

**DEPARTMENT OF ADMINISTRATION
REAL ESTATE AND CONSTRUCTION SERVICES (RECS)**

**POLICY on DISPOSAL OF STATE-OWNED BUILDINGS
RECS - 004**

12 01 2009 revised September 10, 2010*

Purpose

To maintain and monitor compliance with State Statutes and Department policy on disposal or demolition of State-owned buildings.

References

1. Minnesota Statute 16B.24 Subdivision 3: Disposal of old buildings.

The commissioner, upon request of the head of an agency which has control of a state-owned building which is no longer used or which is a fire or safety hazard, shall, after obtaining approval of the chairs of the senate Finance Committee and house of representatives Ways and Means Committee, sell, wreck, or otherwise dispose of the building. In the event a sale is made the proceeds shall be deposited in the proper account or in the general fund.

*revSept 10, 2010:

2. Minnesota Statute 16B.327: Recycling Construction and Demolition Waste from State Buildings; Requirement. *The commissioner shall require in contracts for the construction, renovation, or demolition of a state building that the contractor and any subcontractor must divert from deposit in a landfill and must recycle at least 50 percent of the nonhazardous construction and demolition waste, measured by tonnage or volume, produced by the project or demonstrate that the waste was delivered to construction and demolition waste recycling facilities that maintain a 50 percent annual recycling rate. This requirement applies to a project to construct, renovate, or demolish a state building that receives funding from the bond proceeds fund after January 1, 2011, provided that:*

(1) the project is located within 40 miles of a construction and demolition waste recycling facility that meets the requirements of this section and can process the applicable building materials; and

(2) for construction and renovation projects, funding from the bond proceeds fund is \$5,000,000 or more.

For the purposes of this section, "state building" means a building wholly owned or leased by a state agency, the Minnesota State Colleges and Universities, or the University of Minnesota.

Definitions

For purposes of this policy, the following definitions apply:

1. Custodial Control: Refers to the Agency who operates and maintains a State-Owned building
2. Surplus: State-Owned buildings, land, equipment or other State property that is no longer used or no longer supports an Agency's program needs.

Policy and Action:		Responsible Person:
1.	Staff are to familiarize themselves with the Minnesota Statutes 16B.24 and 16B.327 referenced above, and comply with this policy on Disposal and/or Demolition of a State Owned building.	All Staff

	RESPONSIBILITIES	Responsible Person:
1.	RECS's Sales and Acquisitions Section staff are to comply with this policy when selling state owned buildings.	Sales & Acquisitions
2.	RECS's Construction Services Section staff are to comply with this policy when carrying out a project to demolish a State-owned building.	Construction Services
	ATTACHMENTS	
1.	Procedure for "Disposal of State Buildings"	All Staff

State of Minnesota
Department of Administration
Disposal of State Buildings

M.S. 16B.24, Subd. 3 provides for the disposal of State buildings, which states:

The commissioner, upon request of the head of an agency which has control of a state-owned building which is no longer used or which is a fire or safety hazard, shall, after obtaining approval of the chairs of the senate Finance Committee and house of representatives Ways and Means Committee, sell, wreck, or otherwise dispose of the building. In the event a sale is made the proceeds shall be deposited in the proper account or in the general fund.

In accordance with the above statute,

1. An agency that has custodial control of a building that is surplus to their needs should make a request to the Commissioner of Administration, through Fleet and Surplus Services, to sell, wreck or otherwise dispose of the building.
2. If a building has a value under \$50,000.00, the request is processed through the Department of Administration, Fleet and Surplus Services. If the building has an estimated value over \$50,000.00, the request is processed through the Department of Administration, Real Estate and Construction Services (RECS). Contact RECS if assistance is needed in estimating a building value.

Note: These processes are utilized only when a building is being disposed of and not the land upon which it is placed.

VALUE UNDER \$50,000.00 - Fleet and Surplus Services process

1. An agency must complete a Property Disposition Request form and return it to Fleet and Surplus Services along with:
 - a. supporting documentation of the property value, such as an appraisal or county assessor's determination of value, or other agency documentation. (Note: The agency having custodial control of the property is responsible for determining the value.)
 - b. as much of the following information as possible:
 - building location,
 - building description, including photos of building and building identification (if any),
 - building square footage, including floor plans and site surveys,
 - how the building was acquired, including the amount of any general obligation bond appropriations used to acquire or improve the building),
 - description of any capital improvements were made in the past ten years,
 - copies of any building condition reports, environmental reports and hazardous material (e.g., asbestos) surveys,
 - disclosure as to whether the building is on the National Register of Historic Places or locally designated as historic,
 - agency contact name, phone number and email address.
 - any other applicable information.

The Property Disposition Request form can be obtained at the following website:

2. Surplus Services will assign a file identification number that will be used by all parties involved with the disposition.
3. Surplus Services will request approval of the chairs of the Senate Finance Committee and House of Representatives Ways and Means Committee to sell, wreck or dispose of the building.
4. Surplus Services will send the approved Property Disposition Request form and the approval letter from the chairs to the agency, instructing them of the approved disposition process.
5. Upon receipt of the approved Property Disposition Request, the agency may proceed to dispose of the building in accordance with the approved disposition process. Information on the process for on-line auction and sealed bid sales can be obtained at the following website: <http://www.fss.state.mn.us/auction.htm> .
6. When the agency completes the sale and deposits the sale proceeds, a copy of the sales record and deposit slip must be forwarded to Surplus Services.
7. If a building was unable to be sold via an on-line auction or sealed bid, or approval was granted to proceed to demolition without offering the building for sale, the agency may demolish the building in accordance with applicable law. The agency should complete and submit a Project Initiation Form (PIF) along with the approved Property Disposition Request to the RECS Construction Program Manager. The PIF should include funding information and project cost. If the project cost is unknown, a minimum of \$5,000 should be encumbered until project costs are known.

VALUE OVER \$50,000.00 – Real Estate and Construction Services (RECS) process

1. In keeping with M.S. 16B.282, Subd. 1, if a building has a value over \$50,000.00, an agency should contact RECS to contract for an appraisal to determine building value. The agency having custodial control of the building will incur the cost of the appraisal.
2. RECS will send the agency a Property Disposition Request form to complete. The agency should return the completed form to RECS, along with as much of the following information as possible:
 - a. building location,
 - b. building description, including photos of building and building identification (if any),
 - c. building square footage, including floor plans and site surveys,
 - d. how the building was acquired, including the amount of any general obligation bond appropriations used to acquire or improve the building),
 - e. description of any capital improvements were made in the past ten years,
 - g. copies of any building condition reports, environmental reports and hazardous material (e.g., asbestos) surveys,
 - h. disclosure as to whether the building is on the National Register of Historic Places or locally designated as historic,
 - i. agency contact name, phone number and email address. And personnel should be included, and
 - j. any other applicable information.
3. RECS will request approval of the chairs of the Senate Finance Committee and House of Representatives Ways and Means Committee to sell, wreck or dispose of the building.

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4. RECS will send Fleet and Surplus Services the Property Disposition Request for approval and to assign a file identification number for disposition after receipt of approvals from the chairs.
5. RECS will send the approved Property Disposition Request form and the approval letter from the chairs to the agency.
6. Upon receipt of the approved Property Disposition Request, the agency may proceed to dispose of the building in accordance with the approved disposition process. Information on the process for on-line auction and sealed bid sales can be obtained at the following website:
<http://www.fss.state.mn.us/auction.htm> .
7. If a building was unable to be sold via an on-line auction or sealed bid, or approval was granted to proceed to demolition without offering the building for sale, the agency may demolish the building in accordance with applicable law. The agency should complete and submit a Project Initiation Form (PIF) to the RECS Construction Program Manager. The PIF should include funding information and project cost. If the project cost is unknown, a minimum of \$5,000 should be encumbered until project costs are known. The PIF can be obtained at the following website:
<http://www.admin.state.mn.us/recs/cs/cs-mgf.html> .
8. The RECS Construction Program Manager (or delegated authority) assigns a Project Manager (PM) to the demolition project and emails the name of the PM and the PIF to RECS Accounting and all stakeholders including Agency contacts.
9. The RECS PM contacts the Agency/Facility and gathers any information associated with the building and in coordination with the Agency, determines the scope of work.
10. The RECS PM prepares an RFP scope of work to enter into a contract with an architectural/engineering (A/E) firm to prepare demolition bidding documents. In determining the scope of work, the following items need to be addressed:
 - a. Historical status/significance:
If not previously known by the Agency, the RECS PM determines if the building is on the National Register of Historic Places. This can be determined by going to the Minnesota Historical Society's website at: <http://nrhp.mnhs.org/NRSearch.cfm> and conducting an online search of the National Register; or, by contacting the State Historic Preservation Office (SHPO) at <http://www.mnhs.org/shpo/nrhp/index.htm> . If the building is on the National Historic Register, SHPO will need to be consulted regarding the disposal of the building based on their procedures for alterations or demolition of historic buildings. Thus, the RFP and contract should include the services of a Historic Preservationist subconsultant in order to facilitate SHPO's review process and to prepare a Historical American Building Survey (HABS) survey and/or Archeological Survey.
 - b. Requirement for a State Environmental Assessment (EAW).
To make this determination, go to the guidelines or contact the State's Environmental Quality Board: <http://www.eqb.state.mn.us/program.html?Id=18107> . Additionally, if the demolition work is funded by federal dollars, or if required due to the building being on the National Register of Historic Places, a National Environmental Protection Act (NEPA) Environmental Assessment may be required. If a State EAW or a federal NEPA

EA is/are required, the RFP and contract should contain the services of an Environmental Engineering firm to facilitate and prepare the required assessments.

- c. Hazardous Materials Demolition Survey and abatement:
The RECS Hazardous Materials Contract Specialist contacts an Industrial Hygiene Vendor who holds a Master Contract with the State/RECS and requests a proposal and fee amount for conducting a Hazardous Materials Demolition Survey.
- i. If the fee for the Demolition Hazardous Materials Survey and testing work exceeds \$25,000, the RECS Hazardous Materials Specialist must contact another Industrial Hygiene company to obtain a second cost proposal.
 - ii. RECS accounting contacts the Agency to obtain any additional funding if amount on PIF is insufficient.
 - iii. The Vendor performs the work and delivers copies of the completed Abatement Survey to the RECS Hazardous Materials Contract Specialist. The RECS PM and Agency are also provided a copy of the survey.
 - iv. If the survey reveals extensive presence of hazardous materials, the project will require bid documents to be prepared for Hazardous Materials removal and RECS will arrange for a licensed abatement designer to prepare the bid documents. This will be a separate contract from the Architectural/Engineering firm that is hired to prepare the demolition bid documents. The A-E firm will coordinate their design with the abatement design consultant.
 - v. The RECS HazMat Contract Specialist will obtain cost estimates for all abatement design and removal work.

NOTE: The Agency is not to salvage any materials from the building until a hazardous materials demolition survey has been completed to determine the extent and location of hazardous materials.

11. The RECS PM coordinates the work of the A-E design consultant, Historical Preservationist, Environmental Engineer(s) and facilitates their coordination with the Hazardous Materials abatement designer.
12. Following any required historical documentation and environmental assessments, along with SHPO, federal and EQB approvals, the RECS Hazardous Materials Contract Specialist facilitates the bidding of the abatement removal documents and after contract award, the abatement contractor proceeds with work to remove the hazardous materials from the building.
13. After the hazardous materials are removed, and the A-E demolition bid documents are completed, the RECS PM facilitates bidding of the demolition.
Revision- Sept 10, 2010:
 - a. When applicable, the demolition project specifications shall include requirements to comply with Minnesota Statute 16B.327 which states:
"The commissioner shall require in contracts for the construction, renovation, or demolition

of a state building that the contractor and any subcontractor must divert from deposit in a landfill and must recycle at least 50 percent of the nonhazardous construction and demolition waste, measured by tonnage or volume, produced by the project or demonstrate that the waste was delivered to construction and demolition waste recycling facilities that maintain a 50 percent annual recycling rate. This requirement applies to a project to construct, renovate, or demolish a state building that receives funding from the bond proceeds fund after January 1, 2011, provided that:

(1) the project is located within 40 miles of a construction and demolition waste recycling facility that meets the requirements of this section and can process the applicable building materials; and

(2) for construction and renovation projects, funding from the bond proceeds fund is \$5,000,000 or more.”

b. *The State of Minnesota Sustainable Building Guidelines* apply to any project funded by bond proceeds wherein demolition is associated with renovation projects of 10,000 square feet or more, or demolition that includes new construction. In this case, the project specifications must require the contractor to divert 75% construction and demolition waste from landfill and divert at least 75% (by weight) construction, demolition, and land clearing debris from landfill disposal. See the guideline requirements at <http://www.msbg.umn.edu> .

14. Demolition proceeds upon award of contract and Notice To Proceed.
15. The RECS PM keeps the agency updated on the status and funding needs throughout the demolition process.