

STANDARD PROCEDURES OF THE WASHINGTON SUBURBAN SANITARY COMMISSION

ORIGINATOR & POSITION	SP NUMBER	APPROVED BY/DATE	EFFECTIVE DATE	PAGE
Strategic Systems Management Office	SSMO-06-01 SUPERSEDES L-83-05	Commissioners		1 of 7

SUBJECT: IDENTIFICATION AND DISPOSITION OF SURPLUS REAL PROPERTY

PURPOSE

- 1.0 To establish the policies and procedures for identifying Commission-owned improved and unimproved real properties no longer needed for current operations or projected future uses, as well as the policies and procedures for disposing of these surplus properties.

POLICY

- 2.0 It is the policy of the Commission to dispose of property no longer required for current or future planned Commission uses on terms and conditions that the Commission considers advantageous. Properties no longer required may be disposed of as soon as possible after identification
- 2.1 Properties will be offered for sale at fair market value in the following order: (1) entity possessing a legal first right of refusal; (2) to the county in which the property is located; (3) a municipal corporation, if any, where the property is located; (4) to other public agencies through notification to the State Clearinghouse; (5) to adjacent property owners, but if and only if the property has an appraised value of \$25,000 or less and the General Manager determines the property to be of little or no interest to other parties; and (6) to the general public for sale in the free market.

DEFINITIONS

- 3.0 **Appraisal** - An estimate of the fair market value of property prepared by an appraiser certified by the State of Maryland, prepared within twelve months of the contract of sale.
- 3.1 **Improved Property** - Property that has a building or other structure erected on it. Water mains, sewer lines, storm drains, parking lots, driveways, sidewalks or other paved areas are not considered improvements for purposes of this procedure.
- 3.2 **Fair Market Value** - The estimated fair market value as determined by a current appraisal, or the highest offer in a free market open to the public.
- 3.3 **Property** - Real property, including but not limited to, transfer of development rights (TDRs) as defined in the Montgomery County Code Section 59-A-2.1. Unless otherwise specified, the term "Property" used herein refers to both improved and unimproved real property.
- 3.4 **Public Agency** - Any public body having jurisdiction in the area in which the property is located, including federal, state, bi-county, county, and other local government entities.
- 3.5 **State Clearinghouse** - A division of the Maryland Department of Planning created to facilitate intergovernmental review and coordination of the sale of State and federal surplus property.

- 3.6 **Surplus Property** - Property that has been subjected to the entire identification and clearance process and which has been approved by the General Manager for sale or other disposition.
- 3.7 **Transfer of Development Rights (TDR)** - The conveyance of development rights by deed, easement or other legal instrument authorized by local law to another parcel of land and the recordation of that conveyance among the land records of Montgomery County, Maryland.
- 3.8 **Unimproved Property** - Property that has no Commission building or other structure erected on it and is basically vacant land.
- 3.9 **WSSC Groups:** Business Functions Group is the entity responsible for real estate within the Strategic Systems Management Office. Technical Services Group is the entity responsible for real property and land data, Environmental Group is responsible for environmental coordination, and Project Delivery Group is responsible for facility plans, within the Engineering & Construction Team. Material and Services Group is the entity responsible for supplies and equipment within the Logistics directorate.
- 3.10 **WSSC Executive Steering Board:** The Executive Steering Board is composed of the General Manager, Deputy General Manager, Engineering & Construction Team Chief, Production Team Chief, Customer Care Team Chief, Chief Information Officer, Chief Financial Officer, and Director, Strategic Systems Management Office.

IDENTIFICATION PROCESS

- 4.0 Annually, during July, the Business Functions Group will distribute a list of all Commission-owned properties to the Executive Steering Board (ESB). The list will be based on the database maintained by the Technical Services Group. The ESB will be responsible for circulating the property listing to all appropriate groups within their respective teams. The ESB will return the list to the Business Functions Group within 45 days after receipt with an indication of which properties, if any, are no longer needed by their respective teams, and why.
- 4.1 The Business Functions Group will combine the responses and produce a consolidated list of properties recommended to be declared surplus within 15 days after receipt, which will be circulated to the ESB for review and comments. In addition, a copy of this list will be sent to the Maryland-National Capital Park and Planning Commission (M-NCPPC) and the two Counties to advise of WSSC's intention to dispose of the properties. The ESB will be responsible for circulating the property listing to all appropriate groups within their respective teams, including the Environmental Group for review for any known environmental concerns. The ESB will complete this review and prepare a list of properties recommended to be declared surplus within 60 days after receipt, or as soon thereafter as practicable.
- 4.2 The Business Functions Group may submit individual properties, from time to time, which have been recommended for surplus by staff. These individual submittals will follow the same process described above for review and approval of the ESB.

APPROVAL PROCESS

- 5.0 The Business Functions Group will forward the list of properties recommended to be declared surplus to the General Manager within 15 days after receipt from the ESB, with a cover memorandum highlighting any unresolved comments, objections, or issues raised by the ESB, M-NCPPC, and/or Counties.
- 5.1 Within 15 days after receipt, the General Manager will approve or disapprove of each of the properties on the list and return it to the Business Functions Group, with a copy to the Commissioners. The approved properties will be considered surplus at this time. (See paragraph 7.7).

PREPARATION FOR DISPOSITION

- 6.0 Within 15 days of receipt of the approved surplus list, the Business Functions Group will submit the list to the Technical Services Group to ensure that the existing survey and property description of each newly-declared surplus property is complete and up to date. If not, a new survey will be performed and the property description updated and forwarded to the Business Functions Group within 90 days.
- 6.1 If the surplus property being disposed of is improved, the Business Functions Group will coordinate review by the appropriate Teams to ensure that all structures, personal property, and equipment on the premises are properly accounted for and removed, abandoned, or demolished, unless it is deemed to be in the Commission's best interest to dispose of the property with these items remaining on the property. The Project Delivery Group will coordinate with the Business Functions Group to determine what structures, if any, should be demolished or abandoned prior to sale, and will be responsible for coordinating any demolition work required. The Project Delivery Group will also coordinate with the Business Functions Group and Materials and Services Group to determine what personal property or equipment should be removed. The Materials and Services Group will be responsible for the removal and disposition of any such personal property/equipment. Absent unusual or unforeseeable circumstances, these reviews and removal and disposition of property will be completed within 90 days of receipt of the approved surplus list. A timetable will be developed for any additional work required on the Property to assist in the timing of marketing efforts.
- 6.2 Should there be any environmental concerns regarding a surplus property, the Environmental Group and the General Counsel's Office will assist the Business Functions Group in the resolution of any such matters prior to the disposition of the property. Any required work or studies would also be reflected in the timetable for the Property.
- 6.3 Once the above matters are resolved, the Business Functions Group will obtain appraisals of all surplus properties to determine the fair market value of each property. For property estimated to have a fair market value in excess of \$100,000, two independent appraisals will be obtained.

DISPOSITION OF THE PROPERTY

- 7.0 Following completion of the above actions, the General Manager will notify the Commissioners of the intent to dispose of any properties valued over \$100,000.
- 7.1 If the WSSC granted the prior owner of the property a right of first refusal or other similar right to purchase the property if it became surplus, then the property will be offered to the prior owner pursuant to the terms of the agreement.

- 7.2 The General Manager will then notify the county in which the property is located of the availability of the property by certified letter addressed to the County Chief Administrative Officer, with a copy to the Chair or President of the County Council. The General Manager will also notify any municipal government where the property is located at the same time by certified letter. If the county or municipal government so notified does not respond in writing to WSSC indicating interest in the property within 60 days, WSSC will send another certified letter as described in this paragraph above to the county and municipal governments. If the county is interested, it will have the first opportunity to purchase the property at the fair market value. If the county is not interested or does not indicate interest within 90 days from the date of the first letter notification, but the municipal government where the property is located indicates an interest in purchasing the property within the 90 day period of the date of the first letter notification, the municipal government will be given the opportunity to purchase the property at the fair market value.
- 7.3 If neither the County nor the municipal government where the property is located indicates interest within 90 days, other public agencies will then be notified via the State Clearinghouse, which will allow 30 days for such agencies to respond in writing of their interest. If one or more public agencies respond, the Business Functions Group will negotiate with all interested parties in order to obtain the best value to the WSSC, which will normally be the highest price for the property, based on the appraised value of the property.
- 7.4 Appraisals shall be updated if they were completed more than 12 months before the date of the contract of sale unless the approving authority waives this requirement based upon the circumstances of a specific sale. The WSSC reserves the right to reject a sale to a public agency based upon an appraisal if the WSSC determines that the appraisal does not accurately represent fair market value. Exchanges of property with other public agencies may be considered but must be of equivalent value.
- 7.5 If no public agency is interested in the surplus property or no acceptable offers are received, the Business Functions Group may next offer the property to adjoining property owners at the fair market value. This step will be utilized only for properties having a value of \$25,000 or less, and which properties are determined by the General Manager to be of little or no interest to other parties. Each adjoining property owner will be notified by certified mail of the availability of the surplus property and the fair market value of the property. The Business Functions Group will then negotiate with any and all interested parties in order to obtain the highest price for the property.
- 7.6 If no public agency or adjoining property owner indicates an interest in the subject property, the Business Functions Group will then offer the property for public sale. The property will be advertised for sale in at least 2 newspapers of general circulation within the Washington Suburban Sanitary District (WSSD), and the services of a broker may be utilized. Notice of property sale will also be sent to respective county agencies for posting as deemed appropriate. The Business Functions Group will then negotiate with any and all interested parties to obtain the highest price for the property. A public agency that responds to the notice of sale to the general public will be treated in the same manner as the other private bidders.
- 7.7 For properties valued at or under \$100,000, the General Manager can approve the agreement for sale. For properties valued over \$100,000, the proposed agreement will be presented to the Commissioners for approval.
- 7.8 Once the sale is approved, the Business Functions Group will make arrangements to complete the sale in coordination with the General Counsel's Office and notify the Property Management Group of the settlement date.

- 7.9 After settlement has occurred, the Business Functions Group will notify the General Manager, ESB, and Commissioners of the disposition of the property.

SURPLUS PROPERTIES LIST

- 8.0 The Surplus Properties List will be reviewed at least once a year by the Business Functions Group to identify any properties for which marketing efforts have been unsuccessful for a period of over twelve months. Prior to beginning new marketing efforts, the Business Functions Group will notify the County where the property is located of the continued availability of the property.

TIMELINES

- 9.0 The WSSC Groups, Boards, employees and other entities and employees mentioned herein will make every effort to abide by established timelines set forth in the instant SP. Failure to meet any of these time frames, however, should not be construed to invalidate the actions taken.
- 9.1 Attachment A is a process chart illustrating the procedures described above. Attachment B is an illustration of the established timelines described above. Both of these Attachments are for illustrative purposes and any conflicts between the Attachments and the language of this SOP shall be controlled by the language of this SOP.

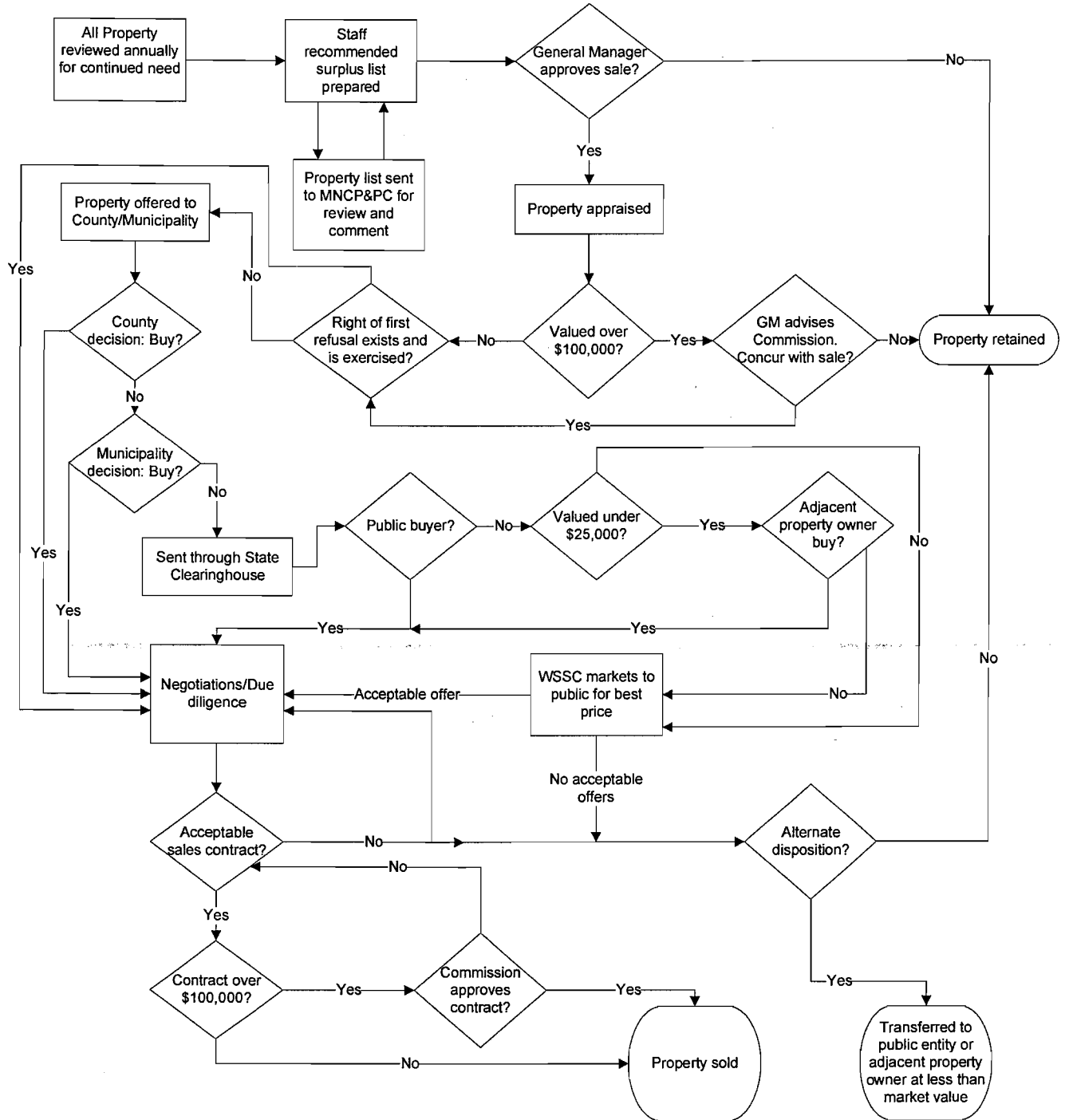
AUTHORITY

- 10.0 The General Counsel certifies that the statutory authority for the adoption of this Standard Procedure is Maryland Annotated Code Article 29, Sections 1-203 and 9-101.

DISTRIBUTION

General Manager
Deputy General Manager
General Counsel
Internal Audit Manager
Secretary
Team Chiefs
Directors
Group Leaders

WSSC Surplus Property Sale Process



TYPICAL TIMELINE

Normal Date	Action	Days from Start	Days for Task
July 1	Executive Steering Board (ESB) reviews list of all Commission-owned properties sent by Business Functions Group (BFG) and indicates which, if any, are no longer needed by their respective teams (4.0)	0	45
August 15	BFG prepares list of properties recommended as surplus and sends to ESB and M-NCPPC for review and comment (4.1)	45	15
September 1	ESB and M-NCPPC review properties recommended for surplus and forward comments to BFG (4.1)	60	60
November 1	BFG compiles comments and forwards the list of properties recommended to be declared surplus with comments to GM (5.0)	120	15
November 15	General Manager reviews and approves specific properties for disposition as surplus (5.1)	135	15
December 1	After GM approval, BFG submits the list of properties declared surplus to any affected Groups for inventory, updated survey, environmental review, etc. (6.0)	150	15
December 15	Review and completion of updated survey and property description, inventory, environmental review and identification and timetable for any required work (6.0,6.1)	165	90
March 15	BFG obtains appraisal following updated survey, documentation of any demolition or other work required and timeline for completion of such work established (6.3)	255	90
June 15	The County and municipal corporation, if any, where the property is located, are offered opportunity to purchase property at fair market value (7.2)	345	90
September 15	If no expression of interest from County or municipal corporation, BFG notifies the State Clearinghouse of available properties and other public agencies are given opportunity to purchase property at fair market value (7.3)	435	60
November 15	If no interest from public agencies, BFG offers properties to general public (7.6)	495	-