

Priority: Accountability **Lead Agency:** County Management
Program Offer Type: Internal Service **Program Contact:** Doug Butler
Related Programs: 72042, 72044, 72048, 72051

Program Characteristics:

Executive Summary

Facilities Asset Management section supports program delivery needs by implementing real estate strategies, policies and procedures that reduce costs and optimize building conditions.

Program Description

The Asset Management section provides leadership and develops a framework that allows County Officials to make strategic and informed real estate decisions. It manages a diverse real estate portfolio comprised of over 80 major sites and 2.8 million square feet of both owned and leased space. It directly supports County programs by providing strategic planning, transaction services, administrative and legal support to optimize the value of the real estate portfolio. Asset Management serves daily operational needs through lease negotiation, documentation, administration, and enforcement. This serves the longer term goals through property sales, acquisitions, lease terminations and associated due diligence.

Program Justification

Asset Management supports the Accountability Priority by developing and implementing plans and strategies that produce a direct reduction in annual facility and operating costs, which comprise nearly 5% of the County's total annual expenditures.

In 2006 the Section's disposition transactions generated 111% of the appraised value of the dispositions with full community support. In addition, the County Auditor issued a Building Leases Audit update praising the section's effort in building lease enforcement, compliance and improved procedures.

After three years, the Consolidation and Disposition Strategy has achieved significant results and supported program resources by reducing 279,565 square feet of building space, reduced number of County sites by 17, reduced the capital backlog by \$14m, and lowered operating costs by \$1.85m. Current lease expenses for this offer are over \$4 million dollars. As the Consolidation and Disposition Strategy nears achievement of its ultimate goals, the Section is turning its focus towards the long-term Facilities Strategic Plan and portfolio performance. The Facilities Strategic Plan is designed to lower costs and enhance building functionality and reliability for both the programs which occupy the space and the public that uses the services in the space. Furthermore, Asset Management will improve administration of the core portfolio by lowering costs, increasing compliance and limiting liability. Overall results are achieved by maintaining close working relationships with the Board and Board Staff, Program Management, County Attorney, real estate community and the general public.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output		0	0	0	0
Outcome	Receive full market value for all market sales of disposed properties	0.0%	0.0%	0.0%	98.0%
Outcome	90% of Real Estate files updated 10 days after receipt of executed documents	0.0%	0.0%	0.0%	90.0%
Outcome	90% of leases renewed or closed 1 month prior to expiration	0.0%	0.0%	0.0%	90.0%

Performance Measure - Description

 **Measure Changed**

Last years measures tracked the Disposition and Consolidation Strategy goals stated in the justification section. Performance Measures were changed for 2008 in order to provide new quantifiable measures which address the operational aspects of the staff's efforts. Since the listed measures are new, there is no history to report.

Legal/Contractual Obligation

This Section has no required legal/contractual obligations but does work extensively with the County Attorney's Office on legal/contractual issues. The Section negotiations and document preparations has saved the Attorney's Office over 200 hours of estimated staff time in 2006.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2007	2007	2008	2008
Program Expenses				
Personnel	\$0	\$294,351	\$0	\$207,872
Contracts	\$0	\$2,500	\$0	\$10,000
Materials & Supplies	\$0	\$3,381,170	\$0	\$4,046,656
Internal Services	\$0	\$125,216	\$0	\$12,445
Cash Transfer	\$0	\$0	\$0	\$0
Subtotal: Direct Exps:	\$0	\$3,803,237	\$0	\$4,276,973
Administration	\$5,048	\$78,332	\$4,539	\$89,136
Program Support	\$5,036	\$0	\$5,088	\$0
Subtotal: Other Exps:	\$10,084	\$78,332	\$9,627	\$89,136
Total GF/non-GF:	\$10,084	\$3,881,569	\$9,627	\$4,366,109
Program Total:	\$3,891,653		\$4,375,736	
Program FTE	0.00	3.00	0.00	2.00
Program Revenues				
Fees, Permits & Charges	\$0	\$1,353,445	\$0	\$3,132,528
Intergovernmental	\$0	\$326,593	\$0	\$1,144,445
Other / Miscellaneous	\$0	\$0	\$0	\$0
Program Revenue for Admin	\$437	\$102,867	\$113	\$89,136
Total Revenue:	\$437	\$1,782,905	\$113	\$4,366,109

Explanation of Revenues

Currently the Asset Management Section's main revenue source is the "Facilities base rate", a set rate charged to each program that is determined by type of square footage occupied. To make this Section more self-sustainable, newly executed leases and intergovernmental agreements are including annual fees to cover Asset Management's services.

Significant Program Changes

✔ Significantly Changed

Last year this program was:

Program Offer #72046 - Facilities Real Estate Portfolio Management

Last year's Program Offer was labeled Facilities Real Estate Portfolio Management and included a Program Manager and the Moves, Adds, and Changes Project Managers. These four positions have been moved to the Building Operations Program Offer for 2008 creating a single focused Program Offer for Facilities Asset Management.