

# **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 the Community Concourse and parking garages, QUALCOMM Stadium, PETCO Park, and the city-owned airports Montgomery Field and Brown Field 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 real estate 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 the valuation on all appraisal projects for the City. The Division teams with the Debt Management Department to assist and support 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/office 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 in order to provide

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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

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## Key Performance Indicators

Performance Measure	Actual FY2013	Actual FY2014	Target FY2015
1. Amount of revenue collected from leases	\$77.5M	\$76.1M	\$79.0M
2. Amount of revenue received from telecommunication/ antenna facilities located on City-owned property	\$4.6M	\$3.9M	\$5.0M
3. Number of required appraisals completed	245	201	200

## 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)
- Entered into 15 new telecommunication agreements that upon execution will generate additional revenue to the City over the next ten years
- Conducted over 139 inspections of City lease sites; completed over 111 rental adjustments
- Acquired possession of property required for the expansion of Carroll Canyon Road in Mira Mesa
- Completed 201 appraisal assignments
- 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 28 easements in conjunction with the City's Capital Improvement Program; 15 easements for private projects
- Completed two conservation acquisitions in Del Mar Mesa totaling 80 acres for the Multiple Species Conservation Program (MSCP)
- Managed 8 moves and reconfigurations; established new City Furniture standards; managed contract administration and contract enforcement for Executive Complex and 525 B Street leases; negotiated 7 leases totaling 530,000 square feet of space.

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

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- 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

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## Department Summary

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
FTE Positions (Budgeted)	30.00	30.00	<b>30.00</b>	0.00
Personnel Expenditures	\$ 3,284,978	\$ 3,635,563	\$ <b>3,493,613</b>	\$ (141,950)
Non-Personnel Expenditures	3,795,262	3,884,078	<b>3,884,847</b>	769
<b>Total Department Expenditures</b>	<b>\$ 7,080,240</b>	<b>\$ 7,519,641</b>	<b>\$ 7,378,460</b>	<b>\$ (141,181)</b>
<b>Total Department Revenue</b>	<b>\$ 48,603,758</b>	<b>\$ 46,049,141</b>	<b>\$ 47,842,917</b>	<b>\$ 1,793,776</b>

## General Fund

### Department Expenditures

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
Real Estate Assets	\$ 4,165,640	\$ 4,852,350	\$ <b>4,669,197</b>	\$ (183,153)
<b>Total</b>	<b>\$ 4,165,640</b>	<b>\$ 4,852,350</b>	<b>\$ 4,669,197</b>	<b>\$ (183,153)</b>

### Department Personnel

	FY2013 Budget	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
Real Estate Assets	28.00	28.00	<b>28.00</b>	0.00
<b>Total</b>	<b>28.00</b>	<b>28.00</b>	<b>28.00</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<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	\$ (1,275)	\$ -
<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	(11,504)	-
<b>Salary and Benefit Adjustments</b> 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	(170,374)	-
<b>Mission Bay Park Rents and Concessions Revenue</b> Adjustment to reflect revised revenue projections for Mission Bay Park rents and concessions.	0.00	-	1,430,733
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2015 revenue projections.	0.00	-	306,298
<b>Pueblo Lands Revenue</b> Adjustment to reflect revised revenue projections from Pueblo Lands.	0.00	-	48,167
<b>Total</b>	<b>0.00</b>	<b>\$ (183,153)</b>	<b>\$ 1,785,198</b>

# Real Estate Assets

## Expenditures by Category

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014-2015 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 1,938,709	\$ 2,066,062	\$ 2,065,363	\$ (699)
Fringe Benefits	1,150,090	1,385,615	1,215,940	(169,675)
<b>PERSONNEL SUBTOTAL</b>	<b>3,088,799</b>	<b>3,451,677</b>	<b>3,281,303</b>	<b>(170,374)</b>
<b>NON-PERSONNEL</b>				
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	7,526	377
Other	18,553	42,378	42,378	-
Transfers Out	64,731	81,121	79,900	(1,221)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>1,076,841</b>	<b>1,400,673</b>	<b>1,387,894</b>	<b>(12,779)</b>
<b>Total</b>	<b>\$ 4,165,640</b>	<b>\$ 4,852,350</b>	<b>\$ 4,669,197</b>	<b>\$ (183,153)</b>

## Revenues by Category

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	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
<b>Total</b>	<b>\$ 45,691,543</b>	<b>\$ 43,344,297</b>	<b>\$ 45,129,495</b>	<b>\$ 1,785,198</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2013 Budget	FY2014 Budget	FY2015 Adopted	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
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
<b>FTE, Salaries, and Wages Subtotal</b>		<b>28.00</b>	<b>28.00</b>	<b>28.00</b>		<b>\$ 2,065,363</b>



# Real Estate Assets

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
<b>Fringe Benefits</b>				
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	7,057	(3,890)
Medicare	28,085	28,714	29,003	289
Other Post-Employment Benefits	167,148	168,507	163,782	(4,725)
Retiree Medical Trust	470	356	1,105	749
Retirement 401 Plan	1,480	1,426	2,133	707
Retirement ADC	595,486	759,330	630,594	(128,736)
Retirement DROP	9,475	10,112	9,836	(276)
Retirement Offset Contribution	3,193	-	-	-
Risk Management Administration	26,855	25,569	25,569	-
Supplemental Pension Savings Plan	92,408	103,297	112,679	9,382
Unemployment Insurance	5,795	5,813	4,039	(1,774)
Workers' Compensation	25,940	44,922	14,053	(30,869)
<b>Fringe Benefits Subtotal</b>	<b>\$ 1,150,090</b>	<b>\$ 1,385,615</b>	<b>\$ 1,215,940</b>	<b>\$ (169,675)</b>
<b>Total Personnel Expenditures</b>			<b>\$ 3,281,303</b>	

## Concourse and Parking Garages Operating Fund

### Department Expenditures

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014–2015 Change
Concourse & Parking Garage	\$ 2,914,600	\$ 2,667,291	\$ 2,709,263	\$ 41,972
<b>Total</b>	<b>\$ 2,914,600</b>	<b>\$ 2,667,291</b>	<b>\$ 2,709,263</b>	<b>\$ 41,972</b>

### Department Personnel

	FY2013 Budget	FY2014 Budget	FY2015 Adopted	FY2014–2015 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>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Salary and Benefit Adjustments</b>	0.00	\$ 28,424	\$ -
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.			
<b>Asbestos Abatement</b>	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.			
<b>Contractual Expenditures</b>	0.00	10,000	-
Adjustment to reflect the addition of expenditures due to an annual increase in contractual obligations for parking and facility management.			

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## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Repair and Maintenance of San Diego Theatre</b> Adjustment to reflect the addition of non-personnel expenditures for the repair and maintenance of the San Diego Theatre.	0.00	8,000	-
<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	7,929	-
<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	5,838	-
<b>Reduction in General Fund Transfer</b> Adjustment to reflect the reduction in the transfer to the General Fund.	0.00	(28,219)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2015 revenue projections.	0.00	-	8,578
<b>Total</b>	<b>0.00</b>	<b>\$ 41,972</b>	<b>\$ 8,578</b>

## Expenditures by Category

	FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014-2015 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 124,765	\$ 121,369	\$ 118,809	\$ (2,560)
Fringe Benefits	71,414	62,517	93,501	30,984
<b>PERSONNEL SUBTOTAL</b>	<b>196,179</b>	<b>183,886</b>	<b>212,310</b>	<b>28,424</b>
<b>NON-PERSONNEL</b>				
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)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>2,718,421</b>	<b>2,483,405</b>	<b>2,496,953</b>	<b>13,548</b>
<b>Total</b>	<b>\$ 2,914,600</b>	<b>\$ 2,667,291</b>	<b>\$ 2,709,263</b>	<b>\$ 41,972</b>

## Revenues by Category

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

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## Personnel Expenditures

Job Number	Job Title / Wages	FY2013 Budget	FY2014 Budget	FY2015 Adopted	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
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
<b>FTE, Salaries, and Wages Subtotal</b>		<b>2.00</b>	<b>2.00</b>	<b>2.00</b>		<b>\$ 118,809</b>
		FY2013 Actual	FY2014 Budget	FY2015 Adopted	FY2014-2015 Change	
<b>Fringe Benefits</b>						
	Employee Offset Savings	\$ 689	\$ 1,188	\$ 1,188	\$ -	-
	Flexible Benefits	12,150	13,690	14,750		1,060
	Long-Term Disability	695	636	408		(228)
	Medicare	1,868	1,723	1,723		-
	Other Post-Employment Benefits	13,267	12,482	12,132		(350)
	Retirement ADC	28,773	18,049	55,936		37,887
	Retirement DROP	1,637	2,591	-		(2,591)
	Retirement Offset Contribution	262	-	-		-
	Risk Management Administration	2,126	1,894	1,894		-
	Supplemental Pension Savings Plan	7,450	7,170	4,703		(2,467)
	Unemployment Insurance	354	338	234		(104)
	Workers' Compensation	2,141	2,756	533		(2,223)
<b>Fringe Benefits Subtotal</b>		<b>\$ 71,414</b>	<b>\$ 62,517</b>	<b>\$ 93,501</b>	<b>\$ 30,984</b>	
<b>Total Personnel Expenditures</b>					<b>\$ 212,310</b>	

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

Concourse and Parking Garages Operating Fund	FY2013 Actual	FY2014* Budget	FY2015 Adopted
<b>BEGINNING BALANCE AND RESERVES</b>			
Balance from Prior Year	\$ 168,175	\$ 1,113,731	\$ 668,663
Continuing Appropriation - CIP	500,452	—	—
<b>TOTAL BALANCE AND RESERVES</b>	<b>\$ 668,627</b>	<b>\$ 1,113,731</b>	<b>\$ 668,663</b>
<b>REVENUE</b>			
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	512,850	476,000	476,000
Litigation Awards	843	—	—
Lease Penalties	2,750	—	—
<b>TOTAL REVENUE</b>	<b>\$ 2,912,215</b>	<b>\$ 2,704,844</b>	<b>\$ 2,713,422</b>
<b>TOTAL BALANCE, RESERVES, AND REVENUE</b>	<b>\$ 3,580,842</b>	<b>\$ 3,818,575</b>	<b>\$ 3,382,085</b>
<b>OPERATING EXPENSE</b>			
Operating Expenses	\$ 2,270,280	\$ 2,022,971	\$ 2,093,162
Transfer to the General Fund	644,320	644,320	616,101
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 2,914,600</b>	<b>\$ 2,667,291</b>	<b>\$ 2,709,263</b>
<b>TOTAL EXPENSE</b>	<b>\$ 2,914,600</b>	<b>\$ 2,667,291</b>	<b>\$ 2,709,263</b>
<b>BALANCE</b>	<b>\$ 666,243</b>	<b>\$ 1,151,284</b>	<b>\$ 672,822</b>
<b>TOTAL BALANCE, RESERVES, AND EXPENSE</b>	<b>\$ 3,580,842</b>	<b>\$ 3,818,575</b>	<b>\$ 3,382,085</b>

\* 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.