

<b>Priority:</b>	Accountability	<b>Lead Agency:</b>	County Business
<b>Program Offer Type:</b>	Internal Service	<b>Program Contact:</b>	Dave Boyer
<b>Related Programs:</b>	71032, 71036, 71039		
<b>Frameworks:</b>			

### **Executive Summary**

Asset Management provides real estate management services to the County as a whole, and to specific County agencies. It directly supports the County and programs by negotiating leases, coordinating office moves of County programs, disposing of space the County does not need, and provides strategic planning and project management. These activities are an integral part of the County's efforts to reduce facilities costs.

### **Program Description**

Asset Management provides short, medium, and long-term space planning services, coordinates moves of County programs, and manages the County's lease portfolio. This team is leading the County's current "disposition plan project." Through this project, the County will be able to significantly reduce the amount of unused and under utilized real property in its portfolio. The Team is supporting the Courthouse planning for both downtown and East County locations, and is developing a long term "facilities master plan" for the County. The plan, when approved by the Executive Committee and the Board, will serve as a guide for future decisions about leasing, buying and disposing of real property. In addition to providing planning services, Asset Management implements its plans by coordinating the moves of County programs and negotiating leases (over 110 leases are used both to secure space for program operations, and to bring in revenue when the County owns space that it cannot use).

### **Program Justification**

Facilities are a major cost item for County operations (approximately 5% of total expenditures). The work of Asset Management is devoted to developing and implementing plans that reduce the County's facilities costs, while at the same time meeting program needs and expectations of service quality. The Team does this through a combination of responsive space planning, proactive portfolio management, efficiently implemented moves, and well negotiated lease arrangements.

### **Performance Measures**

We will maintain a vacancy rate of 2% or less (compared to the local average of 13%) and dispose of 8 sites in FY06.

### **Summary of last year's program results and this year's expected results**

This year Asset Management began implementation of the "disposition plan project," getting 20 sub-projects underway. Last year it supported the Health Department's clinical reorganization effort with space planning services and by coordinating moves. It established a project plan for the East County Justice Facility, and it improved methods of tracking and monitoring the County's lease portfolio. In the coming year it will continue implementation work on the disposition plan, complete the real property data base, deliver a draft master plan and reduce the number of sites in the County's portfolio by 27%; reduce the facility square footage by 320,000 sq ft (10%). Through sales of run down buildings will avoid \$10m in deferred maintenance. Save \$1m in operating costs in FY06 by consolidating programs and disposing of unneeded leased or owned space.

**Program Mandate: 4 Program and Funding Level Choice**

**Revenue/Expense Detail**

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2005	2005	2006	2006
<b>Program Expenses</b>				
Personnel	\$0	\$353,399	\$0	\$771,771
Materials & Supplies	\$0	\$3,000	\$0	\$2,926,373
Internal Services	\$0	\$4,936	\$0	\$90,097
Subtotal: Direct Exps:	<b>\$0</b>	<b>\$361,335</b>	<b>\$0</b>	<b>\$3,788,241</b>
Administration	\$0	\$0	\$0	\$153,864
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$153,864</b>
Total GF/non-GF:	<b>\$0</b>	<b>\$361,335</b>	<b>\$0</b>	<b>\$3,942,105</b>
Program Total:	<b>\$361,335</b>		<b>\$3,942,105</b>	
Program FTE	0.00	0.00	0.00	8.00
<b>Program Revenues</b>				
Fees, Permits & Charges	\$0	\$0	\$0	\$2,910,241
Intergovernmental	\$0	\$0	\$0	\$878,000
Program Revenue for Admin	\$0	\$0	\$0	\$153,864
<b>Total Revenue:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,942,105</b>

**Explanation of Revenues**

The Asset Management Team is part of the cost of operating the County's facilities; 78% of the revenues are funded through both internal and external leases charged to County programs, the other 22% is internal service reimbursement.

Cash Transfer: The new Lincoln building lease includes 10 months of free rent which equals \$1.2 million in FY06. The savings of \$1.2 million will be transferred to capital to repay the money borrowed for one time expenses related to the project.

**Significant Program Changes**

Asset Management created a Moves Adds Changes (MACS) team to address the significant increase in space planning, tenant improvements, and moves created by the adoption of the "Disposition plan project". The team was formed through streamlining and efficiencies (no new positions were added).

2 FTE are funded through program offer 71036 to support the disposition plan.

Improvements to staff in FY 2005 resulted in the entire Real Property Management and Leasing team being licensed by the Oregon Real Estate Agency, and their continued education and best practices will provide greater ability for Facilities to act as a professional portfolio and property management organization for the County. Enhancements made to the lease negotiation process include the implementation of standardized lease language developed in concert with the County attorney, which will strengthen the County's leasehold positions and will streamline the negotiation and execution process. Upgrading all lease files to standardized formats and the development of a lease administration database will expand leasing capabilities through automation of data access and enhanced reporting. This will allow Real Property Management and Leasing to provide more comprehensive analysis, interpretation and negotiation and will be a direct benefit to County programs and operations.