

Program #78209 - Facilities Lease Management

Scott Churchill

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Department: County Assets **Program Contact:**

Program Offer Type: Program Offer Stage: As Requested Internal Service

Related Programs:

Program Characteristics: In Target

Executive Summary

The Lease Management team supplements the County's owned real estate portfolio with leased space to ensure departments can deliver programs and services effectively and efficiently to their clients. In addition, lease management is responsible for leasing excess County building space to external clients to reduce vacancy impacts on County operations. These revenue leases supplement operations and help offset maintenance expenses. The priority is to lease to outside entities that complement existing County programs and services.

Program Summary

The Lease Management program is responsible for approximately 500,000 square feet, or 15%, of the County's portfolio. Lease Management works directly with departments to identify their space needs based upon existing and future program requirements, logistics, operating efficiencies, adjacency opportunities and schedules. Working strategically with Departments to assess future space needs, the staff identifies potential County owned space and leasing options. The team evaluates lease requirements and space needs three to five years in advance to effectively position the Departments' needs and the overall County portfolio.

In addition, working with the Departments in assessing options, Lease Management negotiates lease terms, obtains pertinent public permits, manages landlord disputes and proactively coordinates lease renewals. The program also provides operational support including Board approvals, lease representation, documentation, administration, legal coordination and enforcement. Team members manage leases to the highest professional standards to ensure full compliance and protection of the County's interest.

To reduce vacancy rates and generate revenues that reduce overall rates, Lease Management also works with Departments to evaluate existing and potential vacant space to maximize space utilization. Excess space may be leased to external programs including community service organizations, government agencies and private entities.

Performance Measures								
Measure Type	Primary Measure	FY18 Actual	FY19 Purchased	FY19 Estimate	FY20 Offer			
Output	Proactively manage revenue and expense leases to meet occupant requirements	98%	99%	99%	99%			
Outcome	Lease revenue and expenses align with annual budget projections	98%	99%	98%	99%			

Performance Measures Descriptions

Output: Annual lease administration enforcement is managed through the Facilities Lease Administration database which tracks building data, property tax exemptions, lease expenses, lease rate adjustments, revenue reconciliation and lease renewal/termination dates.

Outcome: Assuring budget projections align with actual revenues and expenses ensures County program budgets reflect actual costs and decreases uncertainty.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2019	2019	2020	2020
Personnel	\$0	\$267,824	\$0	\$276,391
Contractual Services	\$0	\$55,000	\$0	\$55,000
Materials & Supplies	\$0	\$4,941,621	\$0	\$7,474,318
Internal Services	\$0	\$25,232	\$0	\$22,766
Debt Service	\$0	\$3,324,956	\$0	\$0
Total GF/non-GF	\$0	\$8,614,633	\$0	\$7,828,475
Program Total:	\$8,614,633		\$7,828,475	
Program FTE	0.00	2.00	0.00	2.00

Program Revenues							
Other / Miscellaneous	\$0	\$8,614,633	\$0	\$7,671,936			
Total Revenue	\$0	\$8,614,633	\$0	\$7,671,936			

Explanation of Revenues

Facilities Operating Fund programs such as this one are supported primarily by internal service revenue from County departments, with less than 5% of revenue from external customers. Revenue is budgeted to best reflect accounting system behavior for the fund, and so budgeted revenue and expense may not match for a specific program offer. However, budgeted revenue and expense for the fund balance across program offers.

Significant Program Changes

Last Year this program was: FY 2019: 78209-19 Facilities Lease Management

Except where otherwise noted, significant revenue changes from FY 2019 to FY 2020 reflect accounting system changes.

FY 2020 expense reduction is primarily due to accounting changes related to the Lincoln (Five Oak) Building lease which was formerly classified as a capital lease. This is strictly an accounting issue and does not affect cash flow.