

SURPLUS PROPERTY STUDY

DECEMBER 12, 2013

Joint Transportation Committee

Gene Baxstrom—Joint Transportation Committee
Hayley Gamble—Senate Transportation Committee

Study Proviso

- Proviso in the 2013-15 Transportation Budget
- JTC to study and review
 - the use of surplus property proceeds to fund WSDOT facility replacement projects, and
 - possibility of using WSDOT North-Central region as a pilot project
- JTC work with OFM and WSDOT

Study Issues

- Identification of WSDOT properties
 - Facilities for agency operation
 - Other property holdings
- Disposal process
- Proceeds from sales
- Facility needs
- Legislative alternatives

Recent Studies and Plans

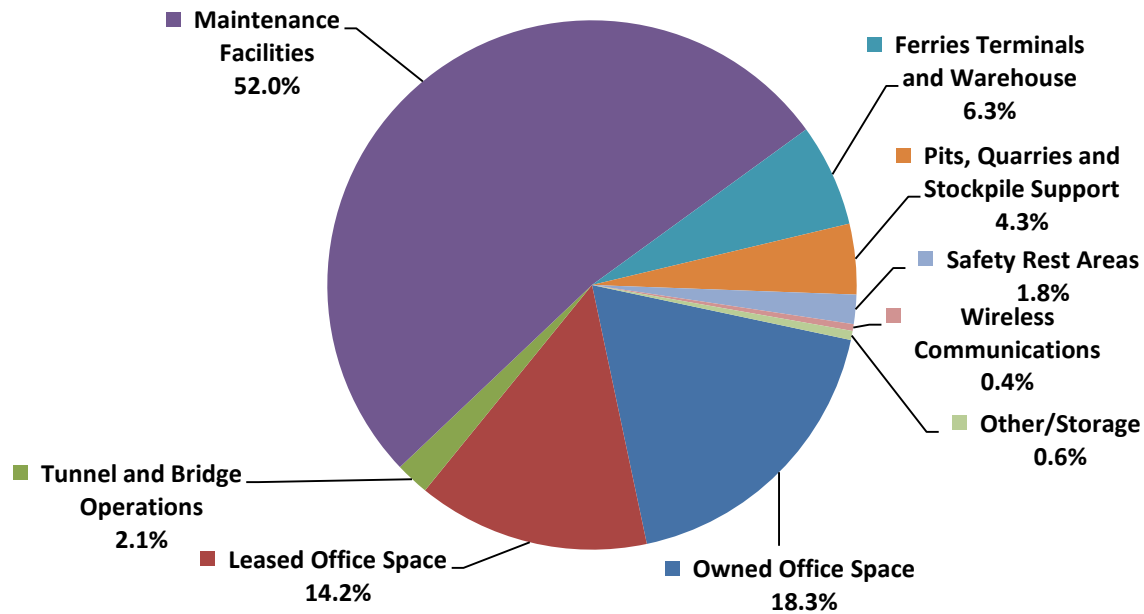
- 2008 Statewide inventory of all WSDOT surplus property to identify its future use or to sell
- 2011 Legislature called for improving WSDOT real estate management practices and procurement
 - Identified facility needs
 - WSDOT established the Facilities and Lease Board

2013 Legislative Actions

- WSDOT to develop a Facilities and Property Oversight Plan
 - Inventory of buildings
 - Land inventory
 - Prioritized list of facilities and identify funding
 - Options for facility cost savings and regular evaluation
 - List of surplus property
- JTC-Study Surplus Property Sales to Fund Facilities

WSDOT Facilities

- WSDOT manages 1,400 buildings, 500 separate sites
- 3.7 million SF of building space



WSDOT Facilities

- Maintenance facilities—52% of the space
- Offices—32% of the space
- Facilities are throughout the state

Regional Distribution of Office and Maintenance Facilities					
Location	Office Facilities (Square Feet)			Maintenance Facilities	
	Owned	Leased	Total Office	Buildings and Structures	Square Feet
Headquarters	7,353	328,721	336,074	12	73,073
Northwest Region	249,007	18,998	268,005	205	424,750
North Central Region	29,775		29,775	72	270,636
Olympic Region	72,011	28,648	100,659	125	299,133
Southwest Region	157,448	15,569	173,017	91	223,513
South Central Region	95,583	6,983	102,566	107	333,614
Eastern Region	69,277	7,364	76,641	103	270,125
Washington State Ferries	6,087	124,703	130,790	4	54,297
Totals	686,541	530,986	1,217,527	719	1,949,141

Facility Needs

- WSDOT identifies \$ 212 million in needs over next 10 years
- Estimated needs are \$30-40 million/ biennium (\$21.5 million in 2013-2015 in WSDOT budget)

Region	High Priority Replacement Projects	Total Rating*	Estimated Costs
Olympic	Region Headquarters Facility	16	\$ 52,232,000
Northwest	NWR Maintenance Facility	16	\$ 14,400,000
Northwest	Northup Maintenance Facility	14	\$ **4,400,000
Northwest	Corson Avenue Improvements	12	30,000,000
North Central	Wenatchee Administrative Bldg.	12	\$ 9,650,000
Eastern	Spokane Regional Signals Maint. Fac.	12	\$ 3,700,000
Southwest	Vancouver Light Industrial Facility	12	\$ 30,000,000
12 Other Facilities			\$ 58,504,000
Total 18 Facilities			\$ 202,886,000
Statewide	Facility Minor Improvement Projects		\$ 8,810,000
Total			\$ 211,696,000
*Rated 1-5, with 5 being least desirable. Four criteria: Deficiencies for Occupancy, Preservation and Operations, and Beyond Useful Life. **\$1.8 M in 2013-15 Budget.			

Property Inventory

- Numbers are dynamic—as of Sept. 1, 2013
 - Over 530,000 acres
 - Over 7000 properties
 - 4200 right-of-way
 - 1400 future use
 - 1400 disposal

Surplus Properties

- Surplus inventory is very dynamic
- Since 2008, 266 properties has grown to about 500
 - 51—Retain
 - 17—Hold for future actions
 - 35—In disposal process
 - 241—To be reviewed
 - 155—Public initiated
- 41—Sold for \$4.7 million

WSDOT Property Sales

(\$ in millions--rounded)

Fiscal Year	Property Sales*	Property and airspace leases	Total
2009	\$ 4.1	\$ 1.8	\$ 5.8
2010	\$ 1.5	\$ 1.0	\$ 2.6
2011	\$ 5.4	\$ 1.2	\$ 6.6
2012	\$ 3.6	\$ 1.4	\$ 5.0
2013	\$ 3.7	\$ 2.0	\$ 5.6
Totals	\$ 18.2	\$ 7.4	\$ 25.6

*Includes contract payments—approximately \$900,00 per year.
Totals are correct, columns may not add because of rounding.

Use of Revenue to Finance Capital Needs

- Three ways to finance capital facilities
 - Cash
 - Trade
 - Financing
- Capital plan
 - Cash for projects under \$5 M
 - Consider finance or trades for projects over \$5 M

North Central Region Proposals

- Pilot program
- Consolidate two maintenance facilities
 - Eliminate Blewett Pass and Leavenworth facilities
 - New facility at Peshastin (SR 2 and 97 Junction)
- Consolidate two administrative facilities
 - Move regional office from downtown Wenatchee
 - Construct new facility at existing office site
- Use surplus property sales statewide to finance shortfall

Study Observations

1. WSDOT should sell properties for which it has no future need
2. The property inventory is dynamic
 - Number of properties continue to grow
 - Identified surplus and unsolicited offers from public
 - Property values change
3. For certain properties, the costs of property sale exceed sales price
4. It may be desirable to take a loss in selling a property to reduce ongoing cost and liability

Study Observations (con't)

5. Certain surplus property legal requirements delay property sales and add to cost of selling
6. 1,400 WSDOT properties are currently identified as surplus, 384 estimated with value of \$ 33 M
7. WSDOT's facility capital program is \$21.5 million out of a \$4.9 billion capital budget
8. WSDOT estimates unfunded needs for its facilities program at \$210 million; \$30-40 million per biennium

Options for Improvements in WSDOT Surplus Property Process

1. Shorten notice requirements to local governments from 60 to 30 days
2. Reduce surplus property auction advertising requirements
 - from legal and classified section to either section
 - eliminate post-auction advertising for properties or raise threshold from \$10,000 to \$50,000

Options for Surplus Property Process

3. Bundle the sale of low-value properties

- Bundle the sale of several properties together
- Process several properties at the same time (valuation; advertising; sales process)

4. Incentivize the sale of surplus property

- Use sales proceeds for prioritized list of projects
- Use sales proceeds for projects within the region
- Use sales proceeds for a pilot project in a region

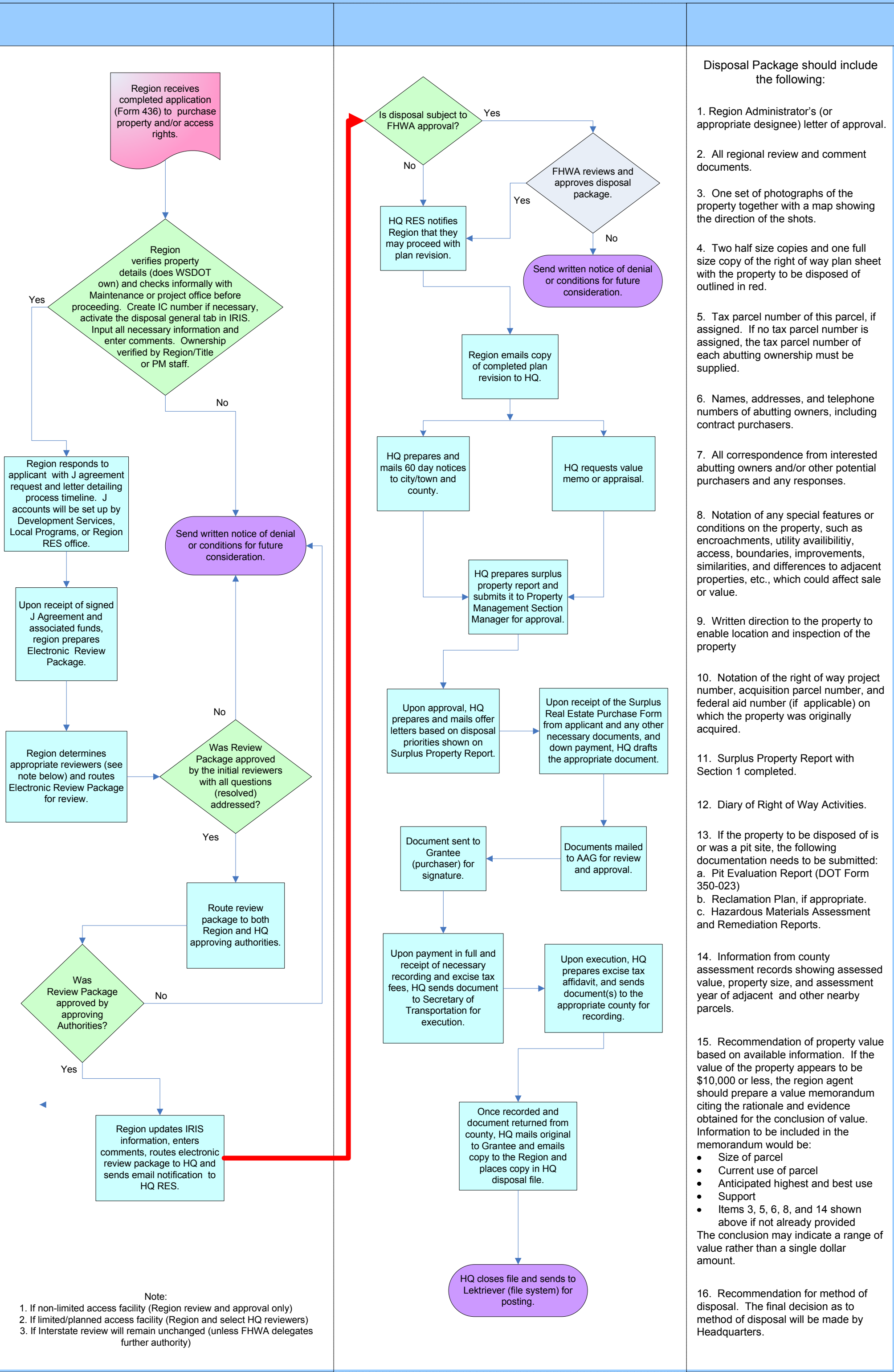
Options for Surplus Property Process

5. Increase funding or shift resources for surplus property
6. Evaluate fair market value requirement
 - Fair market value can be a barrier
 - Reflect cost-of-sale in identifying sales price
 - Include cost of ownership in determining sales price
7. Initiate other steps to expedite surplus property sale

Surplus Property Study

- Questions?
- Comments?

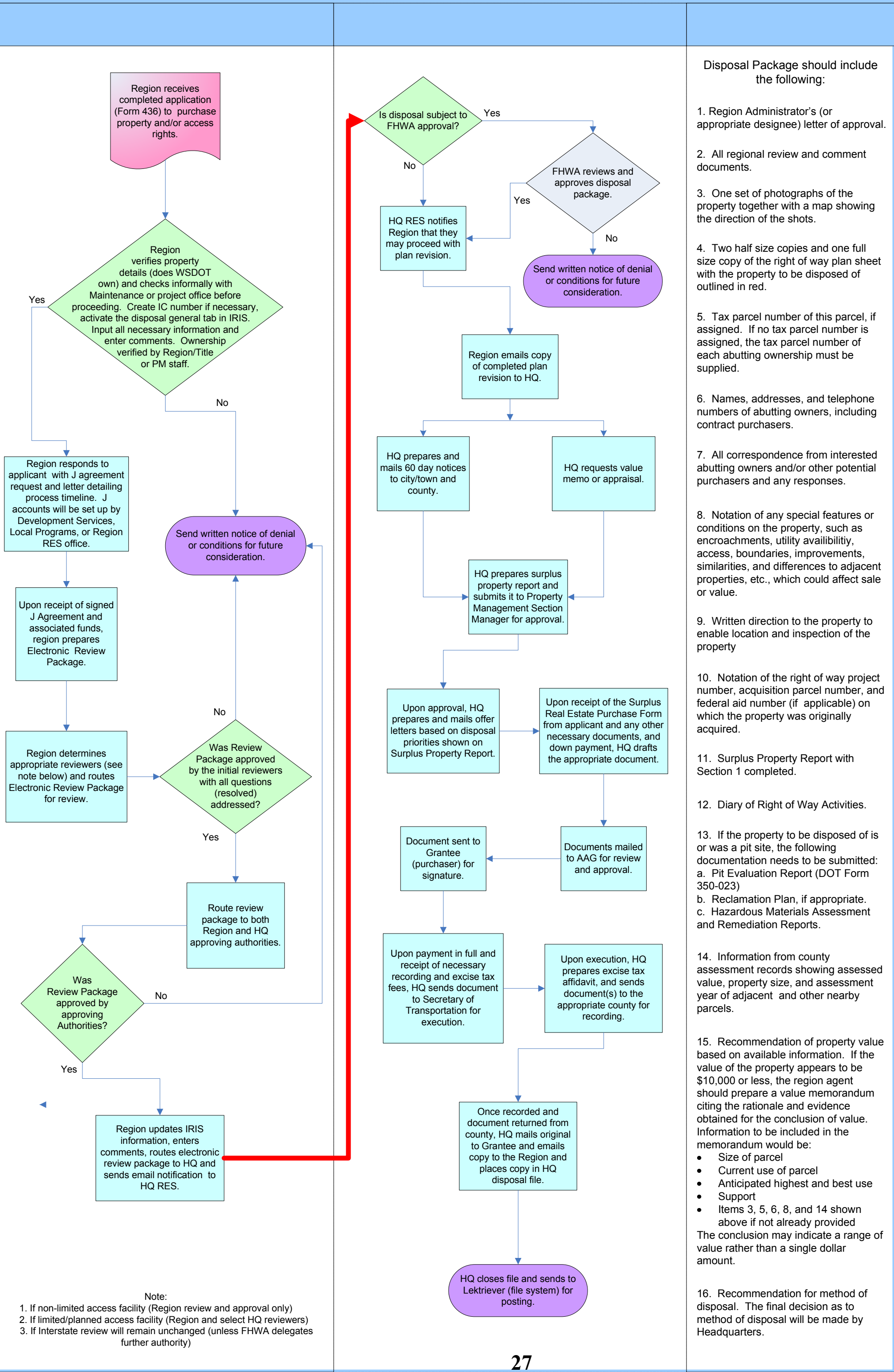
WSDOT CONTINUING PROPERTY MANAGEMENT – DISPOSAL PROCESS



- Disposal Package should include the following:
1. Region Administrator's (or appropriate designee) letter of approval.
 2. All regional review and comment documents.
 3. One set of photographs of the property together with a map showing the direction of the shots.
 4. Two half size copies and one full size copy of the right of way plan sheet with the property to be disposed of outlined in red.
 5. Tax parcel number of this parcel, if assigned. If no tax parcel number is assigned, the tax parcel number of each abutting ownership must be supplied.
 6. Names, addresses, and telephone numbers of abutting owners, including contract purchasers.
 7. All correspondence from interested abutting owners and/or other potential purchasers and any responses.
 8. Notation of any special features or conditions on the property, such as encroachments, utility availability, access, boundaries, improvements, similarities, and differences to adjacent properties, etc., which could affect sale or value.
 9. Written direction to the property to enable location and inspection of the property
 10. Notation of the right of way project number, acquisition parcel number, and federal aid number (if applicable) on which the property was originally acquired.
 11. Surplus Property Report with Section 1 completed.
 12. Diary of Right of Way Activities.
 13. If the property to be disposed of is or was a pit site, the following documentation needs to be submitted:
 - a. Pit Evaluation Report (DOT Form 350-023)
 - b. Reclamation Plan, if appropriate.
 - c. Hazardous Materials Assessment and Remediation Reports.
 14. Information from county assessment records showing assessed value, property size, and assessment year of adjacent and other nearby parcels.
 15. Recommendation of property value based on available information. If the value of the property appears to be \$10,000 or less, the region agent should prepare a value memorandum citing the rationale and evidence obtained for the conclusion of value. Information to be included in the memorandum would be:
 - Size of parcel
 - Current use of parcel
 - Anticipated highest and best use
 - Support
 - Items 3, 5, 6, 8, and 14 shown above if not already provided
 The conclusion may indicate a range of value rather than a single dollar amount.
 16. Recommendation for method of disposal. The final decision as to method of disposal will be made by Headquarters.

Note:

1. If non-limited access facility (Region review and approval only)
2. If limited/planned access facility (Region and select HQ reviewers)
3. If Interstate review will remain unchanged (unless FHWA delegates further authority)



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Real Estate Services (RES) – Acquisition to Property Management Process Summary

Phase

