



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: November 28, 2007 REPORT NO: 07-199
ATTENTION: Council President and City Council
Docket of Dec. 4, 2007
ORIGINATING DEPT: Real Estate Assets Department
SUBJECT: Increase the Real Estate Assets Department's Revolving Fund Limit
COUNCIL DIST.(S): All
STAFF CONTACT: B. Lane MacKenzie – X66050 or Jim Anthony – X36509

REQUESTED ACTIONS:

Authorize an increase in the Department's Revolving Account total authorization limit by \$100,000.

STAFF RECOMMENDATION:

Approve the requested actions.

SUMMARY:

The Real Estate Department (READ) is seeking to increase its Revolving Account total authorization limit from \$200,000 to \$300,000. The Revolving Account, more commonly referred to as the "Revolving Fund," provides a means to finance certain expenses associated with the sale, lease or acquisition of property before a funding source such as sale proceeds, lease revenues or project appropriations have been specifically identified to pay for those expenses. Often, there are initial administrative costs required to expedite a sale, lease, or purchase of real estate. The advanced funds are reimbursed when the revenues or project funding become available. The "total authorization" is the limit of the sum of all separate expenditures charged to the Revolving Fund before reimbursement takes place.

On May 21, 2007, Council authorized READ to sell seventeen properties. READ now needs additional funds to properly implement this directive. Some typical expenses of sales, leases, or acquisitions charged to the Revolving Fund would be, but are not necessarily limited to, the following:

- Preliminary Title Reports
- Appraisals
- Advertising (for other than broker marketed transactions)
- Printing (fliers, RFP's, etc.)
- Professional Services (i.e., engineers, surveyors, geological consultants, aerial photography, hazardous material clearance, etc.)

- Waste/Litter Removal
- Repair to Buildings
- Services from other City Departments (non-General Fund or reimbursable)
- Utility Costs

These expenses generally need to be paid when the service is provided or shortly thereafter, prior to completion of the transaction. Prices for services have also increased considerably since the Fund was last capitalized in 1992.

FISCAL CONSIDERATIONS:

The Real Estate Assets Revolving Account is funded by the existing Capital Outlay Sales Tax Fund which is reimbursed by proceeds of the anticipated sale or lease transaction or acquisition project funding. New expenditures will be offset by new sale or lease revenue, except for occasional instances when a proposed transaction does not occur such as a property does not sell or lease, or a project is canceled. The Revolving Account is used for expenses where there is an expectation that money will be available in the future to reimburse the Revolving Account. When a property does not sell or lease as anticipated, reimbursement will come out of the annual Department 601 budget of \$15,000. 601 is the "citywide" department used for the General Fund.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The Revolving Fund is established within the Capital Outlay Sales Tax Fund (Fund 30245, Org. 106) and has been capitalized five different times as follows:

1. Resolution 196505, adopted April 3, 1969	\$25,000
2. Resolution 201975, adopted February 23, 1971	15,000
3. Resolution 251505, adopted March 31, 1980	25,000
4. Resolution 264809, adopted January 6, 1986	35,000
5. FY 92 CIP 39-000.1	<u>100,000</u>
TOTAL	\$200,000


KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders would be the City of San Diego which will benefit by receipt of the sale proceeds or lease revenues or use of the public project.

Respectfully Submitted,



 James F. Barwick
 Real Estate Assets Director



 William Anderson
 Deputy Chief Land Use and Economic
 Development

CITY DIVISION
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 CITY ATTORNEY