

COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
January 31, 2006

To: Board of Supervisors

From: Department of General Services

Subject: Salary Resolution Amendment No. 2006-179B Adding 2.0 Positions In The Department Of General Services Real Estate Division To Enhance Property Management Of Leased Office Facilities

Contact: Douglas Bell, Chief, Real Estate Division

Overview

This action will add 1.0 full-time permanent Real Estate Supervisor position, 1.0 full-time Associate Real Estate Agent position, and reassign 1.0 full-time Office Assistant position within the Real Estate Division midyear to provide county departments occupying leased office facilities with more responsive and effective property management services. The recent ISES operational review of the Department of General Services identified numerous shortcomings in property management oversight and services in leased facilities that can only be resolved by appropriate levels of staffing for these functions. Many department heads including the county's elected official department heads have requested immediate improvement in this area due to increasing facility-related problems with leased buildings.

Recommendation

Approve the attached Salary Resolution Amendment No. 2006-179B request adding the following 2.0 positions: 1.0 Real Estate Supervisor
1.0 Associate Real Estate Agent

Measures/Evaluation

Success of this action will be measured by improvements in timely responses to requests from county departments occupying leased facilities for maintenance services, tenant improvement construction projects and emergency repairs.

Fiscal Impact

The total top step annual cost increase for these 2.0 new positions is \$198,948. Of that amount, the salary for the Real Estate Supervisor is \$74,734; and for the Associate Real Estate Agent is \$67,933. The benefits portion is \$26,966 for the Real Estate Supervisor and \$25,285 for the Associate Real Estate Agent. Approval of this action will not result in any additional cost in Fiscal Year 2005-06. These positions will be funded for the balance of the fiscal year using savings already incurred in salary and benefits from vacant positions that have been filled and/or are in the process of being filled.

The Fiscal Year 2006-07 cost of these positions will have a minimal impact on the General Fund. Staff filling these positions will be performing work in support of county departments whose lease costs are mainly subvented. The expected impact on the General Fund of the 2.0 additional positions is estimated to be \$55,606, which will be collected through the Lease Facility Management Fee charged to departments occupying leased facilities.

BACKGROUND

The recent ISES operational review of the Department of General Services contained numerous comments from county departments that are tenants of leased office space regarding delays and shortcomings in resolving problems with landlord-provided maintenance and cleaning services. In addition, those customer departments have experienced significant delays in completing tenant improvement projects and emergency repairs within leased facilities.

DISCUSSION

Due to mandated position reductions in past budget years and a continuous heavy workload, the Lease Management Section within the Real Estate Division has not been able to provide satisfactory property management services to its customer departments occupying leased facilities. Currently, the Lease Management Section is actively involved in negotiating 13 new leases, 27 lease renewals and eight lease amendments, together with preparation and issuance of Request for Proposals (RFPs) for a new Senior Nutrition Services facility and a new Department of Health and Human Services (DHHS) Galt Bureau. Concurrently, the staff of the Lease Management Section is responsible for receiving and responding to a continuously recurring property management workload of approximately 80 open tenant improvement construction requests and up to 200 open maintenance requests from county tenant departments. The conflicting demands of negotiating timely lease agreements while being constantly diverted to address immediate needs for property maintenance and repairs have diluted staffs' ability to perform either function in an effective manner.

In coordination with representatives from major tenant departments, the Real Estate Division has initiated a Task Team to respond to the recommendations of the ISES Final Report, including "actions to develop a standard lease that places more emphasis on the landlord's timely response to and correction of maintenance and housekeeping problems and/or complaints." Representatives from Department of Human Assistance (DHA), DHHS, the Sheriff's Department, the Probation Department, the County Safety Office and the County Counsel's Office are meeting regularly to develop and define performance standards and priorities.

Along with their recommendations for new lease provisions, the Task Team supports the creation of a dedicated Property Management staff element in the Real Estate Division. This Property Management Section will be headed by a Real Estate Supervisor, and will include an Associate Real Estate Agent, an Assistant Real Estate Agent and a call center function staffed by a Senior Office Assistant and 2.0 Office Assistants. Only 2.0 new positions are being requested, since the Real Estate Division will internally reassign 1.0 existing Assistant Real Estate Agent position, 1.0 Senior Office Assistant position and 1.0 Office Assistant position from the Lease Management Section. In addition, 1.0 Office Assistant position will be reassigned from the Administration Section to complete the staffing of the new unit. The planned staffing level of the Property Management Section is comparable to, or lower than, industry standards for property management services provided by major commercial property management firms and large corporate property management departments including IBM Corporation.

Staff assigned to the Property Management Section will be able to provide significant service improvements to county departments by promptly responding to requests for building maintenance and repair services and tenant improvement construction requests, and will be better able to enforce landlord compliance with obligations under existing leases as well as the newly strengthened lease language being developed by the Task Team. The call center will receive and respond to tenant departments' requests and will refer those requests to building owners or property management offices or to contracted county vendors, as appropriate. The Real Estate Supervisor, Associate and Assistant Real Estate Agents will conduct on-site inspections of maintenance, janitorial and landscape service performance and will obtain bids and proposals for tenant improvement construction projects that are below the cost levels established for work subject to the Public Contracting Code. The Real Estate Supervisor, Associate and Assistant Real Estate Agents will also conduct outreach and training for building management staff of county departments occupying leased facilities.

MEASURES/EVALUATION

Evidence of success for the dedicated Property Management staff element will be measured by reductions in the backlog of outstanding requests and uncompleted work orders for maintenance and repair services, by timely completion of tenant improvement construction projects and more frequent on-site inspections of janitorial and landscape services resulting in improved performance levels. A corollary indicator of success will be increases in the timely completion of negotiations of new leases, lease renewals and amendments that will ensue when negotiators are relieved of responsibility for property management tasks.

FINANCIAL ANALYSIS

This action will not result in any additional cost in Fiscal Year 2005-06, due to savings available from budgeted positions that were vacant at various times during the year. For Fiscal Year 2006-07, the total program costs for the 2.0 new positions and the internal reassignment of 1.0 position will result in a combined cost of \$367,690, of which only \$70,617 (\$55,606 for 2.0 new positions and \$15,011 for 1.0 reassigned Office Assistant position) will impact the General Fund due to subvention of lease program costs in those county departments occupying the majority of leased space. Lease Management program costs are apportioned on a per-square-foot basis to county departments occupying leased facilities. The chart attached as Exhibit A breaks out General Fund impacts on DHA, DHHS, the Sheriff's Department and "all other" county departments from adding the Real Estate Supervisor position and the Associate Real Estate Agent position, and also from the reassignment of 1.0 Office Assistant position to support enhanced Property Management services. These departments are highlighted because they are the departments with the highest amount of leased properties and/or have indicated their need for a higher service level in dealing with facility problems/complaints for their leased facilities.

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Respectfully submitted,

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Internal Services Agency
And Acting Director
Department of General Services

APPROVED:

TERRY SCHUTTEN
County Executive

By:

GEOFF DAVEY
Chief Financial Operations Officer

Attachments: Exhibit A
Salary Resolution Amendment 2006-179B

Enhanced Property Management Impact on General Fund

	FY 06-07 Mgmt Fee for Total Lease and Property Mgmt Functions @ .92 sf (based on 2,042,721 sf)	Program Cost Increment -- 2 New Positions (RE Sup and Assoc Agent)	Impact of 2 New Positions on General Fund/County Share	Program Cost Increment -- 2 New Positions and 1 Internal Reassignment**	Net Impact on General Fund/County Share	Assumptions
DHA	\$ 589,143	\$ 92,452	\$ 13,868	\$ 114,768	\$ 17,215	85% subvented
DHHS	\$ 487,677	\$ 76,529	\$ 6,888	\$ 95,002	\$ 8,550	91% subvented
Sheriffs	\$ 211,047	\$ 33,119	\$ 24,839	\$ 41,113	\$ 30,835	25% sharing ratio*
All Other Departments	\$ 600,381	\$ 83,429	\$ 10,011	\$ 116,807	\$ 14,017	88% service fees, grant funding, subventions, other
Total	\$ 1,888,248	\$ 285,530	\$ 55,606	\$ 367,690	\$ 70,617	Total County Share of Property Mgmt component

* Sheriff's sharing ratio provided by AnnMarie Boylan, County Executive's Office 12/02/2005; 75% County participation.

** Property management component with 2 new positions and 1 internal reassignment