



JOINT CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO.: 08-06-PMC/OMB	ORIGINATING AGENCIES: PROPERTY MANAGEMENT & CONSTRUCTION OFFICE OF MANAGEMENT & BUDGET	PAGE 1 OF 3
EFFECTIVE DATE: 11/1/07	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 99-02-PMC/OMB
SUBJECT: DISPOSAL OF SURPLUS STATE REAL PROPERTY & GRANTING OF EASEMENTS/LICENSES ACROSS STATE LANDS		
ATTENTION: ALL DEPARTMENTS AND AGENCIES		
FOR INFORMATION CONTACT: GENE HAYMAN, CHIEF OFFICE OF REAL PROPERTY MANAGEMENT		PHONE: (609) 292-9694

I. Policy and Pertinent Changes

A. **Circular Letter No. 99-02-PMC/OMB, dated July 1, 1998, is hereby superseded.**

B. The disposal of surplus State real property (other than the Department of Transportation Right-of-Way properties) and the granting of easements across State lands will be coordinated by the Division of Property Management and Construction (the Division or the DPMC), Department of the Treasury, in accordance with N.J.S.A. 52:31-1.1 et seq.

II. Disposal Procedures

A. A department or agency having jurisdiction over unused State property will declare it surplus by completing and forwarding Form DPMC/RPR-1 to the Division providing all pertinent facts about the property. A cover letter must accompany the DPMC/RPR-1 form from the department head or deputy. Upon declaring a property surplus, the department or agency having jurisdiction must arrange for the removal of all surplus equipment and the property must be left in a broom swept condition prior to the property being sold. The Division will take no action to dispose of a property without receiving a completed Form DPMC/RPR-1. The Division will then circulate copies of the surplus land notice to all departmental Land Review Officers for review and receive comments back within 30 days.

Notice of the disposal will also be provided to the local municipality in accordance with N.J.S.A. 52:31-1.8.

B. If issues, problems, or potential conflicts surface during the 30-day real property review period, the Division will conduct meetings of interested parties to resolve such matters prior to issuing a clearance letter.

C. If no problems or conflicts exist regarding the property, or if problems or conflicts exist and they have been resolved, a clearance letter will be issued by the Division approving the action.

D. At the time of the issuance of a clearance letter to the department, the State Treasurer or his/her designee, will determine whether the property shall be maintained by the DPMC or the State agency. The responsible agency will maintain the property in good order until passage of title.

E. A State House Commission pre-meeting committee will coordinate the activities and approvals associated with the marketing and sale of surplus real property. This committee will consist of four members, to include the Assistant State Treasurer, Governor's Counsel, or his designee, State House Commission Secretary and Chief of the Division's Office of Real Property Management.

F. The Division will develop a fair market value for the surplus real property by arranging for a full narrative appraisal from a member of the Appraisal Institute. This appraisal will be reviewed internally by Division staff.

G. The Division will arrange for a licensed land surveyor to prepare a legal metes and bounds description and site survey whenever required for property disposal or for granting of easements across State property.

- H. Should legislation be required, the Division will draft such legislation and submit it through normal channels. Sales will not be completed until required legislation is enacted.
- I. The disposal of all surplus real property will be by public internet auction or through negotiated sale. N.J.S.A. 52:31-1.4 also requires the Division to notify former owners of record of any pending surplus property sales, and offer them first right of refusal at fair market value. Such notice is given to former owners when the State has held title to real property for 10 years or less. The address listed on previous correspondence will be utilized to contact former owners for this purpose.
1. Public Internet Auction
 - a. The disposal of surplus real property will be by internet bid auction to the highest bidder, unless the State House Commission otherwise directs.
 - b. Notice of auctions will be advertised at least five days prior to the date of auction in a minimum of two newspapers published in the State, one of which will be in the county where the property is located.
 - c. If an auction is not successful, properties will be reauctioned at a later date or reappraised and resubmitted to the State House Commission for further consideration.
 2. Direct Sale
 - a. Direct sales of surplus real property will be in accordance with the terms and conditions of the State House Commission and may be to a local governmental agency, an organization presently leasing State premises, to a property owner bordering a State owned parcel of land, or to a former owner of the property in accordance with N.J.S.A. 52:31-1.4, or in certain cases to a nonprofit organization.
 - b. In addition, the Division shall:
 - (1) Notify all adjacent landowners within 200 feet of surplus property, via certified mail, of any proposed direct sales to an owner of property bordering State land. The adjacent landowners will have 10 business days to respond to the Division indicating an interest in the property.
 - (2) If at least one adjacent landowner responds and expresses interest in acquiring the surplus property within ten business days, the property will be placed before the State House Commission with the recommendation that it be disposed of at internet auction at fair market value in accordance with I. (1.) above.
 3. Sale of Employee Residences
 - a. In connection with the disposal of surplus State employee housing units approved for sale by the State House Commission or authorized by legislation, the following order for disposal, whether occupied or unoccupied, at fair market value will be followed:
 - (1) The current occupant has first right of refusal provided he/she is an employee and has lived in the residence for at least two years.
 - (2) If the State employee who occupied the residence is deceased, his/her dependents have the next right of refusal providing they have lived in the residence for at least two years.
 - (3) The municipal government where the property is located has the next right of refusal to acquire the residence.
 - (4) The county where the property is located has the fourth and final right of refusal to acquire the property.
 - b. The State employee or dependent has 60 days to respond to the disposal notice, while the county and municipality have 30 days to respond.
 - c. Unless directed otherwise by the State House Commission or specific legislation, the Division shall have discretion to set the terms of sale of a State-owned employee residence, including interest rates, term of payments, etc. Normally the interest rate will be the prime rate in effect on the day formal agreements are executed as established by the Federal Reserve Bank-Southern New York Region.
 - d. A contract of sale, prepared by the Division in cooperation with the Office of the Attorney General will be executed at the time of the auction or negotiated sale or easement.
 - (1) The contract will contain the terms and conditions of the sale. The contract will be signed by the purchaser and will be contingent on execution by the State Treasurer and the Director of the Division. A copy of the contract will be mailed to the purchaser following execution by State officials. A complete property survey, if available, together with a metes and bounds description will be appended to the contract. The cost of the property survey and description will be paid by the purchaser.
 - (2) The fully executed contract together with other pertinent information will be transmitted to the Office of the Attorney General who will complete legal details to close title. In general, closing will be scheduled 90 days following the internet auction.

- e. Transfer of title is effective when the deed has been signed, and the balance of sale monies paid.
- (1) Signatures on the deed required by N.J.S.A. 52:31-1.2 will be obtained by the Division.
 - (2) Monies derived from all property sales must be in the form of guaranteed funds made payable to the Treasurer, State of New Jersey, and deposited in the General Treasury of the State in accordance with N.J.S.A. 52:31-1.1 or should legislation be required, in accordance with such legislation.
 - (3) Formal closings will take place in the Office of the Attorney General to transfer title, receive payment, and make necessary adjustments for taxes, utility payments, etc.

III. Easements

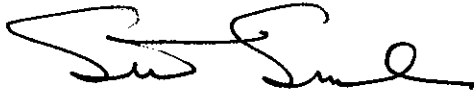
In general, easements across State Lands that directly benefit the State will be granted at nominal value (\$1.00), as approved by the State House Commission. Other easements will be at fair market value in accordance with terms as directed by the State House Commission. Should legislation be required, the Division shall draft such legislation and submit it through normal channels. In such instance, the easement will not be granted until the required legislation is enacted.

IV. Licenses/Rights-of-Entry

When it is necessary to enter upon State property temporarily, the Division will consult with the Office of the Attorney General to prepare a license or right-of-entry. This right-of-entry or license will contain necessary hold harmless language and will be executed by the Chief, Office of Real Property Management.

- V. The Division will maintain its inventory files of State lands and buildings in the Statewide Land and Building Asset Management System by retiring the property which was sold from its records and maps following closing by the Office of the Attorney General. The deed into the State for the property will be removed from the Division's active files including any Building Location Code files if applied. The Division will also notify the Bureau of Risk Management for insurance purposes, as well as the Office of Management and Budget for fixed assets reporting purposes.

This Circular Letter is effective on the date hereof.



Steven Sutkin, Acting Director
Division of Property Management & Construction



Charlene M. Holzbaun, Director
Office of Management & Budget