

# **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, and PETCO Park. The Real Estate Assets Department is organized to reflect its core lines of business: 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 for public facilities, parks, open space, and right-of-way for the Streets Division of General Services. 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.

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 appraisal projects for the City of San Diego. 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 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 to provide parking spaces 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.

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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 \$66.0 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 will move toward accomplishing this goal by focusing on the following objectives:

- Exercise effective lease administration
- Improve the value of 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 do not directly provide value to the City. The surplus properties are put to use either by leasing them to create revenue for the City or by selling them to generate revenue 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 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 and nurtured for the City's real estate portfolio to achieve optimum performance. The Department will move toward accomplishing this goal by focusing on the following objectives:

- Create a culture of success
- Continually improve skills and training

### ***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 will move toward accomplishing this goal by focusing on the following objectives:

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

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## Key Performance Indicators

Performance Measure	Actual FY2011	Actual FY2012	Target FY2013
1. Amount of revenue collected from leases (G2/O3)	\$66.8M <sup>1</sup>	\$71.8M <sup>2</sup>	\$73.2M
2. Amount of revenue received from telecommunication/ antenna facilities located on City-owned property (G2/O1 and G2/O3)	\$2.5M	\$3.5M	\$3.6M
3. Number of required appraisals completed (G2/O1 and G2/O3)	126	159	160

<sup>1</sup> Fiscal Year 2011 Actual based on figures in REPortfolio as of July 11, 2011.

<sup>2</sup> Fiscal Year 2012 Actual based on figures in REPortfolio as of July 3, 2012.

## Service Efforts and Accomplishments

The Real Estate Assets Department has made many changes in the way it conducts 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 29 surplus properties with a total value of over \$50.0 million
- Negotiated a 10-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 has 98 telecommunication sites generating over \$2.5 million in annual rent
- Entered into 24 new telecommunication agreements that will generate \$2.9 million in revenue to the City over the next 10 years
- Currently negotiating 33 additional telecom agreements for \$0.8 million in annual revenue
- Conducted over 175 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 126 appraisal assignments
- Managed 15 moves, tenant improvements, or reconfigurations (including the Redistricting Commission, the OneSD team, and Neighborhood Code Compliance)
- Utilized newly-implemented software to prepare the Lease Commitments report for the CAFR, and the Fiscal Year 2012 non-discretionary rent budgets in approximately 20 percent of the time required in Fiscal Year 2010
- Sold World Trade Center Building for conversion to a homeless shelter

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
- Salvation Army holiday dinners
- Homeless Children's Christmas parties
- California State Bar exams

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- Various employment job fairs
- Election Central
- American Best Cheer Competitions

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## Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Positions (Budgeted)	30.00	29.00	<b>30.00</b>	1.00
Personnel Expenditures	\$ 3,189,049	\$ 3,105,158	\$ <b>3,333,797</b>	\$ 228,639
Non-Personnel Expenditures	3,945,447	3,947,912	<b>3,849,897</b>	(98,015)
<b>Total Department Expenditures</b>	<b>\$ 7,134,497</b>	<b>\$ 7,053,070</b>	<b>\$ 7,183,694</b>	<b>\$ 130,624</b>
<b>Total Department Revenue</b>	<b>\$ 46,004,103</b>	<b>\$ 42,648,595</b>	<b>\$ 43,732,638</b>	<b>\$ 1,084,043</b>

## General Fund

### Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Real Estate Assets	\$ 3,979,141	\$ 4,266,067	\$ <b>4,541,750</b>	\$ 275,683
<b>Total</b>	<b>\$ 3,979,141</b>	<b>\$ 4,266,067</b>	<b>\$ 4,541,750</b>	<b>\$ 275,683</b>

### Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Real Estate Assets	28.00	27.00	<b>28.00</b>	1.00
<b>Total</b>	<b>28.00</b>	<b>27.00</b>	<b>28.00</b>	<b>1.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Addition of Program Manager</b> Addition of 1.00 Program Manager to manage the additional properties acquired from the Redevelopment Agency.	1.00	\$ 178,780	\$ -
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2012 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	49,651	-
<b>Equipment/Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	36,983	-
<b>Non-Discretionary Adjustment</b> 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	20,689	-
<b>Copier Savings</b> Adjustment to reflect savings resulting from the new convenience copier contract.	0.00	(10,420)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2013 revenue projections.	0.00	-	723,094

# Real Estate Assets

## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Mission Bay Park Rents and Concessions Revenue</b> Adjustment to reflect revised revenue projections for Mission Bay Park rents and concessions.	0.00	-	721,662
<b>Pueblo Lands Revenue</b> Adjustment to reflect revised revenue projections from Pueblo Lands.	0.00	-	(98,129)
<b>Total</b>	<b>1.00</b>	<b>\$ 275,683</b>	<b>\$ 1,346,627</b>

## Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
<b>PERSONNEL</b>				
Salaries and Wages	\$ 1,896,679	\$ 1,882,660	\$ 2,007,554	\$ 124,894
Fringe Benefits	1,081,237	1,017,856	1,121,393	103,537
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 2,977,917</b>	<b>\$ 2,900,516</b>	<b>\$ 3,128,947</b>	<b>\$ 228,431</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 19,287	\$ 33,081	\$ 31,965	\$ (1,116)
Contracts	804,191	1,046,477	1,036,057	(10,420)
Information Technology	148,645	225,149	277,421	52,272
Energy and Utilities	2,305	13,488	13,221	(267)
Other	20,298	42,797	52,851	10,054
Transfers Out	6,498	4,559	1,288	(3,271)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 1,001,224</b>	<b>\$ 1,365,551</b>	<b>\$ 1,412,803</b>	<b>\$ 47,252</b>
<b>Total</b>	<b>\$ 3,979,141</b>	<b>\$ 4,266,067</b>	<b>\$ 4,541,750</b>	<b>\$ 275,683</b>

## Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Charges for Services	\$ 924,661	\$ 1,420,239	\$ 911,297	\$ (508,942)
Licenses and Permits	197,030	174,272	184,771	10,499
Other Revenue	50,340	-	-	-
Rev from Money and Prop	37,563,748	38,108,280	39,953,350	1,845,070
Transfers In	4,278,788	-	-	-
<b>Total</b>	<b>\$ 43,014,567</b>	<b>\$ 39,702,791</b>	<b>\$ 41,049,418</b>	<b>\$ 1,346,627</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
<b>Salaries and Wages</b>						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 36,970
20000134	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	65,333
20000119	Associate Management Analyst	0.00	0.00	1.00	54,059 - 65,333	54,059
20000163	Associate Property Agent	2.00	2.00	2.00	54,059 - 65,333	63,700
20001168	Deputy Director	1.00	1.00	1.00	46,966 - 172,744	116,399
20000924	Executive Secretary	1.00	1.00	1.00	43,555 - 52,666	52,666
20000172	Payroll Specialist 1	1.00	1.00	0.00	33,093 - 39,832	-
20001222	Program Manager	4.00	4.00	5.00	46,966 - 172,744	472,716
20000768	Property Agent	8.00	8.00	8.00	59,363 - 71,760	557,216

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## Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
20000783	Public Information Clerk	1.00	1.00	1.00	31,491 - 37,918	37,918
20001137	Real Estate Assets Director	1.00	1.00	1.00	31,741 - 173,971	134,889
20000869	Senior Account Clerk	1.00	1.00	1.00	36,067 - 43,514	42,426
20000970	Supervising Management Analyst	1.00	1.00	1.00	66,768 - 80,891	78,464
20001005	Supervising Property Agent	1.00	0.00	0.00	66,768 - 80,891	-
20001003	Supervising Property Agent	3.00	3.00	3.00	66,768 - 80,891	236,116
20000756	Word Processing Operator	1.00	1.00	1.00	31,491 - 37,918	36,970
	Bilingual - Regular					2,912
	Termination Pay Annual Leave					18,800
<b>Salaries and Wages Subtotal</b>		<b>28.00</b>	<b>27.00</b>	<b>28.00</b>		<b>\$ 2,007,554</b>
<b>Fringe Benefits</b>						
	Employee Offset Savings					\$ 36,964
	Flexible Benefits					177,446
	Long-Term Disability					11,721
	Medicare					28,628
	Other Post-Employment Benefits					170,798
	Retiree Medical Trust					358
	Retirement 401 Plan					1,436
	Retirement ARC					524,878
	Retirement DROP					15,646
	Retirement Offset Contribution					4,845
	Risk Management Administration					28,102
	Supplemental Pension Savings Plan					88,320
	Unemployment Insurance					6,013
	Workers' Compensation					26,238
<b>Fringe Benefits Subtotal</b>						<b>\$ 1,121,393</b>
<b>Total Personnel Expenditures</b>						<b>\$ 3,128,947</b>

## Concourse and Parking Garages Operating Fund

### Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Concourse & Parking Garage	\$ 3,155,356	\$ 2,787,003	\$ 2,641,944	\$ (145,059)
<b>Total</b>	<b>\$ 3,155,356</b>	<b>\$ 2,787,003</b>	<b>\$ 2,641,944</b>	<b>\$ (145,059)</b>

### Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Concourse & Parking Garage	2.00	2.00	2.00	0.00
<b>Total</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>

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## Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Contingency Expenditures</b> Addition of expenditures as a contingency in the event emergency expenditures become necessary.	0.00	\$ 25,000	\$ -
<b>Equipment/Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	4,907	-
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2012 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	208	-
<b>Non-Discretionary Adjustment</b> 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	(14,494)	-
<b>Closure of World Trade Center Parking Structure</b> Reduction of expenditures as a result of the closure of the World Trade Center Parking Structure.	0.00	(55,000)	-
<b>Transfer to the General Fund</b> Reduction of the transfer to the General Fund.	0.00	(105,680)	-
<b>Natural Gas Antitrust Litigation Settlement</b> Addition of one-time revenue awarded to the City of San Diego resulting from the settlement of the natural gas antitrust litigation.	0.00	-	843
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2013 revenue projections.	0.00	-	(263,427)
<b>Total</b>	<b>0.00</b>	<b>\$ (145,059)</b>	<b>\$ (262,584)</b>

## Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
<b>PERSONNEL</b>				
Salaries and Wages	\$ 125,127	\$ 123,449	\$ 119,884	\$ (3,565)
Fringe Benefits	86,006	81,193	84,966	3,773
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 211,133</b>	<b>\$ 204,642</b>	<b>\$ 204,850</b>	<b>\$ 208</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 70,270	\$ 123,422	\$ 123,422	\$ -
Contracts	1,286,288	1,575,100	1,520,100	(55,000)
Information Technology	17,180	33,096	48,326	15,230
Energy and Utilities	71,491	97,463	70,949	(26,514)
Other	1,105	941	2,474	1,533
CIP Contingency	-	-	25,000	25,000
Transfers Out	1,497,889	752,339	646,823	(105,516)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 2,944,223</b>	<b>\$ 2,582,361</b>	<b>\$ 2,437,094</b>	<b>\$ (145,267)</b>
<b>Total</b>	<b>\$ 3,155,356</b>	<b>\$ 2,787,003</b>	<b>\$ 2,641,944</b>	<b>\$ (145,059)</b>

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## Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Fines Forfeitures and Penalties	\$ -	\$ -	\$ 843	\$ 843
Rev from Money and Prop	2,989,536	2,945,804	2,682,377	(263,427)
<b>Total</b>	<b>\$ 2,989,536</b>	<b>\$ 2,945,804</b>	<b>\$ 2,683,220</b>	<b>\$ (262,584)</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
<b>Salaries and Wages</b>						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 36,970
20001003	Supervising Property Agent	1.00	1.00	1.00	66,768 - 80,891	78,869
	Right Of Way Cert					4,045
<b>Salaries and Wages Subtotal</b>		<b>2.00</b>	<b>2.00</b>	<b>2.00</b>		<b>\$ 119,884</b>

## Fringe Benefits

Employee Offset Savings	\$ 1,188
Flexible Benefits	12,150
Long-Term Disability	677
Medicare	1,723
Other Post-Employment Benefits	12,654
Retirement ARC	45,690
Retirement Offset Contribution	476
Risk Management Administration	2,084
Supplemental Pension Savings Plan	6,032
Unemployment Insurance	345
Workers' Compensation	1,947
<b>Fringe Benefits Subtotal</b>	<b>\$ 84,966</b>
<b>Total Personnel Expenditures</b>	<b>\$ 204,850</b>

# Real Estate Assets

## Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2011 Actual	FY2012* Budget	FY2013 Adopted
<b>BEGINNING BALANCE AND RESERVES</b>			
Balance from Prior Year	\$ 192,167	\$ 178,944	\$ 347,044
Continuing Appropriation - CIP	–	443,054	500,452
Reserved Balance	668,663	–	–
<b>TOTAL BALANCE AND RESERVES</b>	<b>\$ 860,830</b>	<b>\$ 621,998</b>	<b>\$ 847,496</b>
<b>REVENUE</b>			
Other Centre City Rental	\$ 248,679	\$ 320,804	\$ 241,804
Municipal Parking Garage	2,134,427	2,125,000	1,990,573
HBJ Parking Garage	150,699	50,000	–
Concourse Event Revenue	454,412	450,000	450,000
Litigation Awards	–	–	843
Lease Penalties	1,319	–	–
<b>TOTAL REVENUE</b>	<b>\$ 2,989,536</b>	<b>\$ 2,945,804</b>	<b>\$ 2,683,220</b>
<b>TOTAL BALANCE, RESERVES, AND REVENUE</b>	<b>\$ 3,850,366</b>	<b>\$ 3,567,802</b>	<b>\$ 3,530,716</b>
<b>CAPITAL IMPROVEMENT PROGRAM (CIP) EXPENSE</b>			
CIP Expenditures	\$ 7,148	\$ 100,000	\$ –
<b>TOTAL CIP EXPENSE</b>	<b>\$ 7,148</b>	<b>\$ 100,000</b>	<b>\$ –</b>
<b>OPERATING EXPENSE</b>			
Operating Expenses	\$ 1,657,467	\$ 2,037,003	\$ 1,997,624
Transfer to the General Fund	1,497,889	750,000	644,320
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 3,155,356</b>	<b>\$ 2,787,003</b>	<b>\$ 2,641,944</b>
<b>TOTAL EXPENSE</b>	<b>\$ 3,162,504</b>	<b>\$ 2,887,003</b>	<b>\$ 2,641,944</b>
<b>RESERVES</b>			
Continuing Appropriation - CIP	\$ 442,852	\$ 443,054	\$ 500,452
<b>TOTAL RESERVES</b>	<b>\$ 442,852</b>	<b>\$ 443,054</b>	<b>\$ 500,452</b>
<b>BALANCE</b>	<b>\$ 245,010</b>	<b>\$ 237,745</b>	<b>\$ 388,320</b>
<b>TOTAL BALANCE, RESERVES, AND EXPENSE</b>	<b>\$ 3,850,366</b>	<b>\$ 3,567,802</b>	<b>\$ 3,530,716</b>

\* At the time of publication, audited financial statements for Fiscal Year 2012 were not available. Therefore, the Fiscal Year 2012 column reflects final budget amounts from the Fiscal Year 2012 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.