



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219 2000

Gregory A. Whirley
Commissioner

October 1, 2010

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee
P.O. Box 127
Bedford, Virginia 24523

The Honorable Charles J. Colgan
Chairman, Senate Finance Committee
10660 Aviation Lane
Manassas, Virginia 20110-2701

Dear Gentlemen:

Item 457 K.1 of Chapter 874 of the 2010 Acts of Assembly requests the Secretary of Transportation, the Secretary of Administration, the Commissioner of the Virginia Department of Transportation (VDOT), and the Director of the Department of General Services (DGS) to conduct an assessment of VDOT owned properties that are not in active use by the Department for the purpose of identifying facilities that can be returned to private use.

The attached report provides a recommendation of properties and facilities that may be returned to private use, with estimates of their value if sold or leased. There are 48 properties recommended for return to private use. These properties include residency offices, equipment shops, area headquarters, storage lots, and warehouses. Thirty-three are recommended for sale, with an estimated total value of \$12,144,747. The other 15 properties are recommended for lease, with an estimated total annual lease value of \$563,180.

If you have any questions or need additional information, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Gregory A. Whirley".

Gregory A. Whirley
Commissioner

Attachment

**Estimated Revenue Generated by the Potential Sale or
Lease of the Virginia Department of Transportation
Unused Facilities**

**Item 457 K.1 of Chapter 874
2010 Acts of Assembly**

Virginia Department of Transportation

Preface

Item 457 K.1 of Chapter 874 of the 2010 Acts of Assembly directs the Secretary of Transportation, the Secretary of Administration, the Commissioner of the Virginia Department of Transportation (VDOT), and the Director of General Services (DGS) to conduct an assessment of properties owned by VDOT that are not in active use by the Department to identify facilities that can be returned to private use. This report provides a recommendation of properties and facilities that may be returned to private use, with estimates of their value if sold or leased.

Approximately forty officials have contributed to this report. The participants include:

- VDOT District Administrators
- VDOT District Business Administrators
- VDOT Facility Managers
- VDOT Administrative Services Division, Capital Outlay Section
- VDOT Right of Way Division, Appraisal Section
- DGS, Division of Real Estate Services.

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Executive Summary

In fulfilling the 2010 General Assembly's directive to assess VDOT facilities to determine which properties could be returned to private use, VDOT builds on and extends efforts recently undertaken by the Agency to consolidate properties under its control or ownership. Most notably were the Area Headquarters Consolidation and the VDOT Blueprint for Our Future. Both initiatives serve as examples of VDOT's efforts to more efficiently use property and facilities. Since 2006,

- VDOT Area Headquarters facilities have been reduced from 335 to 248
- VDOT has closed 15 Residency Offices (three residency offices will still be used by the agency for other business purposes)
- VDOT has closed 36 Equipment Shops

In conducting the current study, as was the case with the recent restructurings, VDOT maintained a standard of critically scrutinizing all decisions and recommendations for their impact on highway safety and system preservation. In addition, each recommendation was balanced against the Agency's capacity to effectively deliver services and fulfill the Agency's mission.

VDOT's Richmond, Virginia Central Office complex is headquarters for the Agency's executive and central administrative functions. Most of VDOT's remaining buildings and structures are located throughout the state as part of VDOT's District Administration, Residency and Area Headquarters (AHQ) system.

Recommendation – Properties that may be Returned to Private Use

- **There are 48 properties recommended for return to private use.**
- **Thirty-three are recommended for sale, with an estimated total value of \$12,144,747.**
- **The other 15 properties are recommended for lease, with an estimated total annual lease value of \$563,180.**

Table 1 provides a summary of the 48 properties recommended for return to private use. The columns show the various types of property that may be returned to private use and the rows are the property locations within the nine VDOT construction districts.

Table 1.

Properties that may be Returned to Private Use by District and Type

District	Residency Offices	Equipment Shops	Area Headquarters	Storage Lot	Warehouse	Totals
Bristol	1			3		4
Salem	2			3		5
Lynchburg	2	2	1	1		6
Richmond	2		3	3		8
Hampton Roads			2			2
Fredericksburg			1	1		2
Culpeper	2	2	4	5		13
Staunton	3			3		6
Central Office					1	1
Northern Virginia			1			1
Totals	12	4	12	19	1	48

Estimated Revenues Generated by the Potential Sale or Lease of the Virginia Department of Transportation Unused Facilities

I. Introduction

Item 457 K.1 of Chapter 874 of the 2010 Acts of Assembly requests an assessment of VDOT-owned properties not in active use by the Agency and a report on the potential revenue from sale or lease of those properties. The directive builds on and extends efforts recently undertaken by VDOT to review, consolidate and close properties under its control or ownership. Two of the more notable major efforts are summarized in Section II.

II. An Overview of VDOT Facilities

VDOT's Central Office complex in Richmond is headquarters for agency executive and central administrative functions. Within the Central Office is located much of the engineering, maintenance and operations management and support. Most of VDOT's remaining buildings and structures are located throughout the state as part of VDOT's District Administration, Residency and Area Headquarters (AHQ) system.

Districts, Residencies and AHQ

To administer the Commonwealth's highway program, the state is divided into nine regions, designated as VDOT Construction Districts. A District Complex, located within each district, houses VDOT personnel who work with local officials and citizens to establish transportation priorities. In addition, the district personnel coordinate efforts with the Commonwealth Transportation Board to develop local and regional road plans.

The districts are divided into 29 Residency Offices. The residencies are assigned 248 AHQs comprised of Sub-AHQs, Chemical Storage sites and Storage Lots. AHQ facilities are strategically placed throughout the district, with at least one AHQ in each county in the state. They serve as the location for maintenance, operations and VDOT emergency response activities.

Chapter 782 of the 2006 Acts of the Assembly requires VDOT to outsource maintenance on components of the Interstate Highway System. Consolidation of facilities was the first step in implementing Chapter 782, and it began with VDOT performing a systematic analysis of the Commonwealth's AHQ. The analysis reviewed the administrative workload, population, and geographical and highway safety needs of the territory served by each of the AHQ. Finalized in 2008, consolidation reduced the number of AHQ facilities from 335 to the current number of 248.

Most recently, VDOT developed and implemented its Blueprint of the Future. Having just completed the consolidation of AHQ, budget reductions challenged VDOT to once more reduce

and realign staffing and operational processes while ensuring there would be no sacrifice in safety and preservation. The Blueprint addressed three major areas:

- 1) organization and staffing,
- 2) services and customer programs, and
- 3) the construction program.

As part of the Blueprint, VDOT closed 15 Residency Offices and 36 Equipment Shops. Of the 15 Residency Offices that were closed, three are currently being used by VDOT for other business purposes.

III. Study Methodology

Gathering the information on VDOT property holdings, deciding on which should be classified as unused property and producing estimates of potential revenue from sale or lease of those properties encompassed a number of activities involving several VDOT divisions and expertise outside of the agency.

In conducting this study, VDOT maintained a standard of critically scrutinizing all decisions and recommendations for their impact on highway safety and system preservation. In addition, each recommendation was balanced against the agency's capacity to effectively deliver services and fulfill the agency's mission. Description of the process can be organized into four main steps.

1. Defining "Active Use"

Three criteria were applied in classifying property and facilities as "active use." Facilities classified as "active use" were either:

- i. currently being occupied,
- ii. currently being used for material or equipment storage, or
- iii. adapted to a new use because of co-location with other open facilities. For example, although some Residency Offices are closed, the facilities are being utilized for essential VDOT operations, thereby reducing the need to lease other facilities.

2. "Unused" Properties - Developing the Master List of Properties that are not in "Active Use"

Having screened VDOT properties for "active use," VDOT then assembled a master list of all VDOT-owned properties that were not in "active use." This master list of "unused" properties consisted of properties that did not meet any of the criteria in step 1. Those properties that were "unused" and met none of these criteria were designated as properties that may be returned to private use. Table 1 in the Recommendation section provides a summary of those properties, listed by District and property type.

3. Sale or Lease and Estimating Revenue

Properties available for return to private use were next evaluated in the context of the agency's future business needs and whether those needs implied a significant likelihood that

VDOT would need a given property in the future. This stage of the process also involved consultation between district staff and the VDOT Commissioner.

In the context of the agency's business needs any "unused" properties deemed as having substantial potential for future use were evaluated for revenue from lease. The other "unused" properties were evaluated for revenue from sale.

Estimates of revenue from sale or lease were developed by the VDOT Right of Way, Appraisal Section.

IV. Recommendation - Properties that may be Returned to Private Use

There are 48 properties recommended for return to private use.

Thirty-three are recommended for sale, with an estimated total value of \$12,144,747.

The other 15 properties are recommended for lease, with an estimated total annual lease value of \$563,180.

Table 1 provides a summary of the 48 properties recommended for return to private use. The columns show the various types of property that may be returned to private use and the rows are the property locations within the nine VDOT construction districts. As an example, the first row provides summary information for the Bristol District; there is one Residency Office and three Storage Lots for a total of four properties in the Bristol District that may be returned to private use.

Table 1 is followed by a district-by-district listing of each property. This information is provided in the charts under the subsection *Estimated Values for Statewide Unused Facilities by District*. For each property listing either the estimated sale value or annual lease value is shown, depending on whether the property is recommended for sale or for lease.

This group of 48 properties represents the recommendation made in response to Item 457 K.1 of Chapter 874 of the 2010 Acts of Assembly. In keeping with other recent VDOT streamlining and consolidation efforts the recommendation presented here is the culmination of careful analysis, mindful of VDOT's commitment to provide a safe and effective transportation system.

Table 1.

Properties that may be Returned to Private Use by District and Type

District	Residency Offices	Equipment Shops	Area Headquarters	Storage Lot	Warehouse	Totals
Bristol	1			3		4
Salem	2			3		5
Lynchburg	2	2	1	1		6
Richmond	2		3	3		8
Hampton Roads			2			2
Fredericksburg			1	1		2
Culpeper	2	2	4	5		13
Staunton	3			3		6
Central Office					1	1
Northern Virginia			1			1
Total	12	4	12	19	1	48

Estimated Values for Properties that may be Returned to Private Use

Bristol District Properties that may be Returned to Private Use and Estimated Values

New Abingdon Residency Office	\$107,000 per year Includes 1 acre of land
Crandon Storage Lot	\$15,000
Jonesville Storage Lot	\$15,000
Rt. 712 Storage Lot	\$20,000

Salem District Properties that may be Returned to Private Use and Estimated Values

Hillsville Residency Office	\$60,000 per year
Rocky Mount Residency Office	\$30,000 per year
Brush Mountain Lot	\$9,000
Rt. 641 Lot	\$25,000
Wades Lane Lot	\$10,000 per year

Lynchburg District Properties that may be Returned to Private Use and Estimated Values

Amherst Residency Office	\$620,000
Amherst Equipment Shop	Included in Residency Estimate
Chatham Residency Office	\$97,200 per year for entire complex
Chatham Equipment Shop	Included in Residency Estimate
Browns Store AHQ	\$135,000
Old Madison Heights Lot	\$15,000

Richmond District Properties that may be Returned to Private Use and Estimated Values

Amelia Residency Office	\$38,080 per year
Sandston Residency Office	\$46,400 per year
Dewitt Storage Lot	\$30,000
Magnolia Street lot	\$357,000
Old Church AHQ	\$240,452
Route 711 Storage Lot	\$42,000
Short Pump AHQ	\$2,500,000
South Brunswick AHQ	\$332,000

Hampton Roads District Properties that may be Returned to Private Use and Estimated Values

Skippers AHQ	\$1,799,095
Walters Sub AHQ	\$62,800

Fredericksburg District Properties that may be Returned to Private Use and Estimated Values

Burgess AHQ	\$396,200
Brook Storage Lot	\$25,000 per year

Culpeper District Properties that may be Returned to Private Use and Estimated Values

Culpeper Residency Office ¹	\$1,400,000
Culpeper AHQ (at residency)	Included in Residency Estimate
Louisa Residency Office	\$60,000 per year for entire complex
Louisa Equipment Shop	Included in Residency Estimate
Louisa AHQ (at residency)	Included in Residency Estimate
Orange AHQ	\$379,000
Orange Equipment Shop	Included in AHQ Estimate
Albemarle/Greene Storage Lot	\$200,000
Markham Storage Lot	\$320,000
Marshall Storage Lot	\$330,000
Mule Grave Yard Storage	\$65,000
Old Washington AHQ	\$200,000
Thoroughfare Gap Storage	\$320,000

Staunton District Properties that may be Returned to Private Use and Estimated Values

Lexington Residency Office	\$26,000 per year
Luray Residency Office	\$23,500 per year
Verona Residency Office	\$40,000 per year
Potts Creek Lot	\$6,000
Raphine Storage Lot	\$1,200
Route 624 Storage Lot	\$110,000

Central Office Properties that may be Returned to Private Use and Estimated Values

Fulton Warehouse	\$2,000,000
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Northern Virginia District Properties that may be Returned to Private Use and Estimated Values

Haymarket AHQ	\$200,000
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¹ Item 457 K.2 of Chapter 874 of the 2010 Acts of Assembly directs the sale of this property.

Appendix A

Item 457 K.1 of Chapter 874 of the 2010 Acts of Assembly

The Secretary of Transportation, the Secretary of Administration, the Commissioner, Virginia Department of Transportation, and Director, Department of General Services, shall conduct an assessment of properties owned by the Virginia Department of Transportation that are not in active use by the Department to identify facilities that could be returned to private use. Such report shall include an estimate of the revenues that would be generated by the sale of unused properties that are proposed to be sold and/or leased as well as recommendations of facilities to sell or lease. The findings of this examination shall be reported to the Chairmen of the House Appropriations and Senate Finance Committees no later than October 1, 2010.