**Surplus Right of Way Proceeds**  
**UDOT 02-56**  
**Effective: March 6, 2008**  
**Revised: New**

**Purpose**
For consistency and accountability, this policy establishes guidelines for accounting for the sale of surplus Right of Way (ROW). This policy does not apply to ROW in the Corridor Preservation Revolving Fund.

Refer to the ROW Operations Manual for regulations relating to the actual sale or lease of excess property.

**Policy**
A. If surplus ROW property is sold before the project is completely closed, the sales price should be credited to the project.

B. If the project has been closed when the surplus ROW property is sold, the revenue will be credited to the Transportation Fund as free revenue, unless it was purchased with Federal funds.

**Background**
When the Transportation Fund budget is determined, the estimated revenue that is appropriated to the Department of Transportation for expenditure includes an estimated amount for the sale of surplus land. For years, intent language in the appropriations act has stated, “It is the intent of the Legislature that any and all collections or cash income from the sale or salvage of land and buildings are to be lapsed to the Transportation Fund.”

If more land is sold than estimated, the funds are deposited in the Transportation Fund and are available either to make the fund balance or for the Transportation Commission to program.

If less revenue is received than estimated, other revenue increases make up the difference or an adjustment is made to the programmed dollars.

**Guidance**
A. **Disposition of Proceeds**
The original funding source of the real property and the status of the project (pre-closeout/post-closeout) are the primary determinants of how to account for proceeds from the sale or lease of real property. The UDOT Comptroller’s Office has established specific FINET project numbers designed to account for real property proceeds acquired with Federal or State funds. The income derived from these activities should be accounted for in the appropriate FINET project number.
The table below lists the guidelines to use, based upon the funding source and project status, to determine the appropriate accounting disposition for excess real property and lease proceeds.

<table>
<thead>
<tr>
<th>Parcel Funding</th>
<th>Acquisition Classification</th>
<th>Project Status</th>
<th>FINET Project</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Project</strong></td>
<td>Eligible</td>
<td>Active</td>
<td>Original Project 5FEDR05E</td>
</tr>
<tr>
<td></td>
<td>Ineligible</td>
<td>Closed</td>
<td>Original Project 7RWPC05E</td>
</tr>
<tr>
<td><strong>State Project</strong></td>
<td>N/A</td>
<td>Active</td>
<td>Original Project 7RWPC05E</td>
</tr>
<tr>
<td><strong>Centennial Project</strong></td>
<td>N/A</td>
<td>Active</td>
<td>Original Project 78CHF05E 50CHF05E</td>
</tr>
<tr>
<td></td>
<td>Closed – State</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Closed – Federal</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Below are descriptions of the project numbers used to account for excess real property and lease proceeds:

1. **5FEDR05E Project (Federal Funded)**
   a. The 5FEDR05E project was established to account for and retain proceeds from the sale or lease of real property previously acquired with Federal funds on a closed Federal-aid project. UDOT must adequately document within the 5FEDR05E project the amount of net income from the sale or lease of real property. UDOT must also document the income ultimately expended from project 5FEDR05E on Title 23 eligible projects during the fiscal year. Amendment of 23 U.S.C. 156 allows proceeds from excess real property acquired with Federal funds to be retained by the State and used for activities eligible for funding under Title 23 of the United States Code. Thus, such proceeds may be expended on eligible activities occurring under a different project from the one that originally provided the Federal funds. For additional information, refer to Code of Federal Regulations on Real Property Management at [http://www.gpoaccess.gov/cfr/retrieve.html](http://www.gpoaccess.gov/cfr/retrieve.html). Refer to Title 23 Part 710 Sections 403 and 409.
b. Systems Planning and Programming – Program Finance will coordinate with the Transportation Commission to authorize the current Title 23 eligible project to expend the current fiscal year retained revenue on the 5FEDR05E project. The Comptroller’s Office will process the transfer to the authorized Title 23 eligible project prior to fiscal year end.

2. **7RWPC05E Project Number (State Funded)**

   Project number 7RWPC05E was established to account for proceeds from the sale or lease of real property previously acquired with State funds on a closed State project or Federal-aid project (charged ineligible).

3. **Centennial Project Numbers (CHF Funded)**

   Project numbers have been established to account for proceeds from the sale or lease of real property originally acquired with Centennial funds on a State or Federal-aid project post-closeout. These project types and numbers are:

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF-State</td>
<td>78CHF05E</td>
</tr>
<tr>
<td>CHF-Federal</td>
<td>50CHF05E</td>
</tr>
</tbody>
</table>

**B. Property Management and Disposition Expenses**

The original funding source of the real property and the status of the project (pre-closeout/post-closeout) are the primary determinants of how to account for property management and disposition expenses.

1. **Property Management Project Pre-Closeout**

   Property management costs incurred for maintenance, protection, clearance, and improvement disposition until final project acceptance are eligible for Federal participation. Consequently, property management costs can be charged to the appropriate original Federal-aid project until the project has been financially closed.

2. **Property Management Project Post-Closeout**

   Upon completion of the highway’s construction, the project will be financially closed out. However, even after the project has been closed out financially, property management costs continue to be incurred for these activities. The UDOT Comptroller’s Office has established the following specific FINET project numbers designed to account for post-closeout property management activities for real property previously acquired with Federal or State funds:

   a. Project 5FEDR05E was established in FINET for property management expenditures occurring on Federal-aid projects post-closeout. Use of 5FEDR05E is restricted for expenditures related to disposition of real property originally acquired with Federal
funds and will generate income from the sale or lease of the real property.

b. Project 7RWPC05E was established in FINET for property management expenditures occurring on State projects post-closeout. This project number is for expenditures related to disposition of surplus real property originally acquired with State Transportation funds on a State or Federal-aid project (charged ineligible).

The table below lists the guidelines to use, based upon original funding and project status, to determine the appropriate accounting for excess property management expenditures.

<table>
<thead>
<tr>
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<th>Project Status</th>
<th>FINET Project</th>
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</thead>
<tbody>
<tr>
<td>Federal</td>
<td>Eligible</td>
<td>Active Closed</td>
<td>Original Project 5FEDR05E</td>
</tr>
<tr>
<td></td>
<td>Ineligible</td>
<td>Active Closed</td>
<td>Original Project 5RWPC05E</td>
</tr>
<tr>
<td>State</td>
<td>N/A</td>
<td>Active Closed</td>
<td>Original Project 7RWPC05E</td>
</tr>
<tr>
<td>Centennial</td>
<td>N/A</td>
<td>Active Closed – State Closed – Federal</td>
<td>Original Project 78CHF05E 50CHF05E</td>
</tr>
</tbody>
</table>

C. Local Government Real Property Disposals
Below are regulations applicable to local government:

1. The Local Authority will comply with 23 CFR 710.203 for FHWA reimbursement requests of real property acquisitions. A Local Authority will not request reimbursement for excess acquisitions which are not eligible for FHWA reimbursement under 23 CFR 710.203 (6) Property not incorporated into a project funded under title 23 of the United States Code. Refer to [http://www.gpoaccess.gov/cfr/retrieve.html](http://www.gpoaccess.gov/cfr/retrieve.html) for additional information on 23 CFR 710.203.
2. For real property disposals, the Local Authority will comply with 23 CFR 710.409 and 710.403. The Local Authority should have property management records that identify inventories of real property considered excess to project needs.

3. If a Local Authority determines that real property initially acquired as part of the project is declared excess and disposed of, the Local Authority must comply with 23 CFR 710.409 and 710.403. This requires that the Federal share of net income from the sale or lease of real property acquired with Federal assistance be used for Title 23 eligible projects. Refer to http://www.gpoaccess.gov/cfr/retrieve.html Title 23 Part 710 Sections 403 and 409 for additional information.

4. The Local Authority will deposit the net proceeds (Federal prorata share) from the sale or lease with UDOT to be applied towards a Title 23 eligible project, as authorized by the appropriate Metropolitan Planning Organization, Joint Highway Committee, or Enhancement Advisory Committee. Systems Planning and Programming – Program Finance will coordinate with the appropriate programming body the application of these proceeds each fiscal year.

5. The projects listed below have been established within FINET for the specified programming body in order to account for these deposited proceeds.

   5WFR105E  Wasatch Front Regional Council SLC Urban
   5WFR205E  Wasatch Front Regional Council Ogden Urban
   5MAG005E  Mountainland Association of Governments
   5CAC005E  Cache Metropolitan Planning Organization
   5DIX005E  Dixie Metropolitan Planning Organization
   5JHW005E  Joint Highway Committee
   5EAC005E  Enhancement Advisory Committee