



Legislation Text

File #: 08-0773, **Version:** 1

Recommendation that: 1) City Manager shall prepare a list and status of use report on all City-owned real estate within thirty (30) days; and 2) City Attorney shall draft an ordinance outlining the specific procedures by which City-owned assets can be sold or leased so that proceeds from such sales are applied to further municipal improvements and not salaries and benefits.

The City of Long Beach continues to face long term structural deficit problems while at the same time attempting to meet the needs of repairing an aging infrastructure and maintaining a high-quality level of service to the community. While attempting to do an admirable job in facing this challenge, further measures can and should be taken to address the long-term critical financial situation the City of Long Beach.

The City owns a considerable amount of real estate which could be sold or leased in order to generate revenues to fund municipal improvements.

In order to determine what part of the real estate portfolio could be sold or leased, the City's real estate portfolio needs to be reviewed and updated on an annual basis. Such a review must include: an inventory of the real estate, an operating plan for such property, a disposition plan for surplus property, market research to support anticipated transactions and a request for authority to act within defined parameters as established by the City Council.

The major elements of the Portfolio Plan should include:

- Property evaluation and characterization of real estate assets
- Strategy for City occupied real estate
- Investment Portfolio Plan (Leases to for-profit tenants)
- Review of Not-for-Profit Leases
- Disposition Plan for surplus assets
- Business Case development review to support proposed transactions
- Legal document development and review

SALE OF CITY OWNED REAL ESTATE: As part of an overall portfolio management plan for the City's real estate assets, the City Manager should review the City's property inventory to determine which properties are no longer needed for public facilities or to support the elements of the General Plan and whose disposition will provide a greater public benefit. A City owned property may become available for sale if:

- The property is not currently used by a City department or does not support a municipal function.
- The property is vacant and has no foreseeable use by the City.
- The property is a non-performing or under-performing asset and greater value can be generated by its sale.
- Significant economic development opportunities can be generated by selling

the property.

Factors to be considered in determining whether a property should be sold include:

- Will the City be relieved of potential liabilities and/or cost of maintaining property that does not generate income or provide public benefit?
- Property tax increment that will be created by returning the properties to the tax rolls.
- Stimulation of the economy by providing opportunities for private sector investment.
- Generation of revenue for the Capital Outlay Fund.

ORDINANCE OUTLINING PROCEDURES: An ordinance should be drafted that outlines the specific procedures by which City owned assets can be sold or leased so that proceeds from such sales are applied to further municipal improvements and not salaries and benefits.

None.

None.

Approve recommendation.

Gerrie Schipske
Councilwoman, Fifth District