

# **Real Estate Assets**



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# Real Estate Assets



## Department Description

The Real Estates Asset 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 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.

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- An October 1, 2015 article by Sports Illustrated on football field turf rankings ranked the Qualcomm Stadium field as fourth best out of the 31 stadiums in the National Football League.
- The City's lease-to-own deal for Civic Center Plaza was listed by the San Diego Business Journal as the County's largest office commercial real estate lease (ranked by square footage) in 2015.

## Goals and Objectives

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

- Secure maximum revenue due to City for leasehold agreement
- 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 the 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

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## Key Performance Indicators

Performance Indicator	Target <sup>1</sup> FY2015	Actual <sup>1</sup> FY2015	Estimated <sup>2</sup> FY2016	Target FY2017
1. Percentage of rent reviews completed on time per fiscal year	N/A	N/A	91%	90%
2. Percentage of lease agreements on a month-to-month holdover status	N/A	N/A	35% <sup>3</sup>	≤20%
3. Number of properties reviewed for potential disposition per year	N/A	N/A	30% <sup>4</sup>	50
4. Percentage of appraisals completed within 90 days of commencement	N/A	N/A	80% <sup>5</sup>	90%

1. During Fiscal Year 2016, new department tactical plans and key performance indicators were developed. As such, Fiscal Year 2015 data may be unavailable.
2. New performance indicators for Fiscal Year 2016. Some baseline data is currently under development.
3. Estimate below target due to workload and staffing.
4. Estimate is below target due to staffing. The position has been filled, so the target for Fiscal Year 2017 should be met.
5. There is a large backlog of appraisals from Fiscal Year 2015 and Fiscal Year 2016. In addition, there has been a large increase in new requests for appraisals. A new position was added mid-Fiscal Year 2016 and will assist in meeting the goal in Fiscal Year 2017.



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## Department Summary

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
FTE Positions (Budgeted)	30.00	35.00	36.00	1.00
Personnel Expenditures	\$ 3,303,535	\$ 3,933,221	\$ 4,068,282	\$ 135,061
Non-Personnel Expenditures	3,987,284	6,687,395	7,261,385	573,990
<b>Total Department Expenditures</b>	<b>\$ 7,290,819</b>	<b>\$ 10,620,616</b>	<b>\$ 11,329,667</b>	<b>\$ 709,051</b>
<b>Total Department Revenue</b>	<b>\$ 49,312,144</b>	<b>\$ 49,212,589</b>	<b>\$ 52,643,756</b>	<b>\$ 3,431,167</b>

## General Fund

### Department Expenditures

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
Real Estate Assets	\$ 4,232,044	\$ 6,181,599	\$ 8,006,436	\$ 1,824,837
<b>Total</b>	<b>\$ 4,232,044</b>	<b>\$ 6,181,599</b>	<b>\$ 8,006,436</b>	<b>\$ 1,824,837</b>

### Department Personnel

	FY2015 Budget	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
Real Estate Assets	28.00	33.00	34.00	1.00
<b>Total</b>	<b>28.00</b>	<b>33.00</b>	<b>34.00</b>	<b>1.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Tenant Improvements and Office Relocation</b> Addition of one-time non-personnel expenditures for tenant improvements and office relocation of various departments.	0.00	\$ 2,631,193	\$ -
<b>Addition of Property Agent</b> Addition of 1.00 Property Agent position to manage city leases.	1.00	83,811	-
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2016 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	60,583	-
<b>Appraisal Services</b> Addition of non-personnel expenditures for third-party appraisal services.	0.00	50,000	-
<b>Addition of Training Expenditures</b> Addition of non-personnel expenditures for professional training.	0.00	9,108	-
<b>Employee Rewards and Recognition Program</b> Addition of non-personnel expenditures to comply with the Employee Rewards and Recognition Program per Administrative Regulation 95.91.	0.00	2,855	-

# Real Estate Assets

## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<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	(4,445)	-
<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	(8,268)	-
<b>One-Time Reductions and Annualizations</b> Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2016.	0.00	(1,000,000)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2017 revenue projections.	0.00	-	3,885,365
<b>Total</b>	<b>1.00</b>	<b>\$ 1,824,837</b>	<b>\$ 3,885,365</b>

## Expenditures by Category

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 2,048,766	\$ 2,465,906	\$ 2,455,164	\$ (10,742)
Fringe Benefits	1,107,006	1,266,607	1,421,743	155,136
<b>PERSONNEL SUBTOTAL</b>	<b>3,155,771</b>	<b>3,732,513</b>	<b>3,876,907</b>	<b>144,394</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 22,614	\$ 33,649	\$ 1,159,458	\$ 1,125,809
Contracts	872,214	2,188,944	2,750,696	561,752
Information Technology	150,785	174,614	170,169	(4,445)
Energy and Utilities	8,714	9,501	6,828	(2,673)
Other	21,946	42,378	42,378	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>1,076,273</b>	<b>2,449,086</b>	<b>4,129,529</b>	<b>1,680,443</b>
<b>Total</b>	<b>\$ 4,232,044</b>	<b>\$ 6,181,599</b>	<b>\$ 8,006,436</b>	<b>\$ 1,824,837</b>

## Revenues by Category

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
Charges for Services	\$ 1,129,492	\$ 1,307,990	\$ 1,503,743	\$ 195,753
Licenses and Permits	256,191	266,315	316,327	50,012
Other Revenue	(7,639)	-	-	-
Rev from Money and Prop	44,805,256	43,863,625	47,503,225	3,639,600
Rev from Other Agencies	70,069	-	-	-
<b>Total</b>	<b>\$ 46,253,369</b>	<b>\$ 45,437,930</b>	<b>\$ 49,323,295</b>	<b>\$ 3,885,365</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2015 Budget	FY2016 Budget	FY2017 Proposed	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 35,734
20000134	Associate Management Analyst	1.00	1.00	1.00	54,059 - 65,333	65,333

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## Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2015 Budget	FY2016 Budget	FY2017 Proposed	Salary Range	Total
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	527,000
20000768	Property Agent	8.00	11.00	12.00	59,363 - 71,760	784,261
20000783	Public Information Clerk	1.00	1.00	1.00	31,491 - 37,918	36,591
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	4.00	4.00	66,768 - 80,891	308,228
20001005	Supervising Property Agent	0.00	1.00	1.00	66,768 - 80,891	66,768
20000756	Word Processing Operator	1.00	1.00	1.00	31,491 - 37,918	31,722
	Bilingual - Regular					4,368
	Budgeted Vacancy Savings					(66,768)
	Right Of Way Cert					8,090
	Sick Leave - Hourly					2,170
<b>FTE, Salaries, and Wages Subtotal</b>		<b>28.00</b>	<b>33.00</b>	<b>34.00</b>		<b>\$ 2,455,164</b>
		<b>FY2015 Actual</b>	<b>FY2016 Budget</b>	<b>FY2017 Proposed</b>		<b>FY2016-2017 Change</b>
<b>Fringe Benefits</b>						
	Employee Offset Savings	\$ 17,814	\$ 15,685	\$ 20,578		\$ 4,893
	Flexible Benefits	188,914	286,936	335,989		49,053
	Long-Term Disability	18,561	7,971	7,781		(190)
	Medicare	29,112	34,673	34,603		(70)
	Other Post-Employment Benefits	154,433	188,352	195,327		6,975
	Retiree Medical Trust	1,947	3,401	3,231		(170)
	Retirement 401 Plan	1,679	1,925	849		(1,076)
	Retirement ADC	532,541	488,226	558,747		70,521
	Retirement DROP	4,778	4,780	4,780		-
	Risk Management Administration	22,282	33,600	33,759		159
	Supplemental Pension Savings Plan	112,027	165,002	170,005		5,003
	Unemployment Insurance	4,284	4,568	4,466		(102)
	Workers' Compensation	18,634	31,488	51,628		20,140
<b>Fringe Benefits Subtotal</b>		<b>\$ 1,107,006</b>	<b>\$ 1,266,607</b>	<b>\$ 1,421,743</b>		<b>\$ 155,136</b>
<b>Total Personnel Expenditures</b>						<b>\$ 3,876,907</b>

## Concourse and Parking Garages Operating Fund

### Department Expenditures

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
Concourse & Parking Garage	\$ 3,058,775	\$ 4,439,017	\$ 3,323,231	\$ (1,115,786)
<b>Total</b>	<b>\$ 3,058,775</b>	<b>\$ 4,439,017</b>	<b>\$ 3,323,231</b>	<b>\$ (1,115,786)</b>

# Real Estate Assets

## Department Personnel

	FY2015 Budget	FY2016 Budget	FY2017 Proposed	FY2016–2017 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>Central Power Plant</b> Addition of non-personnel expenditures to support the maintenance and operations of the Concourse central power plant.	0.00	\$ 13,000	\$ -
<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	3,188	-
<b>Employee Rewards and Recognition Program</b> Addition of non-personnel expenditures to comply with the Employee Rewards and Recognition Program per Administrative Regulation 95.91.	0.00	70	-
<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	(4,391)	-
<b>Salary and Benefit Adjustments</b> Adjustments to reflect the annualization of the Fiscal Year 2016 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	(9,333)	-
<b>Reduction of Disposal Services</b> Reduction of non-personnel expenditures to align the budget with current spending trends.	0.00	(11,000)	-
<b>General Fund Transfer</b> Adjustment to reflect the reduction in the transfers to the General Fund.	0.00	(439,320)	-
<b>One-Time Reductions and Annualizations</b> Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2016.	0.00	(668,000)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2017 revenue projections.	0.00	-	(454,198)
<b>Total</b>	<b>0.00</b>	<b>\$ (1,115,786)</b>	<b>\$ (454,198)</b>

## Expenditures by Category

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016–2017 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 86,267	\$ 118,809	\$ 120,841	\$ 2,032
Fringe Benefits	61,496	81,899	70,534	(11,365)
<b>PERSONNEL SUBTOTAL</b>	<b>147,764</b>	<b>200,708</b>	<b>191,375</b>	<b>(9,333)</b>

# Real Estate Assets

## Expenditures by Category (Cont'd)

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
<b>NON-PERSONNEL</b>				
Supplies	\$ 22,965	\$ 99,700	\$ 99,700	\$ -
Contracts	1,478,648	1,779,440	1,789,269	9,829
Information Technology	20,224	16,919	12,528	(4,391)
Energy and Utilities	81,752	96,767	92,196	(4,571)
Other	548	500	500	-
Transfers Out	1,306,875	2,244,983	1,137,663	(1,107,320)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>2,911,011</b>	<b>4,238,309</b>	<b>3,131,856</b>	<b>(1,106,453)</b>
<b>Total</b>	<b>\$ 3,058,775</b>	<b>\$ 4,439,017</b>	<b>\$ 3,323,231</b>	<b>\$ (1,115,786)</b>

## Revenues by Category

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
Licenses and Permits	\$ (5,310)	\$ -	\$ -	\$ -
Rev from Money and Prop	3,064,085	3,774,659	3,320,461	(454,198)
<b>Total</b>	<b>\$ 3,058,775</b>	<b>\$ 3,774,659</b>	<b>\$ 3,320,461</b>	<b>\$ (454,198)</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2015 Budget	FY2016 Budget	FY2017 Proposed	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
20000011	Account Clerk	1.00	1.00	1.00	\$31,491 - \$37,918	\$ 36,067
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
<b>FTE, Salaries, and Wages Subtotal</b>		<b>2.00</b>	<b>2.00</b>	<b>2.00</b>		<b>\$ 120,841</b>

	FY2015 Actual	FY2016 Budget	FY2017 Proposed	FY2016-2017 Change
<b>Fringe Benefits</b>				
Employee Offset Savings	\$ 570	\$ 809	\$ 361	\$ (448)
Flexible Benefits	11,215	17,110	20,110	3,000
Long-Term Disability	516	388	368	(20)
Medicare	1,234	1,723	1,752	29
Other Post-Employment Benefits	10,052	11,772	11,838	66
Retiree Medical Trust	35	-	212	212
Retirement 401 Plan	134	-	848	848
Retirement ADC	31,000	40,381	27,152	(13,229)
Retirement DROP	420	1,157	-	(1,157)
Risk Management Administration	1,438	2,100	2,046	(54)
Supplemental Pension Savings Plan	3,138	4,703	2,182	(2,521)
Unemployment Insurance	180	222	211	(11)
Workers' Compensation	1,564	1,534	3,454	1,920
<b>Fringe Benefits Subtotal</b>	<b>\$ 61,496</b>	<b>\$ 81,899</b>	<b>\$ 70,534</b>	<b>\$ (11,365)</b>
<b>Total Personnel Expenditures</b>			<b>\$ 191,375</b>	

# Real Estate Assets

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

Concourse and Parking Garages Operating Fund	FY2015 Actual	FY2016* Budget	FY2017 Proposed
<b>BEGINNING BALANCE AND RESERVES</b>			
Balance from Prior Year	\$ 668,663	\$ 668,663	\$ 24,198
<b>TOTAL BALANCE AND RESERVES</b>	<b>\$ 668,663</b>	<b>\$ 668,663</b>	<b>\$ 24,198</b>
<b>REVENUE</b>			
Licenses and Permits	\$ (5,310)	\$ -	\$ -
Revenue from Use of Money and Property	3,064,085	3,774,659	3,320,461
Transfers In	-	-	-
<b>TOTAL REVENUE</b>	<b>\$ 3,058,775</b>	<b>\$ 3,774,659</b>	<b>\$ 3,320,461</b>
<b>TOTAL BALANCE, RESERVES, AND REVENUE</b>	<b>\$ 3,727,438</b>	<b>\$ 4,443,322</b>	<b>\$ 3,344,659</b>
<b>OPERATING EXPENSE</b>			
Personnel Expenses	\$ 86,267	\$ 118,809	\$ 120,841
Fringe Benefits	61,496	81,899	70,534
Supplies	22,965	99,700	99,700
Contracts	1,478,648	1,779,440	1,789,269
Information Technology	20,224	16,919	12,528
Energy and Utilities	81,752	96,767	92,196
Other Expenses	548	500	500
Transfers Out	1,306,875	2,244,983	1,137,663
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 3,058,775</b>	<b>\$ 4,439,017</b>	<b>\$ 3,323,231</b>
<b>TOTAL EXPENSE</b>	<b>\$ 3,058,775</b>	<b>\$ 4,439,017</b>	<b>\$ 3,323,231</b>
<b>BALANCE</b>	<b>\$ 668,663</b>	<b>\$ 4,305</b>	<b>\$ 21,428</b>
<b>TOTAL BALANCE, RESERVES, AND EXPENSE</b>	<b>\$ 3,727,438</b>	<b>\$ 4,443,322</b>	<b>\$ 3,344,659</b>

\* At the time of publication, audited financial statements for Fiscal Year 2016 were not available. Therefore, the Fiscal Year 2016 column reflects final budgeted revenue and expense amounts from the Fiscal Year 2016 Adopted Budget, while the beginning FY 2016 balance amount reflects the audited Fiscal Year 2015 ending balance.