while the other 725 acres are farmed by the Department of Corrections. The entire parcel could be used by the Department of Game and Inland Fisheries for use as a Wildlife Management Area. As noted in chapter II, avenues exist which might allow the use of federal funds to "purchase" the property from the State to make it a wildlife management area.

Options for co-location of State agencies is another possibility for surplus properties. Some property might be suited for field offices of other State agencies. For example, the Virginia Employment Commission acquired two acres from the Woodrow

Wilson Rehabilitation Center to locate an office in Fisherville in Augusta County. The State Police division headquarters properties in Culpeper, Appomattox, and Wytheville have parcels that may also lend themselves to such use.

Transfer of Properties to Localities. The Commonwealth has transferred real property to local governments over time with varying compensation arrangements ranging from full market value as determined by DGS to an average of two appraisals to no cost. The Commonwealth, at present, has no policy regarding such transfers and the General Assembly has addressed them on a case by case basis. This lack of an overall policy has created disparate treatment of local governments interested in surplus assets and may have deprived the Commonwealth of revenue. State agency staff have indicated in interviews that one reason they are reluctant to declare real property surplus is that they are afraid that the real property will be given to a locality without charge or at a price substantially below the property's market value.

While local governments are entities of the State and are supported in a variety of ways, the General Assembly has not yet clarified whether or not transfer of surplus assets without compensation or at a reduced price is an intended form of supporting localities. The General Assembly may wish to develop a consistent policy to address this issue rather than addressing transfers to local governments on a case by case basis.

Recommendation (27). **The General Assembly may wish to consider revising the *Code of Virginia* so that real property transferred by State agencies to other State agencies will revert to the originating agency in the event the receiving agency does not need or does not fully utilize the transferred property. The Secretary of Administration, as part of the review recommended in Chapter II of this report, should make recommendations to the Governor and 1995 General Assembly on the advisability of this revision.**

Recommendation (28). **The Department of General Services should require all State agencies to take steps to formally obtain ownership of real property that they are using on a continuing basis but which is owned by other State agencies.**

Recommendation (29). **The General Assembly may wish to consider adopting a consistent policy for transfer of real property to localities.**

Appendixes

Appendix A

Study Mandate: Item 15-E, 1993 Appropriation Act

The Joint Legislative Audit and Review Commission shall prepare a report, including such recommendations as may seem appropriate, regarding state owned real property which has been declared surplus, which reasonably could be declared surplus, or which could be reused or adapted creatively for public purposes. All agencies and institutions shall cooperate fully in this review.

Appendix B

Status of Surplus and Underutilized Properties Identified by JLARC in 1977 Study

Agency	Site	Acres Potentially Surplus in 1977	Acres Underutilized in 1977	Current Status
Department of Corrections	Louisa County	195	0	Site unchanged but now used by DOC's agriculture program
	Southampton Correctional Center	180	1,149	149 surplus acres were sold for $60,977; underutilized acres now used by DOC's agriculture program
	Bland Correctional Center	0	45	Site unchanged but now fully used by DOC's agriculture program
	Powhatan Correctional Center	0	365	Acres incorporated into Deep Meadow Correctional Center or used in DOC's agricutlure program
	Field Units (unspecified)	270	505*	A total of 267 acres were sold for a total of $1,803,500. A total of 1,338 acres were transferred to localities
Department of Youth and Family Services	Barrett Learning Center	60	0	Site unchanged but deed restriction prevents any other use
	Bon Air Learning Center	340	0	Site unchanged; lack of alternative uses leave only 15 acres as surplus
	Hanover Learning Center	450	675	Site unchanged; current use suggests 1,650 acres are surplus
	Beaumont Learning Center	110	1,239	97 surplus acres were sold for $80,000; remainder is unchanged but planned for major development
Virginia Community College System	Tidewater CC Frederick Campus	525	0	44 acres were sold for $750,000; 241 acres declared surplus by college
	John Tyler CC	0	126*	109 acres sold for $646,754
University of Virginia	Airport Property	172	0	Site unchanged
College of William and Mary	Airport Property	241	0	241 acres sold for $1,276,000
	Ash Lawn	95	0	95 acres sold for $28,600
Radford University	not specified	27	0	property sold
Virginia State University	not specified	5	134	status unknown
Virginia Department of Transportation	Various Sites (not right-of-way)	1,710	160	lack of specificity in 1977 report prevents ascertaining the current status
	Right-of-Way	0	0	

Appendix B (continued)

Status of Surplus and Underutilized Properties Identified by JLARC in 1977 Study

Agency	Site	Acres Potentially Surplus in 1977	Acres Underutilized in 1977	Current Status
Department of Mental Health, Mental Retardation, and Substance Abuse Services	Eastern State Hospital	216	0	30 acres transferred to College of Wiliam and Mary, another portion was transferred to James City County
	Central State Hospital	38	200	a total of 47 acres were sold for a total of $193,250
	Western State Hospital (old site)	15	0	property transferred to DOC
	Western State Hospital (new site)	440	0	a total of 124 acres were sold for a total of $53,800; 78 acres transferred to Frontier Culture Museum; remainder is unchanged but development plans have changed what property is surplus
	Southwestern State Hospital	0	76	property transferred to DOC
	Piedmont Hospital	250	0	property transferred to DOC
	Catawba Hospital	750	350	387 acres transferred to VPI&SU, other portions remain unchanged
	Lynchburg Hospital	0	200	property now utilized
	DeJarnette Center	18	0	property remains unchanged
Division of Engineering and and Buildings	Elko Tract	2,272	0	property remains unchanged
Department of Heatlh	Blue Ridge Sanitorium	200	0	transferred to UVA; UVA sold 89 acres for $500,000; remainder is now surplus
Department of Military Affairs	Camp Pendleton	580	0	property remains unchanged; undergoing negotiations for sale of surplus portion to City of Virginia Beach
Totals		**9,159**	**5,629****	

*Table includes 505 underutilized acres at Department of Corrections field units and 126 underutilized acres at John Tyler Community College that are discussed in the 1977 report but are not included in that report's summary tables.

**Total not provided in 1977 reports.

Source: JLARC analysis of 1977 JLARC study of surplus property, Department of General Services memorandums dated June 27, 1994 and August 5, 1994, and interviews with various department representatives.

JLARC
Suite 1100
General Assembly Building
Capitol Square
Richmond, Virginia 23219
(804) 786-1258 Fax: 371-0101