

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 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 preparation of Requests for Proposals (RFPs), including 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 partners 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 (CSD) 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. CSD also handles lease administration, lease negotiations through consultants, project management, and responsibility for City's lease budget and payments. The Concourse and Parking Garage special revenue fund provides management for the rental and use of the parking

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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; provide facilities for the City's workforce in a cost effective manner; support the City's financing initiatives through valuation services; and enhance protect 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 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

Managing 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
- Undergo 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 Indicator	Actual FY2014	Target FY2015	Actual FY2015	Target FY2016
1. Amount of revenue collected from leases	\$76.1M	\$79.0M	\$77.9M	\$74.1M
2. Amount of revenue received from telecommunication/ antenna facilities located on City-owned property	\$3.9M	\$5.0M	\$4.4M ¹	\$4.1M
3. Number of required appraisals completed	200	200	257 ²	200

1. The telecom revenue received was lower than projected due to the process taking longer than expected to complete the pending leases.
2. Increase in number of appraisals was due to special project involving multiple properties that was not accounted for in Target number.

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
- Entered into eight new telecommunication agreements that, upon execution, will generate additional revenue to the City over the next ten years
- Conducted over 114 inspections of City lease sites; completed over 114 rental adjustments
- Completed a land exchange with the federal government for the new Virginia Avenue pedestrian border crossing
- Acquired a three acre site for the future library at Pacific Highlands Ranch
- Completed 200 appraisal assignments
- Acquired two land parcels to add an additional 21 acres to East Elliot/Mission Trails Park
- Acquired 29 easements in conjunction with the City's Capital Improvement Program
- Acquired an 1,100 acre parcel (Sycamore Estates) for inclusion to Mission Trails Park
- Completed two conservation acquisitions in Del Mar Mesa totaling 80 acres for the Multiple Species Conservation Program (MSCP)
- Sold surplus property which included a dilapidated single family residence originally acquired for the proposed (but never constructed) Encanto Expressway; property sold for \$165,000 (\$40,000 over appraised value)
- Sold surplus remnant property acquired for street widening at Del Mar Heights and Mercado for \$500,000
- Transferred 1.54 acres parcel for Amici Park to the San Diego Unified School District to fulfill the City's role in an agreement for cooperation between the Redevelopment Agency and San Diego Unified School District
- Managed several department moves and reconfigurations; managed contract administration and contract enforcement for Executive Complex and 525 B Street leases
- Provided project management direct oversight for new Communications Department and Commissioner's relocation
- Developed long-term strategy for City needs throughout San Diego

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- Completed the 20 year, lease-to-own agreement for Civic Center Plaza and King Chavez High School which is anticipated to save the City over \$24.0 million in occupancy costs over the next 20 years. The parking garage provides parking for more than 1,100 City employees annually. During the past year, the Concourse held over 250 City of San Diego meetings, contracted for more than 240 days, and hosted over 170 events which include the following:
 - o Naturalization ceremonies for immigrants becoming United States citizens
 - o Salvation Army holiday dinners
 - o Homeless Children's Christmas parties
 - o California State Bar exams
 - o Election Central
 - o National Multiple Sclerosis holiday celebration
 - o Cheer and dance competitions
 - o Martial arts competitions
 - o Various marathons
 - o High school graduations
 - o Various shows and exhibitions which includes the Reptile Super Show and Tattoo Expo
 - o San Diego Opera
 - o Private parties including weddings and bat mitzvahs

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Department Summary

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
FTE Positions (Budgeted)	30.00	30.00	35.00	5.00
Personnel Expenditures	\$ 3,526,203	\$ 3,493,613	\$ 3,933,221	\$ 439,608
Non-Personnel Expenditures	3,635,860	3,884,847	6,687,395	2,802,548
Total Department Expenditures	\$ 7,162,063	\$ 7,378,460	\$ 10,620,616	\$ 3,242,156
Total Department Revenue	\$ 48,624,493	\$ 47,842,917	\$ 49,212,589	\$ 1,369,672

General Fund

Department Expenditures

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Real Estate Assets	\$ 4,151,312	\$ 4,669,197	\$ 6,181,599	\$ 1,512,402
Total	\$ 4,151,312	\$ 4,669,197	\$ 6,181,599	\$ 1,512,402

Department Personnel

	FY2014 Budget	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Real Estate Assets	28.00	28.00	33.00	5.00
Total	28.00	28.00	33.00	5.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Office Relocation / Tenant Improvements Addition of non-personnel expenditures for tenant improvements and office relocation of various departments.	0.00	\$ 1,000,000	\$ -
Capital Improvements Program Support Addition of 1.00 Supervising Property Agent and 3.00 Property Agents, and associated revenue to support the Capital Improvements Program.	4.00	337,975	337,975
Supervising Property Agent Addition of 1.00 Supervising Property Agent to handle increased appraisal requests and bond issuances.	1.00	90,882	-
Appraisal Services Addition of non-personnel expenditures for outside appraisal services.	0.00	40,000	-
Engineering Services Addition of non-personnel expenditures to support engineering services provided by the Public Works-Engineering & Capital Projects Department.	0.00	30,000	-
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2015 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	20,183	-

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Non-Discretionary Adjustment	0.00	8,591	-
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.			
Hourly Sick Leave	0.00	2,170	-
Addition of personnel expenditures for paid sick leave benefits for eligible hourly employees consistent with the requirements of Assembly Bill 1522.			
Equipment/Support for Information Technology	0.00	(17,399)	-
Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.			
Revised Revenue	0.00	-	(29,540)
Adjustment to reflect Fiscal Year 2016 revenue projections.			
Total	5.00	\$ 1,512,402	\$ 308,435

Expenditures by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
PERSONNEL				
Personnel Cost	\$ 2,051,496	\$ 2,065,363	\$ 2,465,906	\$ 400,543
Fringe Benefits	1,265,645	1,215,940	1,266,607	50,667
PERSONNEL SUBTOTAL	3,317,141	3,281,303	3,732,513	451,210
NON-PERSONNEL				
Supplies	\$ 19,824	\$ 31,784	\$ 33,649	\$ 1,865
Contracts	605,721	1,110,880	2,188,944	1,078,064
Information Technology	178,200	192,013	174,614	(17,399)
Energy and Utilities	7,947	10,839	9,501	(1,338)
Other	20,296	42,378	42,378	-
Transfers Out	2,183	-	-	-
NON-PERSONNEL SUBTOTAL	834,171	1,387,894	2,449,086	1,061,192
Total	\$ 4,151,312	\$ 4,669,197	\$ 6,181,599	\$ 1,512,402

Revenues by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Charges for Services	\$ 745,610	\$ 873,900	\$ 1,307,990	\$ 434,090
Licenses and Permits	281,850	201,749	266,315	64,566
Other Revenue	3,235	-	-	-
Rev from Money and Prop	44,567,917	44,053,846	43,863,625	(190,221)
Rev from Other Agencies	12,709	-	-	-
Total	\$ 45,611,321	\$ 45,129,495	\$ 45,437,930	\$ 308,435

Personnel Expenditures

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 37,326

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Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Adopted	Salary Range	Total
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	64,353
20000163	Associate Property Agent	2.00	2.00	2.00	54,059 - 65,333	129,686
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	532,710
20000768	Property Agent	8.00	8.00	11.00	59,363 - 71,760	745,178
20000783	Public Information Clerk	1.00	1.00	1.00	31,491 - 37,918	31,491
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	80,891
20001003	Supervising Property Agent	3.00	3.00	4.00	66,768 - 80,891	308,228
20001005	Supervising Property Agent	0.00	0.00	1.00	66,768 - 80,891	66,768
20000756	Word Processing Operator	1.00	1.00	1.00	31,491 - 37,918	37,349
	Bilingual - Regular					4,368
	Budgeted Vacancy Savings					(31,491)
	Right Of Way Cert					7,633
	Sick Leave - Hourly					2,170
	Termination Pay Annual Leave					7,176
FTE, Salaries, and Wages Subtotal		28.00	28.00	33.00		\$ 2,465,906
		FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change	
Fringe Benefits						
	Employee Offset Savings	\$ 19,881	\$ 19,611	\$ 15,685	\$ (3,926)	
	Flexible Benefits	179,446	196,479	286,936	90,457	
	Insurance	219	-	-	-	
	Long-Term Disability	16,243	7,057	7,971	914	
	Medicare	29,530	29,003	34,673	5,670	
	Other Post-Employment Benefits	166,866	163,782	188,352	24,570	
	Retiree Medical Trust	993	1,105	3,401	2,296	
	Retirement 401 Plan	1,968	2,133	1,925	(208)	
	Retirement ADC	666,706	630,594	488,226	(142,368)	
	Retirement DROP	9,661	9,836	4,780	(5,056)	
	Retirement Offset Contribution	42	-	-	-	
	Risk Management Administration	24,832	25,569	33,600	8,031	
	Supplemental Pension Savings Plan	102,141	112,679	165,002	52,323	
	Unemployment Insurance	5,565	4,039	4,568	529	
	Workers' Compensation	41,551	14,053	31,488	17,435	
Fringe Benefits Subtotal		\$ 1,265,645	\$ 1,215,940	\$ 1,266,607	\$ 50,667	
Total Personnel Expenditures					\$ 3,732,513	

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Concourse and Parking Garages Operating Fund

Department Expenditures

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015–2016 Change
Concourse & Parking Garage	\$ 3,010,752	\$ 2,709,263	\$ 4,439,017	\$ 1,729,754
Total	\$ 3,010,752	\$ 2,709,263	\$ 4,439,017	\$ 1,729,754

Department Personnel

	FY2014 Budget	FY2015 Budget	FY2016 Adopted	FY2015–2016 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
Civic Center Plaza Revenue Addition of revenue from parking garage and King Chavez High School at Civic Center Plaza and associated transfer to General Fund resulting from the lease-to-own agreement.	0.00	\$ 1,061,237	\$ 1,061,237
Increase in General Fund Transfer Adjustment to reflect the increase in the transfer to the General Fund.	0.00	567,645	-
Parking and Facility Management Addition of non-personnel expenditures to support an increase for parking and facility management contractual expenditures.	0.00	174,658	-
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	19,450	-
Electrical Materials Addition of non-personnel expenditures for electrical maintenance of the Civic Center Plaza Golden Hall.	0.00	5,500	-
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 2015.	0.00	(10,000)	-
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2015 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	(11,602)	-
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	(22,912)	-

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Contingency Reserve Reduction of budgeted Contingency Reserve that is no longer needed.	0.00	(25,000)	-
Cleaning and Janitorial Reduction of non-personnel expenditures for cleaning and janitorial services based on historical expenditures.	0.00	(29,222)	-
Total	0.00	\$ 1,729,754	\$ 1,061,237

Expenditures by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
PERSONNEL				
Personnel Cost	\$ 116,588	\$ 118,809	\$ 118,809	\$ -
Fringe Benefits	92,474	93,501	81,899	(11,602)
PERSONNEL SUBTOTAL	209,062	212,310	200,708	(11,602)
NON-PERSONNEL				
Supplies	\$ 36,415	\$ 123,422	\$ 99,700	\$ (23,722)
Contracts	1,498,390	1,611,846	1,779,440	167,594
Information Technology	25,256	39,831	16,919	(22,912)
Energy and Utilities	65,337	77,913	96,767	18,854
Other	804	500	500	-
Contingencies	-	25,000	-	(25,000)
Transfers Out	1,175,487	618,441	2,244,983	1,626,542
NON-PERSONNEL SUBTOTAL	2,801,689	2,496,953	4,238,309	1,741,356
Total	\$ 3,010,752	\$ 2,709,263	\$ 4,439,017	\$ 1,729,754

Revenues by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Other Revenue	\$ (125)	\$ -	\$ -	\$ -
Rev from Money and Prop	3,013,297	2,713,422	3,774,659	1,061,237
Total	\$ 3,013,172	\$ 2,713,422	\$ 3,774,659	\$ 1,061,237

Personnel Expenditures

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Adopted	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						\$ 118,809

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Fringe Benefits				
Employee Offset Savings	\$ 998	\$ 1,188	\$ 809	\$ (379)
Flexible Benefits	13,539	14,750	17,110	2,360
Long-Term Disability	968	408	388	(20)
Medicare	1,648	1,723	1,723	-
Other Post-Employment Benefits	12,796	12,132	11,772	(360)
Retirement ADC	52,520	55,936	40,381	(15,555)

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	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Retirement DROP	561	-	1,157	1,157
Retirement Offset Contribution	15	-	-	-
Risk Management Administration	1,899	1,894	2,100	206
Supplemental Pension Savings Plan	4,451	4,703	4,703	-
Unemployment Insurance	332	234	222	(12)
Workers' Compensation	2,747	533	1,534	1,001
Fringe Benefits Subtotal	\$ 92,474	\$ 93,501	\$ 81,899	\$ (11,602)
Total Personnel Expenditures			\$ 200,708	

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Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2014 Actual	FY2015* Budget	FY2016 Adopted
BEGINNING BALANCE AND RESERVES			
Balance from Prior Year	\$ 666,243	\$ 668,663	\$ 1,973,198
TOTAL BALANCE AND RESERVES	\$ 666,243	\$ 668,663	\$ 1,973,198
REVENUE			
Other Revenue	\$ (125)	\$ -	\$ -
Revenue from Use of Money and Property	3,013,297	2,713,422	3,774,659
<i>Rents/Concessions</i>	1,000	246,849	-
<i>Other Centre City Rental</i>	275,901	1,990,573	486,849
<i>Municipal Parking Garage</i>	2,149,669	476,000	1,990,573
<i>Concourse & Parking Garage</i>	585,275	-	1,297,237
<i>Lease Penalties</i>	1,453	-	-
TOTAL REVENUE	\$ 3,013,172	\$ 2,713,422	\$ 3,774,659
TOTAL BALANCE, RESERVES, AND REVENUE	\$ 3,679,415	\$ 3,382,085	\$ 5,747,857
OPERATING EXPENSE			
Personnel Expenses	\$ 116,588	\$ 118,809	\$ 118,809
Fringe Benefits	92,474	93,501	81,899
Supplies	36,415	123,422	99,700
Contracts	1,498,390	1,611,846	1,779,440
Information Technology	25,256	39,831	16,919
Energy and Utilities	65,337	77,913	96,767
Other Expenses	804	500	500
Transfers Out	1,175,487	618,441	2,244,983
CIP Contingency	-	25,000	-
TOTAL OPERATING EXPENSE	\$ 3,010,752	\$ 2,709,263	\$ 4,439,017
TOTAL EXPENSE	\$ 3,010,752	\$ 2,709,263	\$ 4,439,017
BALANCE	\$ 668,663	\$ 672,822	\$ 1,308,840
TOTAL BALANCE, RESERVES, AND EXPENSE	\$ 3,679,415	\$ 3,382,085	\$ 5,747,857

* At the time of publication, audited financial statements for Fiscal Year 2015 were not available. Therefore, the Fiscal Year 2015 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2015 Adopted Budget, while the beginning FY 2015 balance amount reflects the audited Fiscal Year 2014 ending balance.



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