



SENATE BILL 747: State-Owned Real Property Management/Program Evaluation Division.

2015-2016 General Assembly

Committee:		Date:	August 1, 2016
Introduced by:		Prepared by:	Bill Patterson Staff Attorney
Analysis of:	S.L. 2016-119		

OVERVIEW: *S.L. 2016-119 requires more active management of State-owned real property by the Department of Administration (DOA), as recommended by the Program Evaluation Division of the General Assembly, including:*

- *Ongoing identification and disposal of surplus State-owned real property.*
- *Ongoing measurement and reporting of utilization of State-owned real property.*
- *Ongoing updating of State-owned real property inventories.*
- *Ensuring that State-owned property is not available before leases are approved or renewed.*

The provisions of this act that require DOA to review utilization data in the State-owned real property database to determine whether the property can meet the needs of a requesting State agency, will become effective July 1, 2018. The remainder of this act became effective July 28, 2016.

CURRENT LAW: The sale or lease of most State-owned real property is conducted by DOA and must be approved by the Governor and Council of State. The process of selling a particular piece of State-owned real property can be commenced as a result of DOA's own initiative, a State agency request, or in response to a legal requirement that the property be sold. Prior to the enactment of this act, however, there was no statutory mechanism in place for regular identification and disposal of State-owned real property that is no longer needed for State purposes, nor was there any statutory mechanism in place for an agency to continuously monitor and report on its utilization of State-owned real property.

The State Budget Act (Chapter 143C of the General Statutes) requires agencies to biennially submit estimates of their capital needs for the following six years to the Office of State Budget and Management and to the Fiscal Research Division of the General Assembly. It also requires the Director of the Budget, who is the Governor, to biennially submit a six-year State capital improvements plan to the General Assembly.

Chapters 143 and 143C of the General Statutes require DOA to maintain inventories of State-owned or State-leased real property.

Chapters 143 and 146 of the General Statutes authorize DOA to compel State agencies to use available State-owned or State-leased space instead of acquiring or leasing new space.

BILL ANALYSIS: **Section 1.(a)** of the act sets forth new duties of DOA and other State agencies with respect to how those agencies manage State-owned real property. Specifically, this section requires that DOA do the following:

- No later than December 1, 2018, and every five years thereafter, develop and implement a State facilities plan to comprehensively manage, acquire, and dispose of the facilities and spaces required to fully support State government operations.

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- Develop a performance management system to measure the State's achievement of the priorities and objectives set forth in comprehensive State facilities plans.
- No later than December 1, 2016, develop procedures to be used by State agencies to measure the utilization of State-owned and State-leased buildings and structures.
- No later than December 1, 2016, develop space planning standards to be used by State agencies to determine workspace size and to govern the use of shared space. The Department is required to annually perform audits of State agencies to determine their adherence to these standards and to send formal letters of admonishment to any agency that fails to justify any deviation from those standards.
- Incorporate information received from other State agencies about real property use into the State-owned real property inventories maintained by the Department and notify each agency when that agency's information has been updated in the inventories.
- Establish a definition of surplus State-owned real property and a system that continuously identifies and disposes of surplus real property.
- Make reports to the Joint Legislative commission on Governmental Operations, to the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly.

This section also requires that each State agency do the following:

- No later than July 1, 2018, and annually thereafter, submit to DOA statutorily required information regarding the agency's use of real property. These submissions may be audited by the State Auditor.
- Verify the accuracy of the information about the agency maintained in the real property inventories maintained by DOA.
- No later than July 1, 2018, and every five years thereafter, develop a five-year real property management plan and submit the plan to DOA for review.

Section 1.(b) of the act requires DOA to develop a plan to analyze the utilization of all State-owned or State-leased facilities. No later than June 1, 2017, the plan must be reported to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research and Program Evaluation Divisions of the General Assembly.

Section 1.(c) of the act requires DOA to make one unannounced visit to a facility owned by or allocated to each State agency no later than June 1, 2017. The purpose of the visit is to obtain utilization information about the property visited, to provide guidance to the agency about employing the real property utilization measures developed by DOA, and to obtain information to be used to refine those measures. **Section 1.(d)** of the act is a conforming statutory change.

Section 2.(a) of the act amends the statutes that govern what information is required to be included in the databases of State-owned real property maintained by DOA. This section requires greater specificity in the information maintained than do current statutes.

Section 2.(b) of the act repeals a section in the State Budget Act that would be duplicative in light of the statutory changes made in Section 2(a). **Section 2(c)** is a conforming statutory change.

Section 2.(d) of the act requires that no later than December 1, 2016, DOA must report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General

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Assembly, and the Program Evaluation Division of the General Assembly on the changes made to the real property inventories maintained by the Department in response to the statutory changes enacted in Section 2(a) of the act.

Section 3.(a) of the act amends the statute that governs the actions of DOA when an agency requests to acquire additional land. Specifically, it requires that in investigating the availability of land already owned by the State that might meet the requirements of the requesting agency, the Department review the real property utilization information contained in the real property databases maintained by the Department. **Section 3.(b)** of the act makes a similar change.

Section 3.(c) of the act requires that upon the expiration of certain enumerated leases, DOA shall reallocate the State functions, personnel, and other resources that current reside at the affected locations to suitable State-owned space. If suitable State-owned space is not available, **Section 3.(d)** of the act authorizes renewals of affected leases but only if the Department consults with the Joint Legislative Commission on Governmental Operations at least 60 days prior to the renewal.

Section 3.(e) of the act provides that prior to July 1, 2018, no State agency may request to enter into or renew a lease unless at the time it makes the request, it certifies to DOA that it has searched existing State-owned real property, contacted other State agencies to identify existing unused State-owned property, and found none that would be suitable for the agency's needs.

EFFECTIVE DATE: **Sections 3.(a)** and **3.(b)** of the act become effective July 1, 2018. The remainder of the act became effective July 28, 2016.

BACKGROUND: The bill is based on the Program Evaluation Division report entitled [North Carolina Should Dispose of Unneeded Real Property and Improve Portfolio Management to Reduce Costs, Report Number 2015-04 \(June 2015\)](#).

Cindy Avrette, counsel to Senate Finance, and Ben Stanley, counsel to the Joint Legislative PED Oversight Committee, substantially contributed to this summary.