

Real Estate Assets



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Real Estate Assets



Department Description

The Real Estate Assets Department manages the City's real estate portfolio and directs the operations of Concourse and Parking Garages, QUALCOMM Stadium, PETCO Park, and operates the City's airports. The Real Estate Assets Department is organized to reflect its core lines of business functions: Property Acquisition/Disposition, Asset Management, Valuation, and Corporate Services.

The Acquisition/Disposition Division provides acquisition and relocation services for the City of San Diego including appraisal and acquisition of sites and easements for public facilities, parks, open space, and the right-of-way. The Division is also charged with cataloging and evaluating City assets to determine which properties are essential for the City's core mission and which can be deemed surplus and made available for disposition. The Division handles the disposition of properties that are determined to be surplus and acquires properties for City use.

The Asset Management Division is responsible for managing the City's diverse real estate portfolio. The Asset Management Division's responsibilities include the administration of over 500 of the City's existing leases, permits, operating agreements, use and occupancy agreements, and sub-leases. Another primary function is the management and administration of the redevelopment of existing leaseholds. The Division handles the negotiation of new leases and permits, renews expired leases and permits, calculates and implements rental adjustments, and ensures lease compliance.

The Valuation Division is responsible for planning and directing all the valuation on all appraisal projects for the City of San Diego. The Division also assists and supports the City's bond issuances for capital improvement projects and refinancing previously issued bonds. The Division also conducts special real estate analyses, studies and projects, and interacts with City management, City departments, tenants, and the public on real estate valuation, litigation, and arbitration issues.

The Corporate Services Division is tasked with directing, planning, organizing, and executing transactions that support all of the City's facility needs. The Division works with individual City departments to determine how much space is needed and whether the requirement can be best accommodated through occupancy of City-owned properties, a lease from an outside entity, or the acquisition of a new facility.

The Concourse and Parking Garage special revenue fund provides management for the rental and use of the Community Concourse facilities. In addition, the Department manages the Evan V. Jones Parkade and garage in

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order to provide parking for employees and the general public. The Community Concourse is comprised of Golden Hall, Plaza Hall, various conference rooms, box offices, administration offices, and support facilities.

The Department's mission is:

To acquire and manage real estate for the highest public use and benefit, generate maximum revenue through leasing and sales of surplus assets, and maximize the overall financial return of the City's real estate portfolio

Goals and Objectives

The following goals and objectives represent the action plan for the Department:

Goal 1: Professionally manage real estate assets

The City has over 500 leases that generate over \$71.8 million in annual revenue. To maximize this income stream, the City's lease portfolio requires expert management to ensure that the leaseholds continue to perform at their highest possible level. The Department accomplishes this goal by focusing on the following objectives:

- Exercise effective lease administration
- Improve the value of City-owned assets

Goal 2: Optimize the City's assets

The City owns over 3,800 properties with a total size of approximately 120,000 acres. Included in the portfolio are surplus properties that are not directly used for City services. The surplus properties are put to use either by leasing them to provide additional revenue for the City or by selling them to generate income for the Capital Improvement Fund. The money generated by the leasing and sale of the City's real estate is a vital component of the City's budget. The Department will move toward accomplishing this goal by focusing on the following objectives:

- Develop new revenue sources
- Divest surplus property
- Maximize lease revenue
- Create property redevelopment opportunities

Goal 3: Optimize human resources

Management of the City's real estate portfolio requires a staff with high levels of technical competency and professionalism. These skill-sets must be developed, nurtured, and maintained for the City's real estate portfolio to achieve optimum performance. The Department accomplishes this goal by focusing on the following objectives:

- Create and nurture a culture of success
- Continually improve skills
- Continuous training and education

Goal 4: Centralize management of the City's workspace resources

The City has over 10,000 employees and the implementation of an effective facility plan can reduce costs and improve efficiency City-wide. The Department accomplishes this goal by focusing on the following objectives:

- Enhance operational efficiency
- Provide a quality work environment at the best price
- Reduce occupancy costs

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Key Performance Indicators

Performance Measure	Actual FY2012	Actual FY2013	Target FY2014
1. Amount of revenue collected from leases	\$72.2M ¹	\$77.5 M ²	\$72.4 M
2. Amount of revenue received from telecommunication/ antenna facilities located on City-owned property	\$3.5M ¹	\$4.6M ²	\$3.7M
3. Number of required appraisals completed	159	245	240

1. Fiscal Year 2012 Actual figures are based on figures in REPortfolio as of July 3, 2011
2. Fiscal Year 2013 Actual figures are based on figures in REPortfolio as of July 31, 2013

Service Efforts and Accomplishments

The Real Estate Assets Department continuously improves the operation of its core functions to ensure that the City's real estate assets are maintained and managed to the highest standards. The Department's changes resulted in the following accomplishments:

- Completed a comprehensive Portfolio Management Plan of all of the City's properties and leases
- Implemented its state-of-the-art software system (REPortfolio) that replaced the Department's antiquated and outdated mainframe-based system
- Completed scanning paper files to an electronic format for easier access and improved security
- Sold 36 surplus properties with a total value of over \$54.7 million; \$2.8 million over appraised value
- Negotiated a ten year lease for the Family Justice Center that saves the City \$0.5 million per year
- Negotiated a \$20.0 million lease with the school district to occupy two floors of the new Main Library
- Currently have 106 telecommunication sites generating over \$2.9 million in annual rent
- Entered into 29 new telecommunication agreements that upon execution will generate \$9.9 million in additional revenue to the City over the next ten years
- Currently negotiating two additional telecommunication agreements for a DAS System at Qualcomm Stadium for \$1.5 million in revenue
- Conducted over 170 inspections of City lease sites
- Acquired possession of property required for the expansion of Carroll Canyon Road in Mira Mesa
- Acquired property in Mission Hills for the development of the Olive Street Park
- Completed 159 appraisal assignments
- Managed 25 moves, tenant improvements, or reconfigurations (including the City Auditor and Public Works Contracting Group)
- Acquired 7 land parcels to add an additional 67 acres to East Elliot/Mission Trails Park
- Acquired an 1,100 acre parcel (Sycamore Estates) for inclusion to Mission Trails Park
- Acquired 13 parcels totaling 28 acres in Otay Mesa for the City's Vernal Pool Preservation Program
- Acquired 24 easements in conjunction with the City's Capital Improvement Program
- Sold World Trade Center Building for conversion to a homeless services center
- Negotiated new 30 year lease with Young Men's Christian Association (YMCA) of the Peninsula

The parking garages provide parking for more than 1,100 City employees annually. During the past year, the Concourse has been the site for more than 110 events which includes the following:

- Naturalization ceremonies for immigrants becoming United States citizens

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- Salvation Army holiday dinners
- Homeless Children's Christmas parties
- California State Bar exams
- Various employment job fairs
- Election Central
- National Multiple Sclerosis holiday celebration
- Over 150 City of San Diego meetings
- Cheer and dance competitions
- Martial arts competitions
- High school graduations
- Various shows and exhibitions

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Department Summary

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
FTE Positions (Budgeted)	29.00	30.00	30.00	0.00
Personnel Expenditures	\$ 3,219,066	\$ 3,333,797	\$ 3,635,563	\$ 301,766
Non-Personnel Expenditures	3,469,790	3,849,897	3,884,078	34,181
Total Department Expenditures	\$ 6,688,856	\$ 7,183,694	\$ 7,519,641	\$ 335,947
Total Department Revenue	\$ 45,544,972	\$ 43,732,638	\$ 46,049,141	\$ 2,316,503

General Fund

Department Expenditures

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
Real Estate Assets	\$ 3,782,067	\$ 4,541,750	\$ 4,852,350	\$ 310,600
Total	\$ 3,782,067	\$ 4,541,750	\$ 4,852,350	\$ 310,600

Department Personnel

	FY2012 Budget	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
Real Estate Assets	27.00	28.00	28.00	0.00
Total	27.00	28.00	28.00	0.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2013 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.	0.00	\$ 322,730	\$ -
Non-Discretionary Adjustment Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	18,425	-
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	(30,555)	-
Mission Bay Park Rents and Concessions Revenue Adjustment to reflect revised revenue projections for Mission Bay Park rents and concessions.	0.00	-	2,611,583
Revised Revenue Adjustment to reflect Fiscal Year 2014 revenue projections.	0.00	-	(316,704)
Total	0.00	\$ 310,600	\$ 2,294,879

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Expenditures by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
PERSONNEL				
Personnel Cost	\$ 1,895,105	\$ 2,007,554	\$ 2,066,062	\$ 58,508
Fringe Benefits	1,117,076	1,121,393	1,385,615	264,222
PERSONNEL SUBTOTAL	\$ 3,012,181	\$ 3,128,947	\$ 3,451,677	\$ 322,730
NON-PERSONNEL				
Supplies	\$ 22,393	\$ 31,965	\$ 31,619	\$ (346)
Contracts	507,555	1,036,057	1,036,057	-
Information Technology	207,244	277,421	240,516	(36,905)
Energy and Utilities	7,780	13,221	10,475	(2,746)
Other	20,355	52,851	80,838	27,987
Transfers Out	4,559	1,288	1,168	(120)
NON-PERSONNEL SUBTOTAL	\$ 769,886	\$ 1,412,803	\$ 1,400,673	\$ (12,130)
Total	\$ 3,782,067	\$ 4,541,750	\$ 4,852,350	\$ 310,600

Revenues by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Charges for Services	\$ 840,207	\$ 911,297	\$ 1,010,713	\$ 99,416
Licenses and Permits	198,531	184,771	186,789	2,018
Rev from Money and Prop	41,572,510	39,953,350	42,146,795	2,193,445
Rev from Other Agencies	3,784	-	-	-
Total	\$ 42,615,033	\$ 41,049,418	\$ 43,344,297	\$ 2,294,879

Personnel Expenditures

Job Number	Job Title / Wages	FY2012 Budget	FY2013 Budget	FY2014 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
2000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 37,444
20000134	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	64,516
20000119	Associate Management Analyst	0.00	1.00	1.00	54,059 - 65,333	64,516
20000163	Associate Property Agent	2.00	2.00	2.00	54,059 - 65,333	54,059
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	118,499
20000924	Executive Secretary	1.00	1.00	1.00	43,555 - 52,666	52,008
20000172	Payroll Specialist 1	1.00	0.00	0.00	33,093 - 39,832	-
20001222	Program Manager	4.00	5.00	5.00	46,966 - 172,744	473,008
20000768	Property Agent	8.00	8.00	8.00	59,363 - 71,760	560,672
20000783	Public Information Clerk	1.00	1.00	1.00	31,491 - 37,918	37,444
20001137	Real Estate Assets Director	1.00	1.00	1.00	31,741 - 173,971	154,050
20000869	Senior Account Clerk	1.00	1.00	1.00	36,067 - 43,514	42,970
20000970	Supervising Management Analyst	1.00	1.00	1.00	66,768 - 80,891	79,880
20001003	Supervising Property Agent	3.00	3.00	3.00	66,768 - 80,891	239,640
20000756	Word Processing Operator	1.00	1.00	1.00	31,491 - 37,918	37,444
	Bilingual - Regular					2,912
	Termination Pay Annual Leave					47,000
FTE, Salaries, and Wages Subtotal		27.00	28.00	28.00		\$ 2,066,062

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	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Fringe Benefits				
Employee Offset Savings	\$ 19,468	\$ 36,964	\$ 37,174	\$ 210
Flexible Benefits	164,995	177,446	189,448	12,002
Insurance	303	-	-	-
Long-Term Disability	10,996	11,721	10,947	(774)
Medicare	29,230	28,628	28,714	86
Other Post-Employment Benefits	68,581	170,798	168,507	(2,291)
Retiree Health Contribution	190,443	-	-	-
Retiree Medical Trust	417	358	356	(2)
Retirement 401 Plan	1,517	1,436	1,426	(10)
Retirement ARC	486,709	524,878	759,330	234,452
Retirement DROP	17,260	15,646	10,112	(5,534)
Retirement Offset Contribution	3,479	4,845	-	(4,845)
Risk Management Administration	26,434	28,102	25,569	(2,533)
Supplemental Pension Savings Plan	79,099	88,320	103,297	14,977
Unemployment Insurance	6,255	6,013	5,813	(200)
Workers' Compensation	11,891	26,238	44,922	18,684
Fringe Benefits Subtotal	\$ 1,117,076	\$ 1,121,393	\$ 1,385,615	\$ 264,222
Total Personnel Expenditures			\$ 3,451,677	

Concourse and Parking Garages Operating Fund

Department Expenditures

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Concourse & Parking Garage	\$ 2,906,789	\$ 2,641,944	\$ 2,667,291	\$ 25,347
Total	\$ 2,906,789	\$ 2,641,944	\$ 2,667,291	\$ 25,347

Department Personnel

	FY2012 Budget	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Concourse & Parking Garage	2.00	2.00	2.00	0.00
Total	2.00	2.00	2.00	0.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Addition of Security Expenditures	0.00	\$ 26,000	\$ -
Addition of expenditures for increased security services at events held at the Concourse.			
Equipment/Support for Information Technology	0.00	14,027	-
Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.			
Addition of Contractual Expenditures	0.00	10,400	-
Addition of expenditures as a result of increased contractual obligations for parking management, maintenance, and pest control services.			

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Non-Discretionary Adjustment	0.00	(4,116)	-
Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.			
Salary and Benefit Adjustments	0.00	(20,964)	-
Adjustments to reflect the annualization of the Fiscal Year 2013 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.			
Revised Revenue	0.00	-	22,467
Adjustment to reflect Fiscal Year 2014 revenue projections.			
One-Time Reductions and Annualizations	0.00	-	(843)
Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2013.			
Total	0.00	\$ 25,347	\$ 21,624

Expenditures by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
PERSONNEL				
Personnel Cost	\$ 126,155	\$ 119,884	\$ 121,369	\$ 1,485
Fringe Benefits	80,730	84,966	62,517	(22,449)
PERSONNEL SUBTOTAL	\$ 206,885	\$ 204,850	\$ 183,886	\$ (20,964)
NON-PERSONNEL				
Supplies	\$ 68,855	\$ 123,422	\$ 123,422	\$ -
Contracts	1,465,129	1,520,100	1,556,500	36,400
Information Technology	36,846	48,326	56,318	7,992
Energy and Utilities	57,314	70,949	71,704	755
Other	2,085	2,474	3,801	1,327
CIP Contingency	-	25,000	25,000	-
Transfers Out	1,069,675	646,823	646,660	(163)
NON-PERSONNEL SUBTOTAL	\$ 2,699,904	\$ 2,437,094	\$ 2,483,405	\$ 46,311
Total	\$ 2,906,789	\$ 2,641,944	\$ 2,667,291	\$ 25,347

Revenues by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Fines Forfeitures and Penalties	\$ -	\$ 843	\$ -	\$ (843)
Rev from Money and Prop	2,929,939	2,682,377	2,704,844	22,467
Total	\$ 2,929,939	\$ 2,683,220	\$ 2,704,844	\$ 21,624

Personnel Expenditures

Job Number	Job Title / Wages	FY2012 Budget	FY2013 Budget	FY2014 Adopted	Salary Range	Total
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FTE, Salaries, and Wages

20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 37,444
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Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2012 Budget	FY2013 Budget	FY2014 Adopted	Salary Range	Total
20001003	Supervising Property Agent Right Of Way Cert	1.00	1.00	1.00	66,768 - 80,891	79,880 4,045
FTE, Salaries, and Wages Subtotal		2.00	2.00	2.00		\$ 121,369
		FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change	
Fringe Benefits						
	Employee Offset Savings	\$ 1,228	\$ 1,188	\$ 1,188	\$	-
	Flexible Benefits	12,150	12,150	13,690		1,540
	Long-Term Disability	694	677	636		(41)
	Medicare	1,882	1,723	1,723		-
	Other Post-Employment Benefits	4,675	12,654	12,482		(172)
	Retirement ARC	49,313	45,690	18,049		(27,641)
	Retirement DROP	-	-	2,591		2,591
	Retirement Offset Contribution	541	476	-		(476)
	Risk Management Administration	2,078	2,084	1,894		(190)
	Supplemental Pension Savings Plan	6,796	6,032	7,170		1,138
	Unemployment Insurance	396	345	338		(7)
	Workers' Compensation	977	1,947	2,756		809
Fringe Benefits Subtotal		\$ 80,730	\$ 84,966	\$ 62,517	\$	(22,449)
Total Personnel Expenditures					\$	183,886

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Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2012 Actual	FY2013* Budget	FY2014 Adopted
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 245,025	\$ 347,044	\$ 1,113,731
Continuing Appropriation - CIP	442,852	500,452	—
TOTAL BALANCE AND RESERVES	\$ 687,877	\$ 847,496	\$ 1,113,731
REVENUE			
Other Centre City Rental	\$ 245,917	\$ 241,804	\$ 238,271
Municipal Parking Garage	2,181,832	1,990,573	1,990,573
HBJ Parking Garage	(3,409)	—	—
Concourse Event Revenue	497,458	450,000	476,000
Litigation Awards	—	843	—
Lease Penalties	8,142	—	—
TOTAL REVENUE	\$ 2,929,939	\$ 2,683,220	\$ 2,704,844
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 3,617,816	\$ 3,530,716	\$ 3,818,575
CAPITAL IMPROVEMENT PROGRAM (CIP) EXPENSE			
CIP Expenditures	\$ 42,400	\$ —	\$ —
TOTAL CIP EXPENSE	\$ 42,400	\$ —	\$ —
OPERATING EXPENSE			
Operating Expenses	\$ 1,837,114	\$ 1,997,624	\$ 2,022,971
Transfer to the General Fund	1,069,675	644,320	644,320
TOTAL OPERATING EXPENSE	\$ 2,906,789	\$ 2,641,944	\$ 2,667,291
TOTAL EXPENSE	\$ 2,949,189	\$ 2,641,944	\$ 2,667,291
RESERVES			
Continuing Appropriation - CIP	\$ 500,452	\$ 500,452	\$ —
TOTAL RESERVES	\$ 500,452	\$ 500,452	\$ —
BALANCE	\$ 168,175	\$ 388,320	\$ 1,151,284
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 3,617,816	\$ 3,530,716	\$ 3,818,575

* At the time of publication, audited financial statements for Fiscal Year 2013 were not available. Therefore, the Fiscal Year 2013 column reflects final budget amounts from the Fiscal Year 2013 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.