

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 the City's airports Montgomery Field and Brown Field. 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 leasing 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, permits and lease extensions; 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 order

Real Estate Assets

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 generated by leasing and selling surplus assets; providing facilities for the City's workforce in a cost effective manner; supporting the City's financing initiatives through valuation services and enhancing and protecting the value 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 generated over \$77.0 million in annual revenue in Fiscal Year 2013. 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 citywide. 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

Real Estate Assets

Key Performance Indicators

Performance Measure	Actual FY2013	Estimated FY2014	Target FY2015
1. Amount of revenue collected from leases	\$77.5M	\$78.0M	\$79.0M
2. Amount of revenue received from telecommunication/ antenna facilities located on City-owned property	\$4.6M	\$4.8M	\$5.0M
3. Number of required appraisals completed	245	240	250

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:

- Refined its state-of-the-art software system (REPortfolio) that replaced the Department's antiquated and outdated mainframe-based system
- Continue to scan paper files to an electronic format for easier access and improved security
- Sold 43 surplus properties with a total value of over \$57.0 million (\$2.9 million over appraised value)
- Negotiated a \$20.0 million lease with the San Diego Unified School District to occupy two floors of the new Main Library
- Receive over \$4.6 million in annual rent from 155 telecommunication sites
- Entered into 46 new telecommunication agreements that upon execution will generate \$15.0 million in additional revenue to the City over the next ten years
- Negotiated an additional telecommunication agreement for a Distributed Antenna System (DAS) System at Qualcomm Stadium for \$720,000 in revenue; currently negotiating an additional agreement for \$720,000
- Conducted over 170 inspections of City lease sites; completed over 110 rental adjustments
- Acquired possession of property required for the expansion of Carroll Canyon Road in Mira Mesa
- Completed 245 appraisal assignments
- Managed 25 moves, tenant improvements, or reconfigurations (including the City Auditor and Public Works Contracting Group)
- Acquired seven 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 14 parcels totaling 29 acres in Otay Mesa for the City's Vernal Pool Preservation Program
- Acquired 26 easements in conjunction with the City's Capital Improvement Program; 15 easements for private projects
- Negotiated new 30-year lease with Young Men's Christian Association (YMCA) in Mission Valley
- Completed two conservation acquisitions in Del Mar Mesa totaling 80 acres for the Multiple Species Conservation Program(MSCP)
- Negotiated a Lease Development Agreement with Brown Field International Business Park LLC for a \$1 billion, 3-million square foot mixed-use development at Brown Field. Proposed uses include: Aviation Industrial, Commercial, Industrial and a 60-acre solar field

Real Estate Assets

The parking garages provide parking for more than 1,100 City employees annually. During the past year, the Concourse held over 175 City of San Diego meetings and has contracted for more than 100 days hosting over 60 events which include the following:

- Naturalization ceremonies for immigrants becoming United States citizens
- Salvation Army holiday dinners
- Homeless Children's Christmas parties
- California State Bar exams
- Various employment job fairs
- National Multiple Sclerosis holiday celebration
- Cheer and dance competitions
- Martial arts competitions
- High school graduations
- Various shows and exhibitions which includes the Reptile Super Show
- San Diego Opera
- Private parties including Quinceañeras and Bat Mitzvahs
- California State Bar exams

Real Estate Assets

Department Summary

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
FTE Positions (Budgeted)	30.00	30.00	30.00	0.00
Personnel Expenditures	\$ 3,284,978	\$ 3,635,563	\$ 3,499,795	\$ (135,768)
Non-Personnel Expenditures	3,795,262	3,884,078	3,907,550	23,472
Total Department Expenditures	\$ 7,080,240	\$ 7,519,641	\$ 7,407,345	\$ (112,296)
Total Department Revenue	\$ 48,603,758	\$ 46,049,141	\$ 47,842,917	\$ 1,793,776

General Fund

Department Expenditures

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Real Estate Assets	\$ 4,165,640	\$ 4,852,350	\$ 4,697,627	\$ (154,723)
Total	\$ 4,165,640	\$ 4,852,350	\$ 4,697,627	\$ (154,723)

Department Personnel

	FY2013 Budget	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Real Estate Assets	28.00	28.00	28.00	0.00
Total	28.00	28.00	28.00	0.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
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	\$ 21,428	\$ -
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	(11,504)	-
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2014 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	(164,647)	-
Mission Bay Park Rents and Concessions Revenue Adjustment to reflect revised revenue projections for Mission Bay Park rents and concessions.	0.00	-	1,430,733
Revised Revenue Adjustment to reflect Fiscal Year 2015 revenue projections.	0.00	-	306,298
Pueblo Lands Revenue Adjustment to reflect revised revenue projections from Pueblo Lands.	0.00	-	48,167
Total	0.00	\$ (154,723)	\$ 1,785,198

Real Estate Assets

Expenditures by Category

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014-2015 Change
PERSONNEL				
Personnel Cost	\$ 1,938,709	\$ 2,066,062	\$ 2,065,363	\$ (699)
Fringe Benefits	1,150,090	1,385,615	1,221,667	(163,948)
PERSONNEL SUBTOTAL	3,088,799	3,451,677	3,287,030	(164,647)
NON-PERSONNEL				
Supplies	\$ 28,042	\$ 31,619	\$ 31,784	\$ 165
Contracts	734,430	1,036,057	1,036,057	-
Information Technology	225,105	202,349	190,249	(12,100)
Energy and Utilities	5,980	7,149	30,229	23,080
Other	18,553	42,378	42,378	-
Transfers Out	64,731	81,121	79,900	(1,221)
NON-PERSONNEL SUBTOTAL	1,076,841	1,400,673	1,410,597	9,924
Total	\$ 4,165,640	\$ 4,852,350	\$ 4,697,627	\$ (154,723)

Revenues by Category

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014-2015 Change
Charges for Services	\$ 821,653	\$ 1,010,713	\$ 873,900	\$ (136,813)
Licenses and Permits	210,656	186,789	201,749	14,960
Rev from Money and Prop	44,659,233	42,146,795	44,053,846	1,907,051
Total	\$ 45,691,543	\$ 43,344,297	\$ 45,129,495	\$ 1,785,198

Personnel Expenditures

Job Number	Job Title / Wages	FY2013 Budget	FY2014 Budget	FY2015 Proposed	Salary Range	Total
FTE, Salaries, and Wages						
2000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 35,499
20000134	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	65,333
20000119	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	65,333
20000163	Associate Property Agent	2.00	2.00	2.00	54,059 - 65,333	123,574
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	119,999
20000924	Executive Secretary	1.00	1.00	1.00	43,555 - 52,666	51,876
20001222	Program Manager	5.00	5.00	5.00	46,966 - 172,744	506,997
20000768	Property Agent	8.00	8.00	8.00	59,363 - 71,760	568,341
20000783	Public Information Clerk	1.00	1.00	1.00	31,491 - 37,918	35,346
20001137	Real Estate Assets Director	1.00	1.00	1.00	31,741 - 173,971	156,000
20000869	Senior Account Clerk	1.00	1.00	1.00	36,067 - 43,514	42,861
20000970	Supervising Management Analyst	1.00	1.00	1.00	66,768 - 80,891	80,891
20001003	Supervising Property Agent	3.00	3.00	3.00	66,768 - 80,891	161,782
20000756	Word Processing Operator	1.00	1.00	1.00	31,491 - 37,918	37,918
	Bilingual - Regular					4,368
	Right Of Way Cert					9,245
FTE, Salaries, and Wages Subtotal		28.00	28.00	28.00		\$ 2,065,363

Real Estate Assets

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Fringe Benefits				
Employee Offset Savings	\$ 21,560	\$ 37,174	\$ 19,611	\$ (17,563)
Flexible Benefits	160,525	189,448	196,479	7,031
Insurance	294	-	-	-
Long-Term Disability	11,376	10,947	7,099	(3,848)
Medicare	28,085	28,714	29,003	289
Other Post-Employment Benefits	167,148	168,507	164,160	(4,347)
Retiree Medical Trust	470	356	1,105	749
Retirement 401 Plan	1,480	1,426	2,133	707
Retirement ADC	595,486	759,330	632,965	(126,365)
Retirement DROP	9,475	10,112	9,836	(276)
Retirement Offset Contribution	3,193	-	-	-
Risk Management Administration	26,855	25,569	27,756	2,187
Supplemental Pension Savings Plan	92,408	103,297	112,679	9,382
Unemployment Insurance	5,795	5,813	4,061	(1,752)
Workers' Compensation	25,940	44,922	14,780	(30,142)
Fringe Benefits Subtotal	\$ 1,150,090	\$ 1,385,615	\$ 1,221,667	\$ (163,948)
Total Personnel Expenditures			\$ 3,287,030	

Concourse and Parking Garages Operating Fund

Department Expenditures

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014–2015 Change
Concourse & Parking Garage	\$ 2,914,600	\$ 2,667,291	\$ 2,709,718	\$ 42,427
Total	\$ 2,914,600	\$ 2,667,291	\$ 2,709,718	\$ 42,427

Department Personnel

	FY2013 Budget	FY2014 Budget	FY2015 Proposed	FY2014–2015 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
Salary and Benefit Adjustments	0.00	\$ 28,879	\$ -
Adjustments to reflect the annualization of the Fiscal Year 2014 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.			
Asbestos Abatement	0.00	10,000	-
Adjustment to reflect the addition of non-personnel expenditures to support the maintenance and operations of the Asbestos and Lead Management Program.			
Contractual Expenditures	0.00	10,000	-
Adjustment to reflect the addition of expenditures due to an annual increase in contractual obligations for parking and facility management.			

Real Estate Assets

Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Repair and Maintenance of San Diego Theatre Adjustment to reflect the addition of non-personnel expenditures for the repair and maintenance of the San Diego Theatre.	0.00	8,000	-
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	7,929	-
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	5,838	-
Reduction in General Fund Transfer Adjustment to reflect the reduction in the transfer to the General Fund.	0.00	(28,219)	-
Revised Revenue Adjustment to reflect Fiscal Year 2015 revenue projections.	0.00	-	8,578
Total	0.00	\$ 42,427	\$ 8,578

Expenditures by Category

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014-2015 Change
PERSONNEL				
Personnel Cost	\$ 124,765	\$ 121,369	\$ 118,809	\$ (2,560)
Fringe Benefits	71,414	62,517	93,956	31,439
PERSONNEL SUBTOTAL	196,179	183,886	212,765	28,879
NON-PERSONNEL				
Supplies	\$ 52,136	\$ 123,422	\$ 123,422	\$ -
Contracts	1,397,473	1,556,500	1,585,083	28,583
Information Technology	17,788	31,902	39,831	7,929
Energy and Utilities	58,925	70,885	77,133	6,248
Other	1,761	500	500	-
CIP Contingency	-	25,000	25,000	-
Transfers Out	1,190,338	675,196	645,984	(29,212)
NON-PERSONNEL SUBTOTAL	2,718,421	2,483,405	2,496,953	13,548
Total	\$ 2,914,600	\$ 2,667,291	\$ 2,709,718	\$ 42,427

Revenues by Category

	FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014-2015 Change
Fines Forfeitures and Penalties	\$ 843	\$ -	\$ -	\$ -
Rev from Money and Prop	2,911,372	2,704,844	2,713,422	8,578
Total	\$ 2,912,215	\$ 2,704,844	\$ 2,713,422	\$ 8,578

Real Estate Assets

Personnel Expenditures

Job Number	Job Title / Wages	FY2013 Budget	FY2014 Budget	FY2015 Proposed	Salary Range	Total
FTE, Salaries, and Wages						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 37,918
20001003	Supervising Property Agent	1.00	1.00	1.00	66,768 - 80,891	80,891
FTE, Salaries, and Wages Subtotal		2.00	2.00	2.00		\$ 118,809
		FY2013 Actual	FY2014 Budget	FY2015 Proposed	FY2014-2015 Change	
Fringe Benefits						
	Employee Offset Savings	\$ 689	\$ 1,188	\$ 1,188	\$	-
	Flexible Benefits	12,150	13,690	14,750		1,060
	Long-Term Disability	695	636	411		(225)
	Medicare	1,868	1,723	1,723		-
	Other Post-Employment Benefits	13,267	12,482	12,160		(322)
	Retirement ADC	28,773	18,049	56,149		38,100
	Retirement DROP	1,637	2,591	-		(2,591)
	Retirement Offset Contribution	262	-	-		-
	Risk Management Administration	2,126	1,894	2,056		162
	Supplemental Pension Savings Plan	7,450	7,170	4,703		(2,467)
	Unemployment Insurance	354	338	235		(103)
	Workers' Compensation	2,141	2,756	581		(2,175)
Fringe Benefits Subtotal		\$ 71,414	\$ 62,517	\$ 93,956	\$	\$ 31,439
Total Personnel Expenditures					\$	212,765

Real Estate Assets

Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2013 Actual	FY2014 [*] Budget	FY2015 Proposed
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 168,175	\$ 1,113,731	\$ 706,217
Continuing Appropriation - CIP	500,452	—	—
TOTAL BALANCE AND RESERVES	\$ 668,627	\$ 1,113,731	\$ 706,217
REVENUE			
Other Centre City Rental	\$ 194,277	\$ 238,271	\$ 246,849
Municipal Parking Garage	2,201,495	1,990,573	1,990,573
Concourse Event Revenue	512,851	476,000	476,000
Litigation Awards	843	—	—
Lease Penalties	2,750	—	—
TOTAL REVENUE	\$ 2,912,215	\$ 2,704,844	\$ 2,713,422
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 3,580,842	\$ 3,818,575	\$ 3,419,639
OPERATING EXPENSE			
Operating Expenses	\$ 2,270,280	\$ 2,022,971	\$ 2,093,617
Transfer to the General Fund	644,320	644,320	616,101
TOTAL OPERATING EXPENSE	\$ 2,914,600	\$ 2,667,291	\$ 2,709,718
TOTAL EXPENSE	\$ 2,914,600	\$ 2,667,291	\$ 2,709,718
BALANCE	\$ 666,243	\$ 1,151,284	\$ 709,921
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 3,580,842	\$ 3,818,575	\$ 3,419,639

^{*} At the time of publication, audited financial statements for Fiscal Year 2014 were not available. Therefore, the Fiscal Year 2014 column reflects final budget amounts from the Fiscal Year 2014 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.