

Real Estate Assets



Page Intentionally Left Blank

Real Estate Assets



Department Description

The Real Estate Assets Department (READ) manages the City's real estate portfolio and provides direction for the operations of Qualcomm Stadium, the City Concourse, and the City's Airports Division. It also manages the City's role in the Joint Use Management Agreement for PETCO Park. READ's downtown group is organized to reflect its core business functions. The Acquisition Division acquires property for City needs such as sites for new fire stations, parks, and libraries, as well as the right-of-way for numerous City projects. The Disposition Division evaluates City assets to determine which properties are essential for the City's core mission and which may be considered surplus and then handles the disposition of properties that are determined to be surplus. The Asset Management Division manages the City's diverse agreement portfolio of more than 500 leased properties. Corporate Services administers the City's facility space needs. Additionally, READ's Valuation section provides appraisal services to support these core business units, as well as a number of other City departments.

The Department's mission is:

To serve the San Diego community through excellence in stewardship of the City's real estate assets

The Department's vision is:

To be a nationally recognized model for municipal real estate services

Did you know?

- The City of San Diego owns more than 120,000 acres of land including more than 35,000 acres of beaches and land under water.
- Approximately 93 percent of the land owned by the City's General Fund is either dedicated or designated as park or open space land.
- The Real Estate Assets Department administers more than 500 ground leases, permits, and other agreements.
- In 2016 the City entered into a 20-year lease-to-own agreement for a 21-story building located at 101 Ash Street which will save the City in excess of \$44 million over the next 20 years.

Real Estate Assets

Goals and Objectives

Goal 1: Maximize revenue and overall benefit of the City's real estate assets

- Secure maximum revenue due to the City for leasehold agreements
- Ensure the best return for the City through long-term agreements where appropriate
- Identify underutilized assets for potential disposition

Goal 2: Attract and retain top quality staff

- Provide a productive, cohesive work atmosphere
- Create opportunities for career growth and advancement
- Support and enhance staff education and training

Goal 3: Support the real estate needs of City departments in an effective and timely manner

- Provide support to City departments to ensure quality, consistency, and compliance in projects that involve City real estate assets
- Provide high-quality valuation and consulting services in a timely manner when requested
- Support City departments in planning their future real estate needs

Goal 4: Enhance information management about the City's real estate assets decision-making initiatives

- Inform decision makers regarding the state of the City's real estate assets
- Publish and enhance open data regarding the City's real estate assets on the City website

Key Performance Indicators

Performance Indicator	FY2016 Target	FY2016 Actual	FY2017 Target	FY2017 Estimate	FY2018 Target
1. Number of properties reviewed for potential disposition per year	55	57	50	50	50
2. Percentage of appraisals completed within 90 days of commencement ¹	80%	66%	90%	80%	90%
3. Percentage of lease agreements on a month-to-month holdover status	26%	27%	20%	25%	20%
4. Percentage of rent reviews completed on time per fiscal year ²	91%	0%	90%	91%	90%

1. Average time from commencement to completion of appraisals was 88 days for Fiscal Year 2016. This was reduced to 70 days for the first half of Fiscal Year 2017. Completion of appraisals is influenced by the complexity of the assignment and the availability of independent appraisers.
2. This was a new performance indicators for Fiscal Year 2016. Baseline data was under development during Fiscal Year 2016.

Real Estate Assets

Department Summary

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
FTE Positions (Budgeted)	35.00	36.00	34.00	(2.00)
Personnel Expenditures	\$ 3,706,269	\$ 4,078,812	\$ 4,143,381	\$ 64,569
Non-Personnel Expenditures	5,479,066	7,278,800	8,929,399	1,650,599
Total Department Expenditures	\$ 9,185,335	\$ 11,357,612	\$ 13,072,780	\$ 1,715,168
Total Department Revenue	\$ 53,235,991	\$ 55,914,528	\$ 54,636,808	\$ (1,277,720)

General Fund

Department Expenditures

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Real Estate Assets	\$ 4,922,310	\$ 8,034,505	\$ 7,997,064	\$ (37,441)
Total	\$ 4,922,310	\$ 8,034,505	\$ 7,997,064	\$ (37,441)

Department Personnel

	FY2016 Budget	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Real Estate Assets	33.00	34.00	32.00	(2.00)
Total	33.00	34.00	32.00	(2.00)

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Relocation to 101 Ash Street Addition of one-time non-personnel expenditures for office relocation of various departments into the 101 Ash Street building.	0.00	\$ 2,100,000	\$ -
De Anza Mobile Home Park Addition of non-personnel expenditures for property management services at the former De Anza mobile home park.	0.00	600,000	-
Salary and Benefit Adjustments Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.	0.00	221,105	-
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	7,631	-
Hourly Sick Leave Adjustment to reflect prior year expenditure trends, related to paid sick leave benefits for eligible hourly employees consistent with the requirements of Assembly Bill 1522.	0.00	(2,170)	-

Real Estate Assets

Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements.	0.00	(35,695)	-
Reduction of San Diego Theater Support Reduction of one-time non-personnel expenditures for maintenance at the San Diego Theater.	0.00	(43,000)	-
Reduction of Word Processing Operator Reduction of 1.00 Word Processing Operator position for administrative services.	(1.00)	(54,962)	-
Reduction of Property Agent Reduction of 1.00 Property Agent for the management of City leases.	(1.00)	(85,047)	-
Reduction of Non-Personnel Expenditures Reduction of non-personnel expenditures based on historical savings.	0.00	(114,110)	-
One-Time Reductions and Annualizations Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2017.	0.00	(2,631,193)	(2,952,000)
Revised Revenue Adjustment to reflect revised revenue projections.	0.00	-	1,157,595
Total	(2.00)	\$ (37,441)	\$ (1,794,405)

Expenditures by Category

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
PERSONNEL				
Personnel Cost	\$ 2,284,243	\$ 2,455,164	\$ 2,443,193	\$ (11,971)
Fringe Benefits	1,244,933	1,432,397	1,523,294	90,897
PERSONNEL SUBTOTAL	3,529,176	3,887,561	3,966,487	78,926
NON-PERSONNEL				
Supplies	\$ 19,654	\$ 1,159,458	\$ 25,818	\$ (1,133,640)
Contracts	1,129,775	2,768,111	3,232,624	464,513
Information Technology	216,542	170,169	134,474	(35,695)
Energy and Utilities	6,957	6,828	6,661	(167)
Other	20,206	42,378	31,000	(11,378)
Transfers Out	-	-	600,000	600,000
NON-PERSONNEL SUBTOTAL	1,393,134	4,146,944	4,030,577	(116,367)
Total	\$ 4,922,310	\$ 8,034,505	\$ 7,997,064	\$ (37,441)

Revenues by Category

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Charges for Services	\$ 1,236,079	\$ 1,503,743	\$ 1,355,000	\$ (148,743)
Licenses and Permits	256,110	316,327	283,724	(32,603)
Other Revenue	16,326	-	-	-
Rev from Money and Prop	47,462,284	50,455,225	48,842,166	(1,613,059)
Total	\$ 48,970,799	\$ 52,275,295	\$ 50,480,890	\$ (1,794,405)

Real Estate Assets

Personnel Expenditures

Job Number	Job Title / Wages	FY2016 Budget	FY2017 Budget Proposed	FY2018	Salary Range	Total
FTE, Salaries, and Wages						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 37,160
20000134	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	54,059
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	123,386
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	127,000
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	527,000
20000768	Property Agent	11.00	12.00	10.00	59,363 - 71,760	700,808
20000783	Public Information Clerk	1.00	1.00	1.00	31,491 - 37,918	36,212
20001137	Real Estate Assets Director	1.00	1.00	1.00	31,741 - 173,971	155,000
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	74,629
20001003	Supervising Property Agent	4.00	4.00	5.00	66,768 - 80,891	393,460
20001005	Supervising Property Agent	1.00	1.00	1.00	66,768 - 80,891	76,244
20000756	Word Processing Operator	1.00	1.00	0.00	31,491 - 37,918	-
	Bilingual - Regular					4,368
	Budgeted Vacancy Savings					(54,059)
	Right Of Way Cert					11,678
	Termination Pay Annual Leave					16,178
FTE, Salaries, and Wages Subtotal		33.00	34.00	32.00		\$ 2,443,193
		FY2016 Actual	FY2017 Budget	FY2018 Proposed		FY2017-2018 Change
Fringe Benefits						
	Employee Offset Savings	\$ 20,329	\$ 20,578	\$ 19,110		\$ (1,468)
	Flexible Benefits	253,223	347,989	384,655		36,666
	Long-Term Disability	7,442	7,763	-		(7,763)
	Medicare	33,238	34,603	34,236		(367)
	Other Post-Employment Benefits	178,852	195,193	186,155		(9,038)
	Retiree Medical Trust	2,711	3,231	3,679		448
	Retirement 401 Plan	1,154	849	1,527		678
	Retirement ADC	546,820	557,209	664,924		107,715
	Retirement DROP	4,362	4,780	2,591		(2,189)
	Risk Management Administration	30,439	33,726	31,372		(2,354)
	Supplemental Pension Savings Plan	144,800	170,005	167,297		(2,708)
	Unemployment Insurance	4,245	4,441	4,312		(129)
	Workers' Compensation	17,318	52,030	23,436		(28,594)
Fringe Benefits Subtotal		\$ 1,244,933	\$ 1,432,397	\$ 1,523,294		\$ 90,897
Total Personnel Expenditures					\$	3,966,487

Real Estate Assets

Concourse and Parking Garages Operating Fund

Department Expenditures

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Concourse & Parking Garage	\$ 4,263,025	\$ 3,323,107	\$ 5,075,716	\$ 1,752,609
Total	\$ 4,263,025	\$ 3,323,107	\$ 5,075,716	\$ 1,752,609

Department Personnel

	FY2016 Budget	FY2017 Budget	FY2018 Proposed	FY2017-2018 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
General Fund Transfer Adjustment to reflect the increase in transfers to the General Fund.	0.00	\$ 1,762,337	\$ -
Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements.	0.00	9,252	-
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	(4,623)	-
Salary and Benefit Adjustments Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.	0.00	(14,357)	-
Revised Revenue Adjustment to reflect revised revenue projections.	0.00	-	516,685
Total	0.00	\$ 1,752,609	\$ 516,685

Expenditures by Category

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
PERSONNEL				
Personnel Cost	\$ 116,541	\$ 120,841	\$ 121,934	\$ 1,093
Fringe Benefits	60,552	70,410	54,960	(15,450)
PERSONNEL SUBTOTAL	177,093	191,251	176,894	(14,357)
NON-PERSONNEL				
Supplies	\$ 32,640	\$ 99,700	\$ 59,700	\$ (40,000)
Contracts	1,533,662	1,789,269	1,826,510	37,241
Information Technology	29,680	12,528	21,780	9,252
Energy and Utilities	81,550	92,196	90,332	(1,864)
Other	394	500	500	-
Transfers Out	2,408,006	1,137,663	2,900,000	1,762,337
NON-PERSONNEL SUBTOTAL	4,085,932	3,131,856	4,898,822	1,766,966

Real Estate Assets

Expenditures by Category (Cont'd)

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Total	\$ 4,263,025	\$ 3,323,107	\$ 5,075,716	\$ 1,752,609

Revenues by Category

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Rev from Money and Prop	\$ 4,260,692	\$ 3,639,233	\$ 4,155,918	\$ 516,685
Transfers In	4,500	-	-	-
Total	\$ 4,265,192	\$ 3,639,233	\$ 4,155,918	\$ 516,685

Personnel Expenditures

Job Number	Job Title / Wages	FY2016 Budget	FY2017 Budget	FY2018 Proposed	Salary Range	Total
FTE, Salaries, and Wages						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 37,160
20001003	Supervising Property Agent	1.00	1.00	1.00	66,768 - 80,891	79,273
	Bilingual - Regular					1,456
	Right Of Way Cert					4,045
FTE, Salaries, and Wages Subtotal		2.00	2.00	2.00		\$ 121,934

	FY2016 Actual	FY2017 Budget	FY2018 Proposed	FY2017-2018 Change
Fringe Benefits				
Employee Offset Savings	\$ 304	\$ 361	\$ -	\$ (361)
Flexible Benefits	16,277	20,110	23,410	3,300
Long-Term Disability	379	367	-	(367)
Medicare	1,697	1,752	1,779	27
Other Post-Employment Benefits	12,165	11,830	12,010	180
Retiree Medical Trust	220	212	305	93
Retirement 401 Plan	846	848	1,220	372
Retirement ADC	23,341	27,072	12,518	(14,554)
Risk Management Administration	2,062	2,044	2,024	(20)
Supplemental Pension Savings Plan	1,823	2,182	-	(2,182)
Unemployment Insurance	215	210	208	(2)
Workers' Compensation	1,224	3,422	1,486	(1,936)
Fringe Benefits Subtotal	\$ 60,552	\$ 70,410	\$ 54,960	\$ (15,450)
Total Personnel Expenditures			\$ 176,894	

Real Estate Assets

Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2016 Actual	FY2017* Budget	FY2018 Proposed
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 668,663	\$ 670,831	\$ 1,005,869
TOTAL BALANCE AND RESERVES	\$ 668,663	\$ 670,831	\$ 1,005,869
REVENUE			
Revenue from Use of Money and Property	\$ 4,260,692	\$ 3,639,233	\$ 4,155,918
Transfers In	4,500	–	–
TOTAL REVENUE	\$ 4,265,192	\$ 3,639,233	\$ 4,155,918
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 4,933,855	\$ 4,310,064	\$ 5,161,787
OPERATING EXPENSE			
Personnel Expenses	\$ 116,541	\$ 120,841	\$ 121,934
Fringe Benefits	60,552	70,410	54,960
Supplies	32,640	99,700	59,700
Contracts	1,533,662	1,789,269	1,826,510
Information Technology	29,680	12,528	21,780
Energy and Utilities	81,550	92,196	90,332
Other Expenses	394	500	500
Transfers Out	2,408,006	1,137,663	2,900,000
TOTAL OPERATING EXPENSE	\$ 4,263,025	\$ 3,323,107	\$ 5,075,716
TOTAL EXPENSE	\$ 4,263,025	\$ 3,323,107	\$ 5,075,716
BALANCE	\$ 670,831	\$ 986,957	\$ 86,071
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 4,933,855	\$ 4,310,064	\$ 5,161,787

* At the time of publication, audited financial statements for Fiscal Year 2017 were not available. Therefore, the Fiscal Year 2017 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2017 Adopted Budget, while the beginning Fiscal Year 2017 balance amount reflects the audited Fiscal Year 2016 ending balance.