

MOTION

INFORMATION TECH. & GENERAL SVCS.

OCT 10 2008

BUDGET & FINANCE

The Department of General Services (GSD) maintains a list of City-owned parcels, which includes information regarding their current use and potential for sale as surplus properties. GSD is also responsible for overseeing lease agreements for City-owned properties between the City and non-profit agencies. The department is tasked with determining whether the lease provides for the most efficient use of the property.

Unfortunately, there have been delays in implementing a more effective policy regarding leases with non-profit agencies. As a result, GSD has been unable to fully monitor the provisions of lease agreements, such as: provision of services to the community; utility and maintenance costs for the property; confirmation of non-profit (501 c 3) status; and insurance coverage.

There is a great need to regularly monitor City-owned properties to ensure that lessees are complying with their lease terms. It is important that the City have a thorough and complete picture of valuable assets owned or controlled by its departments that could be used more productively or liquidated, if possible. The City cannot afford to lose out on additional revenue that could be generated from these properties in light of the City's structural deficit and the current downturn in the economy. **For example, if the City were to lease these properties at the rate of one dollar per square foot per month, that alone could generate revenues to the City of \$1 million per month or \$12 million annually. Additionally if these properties were sold, even at below market value, the City potentially could net \$50 million.**

I THEREFORE MOVE that the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), with assistance of the General Services Department (GSD) be instructed to report to the Information Technology and General Services Committee and the Budget and Finance Committee with a study of all City-owned property which is currently leased to non-profit organizations. The study should include the following information:

1. total number of properties and square footage leased to non-profits City-wide;
2. each property's address, parcel and building square footage, and Council District location;
3. lease start and end dates;
4. monthly/annual lease payment;
5. utility and maintenance costs for the property;
6. lessee compliance with all terms and conditions of the lease including, but not limited to, provision of services to the community, confirmation of non-profit (501 c 3) status, insurance coverage, and employment of hard-to-employ persons.

I FURTHER MOVE that GSD be directed to provide Class C estimates for City-owned buildings that are leased to non-profit organizations, including estimate of potential revenues to the City if properties were leased at or below market rate and if sold at fair market value.

I FURTHER MOVE that the GSD be directed to report back relative to the buildings located in Council District 8 within 30 days, and the balance of Council Districts within 60 days.

I FURTHER MOVE that the CAO, CLA and GSD be instructed to provide an annual report to the Council with the abovementioned information.

I FURTHER MOVE that the CAO and the CLA be directed to report with recommendations for instituting a City non-profit lease policy.

PRESENTED BY *Bernard C. Parks*

BERNARD C. PARKS
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SECONDED BY *Tony Carls*

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