

City of San Diego
Real Estate Assets Department
Identification of Efficiency Opportunities

March 25, 2014



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I. Executive Summary

Huron Consulting Group, at the direction of the City of San Diego's (City) Office of the Deputy Chief Operating Officer for Internal Operations, conducted a high level assessment of the City's Real Estate Assets Department (READ) beginning in December 2013.

The Huron team began by gaining an understanding of the management, leadership, and operating activities within READ with a focus on identifying opportunities for improved efficiencies and performance. Huron conducted a number of interviews (listed in Appendix A) with READ personnel, officials in departments who work with READ to execute transactions, customers of READ, and external professionals who have worked with or alongside READ in dealings on behalf of the City. Huron also reviewed documents that have been delivered to the City in the past representing assessments of the performance of READ, strategic plans for the City's real estate portfolio, and internal audit documents. Huron was also provided with some data on the real estate portfolio to provide perspective as to the size and type of real estate portfolio overseen by the City.

Huron found that READ has opportunities to improve the management of the real estate portfolio by taking a more strategic approach and, at the same time, improve its relationship with key stakeholders across the City. Additional observations are as follows:

- There is a general lack of confidence among customers in the data that READ tracks related to real estate assets.
- There are currently no plans to fully integrate READ's stand-alone system for tracking real estate information with the City's SAP Enterprise Asset Management (EAM) module.
- City departmental customers assess that READ places insufficient emphasis on client service and real estate utilization.
- There has been limited succession planning for READ.
- READ's collaboration and coordination with other City departments is limited.
- There are additional opportunities to utilize the expertise and perspective of external real estate advisors to the City.

To address these observations, Huron proposes a number of recommendations that would move READ further in the direction of being a strategic asset manager, including:

- Developing a strategic plan for managing the City's real estate assets;
- Increasing the focus on balancing departmental needs and asset management;
- Optimizing the City's real estate portfolio;
- Improving coordination with other City departments; and
- Selectively increasing the use of external experts.

Huron developed these recommendations based on our interviews, analysis of data, familiarity with applicable case studies, and reference to best practices. If implemented, they should enable the City to conduct transactions more efficiently while improving customer satisfaction and the overall value that the organization provides to the City.

II. Huron's Assessment Approach

Scope of Work

Huron Consulting Group was engaged by the City of San Diego to conduct a review to identify improvements to the City's READ operation. Specifically, Huron's in-scope tasks included:

- a. Analyzing the City's approach to space planning and documenting the City's asset inventory and assessment processes.
- b. Analyzing the City's process for asset disposition based on data provided by the City, including disposition transaction timeliness, throughput, and other key process metrics.
- c. Identifying technology and data utilization currently used in the inventory maintenance, space planning, and asset disposition processes and determining opportunities to enhance.
- d. Working with the information provided by the City's appointed legal resource, determining the applicability to the City of various asset optimization models that create revenue, including:
 - i. Sale-lease back; and
 - ii. Lease-lease back.
- e. Working with the information provided by the City's appointed legal resource, assessing the applicability to San Diego of creating or using existing non-profit ownership structures to enhance the financial performance of City.
- f. Delivering a document that provides a menu of asset optimization recommendations and associated estimates of enhanced revenues and/or cost savings that will enable the City of San Diego to take a best practices approach to improving the management of its asset (real estate and facilities) inventory.

This review addresses the above scope to the extent possible given the data made available by the City during the timeframe of the report. Specifically, Huron was unable to access data necessary to assess end-to-ending timing for real estate transactions and, when requesting process information, was told that each transaction's uniqueness made documenting a standard process impossible. Additionally, where possible, Huron has identified where recommendations have the potential for positive financial impact based on the experience of other jurisdictions.

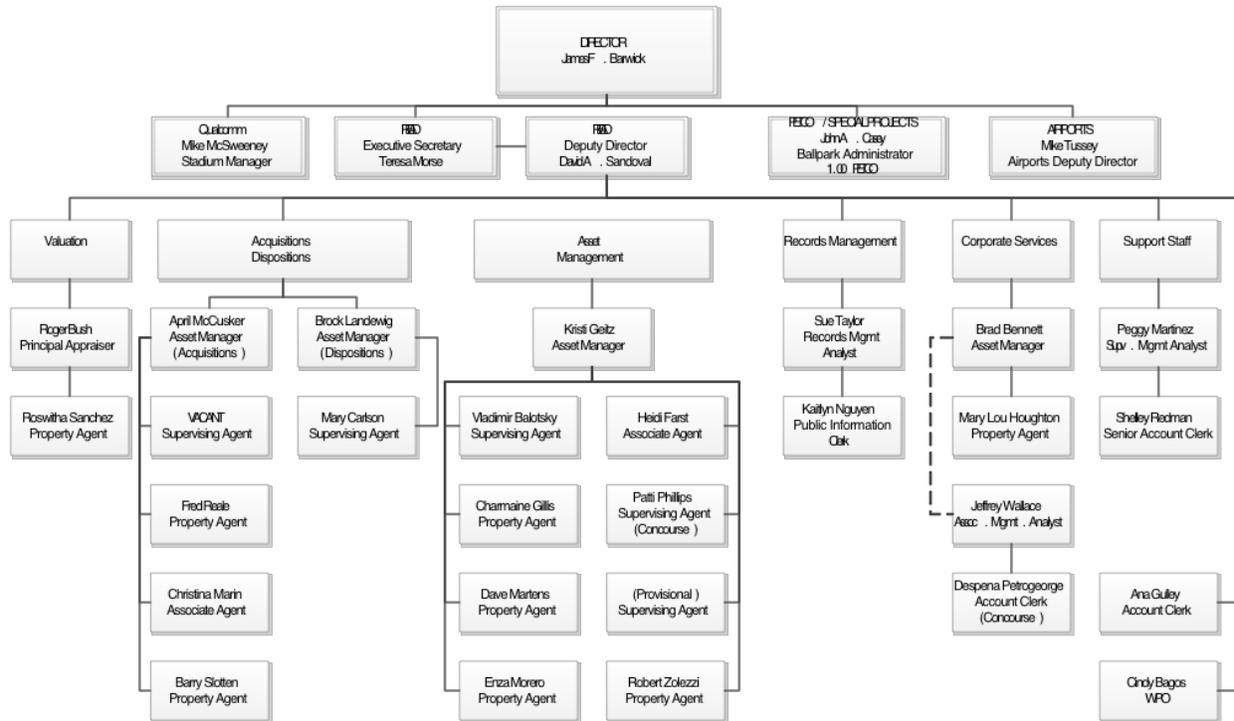
III. Background

Real Estate Assets Department (READ) Overview

The City of San Diego's Real Estate Assets Department (READ) manages the City's real estate portfolio (including leased space) and oversees the operations of Qualcomm Stadium, Petco Park, Montgomery Field Airport, and Brown Field Airport. READ is organized into four service divisions, illustrated and detailed below. Most READ divisions are headed by an Asset Manager and staffed by Supervising Property Agents and Property Agents. READ also employs support personnel in administrative and clerical positions. Over the past few years, READ's workforce has declined slightly while its budget has fluctuated, as shown in the table below:

Year	Employees	Budgeted Expenses
2009	34.5	\$4.1 million
2010	32	\$3.8 million
2011	28	\$4.5 million
2012	27	\$4.3 million
2013	28	\$4.5 million

The Director of READ reports directly to the City's Deputy Chief Operating Officer for Internal Operations. While READ is responsible for the management of City real estate assets, including the City's facilities, it is not responsible for the maintenance of City facilities. The City's Facilities Division, which is located under the Deputy Chief Operating Officer for Infrastructure/Public Works, is tasked with maintaining the City's facilities. It is important to note that the responsibility for management and maintenance of the City's facilities falls under separate Deputy Chief Operating Officers, thus creating some confusion within the City as to the ultimate responsibility for the City's facilities.



Acquisition/Disposition Division

This division provides acquisition services for public facilities, parks, open space, and rights-of-way. It also maintains property records, evaluates City assets to determine which properties are essential for the City's core mission and which can be considered surplus, and handles the disposition of surplus properties.¹

When an acquisition or disposition of assets is required, the Acquisition/Disposition Division is typically notified early in the process. The division will review the status of the asset to check for existing leases and other commitments. It will also review any applicable titles to ensure they are clear for an upcoming transaction. In the case of easement acquisition, the division will also look at aspects of the planned project to identify any potential obstacles. An example given of a potential obstacle was the acquisition of an easement that needed use of land owned by the Department of the Navy. In this case, there were some aspects of the land that were classified top secret. As a result, the division needed to work with the Navy to determine an approach that would comply with the top secret status, but also obtain the easement.

In general, the division informs those requesting a transaction that the process may take up to a year to complete. In many cases, this is due to the lengthy time associated with the appraisal

¹ Descriptions of divisions within READ taken from the 2012 audit report, 2012 financial results, and notes from interviews.

process, a length of time which READ attributes to its resource limitations. Some customers interviewed indicate frustration with the process. In some cases, this may result from a department beginning a transaction before consulting READ. In these cases, the result is that the transaction may be well underway, but is halted so that READ can complete its steps. Without READ completing its role, the proposed transaction cannot be taken to City Council for approval.

Asset Management Division

This division manages the City's properties and leases to tenants. It also administers the City's existing ground leases, permits, operating agreements, use and occupancy agreements, and sub-leases. It is also responsible for redeveloping existing leaseholds, negotiating new leases and permits, renewing expired leases and permits, implementing rental adjustments, and ensuring lease compliance. Additionally, this division oversees the Community Concourse and the City's parking garage.

Corporate Services Division

This division plans, organizes, and executes transactions that support the City's facilities-related needs. Its staff members work with individual City departments to determine their space requirements and whether these requirements can be best accommodated through occupancy of City-owned properties, a lease from an outside entity, or the acquisition of a new facility.

Valuation Division

This division provides valuations to support property sales, property acquisitions, rental rates, market rent adjustments, annual valuations of properties held for investment to the Comptroller's Office for inclusion in the Comprehensive Annual Financial Report (CAFR), and valuations of properties for the Debt Management Department, which serve as security for major bond issuances.

The Valuation Division provides an appraisal for each City lease and all acquisitions and dispositions of properties. Thus, there is a large workload for the Valuation Division. Given that there are some valuation tasks that must be done every year, such as valuations for the CAFR, and also considering READ's project workload, customers indicate there can be lengthy delays in getting appraisals completed for projects. This delay can result in overall project delays. Per San Diego Municipal Code 22.0902, the valuations may be provided by a qualified real estate appraiser, who may be a professional appraiser or a qualified employee of the City.

For developing appraisals to support valuation of the portfolio, the division uses prior valuations, data related to changes in market conditions, age and condition of the facility being appraised, and the approximate valuation of adjacent, comparable facilities. Given the number of facilities in the City's portfolio and the volume of appraisal activity to support transactions, it was acknowledged in the interviews with READ personnel that the process for developing appraisals can be slow and subject to frequent delays to accommodate other time sensitive projects. It was noted by some members of the READ team that some appraisals can take up to six months to complete.

Qualcomm Stadium

Qualcomm Stadium is San Diego's largest outdoor stadium. It is the home stadium for the San Diego Chargers football team and the San Diego State University football team. In addition, Qualcomm Stadium hosts college football games (bowl games), concerts, and other events.

Airports

San Diego has two airports - Montgomery Field and Brown Field - that are managed by READ personnel. Both airports are used for general aviation purposes as well as some commercial aviation activities. Government agencies, including the Department of Homeland Security and the California Department of Forestry, use the airports as well. San Diego's main commercial airport, Lindbergh Field, is not managed by READ, as it is managed by the San Diego County Regional Airport Authority.

Petco Park

Petco Park is home to the San Diego Padres baseball team. The City of San Diego maintains a 70% ownership stake in the stadium, and the Padres are responsible for the day-to-day management of the stadium.

IV. Composition of the City’s Real Estate Portfolio

Portfolio Overview

San Diego is known for its considerable open space, including park space. The City owns approximately 122,000 acres, including open park spaces and facilities such as fire and police stations, libraries, maintenance yards, office space, and sewer and water treatment plants. Of the 122,000 acres, approximately 30% are beach and adjacent properties. Approximately half of the remaining acreage is overseen by the Public Utilities Department, and the other half by departments funded from the General Fund. Of the latter properties, more than 90% are park and open space lands. In most cases, READ is responsible for the administration aspects of property ownership, such as contracting, valuation, and negotiating lease agreements, where applicable. The owning departments are responsible for managing the property and coordinating with the appropriate department to obtain maintenance services, facility improvements, and other needs as appropriate for the property.

The City also owns and leases office space in downtown and suburban locations totaling over one million square feet. City-owned buildings total 562,000 square feet and include the City Administration Building, the Development Services Center, and facilities in Chollas and Kearney Mesa. Leased buildings total 538,000 square feet and include the Civic Center Plaza, the Executive Complex, and 525 B Street, all three of which are located downtown. The following are some tables showing different perspectives on the City of San Diego owned real estate portfolio. The largest proportion of owned property is open spaces and beaches. As learned in interviews, these spaces are not intended for development in accordance with legislation protecting those lands.

Top Ten Communities by Acreage

(“None” category is comprised mostly of Ocean Lands)

Community	Acres
None	45,004.750
San Pasqual Valley	13,254.216
Co-Jamul/Dulzura	8,200.743
Co-East County	4,287.180
Mission Bay Park	4,260.014
Co-Northeast County	3,720.000
Tierrasanta	3,600.902
Co-Lakeside	3,455.495
Navajo	3,177.700
Co-Otay	2,782.734

Top Ten Uses of Land by Acreage

Usage Type	Acres
Ocean Lands	35,678.000
Lake	16,086.636
Open Space, Dedic.	13,062.222
Regional Park	12,241.428

Usage Type	Acres
Watershed	12,145.676
Open Space, Desig.	11,771.489
Agric. Preserve	8,079.220
Reservoir	1,615.006
Solid Waste Disp.	1,467.167
Airport	1,406.086

The above table indicates a large proportion of the City's land is considered open space (ocean lands, lake, open space, park, and watershed). This considerable allocation of land is primarily due to geography, but also maintained by legislation. While some of the space that is currently considered open, such as park space and watershed, could potentially be used for commercial development or converted to space allocated for real estate purposes, City legislation would need to be modified to allow changes. While the focus of this report was not on the allocation of space to specific use types, it is important to note the reason behind such allocation. Should READ develop a strategic plan for real estate utilization by the City, specific attention should be paid to the reason for the classification of property across the City.

Managing Departments by Acreage

Department	Acres
Environmental	1,723.711
Fire	50.043
Housing	30.575
Library	52.066
Park and Rec.	40,007.134
Police	62.536
READ	38,881.212
Streets	21.410
Transport	341.369
Wastewater	556.045
Water	40,189.732
N/A	5.000
<u>Grand Total</u>	<u>121,920.833</u>

Some of the City's open space is overseen by READ because it has not been allocated to a particular department. While this is not a critical consideration, there should be a regular review of the assignment of property to a particular department so that correct accountability is maintained.

Acreage by Council District

District	Acres
Dist. 1	10,337.458
Dist. 2	675.236
Dist. 3	1,451.410
Dist. 4	916.309
Dist. 5	17,057.046
Dist. 6	3,635.944
Dist. 7	6,681.563
Dist. 8	2,567.747
Dist. 9	458.038
Multiple	48,415.062
Out ²	29,719.230
N/A	5.790
<u>Grand Total</u>	<u>121,920.833</u>

Council Districts 1 and 5 represent northern portions of the City. These districts include proportionately more open space than others. An important issue to note is the large proportion of real estate that is assigned to multiple districts. While in some cases, the parcels do cross district lines, it is likely that a review of the properties along with the latest district lines would yield a reassignment by district, thus providing a more accurate assignment of real estate to a particular district.

² “Out” refers to outside the Council districts. It may be appropriate to review the district assignments in case the lines have changed, thus placing the parcel(s) in a council district.

V. Positive Findings

Based on the interviews and document review, Huron identified several positive elements of READ's performance. These include:

- A. Based on interviews with members of the READ leadership team and staff, the READ leadership team places a strong emphasis on the professional development of staff, as demonstrated by multiple employees attending industry training courses and certification programs aimed at furthering their careers within READ.
- B. READ has successfully executed multiple transactions for the City related to the acquisition and disposition of real estate assets. Some of these transactions were related to building and land acquisitions for development and/or easements to support City capital projects. READ leaders reported that from FY2008-2013, the department had managed the sale of 39 properties with revenue from those transactions totaling \$56 million. According to READ, the sale-generated revenue represented \$2.5 million over the appraised value of the assets. READ also led the City's development of telecommunications sites, with estimated annual revenue to the City of \$3 million.³
- C. READ staff complimented leadership for the Department's collegial work atmosphere. The Director and the Deputy Director make a point of having regular meetings with their teams and schedule meetings with the full READ organization as appropriate. In addition, there were multiple comments lauding the Director for his open-door approach and availability to help with the resolution of issues.

³ FY2012 figures for properties sold and revenue generated come from the City's FY2012 financial report. The FY2013 figures were provided in READ's July 2013 presentation. Huron was unable to verify the data through property sales detail reports.

VI. Opportunities for Improvement

Huron found that there are clear opportunities for READ to improve its management of the City's real estate portfolio as well as its relationships with its key collaborators and customers across the City. These opportunities include:

A. READ Requires a Revised Operational Model

A clear vision and strategy is essential for any organization to successfully fulfill its mission. In order to provide perspective towards the type of organization and operational philosophy that READ should aim to incorporate, one can consider the traits of a successful real estate management organization. In reviewing the 2007 Grubb & Ellis report and the City's audit of READ (December 2012), it appears that READ is not operating in a structured manner with a clear vision and strategy to guide it on a day-to-day basis. Thus, a first step towards establishing an effective platform upon which READ can build is to establish an operational model. Key elements of a successful operational model for READ should include an overall strategic plan, enhanced operational alignment directed at customer requirements, and effective management of resources. These elements are addressed in the recommendations section of this report.

B. There is a Lack of Confidence in the Completeness of the Real Estate Portfolio Data

Multiple departments within the City manage real estate assets. For example, Parks & Recreation, the Police Department, and the Fire Department all own property and are responsible for managing their property. Thus, some interviewees commented that it is possible that READ may not be aware of the composition of the City's entire real estate portfolio.

Some transactions involving City property have been made with limited to no involvement from READ. A recent example of this involves a fire station built on a parking lot near Qualcomm Stadium. READ personnel found out about the project through the scheduling of a press release. The fact that a transaction or development decision involving City property was made without notification to READ is not only problematic, but could lead to unnecessary property acquisitions.

READ must be included in transactions, such as acquisitions, dispositions, facility relocations, and leases, both in order to mitigate the risk of delay in executing transactions and so it can perform its function as the City's real estate asset manager. This will also ensure that READ has accurate data as it relates to the City's real estate portfolio. In addition, this would enable READ to better assist with execution of the project and to apply its expertise on real estate matters to ensure the City is best served by the transaction, as delays in transactions can have negative cost impacts.

Further, according to READ, data on the periods of time necessary to complete transactions are not maintained in a structured fashion. Thus, there is no way to assess the performance of READ (and other departments) in the execution of transactions, to compare to benchmarks to assess the effectiveness of READ, or to determine bottlenecks in the process.

C. READ Uses a Software Package That is Not Fully Integrated with SAP

READ uses as its primary software package a program originally designed for use by Real Estate Investment Trusts (REITs) for tracking leases and assets. This package has been heavily modified to meet the needs of READ, and feedback from READ has been that the system meets its needs. The reasons given by department officials for not utilizing SAP's Enterprise Asset Management (EAM) module, currently being implemented by the City, are that it does not include the essential functionality needed by READ for asset and lease tracking and that EAM requires too many process steps.

READ has indicated that the City was unable to fund modifications to SAP that would meet its needs; thus, the department will continue to use its existing program for the foreseeable future. The City's EAM team has expressed concern over the impact to overall City asset management efforts of limited integration between READ's system and SAP. At this point, the SAP program team indicates that the only two-way integration between SAP and the READ system is invoice detail used for billing purposes. For fixed assets, SAP is the City's official system of record. As a result, fixed asset information is entered manually in two places – SAP and the READ system – thus increasing the chance for errors and/or inconsistencies. At this time, READ leadership indicates there are no plans to move its data and processes to either SAP or a system that is fully integrated with SAP.

D. Customers Perceive that READ Pays Inadequate Attention to Asset Management and Planning

The perception from multiple customer departments interviewed is that READ is so focused on the execution of transactions (leases, acquisitions, dispositions) that its other duties, such as property and office space management, receive insufficient attention. Interviews with READ leaders confirm the organization's primary interest in and attention to the success of transactions that have been executed on behalf of the City.

For example, the comments from interviews with personnel in customer departments focused on a historical lack of clarity from READ as to the City's effective use of work space as well as any applicable guidelines. However, READ leaders noted that there have been recent efforts by READ to establish standards for the utilization of office space throughout the City (based on the Gensler report - a strategic plan for office space utilization presented in September 2012 in a report by Gensler, an integrated architecture, design, planning, and consulting firm). READ reports that it has included these office space standards in City policies and indicates that it is working to implement these standards on a project-by-project basis for office space, which will take some time.

In each case, space availability and budget will both play large parts in the decision to move forward with reconfigurations that are in alignment with the City's new space standards, which READ indicates are posted on the City's Purchasing and Contracting website.⁴ A key consideration for the successful implementation of standards will be the acceptance/adoption by City departments and also their ability/willingness to implement those standards in the City's facilities. An additional important consideration is the feasibility to modify some of the City's

⁴ Huron was unable to verify the availability of these office space standards on the City's website.

existing buildings in a cost effective manner. It is unclear if an assessment of the City's current facilities has been done to obtain a clear understanding of the status of City facilities with respect to their age, safety, and cost to perform modifications. For example, there have been concerns expressed that some City facilities may not be able to be reconfigured without incurring significant costs due to the age of the facilities and asbestos concerns.

E. READ's Communication Regarding Optimization of Its Real Estate Portfolio is Limited

Multiple comments were made indicating that there has been little visible effort to optimize the City's real estate portfolio. While READ conducts many transactions, how these transactions fit into an overall portfolio management plan is not well articulated by READ nor understood by customer departments. Specific areas of concern relate to holding onto properties that might yield significant revenues if sold or leased (in a ground lease scenario). Interviewees in other departments do acknowledge that some properties might have restrictions attached to them that would limit the City's options for utilization of the property, including legal restrictions, zoning rules, and market conditions. However, it is also apparent that the communication concerning the basis for these decisions has been limited.

F. READ's Succession Planning is Incomplete

There are some key individuals within READ who have either recently retired or are nearing retirement. The current plan for addressing these key retirements is to retain the employees on a provisional basis – which is optional for the employees themselves. Thus, if the employee chooses not to continue working with the City, there will be a significant gap in capabilities for READ to fulfill its function for the City. This represents a significant risk to READ and the City as the employees who are at the point of retirement hold substantial knowledge about how READ operates and interacts with other City departments, and about the City's real estate portfolio.

G. READ's Collaboration and Coordination within the City Warrants Improvement

Multiple individuals indicated in interviews that READ is not considered an easy department with which to work. Thus, some departments have actually attempted to handle their own real estate transactions to avoid interacting with READ as much as possible. These transactions include moving offices, acquiring additional office space, and acquiring property. However, not utilizing the City's real estate infrastructure poses risks to the City that a transaction will not be executed appropriately or in line with City policies. Disjointed real estate transactions can be costly as the City does not benefit from its aggregate buying power and leads to inconsistencies in leases, such as termination and renewal provisions.

Further, READ indicated that it has not been included on the City's Capital Improvements Program Review and Advisory Committee (CIPRAC). While the City's website indicates that "Airports/ Real Estate Assets" is a participating organization, the Director of the Real Estate Assets Department is not included as one of the City Department Directors and Senior Level Officials who are members of the committee. Given that capital improvement projects will likely include some usage of the services of READ, it would be prudent for the City to include READ participation on CIPRAC.

As a result of the limited level of collaboration, customers report that there have been multiple cases where a department will undertake a transaction and move towards execution of that

transaction using internal or external resources. Some of these transactions will proceed without the knowledge or input of READ or the City Attorney's office. The transactions will get to the point of requiring sign-off from the City Attorney or READ (requiring an appraisal or other approval). At that point, the transaction will be delayed. This leads to the impression that READ is holding up the transaction, which leads to a sometimes unfair negative perception of READ's performance on transactions. Additionally, these delays can negatively impact the transaction economics if there are delay penalties or escalations.

Examples of such transactions where READ's involvement was not optimal include departments acquiring additional office space and also Parks and Recreation acquiring additional space designated for use as parks. The time and resource constraints of this engagement prevented Huron from examining the specific details behind these examples. However, READ personnel did confirm a level of frustration that READ had not been utilized to support the execution of some real estate and office space acquisitions.

H. There are Opportunities for READ to Better Leverage External Real Estate Expertise

Like all cities, San Diego has a number of local real estate advisory firms providing services ranging from leasing, financing, purchase/sales, valuation, and development. While READ reports that it does engage local firms to perform such tasks as appraisals and surplus property dispositions, further use of such firms could benefit the City in making sound business decisions regarding its real estate portfolio. Further, there have been anecdotal comments of resistance to obtaining advisory counsel – at times offered at no cost – from a local commercial real estate firm to provide perspective on ongoing and pending transactions. This reluctance to engage outside service providers may be a hindrance to the City in executing transactions that are in the best interest of the City. The City could improve the speed of transactions, the volume of transactions, and, potentially, its return on investment by utilizing external experts.

VII. Recommendations

Huron was requested to develop a menu of options that could improve the department's operations. Consistent with studies of high-performing City real estate organizations, a number of guiding principles support the development of these options, including a strategic asset management emphasis, transparency of operations, customer service focus, and integration/cooperation with other City departments to accomplish common asset management goals.

Given the time and resource constraints of this study, Huron has not reviewed the City's portfolio in detail, or the laws regulating the way the portfolio must be managed. However, our recommendations were developed from interviews and a comparison to demonstrated success stories from other jurisdictions. While these recommendations entail varying degrees of difficulty related to their implementation, their adoption should contribute to a stronger real estate customer service organization as well as improved performance as it relates to the management of the City's real estate portfolio.

A. Develop a Strategic Plan for Managing the City's Real Estate Assets

READ needs a defined strategy for managing the City's real estate assets. The strategic plan should provide direction as to the goals of the City with respect to property ownership, real estate investment, office space, facility development, and personnel management. Such a plan would consider the following:

- The City should develop a master plan for City office space that evaluates the cost of current rental space, the space needs of each department and how they might be optimized, the possibilities for consolidation, the remodeling costs of City Hall, and alternative ownership and management structures. Currently, the City rents approximately half of its office space. While some considerations drive this approach, including lack of sufficient owned office space to accommodate City workers, the current office space footprint may not be optimized to leverage established best practices for space per employee and location relative to other City workers. This further drives the need to rent additional office space.
- A strategic plan for office space utilization was presented to the City in September 2012 in a report by Gensler, an integrated architecture, design, planning, and consulting firm. The report focused on office space usage throughout the City and provided a framework for the future configuration of City office space. The report provided standards that would drive the total amount of square footage needed for office space for City workers of varying levels and could be used to dictate the amount of space the City owns versus how much space the City should be renting. READ has indicated that the Gensler report is a foundation for future office space configuration, and it appears that the report (or elements of it) has been officially adopted as policy by the City (City Administrative Regulation 56.00). With this policy foundation, READ could make available clear guidance concerning office space standards on its website and in other materials made available for the departments it supports.
- The City should also establish a set of explicit set of principles and goals that can serve as guidance for the decision making process around the acquisition and disposition of real estate. As part of this analysis, the City should assess the following:
 - For those properties that it owns which have value and for which it has no intended use, the City should examine its options for disposing of the properties – ideally taking advantage of a positive real estate market.

- For those properties which have a future use, but no immediate plans, the City should review alternative uses for the properties in the near term, such as temporary buildings or open space.

These types of issues cannot be resolved overnight, but READ should propose a vision that is confirmed by City leadership as to the direction it seeks to take with respect to its assets.

- READ should develop and periodically update a Key Performance Indicators (KPI) scorecard that enables the Council, the Mayor, customer departments and the public to monitor progress against strategic plan priorities. KPIs provide the data necessary to make better decisions regarding assets. By referencing KPIs, decision-making becomes heavily based on real data rather than subjective criteria. As applied to real estate asset management, performance measures are often broken out into three primary categories: surplus/investment property measures, execution or service driven measures, and real estate portfolio measures. Examples of such KPIs could include:
 - Surplus/Investment Property
 - a. Occupancy
 - b. Delinquency rate
 - c. Spread between actual rent received and market rate
 - d. Average remaining term on leases
 - e. Property value and change in value
 - f. Return in investment (ROI)
 - Execution-Driven Measures
 - a. Service requests handled per month
 - b. Response time
 - c. Quality of information (as rated by customer surveys)
 - d. Ability to answer questions
 - e. Customer satisfaction (through follow-up surveys)
 - f. Portion of portfolio visited in last reporting period
 - g. Adherence to budget
 - Portfolio Measures
 - a. Percentage of each property in use for service delivery (survey of properties – departments collect this data individually through a simple estimate of area in use (most properties will be 0% or 100%))
 - b. Status of projects or programs for which property is being held in anticipation of future use (i.e. transportation projects)
 - c. Total real estate expense as a component of total operating costs, by department and for the organization as a whole
 - d. Total real estate expense per employee for administrative space, by department and for the organization as a whole
 - e. Per square foot cost of office space in administrative building, by group occupying administrative space, and for the organization as a whole
 - f. Real estate cost as a percentage of total City budget
 - g. Real estate cost per employee
 - h. Total square footage per employee in administrative buildings
 - i. Value of surplus property sales per year

- j. Number of surplus property sales per year
 - k. Number of underutilized properties in the portfolio
- READ should develop an employee development plan that is consistent with City personnel development practices and applicable policies. The plan should address employee training for skills relevant to READ, management training, and obtaining relevant certifications.

B. Enhance Coordination with the Facilities Division

Based on information gained from interviews with City personnel and a review of documents, it is clear that READ and the City's Facilities Division are assigned some functions that are closely related, with READ providing "management" and Facilities providing "maintenance" of the City's facilities. The Facilities Division is in the General Services branch of the Public Works Department and is responsible for the maintenance and repair of the City's facilities. The director of the Public Works Department reports to the Deputy Chief Operating Officer for Infrastructure and Public Works.

Among READ's responsibilities are the acquisition, disposition, and allocation of office and related space. Historically, according to a number of the individuals interviewed, the level of coordination between Facilities and READ has not been optimal. This has resulted in READ acquiring new assets, such as buildings and properties with construction needs, for which Facilities does not have the budget or manpower to support.

A specific, recent example where inter-organizational communication could have been improved is the acquisition of a property in north San Diego that had a preexisting building already in place. READ had executed the transaction. Because the City has specific building code requirements associated with its buildings, Facilities needed to do some work on the newly acquired building before it could be used for its intended purpose. However, because Facilities did not have advance knowledge of the acquisition from READ nor the budget for the necessary work, Facilities was put in a position where it needed to divert resources from other projects to make the necessary changes to the newly acquired structure.

By establishing a closer organizational connection between Facilities and READ, coordination should be improved. This could be achieved by moving the two departments under the same leadership, such as the same Deputy Chief Operating Officer. Each organization has a distinct enough assignment and high enough profile that Huron does not recommend merging them, but greater organizational connection is desirable given their interdependencies.

C. Create an Oversight Body to Enhance READ Operations

Currently, READ operates relatively independently with respect to its operations and decision making. READ is required to present transactions to City Council for approval, but the work leading to the point of presentation to Council is led, in some cases, by READ with little to no oversight. Further, the lack of oversight could lead to cases where, for example, the price on a sale is not maximized, or space is not allocated as efficiently as possible.

A solution to San Diego's current issues could be to establish a review group similar to New York City's SPACE Task Force (see below) to provide analysis on proposed transactions and report to an executive committee for approval. Similarly to New York City, real estate values in San Diego are far higher than the national average, and, therefore, the potential impact on the City's budget is great. This review group would be comprised of READ senior staff, budget senior staff, representatives of

City Hall and the City Council, and, possibly, real estate and development experts familiar with the San Diego and Southern California real estate markets. The group would review all transactions above a certain threshold and make recommendations for approval to the Mayor and City Council.

Public members of the committee would need to abide by standard conflict of interest protocols and recuse themselves from any transactions from which they could benefit. Any potential conflicts of interest that could arise out of a group such as this would need to be reviewed by the City Attorney's office and perhaps the City's ethics commission. Participating members of the group would be made aware of the City's policies regarding conflicts of interest and the procedures for minimizing potential conflicts.

New York City - SPACE

The City of New York faced a similar situation to San Diego around 2009. To address major space inefficiencies and opacity in its real estate management practices, the City of New York established the Strategic Property Alignment for Citywide Efficiency (SPACE) Executive Committee, Working Group and Task Force. The Executive Committee consisted of each of the six deputy mayors and their chiefs of staff; the commissioner and deputy commissioner for the real estate division; the budget director; and president of the economic development corporation. The Working Group consisted of senior real estate staff; management and budget staff that covered all departmental space and construction needs; senior economic development staff; and mayor's office senior operations staff. The Working Group had access to outside real estate advisors and appraisers on retainer to the City's real estate group.

The Working Group was tasked with implementing a citywide office space reduction initiative and developing cost-effective City tenancing plans for two major economic development projects - the World Trade Center Tower 4 (400,000 square feet) and 2 Gotham (635,000 square feet). The Task Force was established to engage the 54 City agencies in real estate cost savings and revenue generation ideas. The Executive Committee was needed in order to ensure all agencies were aware of real estate efficiency efforts but also to ensure agencies were aware of the top-level executive support. The Working Group vetted the feasibility of the Task Force's ideas and then over time their review methodologies were refined to focus on cost savings and revenue generation transactions and providing cost-effective yet quality work environments. The SPACE initiative achieved 80% of its space reduction goal by March 2013 and generated over \$100 million in property sales. In addition, the City established office space utilization reporting requirements for all agencies that are updated quarterly in the Mayor's Management Report. Lastly, the Working Group established a space request process for agencies to submit preliminary projections for space needs and ensures those needs are factored into the City's long term land use needs.

D. Determine Integration Path with the SAP EAM Platform

Currently, READ utilizes an application for tracking real estate assets that is separate from the City's SAP enterprise resource planning (ERP) software. The City's ERP project management team has indicated that transitioning READ to the recently implemented EAM is desired in order to improve the integration of READ information with the rest of the City's operational and financial data, thus improving the City's ability to manage its assets overall. However, no timetable has been put in place.

As a first step, the City should request SAP's assistance, pro bono, to provide "best practice approaches" when it comes to using EAM as a real estate support tool, with the goal of understanding how EAM could support READ's operations and minimizing the amount of customization, if any, to EAM necessary to support those operations. If, after analysis, it is determined that EAM just does not provide adequate functionality for READ, the City should consider other real estate management applications that fully integrate with SAP and/or enhance the full integration between SAP and the READ system.

E. Enhance Focus on Customer Departmental Needs

The interviews of READ and customer departmental personnel indicate that there is a disconnect between the importance that READ places on completing transactions and the importance that customer departments place on other READ assigned tasks. While there is a need for professionally-conducted real estate transactions, READ should place greater emphasis on customer-facing activities that support the effective management of real estate within the City. This includes proactively managing departmental space needs and identifying where space is underutilized. Specific examples of activities that should receive enhanced focus include active management of the City's office space footprint, active monitoring of space and facility usage, and regular assessment of the City's ongoing and future space needs.

When it comes to particular projects with customer departments, READ must improve its tracking of project milestones and communication of such with departmental clients. Creating a single point of contact within READ for each major project could also improve the organization's communications with customer departments. Also, establishing a process for tracking and communicating the status of project milestones will not only support effective project management, but will also help READ identify any roadblocks that regularly result in project delays.

F. Focus on Optimizing the City's Real Estate Portfolio

READ can improve its efforts to optimize the City's real estate portfolio, including planning for future needs and disposing of assets for which there is no envisioned use. Among READ customers there is the perception that, there are multiple properties in the City's portfolio that are unused. It is possible that some of these properties may not have a planned use and could be sold, generating additional revenues for the City.

Some considerations to this point are the following:

- Some potential transactions may not have been made due to the challenging real estate markets of recent years. However, an ongoing and active monitoring of the City's portfolio as well as the local, state-wide, and national real estate markets is critical for optimizing the portfolio as well as making well-informed decisions regarding acquisition and disposition of real estate assets. Properties under consideration for disposition should be presented on a regular schedule to the review committee mentioned in recommendation C above.
- Some properties owned by the City may have restrictions on use and/or sale and may be considered protected open space (ocean lands, open space, parks, and watershed). An example that was provided is the case of some properties that are considered to be "Pueblo Lands", which may have usage restrictions. READ should complete a regular detailed review of the properties that are categorized as those that must be kept, or

cannot be sold for legal or other reasons to confirm that the reasons for such categorization are still valid. There may be development opportunities that could be identified through a detailed review of property classifications across the City, without infringing upon space that is currently considered protected open, such as park space and watershed. Such an effort could identify lands that could potentially be used for commercial development or converted to space allocated for real estate purposes. These reclassifications may require City legislation to allow changes.

- READ should establish a quick baseline of consolidation opportunities by engaging an architecture firm to look at its current office inventory utilizing the space guidelines adopted it has adopted and to simplify planning and budgeting and then verify utilization and general condition. In New York City, this was done for 12.5 million square feet in a matter of months using a combination of agency self-reporting and field verification and architectural staff time. Use of the Gensler report from September 2012 may be the first step in implementing this approach.
- One example of portfolio optimization that has been used in other cities is the engagement of City departments/agencies in providing costs savings and revenue generation ideas. In New York City, 54 agency heads and their facilities managers provided over 100 ideas that turned into about 50 transactions to reduce the City's office portfolio by 10%. For San Diego, READ could be the focal point for a process that solicits ideas from City departments. Because READ has the role of being the City's expert on real estate matters, it could also provide its knowledge of what ideas would be feasible under City policies. That effort can be aided by mayoral messaging that it is imperative to reduce cost and maximize revenue and that READ is tasked with implementing such initiatives.

G. Align Personnel Management Practices with those of the City

READ should focus on effective management of its resources, namely the people employed within READ. READ's management team should conduct regular evaluations of all employees and also implement a program to solicit upward feedback for the management team. The evaluations of employees should focus on their performance, areas of development, and steps needing to be taken to help the employees meet their career objectives within READ. The City's Human Resources Department should be engaged to conduct a review of READ's practices related to personnel management.

While the READ leadership team has referred to personnel development for its employees being a priority, there were mixed comments that were indicative of a level of inconsistency in the approach towards personnel development within READ. There was discussion of a focus on training and obtaining certifications relevant to the work done by READ. These opportunities should be made available to all READ employees and include documentation regarding the steps needed to obtain training and certification. READ should include in its annual operating budget an appropriate level of funding to support training initiatives.

READ leadership, with the support of the Human Resources Department, should conduct a review of its employees to assess their alignment within the READ organizational structure. The review should focus on the roles and responsibilities of the positions within READ and the fit of READ's current employees. If necessary, alignment changes should be made in such a way as to enable employees to successfully execute their roles. There should also be an assessment of resources within READ to ensure that the employees are equipped with the necessary skills, resources, technology, and other tools for their roles.

H. Develop an Employee Succession Plan and Document Processes

READ has had recent retirements; more are anticipated in the next six months. This, combined with recent reductions in headcount, has led the READ staff to conclude that they do not have the headcount needed to execute on the department's mission.

A significant consideration is that some personnel who are retiring do not have potential replacements lined up. These roles are critical to the execution of transactions. Two roles in particular - appraisal and leadership of the acquisitions/dispositions group - are currently filled by provisional (or soon to be) employees. While in the case of the acquisitions/dispositions group, the provisional employee is staying to mentor the new leader of the group, the appraisal leader will be retiring. The current plan is to have the current appraisal leader come back to work as a provisional employee. Going forward, these senior managers should submit detailed transition memorandums and unit manuals that include key processes, duties, responsibilities and lessons learned as well as relevant City charter or municipal code requirements. In addition, a contract should be put in place to temporarily staff these senior positions until permanently filled.

I. Improve Process Transparency

There is a perception among interviewed customer departments that READ is responsible for holding up some processes in which it is involved. However, procedures for initiating and executing a transaction are not documented in a way that can be easily referenced by City departments. In order to improve on the clarity of READ procedures and their availability and to aid in succession planning mentioned previously, there should be a focused review of the procedures associated with executing transactions, the departments that must be involved, and the documentation of those procedures.

The procedures should very clearly document the roles and responsibilities for transactions, present overall process timing expectations, and delineate the points at which READ's involvement is essential to the continuation of the execution of a transaction. The process documentation should also indicate where there may be deviations from the standard procedures and which departments within the City are responsible for specific tasks. The documents should reference applicable City code and policy where appropriate. Finally, the process and procedure documents should be made available on the READ section of the City's website. If there are any documents that are considered confidential, those could be made available to City personnel only via an internal website.

J. Consider Increasing the Use of External Experts

While READ does use outside professionals to assist in some transactions, for example, using commercial brokerage firms on 18 surplus property transactions since FY2008, the organization can evolve to being more strategic and customer service-oriented by selectively increasing its use of partners with the expertise to execute transactions and to provide additional oversight. This will increase READ's productivity and allow for greater focus on asset management activities and client needs. Doing so would allow READ to focus proactively on the most strategic activities such as space utilization and portfolio optimization versus completing all steps involved in a particular asset transaction. This opportunity is not about turning over responsibility or authority in completing READ's designated role as manager of the City's assets; it is about leveraging resources more effectively and efficiently to complete to achieve the City's multiple real estate asset management goals. READ has indicated that during the period represented by fiscal years 2008 through 2014, external brokers were used for 18 out of a total of 43 sales transactions. The basis for decisions to

use external brokers is generally based on size of transaction and the appropriateness of the use of an external broker.

External real estate advisors can provide a market perspective as to the value and potential of an asset, as well as transaction execution expertise. Further, an external advisor may have the full complement of resources needed to successfully and expeditiously execute transactions. For any transaction, whether it is for an easement or a building, City personnel will need to be involved – specifically for steps such as appraisals and legal review.

The use of a commercial real estate advisor for example would potentially help the City realize better pricing for its transactions. External brokers likely have broader networks of both buyers and sellers and could potentially extend that network on a national basis. In addition, commercial real estate advisors may provide a more aggressive marketing approach than may be exhibited, or allowed, by a City negotiator. This could result in more interest when disposing of City assets or additional options when looking to acquire space. External advisors may also have more up-to-date practices with respect to pricing properties and executing transactions. Establishing a relationship with one or more external brokers will also give the City a source for additional perspective on the pricing of its assets and also a resource for general advice on managing the City's real estate assets.

Another task on which outside assistance could be helpful is the review of the entire portfolio of City-owned lands mentioned above in recommendation F. A real estate advisory firm could be engaged through a competitive process to review the portfolio, including due diligence for restrictions (such as "Pueblo Lands"), and to recommend and implement transactions that reduce cost and increase revenue to the City while providing necessary City facilities.

In addition, the City should consider engaging multiple appraisal and financial advisory firms to validate and supplement in-house appraisals and real estate advisor-negotiated or recommended transactions. The City could also have purchasers or lessees of City property reimburse for the cost of these appraisals. The City real estate advisors should be able to execute purchase, sale and lease transactions. For lease acquisitions, services should include space planning test fits in the advisors' fees. In-house and external appraisers can verify the fairness of terms the advisors negotiate.

As a way of comparison, since the early 1990's, New York City Department of Citywide Administrative Services (DCAS) has been supplementing its in-house lease negotiators with national real estate advisory services firms with a major New York presence. The firms include in lease brokerage fees limited architectural and engineering services for space programming and test fits. This method allows in-house lease negotiators to oversee 25-30 active transactions. Previously, DCAS had many more negotiators and they each averaged many fewer transactions. Similarly, the U.S. General Services Administration has successfully utilized national and local real estate advisors for transactions since at least the early 1990's. In addition, the State of Florida and Washington, DC utilize real estate advisors for site selection and negotiations.

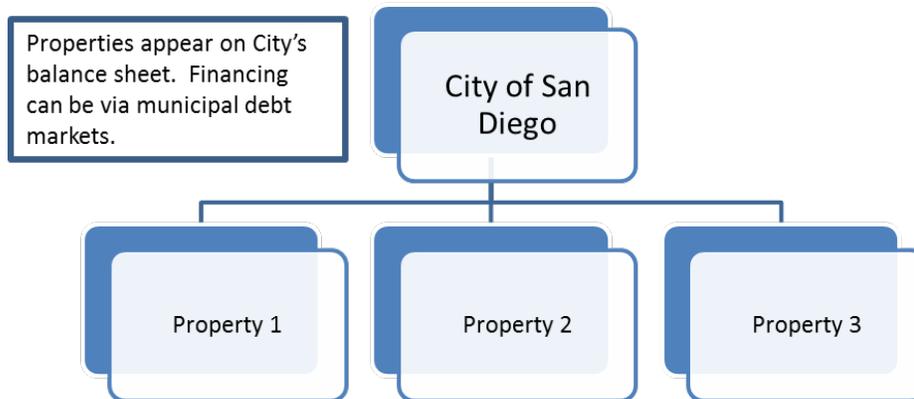
In addition to in-house appraisers, the City of New York utilizes appraisal firms to verify lease terms and valuations for acquisition and dispositions. For a portfolio of 23 million square feet across 450 leases and over 500 rental properties and 2,000 surplus properties, DCAS has 2 in-house appraisers and 4 appraisal firms on contract.

K. Consider Using Hybrid Financing to Move Projects Forward

Currently, City employees working in office buildings are widely dispersed. In some cases, these buildings are older and in need of retrofitting and modernization. In other cases, the costs to update

the facilities to enable efficient space utilization, in line with the space standards that have been approved, may be prohibitive. Thus, in order for the City to realize some office space efficiencies, it may need to explore new financing options for developing or acquiring the space it needs. Below is an illustration of the City's typical real estate financial structure, where the City is owner, occupant and borrower.

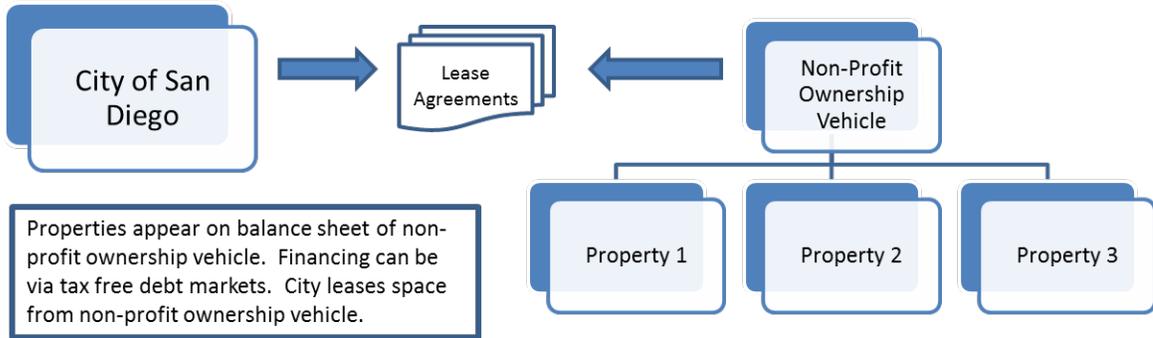
Traditional Ownership Structure



However, the City, like many cities in the United States, is fiscally constrained from making significant capital investments. One solution to this challenge could be to use a hybrid approach to financing new facilities. The illustration below shows a structure whereby a single-purpose non-profit entity (NFP) is formed that owns the facility. The NFP acquires the facilities that the City needs using tax-free debt. Using this approach, the financing options become more attractive than those in the general marketplace. The non-profit would not be subject to property taxes and could lease space to the City at favorable rates and generate market revenue from non-City occupied space as well as manage the facility efficiently.

The non-profit entity could be required to apply operating and space standards for the spaces it owns and leases back to the City. Further, the governance of the non-profit entity could be structured to include members of the public as well as City representation, including one or more members of the READ organization in the leadership team. The non-profit entity, while a standalone entity, would need to adopt important City policies such as sustainability goals and continuity of operations requirements in order to be able to provide space for the City. While City policies need to be complied with, there may also be state-wide policies with which compliance is required. For example, the State of New York requires landlords in leases to comply with such requirements as integrated pest management practices that employ the least toxic solutions to resolve infestations. The State of New York also requires landlords to assist them in complying with the state's stringent energy efficiency and recycling goals. Compliance with applicable City, county, and state laws should be factored into the development of any hybrid ownership structures that are developed.

Potential Hybrid Ownership Structure



This approach could ultimately give the City more flexibility with respect to the volume and location of space that it uses, which would likely result in favorable financial results related to its management of real estate. Also, this approach addresses concerns about the City “selling” its assets and either completely losing control of them, or resulting in higher long-term costs to the City.

Key considerations to using this approach include the feasibility under the City’s charter and State law, which still must be evaluated, and the City Council’s and constituents’ understanding and comfort level with this unique structure. In order to fully assess the feasibility of this or other alternative financing mechanisms, the City should utilize the task force mentioned above and their executive leadership to explore these options further with a financial advisor and, ultimately, make recommendations to City Council for how to proceed.

L. Summary Table of Recommendations

The following table is a summary of the recommendations made in this report. In addition to the description of the recommendation, the table includes estimates of the timing, effort, and impact associated with the implementation of each recommendation. The timing is intended to demonstrate the estimated timeframe within which the recommendation could be implemented in comparison to other recommendations. Short term is between 1-6 months, intermediate is 6-12 months, and long term is 12 months and longer. Effort is an estimate of the complexity and difficulty of implementing a recommendation on a scale of 1-5 with 5 representing the highest degree of complexity/difficulty. Finally, impact refers to the estimated impact that the recommendation will have on READ and the City. The impact rating is on a scale of 1-5 with 5 representing a recommendation with the highest level of impact on READ and the City.

Item	Recommendation	Description	Timing	Effort	Impact
A.	Develop a Strategic Plan for Managing the City’s Real Estate Assets	Develop a strategic plan for READ that addresses property ownership, real estate investment, office space management, facility development, and personnel management.	Short Term	3	4
B.	Enhance Coordination with the Facilities Division	Establish a closer organizational connection between READ and Facilities to facilitate efficient coordination and timing of projects that impact both departments.	Intermediate	2	4

Item	Recommendation	Description	Timing	Effort	Impact
C.	Create an Oversight Body to Enhance READ Operations	Establish a review group comprised of City and external members such as READ senior staff members, budget and finance senior staff members, representatives of City Hall and the City Council, and, possibly, real estate and development experts familiar with the San Diego and Southern California real estate markets. This group would provide analysis on proposed transactions and report to an executive committee for final approval.	Intermediate	3	4
D.	Determine Integration Path with the SAP EAM Platform	As a first step, determine the applicability of SAP to the work performed by READ. Assuming SAP is a viable solution, move READ's processes and data to the SAP platform to enable more accurate tracking of the entire real estate portfolio (assets, leases, easements, airports, and stadiums) with improved integration to the City's financial system. If SAP is not a viable tool, then the City should explore alternate software packages that can be integrated more fully with SAP.	Long Term	3	3
E.	Enhance Focus on Customer Departmental Needs	Improve support provided to customer departments in effectively managing real estate within the City. This can be accomplished by making public (via the READ website) the functions, projects, and accomplishments of READ. Publicizing READ's activities will allow constituents, customers, and City departments to be better aware of READ's activities.	Intermediate	2	5
F.	Focus on Optimizing the City's Real Estate Portfolio	Develop a methodology for real estate planning and management that guides decision-making around asset optimization decisions.	Intermediate	4	5
G.	Align Personnel Management Practices with those of the City	Reinforce a regular performance management process for all READ employees consistent with City practices. Also make training and development opportunities available to all employees as appropriate.	Short Term	2	4

Item	Recommendation	Description	Timing	Effort	Impact
H.	Develop an Employee Succession Plan and Document Processes	Identify employees within READ and externally, as needed, that are appropriate for future leadership roles within READ. Document and update the succession plan as needed and/or as employee transitions take place.	Short Term	2	4
I.	Improve Process Transparency	Educate other City departments on READ's role and associated processes. The processes and procedures for READ's activities should be well documented and made available for other City departments and the public (as appropriate). Establish regular touch points with frequent customer departments.	Short Term	2	4
J.	Consider Increasing the Use of External Experts	The City should engage external commercial real estate brokers, valuation experts, and financial advisors to supplement the City's resources when executing transactions and making decisions about the City's office space footprint.	Intermediate	4	5
K.	Consider Using Hybrid Financing to Move Projects Forward	Explore alternative methods of financing real estate transactions beyond the traditional ownership structures typically seen in cities. This should be done while taking into consideration City policies, the City Charter, and State law.	Long Term	5	5

VIII. Conclusion and Next Steps

Huron recommends the City consider the observations and recommendations included in this report and develop an implementation plan for those recommendations the City wishes to implement. The timing for implementation should be aligned with any strategic initiatives that the City's new leadership team wishes to put in place so as to minimize the potential disruption to City services and operations.

Specific next steps in the near term should include the following:

- Obtain consensus within the City regarding the recommendations from this report which the City would like to move forward with implementation.
- Establish a top level interdepartmental executive group empowered to make decisions and tasked with citywide real estate cost savings, revenue generation and improved space conditions.
- Announce executive committee formation and obtain ideas from City departments for real estate cost savings and revenue generation from departments, City Council, and possibly the public.
- Verify ideas through a working group that establishes feasibility for implementation, identifies "quick wins", and recommends necessary advisors.
- Develop an implementation timeline that takes into consideration any applicable constraints from other City departments.
- Agree upon a set of metrics and goals to monitor the management of the City's real estate portfolio and guide decision-making.
- Obtain assistance from SAP to provide evaluation and potential modification of EAM for READ's use

When the above steps are underway, the following processes should be in place:

- Prioritize review of the portfolio according to potential use and verify space utilization and property data. Recommend specific projects to the executive group.
- Present working group transactions for executive committee approval and READ implementation and monitoring.

Appendix A – Interview List

Name	Title	Date
Real Estate Assets Department Leadership <ul style="list-style-type: none"> • Jim Barwick, Director • David Sandoval, Deputy Director • Brad Bennett, Asset Manager • April McCusker, Asset Manager • Michael Tussey, Manager - Airports 	Group Meeting	December 12, 2013
Eid Fakhouri	Manager, Enterprise Applications	January 14, 2014
Susan Bowman	Program Manager, Asset Management	January 14, 2014
Debra Bond	Deputy Director, Enterprise Applications	January 14, 2014
Jane Arnold	Program Manager	January 14, 2014
Brad Bennett	Asset Manager	January 14, 2014
Lakshmi Kommi	Director, Debt Management	January 14, 2014
Infrastructure <ul style="list-style-type: none"> • Tony Heinrichs, Deputy Chief Operating Officer • James Nagelvoort, Director – Engineering • Roy Kirby, Director - Facilities 	Group Meeting	January 15, 2014
Kristin Geitz	Asset Manager, READ	January 15, 2014
April McCusker	Asset Manager, READ	January 15, 2014
Mike McSweeney	Manager, Qualcomm Stadium	January 15, 2014
David Sandoval	Deputy Director, READ	January 15, 2014
Jim Barwick	Director, READ	January 16, 2014
Andy Field	Interim Director, Parks & Recreation	January 29, 2014
James Nagelvoort	Director, City Engineering	February 5, 2014
Jason Hughes	President & CEO, Hughes Marino	February 5, 2014
Ken Barnes	Assistant Fire Chief	February 5, 2014
Roy Kirby	Director	February 5, 2014
Debra Bevier	Deputy City Attorney	February 5, 2014

Name	Title	Date
Purchasing & Contracting <ul style="list-style-type: none"> • Dennis Gakunga, Director • E.J. Harbin, Deputy Director • Jeff Jungers, Stores Operations Supervisor 		February 5, 2014
Jeff Sturak	Deputy Chief Operating Officer	Multiple
Barbara Lamb	Program Manager	Multiple

Appendix B – Acres by Community

(“None” category is comprised mostly of Ocean Lands)

Community	Acres
None	45,004.750
San Pasqual Valley	13,254.216
Co-Jamul/Dulzura	8,200.743
Co-East County	4,287.180
Mission Bay Park	4,260.014
Co-Northeast County	3,720.000
Tierrasanta	3,600.902
Co-Lakeside	3,455.495
Navajo	3,177.700
Co-Otay	2,782.734
Los Penasquitos Cyn Pres	2,404.354
Rancho Penasquitos	2,393.915
Co-Ramona	2,231.230
Otay Mesa	1,842.550
Military Facilities	1,425.213
University	1,300.815
Carmel Valley	1,188.319
Black Mountain Ranch	1,144.702
Balboa Park	1,139.859
Clairemont Mesa	1,114.752
Mira Mesa	963.364
East Elliott	839.419
Scripps Miramar Rch	831.054
Kearny Mesa	780.931
Co-North Mtn.	734.630
Sabre Springs	680.335
Miramar Ranch North	667.440
Linda Vista	633.131
Fairbanks Rch Country Clb	573.620
Otay Mesa-Nestor	460.355
Torrey Highlands	447.065
Co-Mt Woodson Master	395.200

Community	Acres
Eastern Areas	392.945
La Jolla	391.161
Mission Valley	343.981
Del Mar Mesa	340.401
Peninsula	261.938
Rancho Encantada	261.508
Encanto	259.999
Skyline-Paradise Hls	251.926
Torrey Pines	249.826
Reserve	248.108
City Heights	244.380
Southeastern San Diego	232.375
Torrey Hills	206.289
Tijuana River Vly	195.095
Serra Mesa	193.974
No City Fut Urbaniz Area	182.500
Co-Mt Empire	180.000
Pacific Beach	141.744
Carmel Mtn Ranch	133.729
Co-Escondido	127.429
Rancho Bernardo	125.881
Co-North County	125.562
San Ysidro	123.321
Kensington-Talmadge	105.319
Uptown	95.321
Midway-Pacific Highway	84.578
Greater North Park	80.315
Co-Valley Center	80.000
Ocean Beach	66.529
Old Town San Diego	63.814
Mission Beach	56.647
Centre City	38.464
Normal Heights	27.023
Greater Golden Hill	24.860
Co-El Cajon	7.687

Community	Acres
Pacific Highlands Ranch	7.092
Co-Chula Vista	6.630
Co-La Mesa	6.235
Co-Sweetwater	6.069
College Area	5.837
Barrio Logan	3.701
Co-Santee	2.817
Mid-City: City Heights	0.960
County Islands	0.792
Via De La Valle	0.084
Grand Total	<u>121,920.833</u>

Appendix C – Use Category by Acres

Use Category	Acres
Ocean Lands	35,678.000
Lake	16,086.636
Open Space, Dedic	13,062.222
Regional Park	12,241.428
Watershed	12,145.676
Open Space, Desig	11,771.489
Agric. Preserve	8,079.220
Reservoir	1,615.006
Solid Waste Disp	1,467.167
Airport	1,406.086
Water R/W	1,366.861
Community Park	1,361.430
Neighborhd Park	1,108.450
Mitigation	681.237
Lease	620.894
Operations Station	332.367
Under Review	272.134
Spectator Facil.	266.898
Not Designated	241.828
Flood Control	240.261
Water Reclamatn Plnt	195.285
Sale, Specified	185.240
University	141.333
Sewage Trtmt Use	125.120
Hold For Study	123.402
Cemetery	110.284
Housing	86.859
Street	82.090
Sale, Exclusive	73.413
Non-City Use	57.101
Library	52.066

Use Category	Acres
Fire Station	49.723
Water Pump Sta.	48.995
Drainage	44.384
Sewage Trtmt Plt	43.539
Police Station	42.566
Sewer Pump Sta.	40.995
Commercial	32.408
Sale, General	25.624
Water Pipeline	20.380
Support Facil.-Pd	19.970
Water Tank, Reclaimd	19.027
Community Center	18.470
Public Facility	17.505
Co-Escondido	17.249
Vernal Pool	17.040
Sewer	16.054
Parking Facility	15.337
Communic. Facil.	15.260
Mini Park	15.093
Hold For Devel.	13.898
Bike Path	13.262
Kearny Mesa	10.970
Mira Mesa	8.180
Laboratory	7.858
Co-Lakeside	7.102
Mission Valley	6.998
Elevated Tank	6.223
Sale, Indust. Pk	5.780
Office Bldg	5.047
Torrey Pines	4.801
Sale, Public Auction	4.652
Standpipe	4.425
Access	3.388
Sale, Science Pk	3.182
Ocean Beach	2.990

Use Category	Acres
Mtdb Facility	2.629
Clairemont Mesa	2.603
General Util.	2.454
Eastern Areas	2.208
Skyline-Paradise Hls	0.897
Street Island	0.856
Health Clinic	0.741
Uptown	0.683
Southeastern San Diego	0.491
Museum	0.324
Encanto	0.228
Pedestrian Rt Of Way	0.200
Sedc	0.174
Midway-Pacific Highway	0.153
Sold	0.119
Kensington-Talmadge	0.115
Support Facil.	0.070
Greater North Park	0.030
Special Site Code	
Grand Total	121,920.833