

# Strategic Real Estate Service

## Context, Strategic Framework and Service Options

*City of Victoria*

August 20, 2015

# Study Purpose

- Why?
  - *Cities are typically the largest land holder*
  - *Many local government projects and decisions have implications for lands*
  - *There are opportunities to leverage publicly owned lands*
    - *Strategies needed to support multiple bottom line objectives, provide revenues, address community needs, project delivery*
  - *Council's 2015-2016 Strategic Plan*
    - *...business case for a property/real estate management office...*
    - *...implement municipal property acquisition and management strategy..*

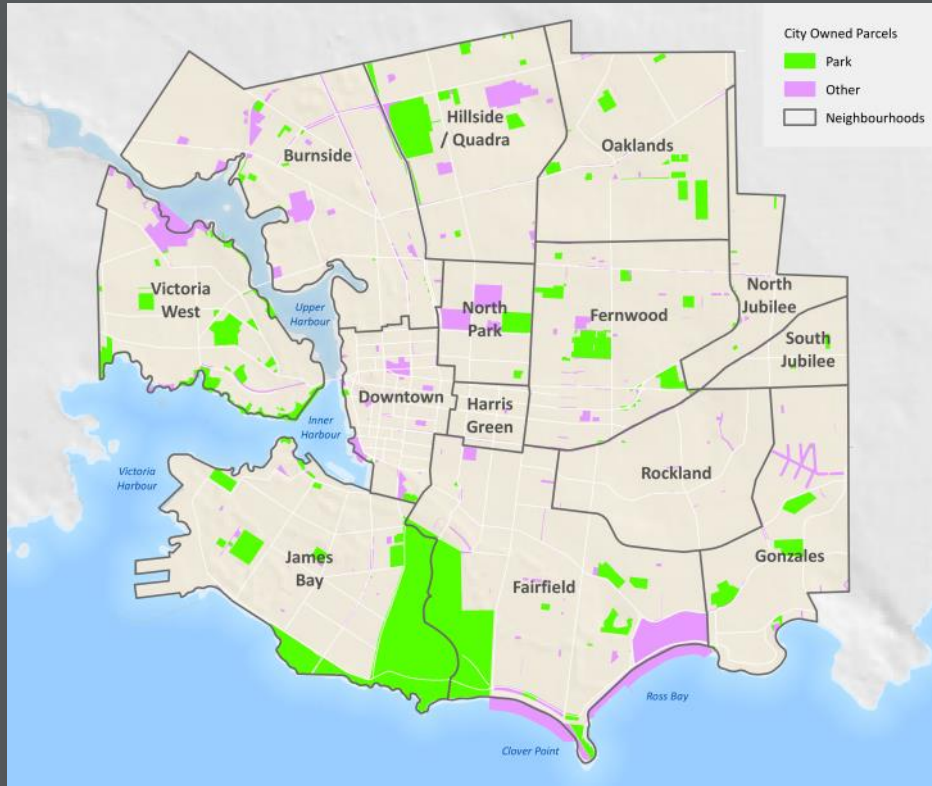
# Study Purpose

- Develop an organizational context
  - *Inventory services and functions*
  - *Current management approach*
- Explore a strategic Real Estate Service
  - *Enhanced activities for internal and external benefit*
  - *Municipal models and industry trends*
  - *Strategic framework for future service delivery*

# Organization Overview – Property Functions

- How are related services currently provided?
  - *Distributed functions to suit various needs of multiple dept.*
    - *Planning, Engineering, VCC, Property Management BU*
  - *Council + City Manager lead strategic planning, decisions and special projects as needed*
  - *Other functions cover:*
    - *Acquisition, conveyancing, disposition, leases, negotiation, liaison, asset and facility management, affordable housing, legal and financial services*
    - *e.g. Property Manager*

# Asset Overview



*Positive portfolio with minimal debts provides flexibility and opportunity*

- *~450 parcels*
  - *15-20% of land base w/o roads*
  - *5% of land base w/o roads or parks*
- *~\$900M BCAA value (w/o roads)*
  - *>\$300M BCAA value without parks*
  - *Surplus lands analysis*
- *>1,400,000 sq. ft. facilities*
  - *>\$330M value*

# Organization Overview

- How are staff viewing real estate services?
  - *Supportive of land catalogue*
    - *E.g. clarified inventory of ownership/use*
  - *Interest in synergies for facilities management*
  - *Interest in new revenues from City lands*
  - *Interest in strategies for acquisition/disposal to support departmental needs*
  - *Interest in a special position w/ focus on strategic RE*
    - *Link strategies to existing opportunities: David Foster Pathway, Centennial Square*

# Organization Overview

## ■ How are other LGs delivering strategic RE?

City of Surrey	<ul style="list-style-type: none"><li>• Strategic and base real estate services by Engineering</li><li>• Offers synergies with facilities but best for expanding muni's</li></ul>
Translink	<ul style="list-style-type: none"><li>• <b>Strategic real estate service as part of separate team</b></li><li>• <b>Provides service to all dept. in a flexible manner</b></li></ul>
City of Kelowna	<ul style="list-style-type: none"><li>• Strategic and base real estate services part of Sust. Planning</li><li>• Close ties to land use planning; enhancing links to Public Works</li></ul>
City of Vancouver	<ul style="list-style-type: none"><li>• <b>Strategic and base real estates services coupled with facilities management</b></li><li>• <b>Provides services to all departments but notable differences to Victoria's set up</b></li></ul>
City of Burnaby	<ul style="list-style-type: none"><li>• Base real estate services and facilities management par of special team in Finance</li><li>• Planning guides strategic real estate service and guides opportunities for community contribution</li></ul>

# Potential Management Model

- Match City context with aspirations and external models
  - **Scale** model to suit geography and emerging opportunity
  - **A Real Estate Management Office** with strategic service objectives
    - Link base functions + strategic services for current & future assets
  - Facilities management similar to current
    - Further exploration of synergies between Parks and Engineering
  - Provide flexibility and authority for strategies across all dept.
    - Without undue influence of a single service department



# Potential Management Model

- Leverage real estate through local government responsibilities
  - *Municipal authorities* for highest and best use
  - *Zoning* strategies
  - *Density* options
  - *Partnerships*: community resources, development, environmental stewardship
  - *Strategic assemblies*

# Service Mandate - Strategic Framing

## ■ Mandate

- *Continue with existing services plus add:*
- *Leverage real estate for broader civic purposes*
  - *e.g. multiple bottom line*
- *Develop strategies for land acquisition and disposal*
- *Manage property data as a foundation for all real estate activity*

## ■ Key Outcomes

- *Taxpayer burden reduced by leveraging real estate assets*
- *Neighborhood and economic growth catalyzed by City real estate services*
- *Real estate activity is based on a fully catalogued inventory*
- *City partnerships and agreements reflect market realities*
- *Real estate should enhance social and civic objectives*

# Strategic Framing

## ■ Guiding Principles

- *Deliver the service such that earned value outweighs service costs.*
- *Link land requirements with long range plans*
- *Integrate real estate services into capital project design*
- *Pursue highest and best use while balancing civic/social needs*
- *Operate in a clear policy framework including performance measurement*
- *Lead all real estate activity by professionals with extensive real estate and market experience*

# Option to Establish the Service

- Considerations for direction
  - *The proposed mandate and strategic framework including the Real Estate Management Office*
  - *The management model including strategic real estate provides service to key departments (reports to Deputy City Manager)*
  - *The budget to hire a experienced real estate professional and launch strategic initiatives in 2015-2016*
  - *The staffing (1 new FTE) and role requirements for the Real Estate Management Office*