

Capital Asset Inventory

The Capital Asset Selection Work Group was charged with reviewing and evaluating all State capital assets to determine their suitability for inclusion into as an “in kind” contribution to the pension systems to improve their funding ratios, reducing the unfunded liabilities and, therefore, lower the state’s actuarially required contribution payments “ARC.” This included reviewing, but not limited to, land, buildings, roads, airports, healthcare facilities and all other State assets.

The Work Group proposed specific criteria for the selection of State-owned assets to be included in a Pension trust which were accepted by the Pension Sustainability Committee:

- 1) Properties that are not currently being utilized for government functions.
- 2) Properties that clear a Phase 1 environmental study and require further remediation.
- 3) Only properties owned by the State of Connecticut and the component unit authorities.
- 4) Properties not classified as State parks or forest land including state farm land preservation easements.
- 5) Properties surplus to the State of Connecticut needs – this would require state agency approval to transfer from agency with custody and control of each particular property of via a legislative mandate.
- 6) Properties that have been determined to be eligible for transfer legally (certain statutes may prohibit particular from being transferred based on state or federal law).
- 7) Properties that have been designated as “Historic.”
- 8) No DOT Rights of ways as FHWA, under 23 code of the federal Regulation (CFR) 710.403 requires that the proceeds from the sale of any excess property by the DOT must be deposited in the state transportation fund and to be utilized as the state’s matching for future transportation projects.

Comment [JR1]: For whatever it's worth, I don't remember this condition being discussed in these terms, although that may just be my memory. At any rate, I don't see any reason why potential environmental remediation issues should disqualify a property for consideration, although they certainly could affect its value.

With the assistance of Paul Hinsch, Director of the Bureau of Assets Management within the Office of Policy and Management (“OPM”), the Work Group applied these criteria to the [Inventory of Real Property](#) maintained by OPM.

The inventory of Real Property lists approximately 6,800 properties, consisting of both land and structures. The application of the agreed-upon criteria reduced this overall number significantly to no more than a few dozen, essentially properties that have been or are in the process of being declared surplus.

Following this initial analysis, the Pension Sustainability Committee debated whether the criteria were too limiting. A proposal was made to limit the criteria to the following:

- Only properties owned by the State of Connecticut
- Properties that have been determined to be eligible for transfer legally.

In discussing this proposal, the Committee debated whether it should consider property that is currently being used for government functions and if so, what factors should be included in a cost-benefit analysis to determine whether a property that is currently used for a governmental function could be put to a better use as a contribution (directly or indirectly) to the pensions. After robust discussion of these issues, there was consensus that such policy determinations were not within the Pension Sustainability Committee’s current authority and that it would be helpful if the legislature identified more clear directives and standards for any future analysis.

Although the Pension Sustainability Committee did not vote to limit the criteria, it was unanimous that for any property under consideration for transfer, it would be necessary to ensure that no legal restrictions prevented such transfer. There is no central repository in which legal restrictions on parcels or buildings is recorded. Accordingly, it will be necessary to consider each property individually to determine what, if any restrictions may exist, and if so, whether such restrictions may be overcome.

There are large classes of properties for which it is reasonable to conclude that the legal restrictions are overwhelming, specifically:

- Land designated as a state park, forest or other public trust
- Land subject to agricultural, transportation, conservation or open space easements
- Land subject to federal highway regulations
- [Property subject to federal airport regulations](#)
- [Land subject to federal railway regulations](#)

Moreover, there are myriad state laws that relate to the acquisition, use and disposal of state real property, including the recent constitutional amendment regarding the

legislatively-mandated transfer of real property. This constitutional amendment imposes the following restrictions on such transfers:

- It requires a public hearing on bills to authorize the transfer, sale, or disposal of state-owned properties, such as state parks, forests, and conserved lands, to non-state entities and
- It requires a two-thirds vote of the Connecticut General Assembly to authorize the transfer, sale, or disposal of land under the control of the state agriculture or environmental protection departments.

In addition to this procedural change, there are several other statutes that must be assessed to determine whether and how they apply to each property under consideration for transfer. [Of course the legislature could change certain of these limitations if it wished to do so, but the Commission has no way of knowing what changes the legislature may wish to consider.](#)

The following is a non-exclusive list of such statutes:

Statutes relating to land use/planning	
4-67g	State real property: Long-range planning, efficiency and appropriateness of use and
4b-23	State facility plan.
4b-28	Notice of proposed change in use of state-supervised property.
4b-30a	Sublease of land or buildings and facilities leased to the state
4b-35	Lease of state-owned land to private developers
4b-38	Lease of state-owned land or buildings for municipal or private use.
8-37v	Powers of Commissioner of Housing re state real property transferred to Department of Housing and surplus real property made available by the federal government.
13a-85a	Acquisition of land adjacent to state highways for preservation and enhancement of scenic beauty and development of rest and recreation areas
13a-98e	Acquisition of land and rights-of-way.
13a-123	Restriction of outdoor advertising structures, signs, displays or devices on state property or interstate, federal-aid and other limited access highways
13a-142a	Acquisition of land adjacent to highway for environmental protection purposes.
13a-142e	Route 11 Greenway Authority Commission. Transfer of real property to Commissioner of Transportation.
13b-29	Commuter parking facilities
15-120cc	Powers and duties of CT Airport Authority
16-343	Connecticut-New York Railroad Passenger Transportation Compact
Statutes relating to real property acquisition / limits on use or purpose	
4b-22	Real property or rights or interests in real property acquired by the state by gift,
4b-27	Disclosure of state realty needs

6-2a(b)	State succession to property and liabilities of counties
8-273a	Outdoor advertising structures
13a-80	Sale or lease of land by commissioner
17a-454	Acceptance of gift or devise (DMHAS)
17a-455	Acceptance of gift or devise (DMHAS facility)
18-83	Acceptance of gift or devise (DOC)
25-208	Acquisition of land within designated river corridor
26-309	State acquisition of essential habitat
32-228	Sale, exchange or lease of property under control of DECD
Statutes relating to disposal of real property	
4b-21	Purchase, sale or exchange of land by state, surplus property disposition
13a-80h	Agreement setting forth responsibilities of municipality and DOT re acquisition of real property required for certain bridge projects
18-31b	Gratuitous transfer of abandoned facilities to municipalities or municipal
26-3b	Rental, sale, exchange or transfer of real property and buildings in the custody or

It will also necessary to assess whether there are any property-specific restrictions, such as deed restrictions or conditions of gift. Finally, because of the laws related to property purchased with bond funds for each property under consideration, it will be necessary to determine if the property was purchased with bond funds and if so, whether there are any conditions or restrictions on the transfer of the property.