



Disposing of Surplus Property

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Administrative Services Division

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Capital Outlay Section

Background

- **Properties acquired and sold through the Capital Outlay Project process adhere to § § 2.2-1147, 2.2-1148, 2.2-1149, 2.2-1150, 2.2-1153, 2.2-1154 & 2.2-1156 of the Code of Virginia**
- **Process also adheres to the Department of General Services' Real Property Management Manual (Directive 1)**
- **Properties acquired and sold through the Right of Way Project process adhere to various provisions found in Titles 33.1, Article 7 of the Code of Virginia, to Virginia Code § § 33.1-140, 33.1-149, 33.1-154 & 33.1-165, and the ROW Manual of Instructions**
- **In 2001 Chapter 844 of the Virginia Acts of Assembly directed all agencies to notify the Department of General Services of their Real Estate needs. DGS was also granted the authority to allow agencies to dispose of their own property; however, VDOT does not currently have authorization.**

Background (Cont'd)

- VDOT has 9 District Complexes, 29 Residency Offices and 248 Area Headquarters, Sub-AHQs, Chemical Storage Lots and Storage Lots assigned to the Residencies with an original value of \$288,186,296 at the time of purchase
- Appropriation Act Item 457 K.1 of the 2010 Acts of Assembly requested an assessment of inactive VDOT owned properties
 - In conducting the study, VDOT balanced the agency’s capacity to effectively deliver services and fulfill the agency’s mission
 - There are 48 properties recommended for return to private use (33 Disposals & 15 leases):

Disposals

VDOT Properties	Estimated Value
22 sent to DGS	\$ 7,443,400
8 to be sent to DGS	2,517,252
3 to be sold by ROW	2,184,095
33 Properties Value	\$12,144,747

Leases

15 to be Leased	Estimated Annual Rent \$ 563,180
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Properties to be Returned to Private Use by District and Type

District	Residency Offices	Equipment Shops	Area Headquarters	Storage Lots	Warehouse	Totals	Estimated Values
Bristol				3		3	\$50,000
Salem				2		2	\$34,000
Lynchburg	1		1	1		3	\$770,000
Richmond			3	3		6	\$3,501,452
Hampton Roads			2			2	\$1,861,895
Fredericksburg			1	1		2	\$396,200
Culpeper	1	1	3	5		10	\$3,214,000
Staunton				3		3	\$117,200
Central Office					1	1	\$2,000,000
Northern Virginia			1			1	\$200,000
Total	2	1	11	18	1	33	\$12,144,747

Surplus Property Sales

During the December 8, 2010 Commonwealth Transportation Board meeting, the Secretary asked VDOT to provide an analysis of a hypothetical \$1 million sale. The following analysis shows the net proceeds that would be returned under two scenarios:

1. If the Virginia Department of Transportation (VDOT) handled the sale
2. If the Department of General Services (DGS) handled the sale

Surplus Property Sales (Cont'd)

- Both agencies incur expenditures for property sales, such as:
 - Staff time
 - Appraisal fees
 - Survey fees
- DGS charges additional fees for property sales, such as:
 - 15% added to the actual cost of staff time & appraisal fees
 - 6% commission on sales price for the use of a real estate consultant when sold to a private entity



Example Surplus Property Sale Comparison VDOT to DGS*

Description	VDOT	DGS	Diff
(VDOT – DGS)			
Sales Price	\$ 1,000,000	\$ 1,000,000	\$ 0
Hourly Wage	\$ 42	\$ 40	\$ 2
Direct Hours	67	46	21
Total Labor Cost	\$ 2,814	\$ 1,840	\$ 974
Appraisal Fee	\$ 3,000	\$ 3,000	\$ -
Advertising Fee	\$ 1,100	\$ -	\$ 1,100
Real Estate Commission (6%)	\$ -	\$ 60,000	\$ (60,000)
DGS Fee (15% of labor & appraisal)	\$ -	\$ 726	\$ (726)
Total Fees	\$ 6,914	\$ 65,566	\$ (58,652)
NET REVENUE	\$ 993,086	\$ 934,434	\$ 58,652

* Due to the unforeseen circumstances of each individual sale, all figures are estimates. These figures represent a non-municipality sale marketed to the private sector.

Example Surplus Property Sale Comparison Analysis

- The sales analysis shows that if DGS sold a parcel totaling \$1,000,000 the cost incurred by DGS would be \$65,566 (*assuming there is a Real Estate Consultant involved in the transaction*)
- If VDOT handled the same sale, real estate transaction fees would total \$6,914

Questions?