

Real Estate Assets



Department Description

The Real Estate Assets Department manages the City's real estate portfolio and provides direction in the operations of Concourse and Parking Garages, QUALCOMM Stadium, and PETCO Park. The Real Estate Assets Department has been reorganized to reflect its four main divisions: 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 within 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 620 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 redevelopment of existing leaseholds. The Division handles the negotiation of new leases and permits, renewing 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; 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 World Trade Center (WTC) garages in order to provide parking spaces for employees, WTC lessees, and the general public. The

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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 through leasing and sales of surplus assets, and maximize the overall financial return of the City's real estate portfolio

Goals and Objectives

Fiscal Year 2010 goals and objectives are reprinted here as they were originally adopted. They have not been updated to reflect mid-year budget reductions, as implementation of those changes will occur in phases during the remainder of Fiscal Year 2010, making it difficult to provide reliable projections of service levels and performance targets. Additionally, an effort is currently underway to update the City's Strategic Plan goals and objectives, which may also alter the City's objectives, strategies, and performance expectations for the remainder of Fiscal Year 2010 and beyond.

Goal 1: Professionally manage real estate assets

The City has over 600 leases that generate over \$73.0 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 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. Among these properties are some 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 of 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 objective.

- Create a culture of success

Goal 4: Centralize management of the City's workspace resources

The City has over 10,000 employees. 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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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 improvements:

- Completed a comprehensive Portfolio Management Plan of all the City's properties and leases
- Increased to a total of \$73.0 million
- Started implementation of its state-of-the-art software system (REPortfolio) that replaces the Department's antiquated and outdated mainframe-based system
- Completed scanning paper files to an electronic format for easier access and improved security
- Sold 25 excess properties with a total value of approximately \$37.0 million
- Currently has 10 City-owned, excess properties for sale with an estimated total market value of \$28.0 million
- Established a new 25-year lease with the Associated Students of SDSU and the Regents of UCSD for the operation of the Mission Bay Aquatic Center
- Made a new 15-year lease agreement with Rancho De la Lorra LLC for an avocado grove in San Pasqual Valley
- Re-wrote Council Policy 700-10 (leasing and sale of City real estate) which was approved by Council
- Currently has over 77 telecommunication sites for over \$2.8 million in annual rent
- Entered into agreements for 11 new telecommunication sites that will generate an additional \$3.3 million over the next 10 years
- Initiated a new streamlined lease approval process for telecommunication tenants that will result in improved service and efficiency
- Completed an RFP for parking operations at the Parkade and World Trade Center parking garages. The new agreement will save the City over \$100,000 per year
- Entered into a new agreement with the San Dieguito Joint Powers Authority for mitigation at Cloverdale Creek
- Completed an RFP for the Mission Bay Sportscenter site which was ultimately awarded. A new lease agreement is being negotiated which should generate a significant increase in revenue from the location.
- Entered into a new agreement with the San Diego River Conservancy for restoration of the San Diego River near the Carlton Oaks Golf Course
- Exercised a space contraction option at 600 B Street saving the City \$387,000 yearly (\$1.2 million aggregate)
- Executed favorable short-term lease for Family Justice Center to holdover in half of current space at a reduced rate while negotiating a new lease which will save the City approximately \$690,000 per year
- Implemented first full season of revised billing for Police Department and Traffic Control per the Fiscal Year 2008 Council approved agreement resulting in additional reimbursement of approximately \$700,000
- Increased Special Event revenue at PETCO Park from \$643,855 in Fiscal Year 2008 to \$1.4 million in Fiscal Year 2009 (118 percent)
- Converted \$775,000 of refurbishment allowance to cash for General Fund
- Acquired eight properties for various City uses
- Amended Old Globe Theatre lease to allow for redevelopment
- Executed RFP and selection process for kayak operators at La Jolla Shores

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 120 which include the following:

- Naturalization ceremonies for immigrants becoming United States citizens
- Salvation Army holiday dinners
- Homeless Children's Christmas parties

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- California State Bar exams
- Various employment job fairs
- Election Central

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Department Summary

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
Positions	34.00	30.00	(4.00)
Personnel Expenses	3,365,421	3,354,983	(10,438)
Non-Personnel Expenses	4,416,915	4,691,959	275,044
Total Department Expenses	7,782,336	8,046,942	264,606
Total Department Revenue	45,117,914	47,359,470	2,241,556

General Fund

Department Expenditures

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
Real Estate Assets	3,798,100	4,514,299	716,199
Fund Total	3,798,100	4,514,299	716,199

Department Personnel

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
Real Estate Assets	32.00	28.00	(4.00)
Fund Total	32.00	28.00	(4.00)

Significant Budget Adjustments

	FTE	Expenditure	Revenue
Revised Revenue Adjustment to reflect Fiscal Year 2011 revenue projections.	0.00	0	(2,265,031)
Adjustment to Contracts and Equipment Outlay Funding allocated according to a zero-based annual review of contract and equipment outlay requirements.	0.00	952,349	0
Budget Adjustments Total	0.00	952,349	(2,265,031)

Expenditures by Category

	FY2010 Budget	FY2011 Proposed	FY2010–2011 Change
PERSONNEL			
Salaries and Wages	2,128,316	1,986,558	(141,758)
Fringe Benefits	1,066,796	1,167,382	100,586
SUBTOTAL PERSONNEL	3,195,112	3,153,940	(41,172)
NON-PERSONNEL			
Supplies	40,912	47,117	6,205
Contracts	349,982	1,089,409	739,427
Information Technology	164,616	177,333	12,717
Energy and Utilities	3,600	4,122	522

Real Estate Assets

Expenditures by Category

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Other	42,378	42,378	0
Capital Expenditures	1,500	0	(1,500)
SUBTOTAL NON-PERSONNEL	602,988	1,360,359	757,371
Total	3,798,100	4,514,299	716,199

Revenues by Category

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Licenses and Permits	152,219	152,200	(19)
Revenue from Money and Property	40,435,328	42,357,466	1,922,138
Charges for Current Services	1,207,362	1,299,000	91,638
Total	41,794,909	43,808,666	2,013,757

Department Personnel Expenditures

Job Number	Job Title	FY2010 Budget	FY2011 Proposed	Salary Range	Total
20000011	Account Clerk	1.00	1.00	31,491 - 37,918	36,393
20000119	Asoc Mgmt Anlyst	1.00	0.00	54,059 - 65,333	0
20000134	Asoc Mgmt Anlyst(Records Mgmt Anlyst)	0.00	1.00	54,059 - 65,333	59,213
20000163	Asoc Property Agent	2.00	2.00	54,059 - 65,333	127,400
20000172	Payroll Spec 1	1.00	1.00	33,093 - 39,832	38,836
20000290	Info Sys Anlyst 2	1.00	0.00	54,059 - 65,333	0
20000756	Word Processing Oper	1.00	1.00	31,491 - 37,918	35,832
20000768	Property Agent	10.00	8.00	59,363 - 71,760	547,084
20000783	Public Info Clerk	2.00	1.00	31,491 - 37,918	36,970
20000869	Sr Account Clrk	1.00	1.00	36,067 - 43,514	40,222
20000924	Executive Secretary	1.00	1.00	43,555 - 52,666	51,349
20000970	Supv Mgmt Anlyst	1.00	1.00	66,768 - 80,891	78,464
20001003	Supv Property Agt	4.00	3.00	66,768 - 80,891	233,660
20001005	Supv Property Agt(Supv Prop Spec)	0.00	1.00	66,768 - 80,891	78,869
20001137	Real Estate Assets Dir	1.00	1.00	31,741 - 173,971	139,194
20001168	Deputy Director	1.00	1.00	46,966 - 172,744	116,399
20001222	Program Manager	4.00	4.00	46,966 - 172,744	359,716
	Right Of Way Cert				4,045
	Bilingual - Regular				2,912
Salaries and Wages Total		32.00	28.00		1,986,558

Fringe Benefits

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Department Personnel Expenditures (Cont'd)

Job Number	Job Title	FY2010 Budget	FY2011 Proposed	Salary Range	Total
	Retirement ARC				547,757
	Supplemental Pension Savings Plan				71,085
	Retirement Offset Contribution				48,210
	Retirement DROP				15,169
	Employee Offset Savings				34,888
	Workers' Compensation				10,388
	Flexible Benefits				179,470
	Risk Management Administration				27,440
	Long-Term Disability				18,466
	Unemployment Insurance				4,313
	Medicare				28,875
	Other Post-Employment Benefits				177,912
	Unused Sick Leave				1,640
	Retirement 401 Plan				1,415
	Retiree Medical Trust				354
Fringe Benefits Total					1,167,382
Personnel Expenses Total					3,153,940

Department Budget by Program

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Asset Management and Lease Administration	7.00	940,689	43,658,666
Corporate Service Administration	3.00	1,113,673	150,000
General Administration/Management	2.00	353,681	0
General Administration	8.00	870,024	0
Property Acquisition/Disposition	8.00	1,058,899	0
IT Non-Discretionary	0.00	177,333	0
Total	28.00	4,514,299	43,808,666

Concourse and Parking Garages Operating Fund

Department Expenditures

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Concourse & Parking Garages	3,984,236	3,532,643	(451,593)
Fund Total	3,984,236	3,532,643	(451,593)

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Department Personnel

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Concourse & Parking Garages	2.00	2.00	0.00
Fund Total	2.00	2.00	0.00

Significant Budget Adjustments

	FTE	Expenditure	Revenue
Revised Revenue Adjustment to reflect Fiscal Year 2011 revenue projections.	0.00	0	127,799
Adjustment to Contracts and Equipment Outlay Funding allocated according to a zero-based annual review of contract and equipment outlay requirements.	0.00	1,613,700	0
Transfer of Fund Balance Expenditure adjustment to reflect the transfer to the General Fund as mandated by the City Council.	0.00	1,200,000	0
Budget Adjustments Total	0.00	2,813,700	127,799

Expenditures by Category

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
PERSONNEL			
Salaries and Wages	112,265	118,624	6,359
Fringe Benefits	58,044	82,419	24,375
SUBTOTAL PERSONNEL	170,309	201,043	30,734
NON-PERSONNEL			
Supplies	99,500	134,500	35,000
Contracts	1,914,725	1,601,367	(313,358)
Information Technology	14,686	11,670	(3,016)
Energy and Utilities	88,303	95,648	7,345
Other	1,696,713	1,488,415	(208,298)
SUBTOTAL NON-PERSONNEL	3,813,927	3,331,600	(482,327)
Total	3,984,236	3,532,643	(451,593)

Revenues by Category

	FY2010 Budget	FY2011 Proposed	FY2010-2011 Change
Revenue from Money and Property	3,323,005	3,550,804	227,799
Total	3,323,005	3,550,804	227,799

Department Personnel Expenditures

Job Number	Job Title	FY2010 Budget	FY2011 Proposed	Salary Range	Total
20000011	Account Clerk	1.00	1.00	31,491 - 37,918	36,970
20001003	Supv Property Agt	1.00	1.00	66,768 - 80,891	77,671

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Department Personnel Expenditures (Cont'd)

Job Number	Job Title	FY2010 Budget	FY2011 Proposed	Salary Range	Total
	Right Of Way Cert				3,983
Salaries and Wages Total		2.00	2.00		118,624

Fringe Benefits

Retirement ARC	42,645
Supplemental Pension Savings Plan	3,586
Retirement Offset Contribution	3,998
Employee Offset Savings	1,176
Workers' Compensation	1,092
Flexible Benefits	12,150
Risk Management Administration	1,960
Long-Term Disability	1,058
Unemployment Insurance	247
Medicare	1,705
Other Post-Employment Benefits	12,708
Unused Sick Leave	94
Fringe Benefits Total	82,419

Personnel Expenses Total	201,043
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Department Budget by Program

	FY2011 Positions	FY2011 Expenditures	FY2011 Revenue
Facilities Operations	2.00	3,514,668	3,550,804
General Administration/Management	0.00	6,305	0
IT Non-Discretionary	0.00	11,670	0
Total	2.00	3,532,643	3,550,804

