



Governance and Priorities Committee Report

For the Meeting of August 20, 2015

To: Governance and Priorities Committee **Date:** August 14th, 2015
From: Jason Johnson, City Manager
Subject: Strategic Real Estate Review – Report August 2015

RECOMMENDATION

THAT THE Governance and Priorities Committee recommends Council direct staff to implement and operationalize the Strategic Real Estate function for the City of Victoria as outlined in the Urban Systems August 2015 report.

AND FURTHER THAT a six-month Strategic Real Estate Implementation report come forward to the Governance and Priorities Committee in April 2016.

BACKGROUND

During Council's Strategic Planning sessions, Council identified property acquisition/real estate management as a key concern. Council's 2015 actions include: "create an integrated facilities and real estate arm at City Hall or in Economic Development office staffed by people who understand business and real estate market and respond to the market and the short term and economic outlook of the City."

Urban Systems was commissioned to assess the revitalization of strategic real estate opportunities and a copy of their report is attached for review. Staff sought outside expertise to provide overall guidance and best practices from other local governments who perform these functions in an exceptional way. Martin Bell (Urban Systems) will provide the Governance and Priorities Committee (GPC) with an overview of the attached report at the August 20th, 2016 meeting.

The City of Victoria would benefit from a revised approach to its real estate function as best practises show that Cities are typically the largest land holders and that many local government projects and decisions have implications for lands. By refocusing Victoria's approach to real estate there are opportunities to leverage publicly owned lands and strategies are needed to support multiple bottom line objectives, provide revenues, address community needs, project delivery.

The model as recommended by Urban Systems will meet Council's Strategic Plan goals and the long-term interests of the corporation. Upon approval from Council to initiate this service, the Deputy City Manager will immediately establish the proposed management model and initiate the recruitment process. It is anticipated that the recruitment would conclude in September with full launch of the service in October 2015.

FUNDING CONSIDERATIONS

One of the guiding principles noted in the report is to develop a self-sustaining financial model for this new service. Staff recommends that Council take a conservative approach to the financial considerations and allocate funding to initiate the real estate function. This will allow Council to direct this new service recognizing that an objective of self-sustaining may not be achievable if the mandate is to acquire additional city lands rather than disposal. Council will be able to set the objectives and mandates of this service through consideration of Property Acquisition strategy tied to all other City Plans and options for self-sustaining opportunities.

Efficiencies will also be found with the establishment of this service in that it is envisioned that this staff resource will also assume the existing contracted out real estate services. These efficiencies will be identified through the 2016 financial plan.

Staff have reviewed Urban Systems proposed allocation of \$250,000 for salary, benefits and launch costs for this function and staff have refined this and recommend \$160,000. This is based on an internal job evaluation, benefit costs and start up costs as identified below:

Costs

The ongoing operating cost for this function would be approximately \$160,000 to cover salary, benefits and supplies. One-time setup costs can be accommodated through equipment and furniture already existing at the City. Any additional one-time setup costs can be funded through the City's equipment budget.

Funding Sources

The Strategic Objectives Account has unallocated funding of \$101,000 (ongoing) and \$112,000 (one-time funding).

For the remainder of 2015, approximately \$40,000 will be needed from the ongoing funding in the Strategic Objectives Account.

For 2016, the entire \$101,000 of ongoing funding would be required plus an additional \$59,000. One option for Council's consideration would be to allocate the \$59,000 in additional funding from 2016 new assessment growth property tax revenue.

Consideration of any other request for studies (e.g. as identified in the Urban Systems report, an allocation of \$100,000 for consulting services for the new function) will come through the 2016 financial plan supplemental requests.

CONCLUSION

The City of Victoria has real estate holdings, land and facilities assets that exceed \$1.1 billion in value. A coordinated and strategic approach is required to manage these assets. Establishing a Strategic Real Estate function will provide professional recommendations and advice to Council on managing these assets for the City of Victoria

Respectfully submitted,



Jason Johnson
City Manager