

INNOVATION, TECHNOLOGY AND GENERAL SERVICES COMMITTEE REPORT relative to the Real Estate Asset Management Study by PA Consulting.

Recommendations for Council action:

1. NOTE and FILE the PA Consulting report on its study of the City's real estate asset management functions.
2. ADOPT in concept, PA Consulting's recommendations on a proposed 2014 Strategic Real Estate Plan, with the implementation of key recommendations to be considered separately by the Municipal Facilities Committee (MFC) in consultation with the affected City departments at a later date and forwarded to Mayor and Council for approval as necessary.
3. ADOPT in concept, PA Consulting's recommendations on portfolio optimization and implement recommendations, with the Economic and Workforce Development Department, as priorities are identified.
4. DIRECT the General Services Department (GSD) to identify resources needed to begin clean-up of its existing real estate data during 2014-15.
5. DIRECT the GSD to submit a package in its Fiscal Year 2015-16 budget request, to implement a new Asset Management System, and, if necessary, a new Document Management System.
6. AUTHORIZE the GSD, with the assistance of the Information Technology Agency, City Administrative Officer (CAO) and any other affected department to develop and release a Request for Proposals for the acquisition of a new Asset Management System, and, if necessary, a new Document Management System.
7. DIRECT the GSD to submit a Real Estate Improvement Plan to the MFC for service delivery improvements as an alternative to organization recommendations made by PA Consulting.
8. REQUEST City Attorney to submit a budget request for one additional real estate attorney through the 2015-16 budget process.
9. DIRECT the Economic and Workforce Development Department to submit a package in its 2015-16 Budget request, for any resources needed to implement PA Consulting's recommendations.
10. INSTRUCT the CAO, and GSD to look for savings in the current Fiscal Year 2014-15 for a new Asset Management System.
11. INSTRUCT the CAO, and other departments as necessary, to report on "hoteling" options for departments to optimize the use of office space.
12. INSTRUCT the CAO, with assistance from the GSD and Chief Legislative Analyst (CLA),

to report on the status of the Non-profit Leasing Policy.

Fiscal Impact Statement: None submitted by the MFC. Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On February 24, 2015 your Committee considered a December 2, 2015 MFC report relative to the Real Estate Asset Management Study by PA Consulting. Representatives from the CAO and PA Consulting appeared before the Committee to provide a brief overview and responded to related questions.

After further discussion, and providing an opportunity for public comment, the Committee recommended that Council adopt the recommendations as reflected in the February 24, 2015 MFC report with additional recommendations. The Committee would like to instruct the CAO and GSD to look for savings in the current Fiscal Year 2014-15 for a new Asset Management System, report on "hoteling" options for departments to optimize the use of office space, and with the assistance of the CLA and GSD, report on the status of the Non-profit Leasing Policy. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

INNOVATION TECHNOLOGY AND GENERAL SERVICES COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
BONIN:	YES
O'FARRELL:	YES



EV
14-1647_rpt_tgs_02-24-15

-NOT OFFICIAL UNTIL COUNCIL ACTS-

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 2, 2014

CAO File No. 0220-04736-0010

Council File No. 11-0600

Council District: NA

To: The Council

From: Miguel A. Santana, City Administrative Officer and Chair, Municipal Facilities Committee



Reference: C.F. 11-0600

Subject: **Real Estate Asset Management Study by PA Consulting**

SUMMARY

On September 25, 2014, the Municipal Facilities Committee (MFC) considered a presentation by PA Consulting (PA) on the results of their study of the City's real estate asset management functions. PA's study was broad in scope and covered areas such as real estate systems, personnel organization, real estate strategic planning and portfolio optimization. The study identified, as the highest priority, the acquisition of an asset management system (AMS) for its municipal assets. This is the foundation for any improvements to the City's management of its real estate portfolio. The consultants also presented a 2014 Strategic Real Estate Plan and recommendations for Portfolio Optimization. Both of these are comprised of a number of elements representing best practices in asset management.

The MFC, whose membership consists of the City Administrative Officer (CAO) (Chair), Mayor's Office and the Chief Legislative Analyst (CLA), directed its staff to form a working group to prioritize the study's recommendations and develop a plan to implement them. The working group made its presentation to the MFC at its November 20, 2014 meeting. The MFC adopted the recommendations made by the working group as follows:

1. That the City acquire an AMS as a first step, if possible during 2014-15. At this time, staff is examining a system already used by the Harbor Department in order to determine if implementation of this recommendation can be streamlined.
2. That the City defer consideration of most organization-related recommendations until the new system is in place.
3. That the City adopt the 2014 Strategic Real Estate Plan in concept, with the implementation of key recommendations to be considered separately by the MFC in consultation with the affected City departments at a later date.
4. That the City adopt the Portfolio Optimization Strategies presented by the consultant in concept and that individual project sites be implemented as needed on a case-by-case basis. Additionally, it is recognized that the City has already started portfolio optimization work at

some of these sites.

The PA report and the MFC recommendations on the City's Real Estate Asset Management functions are now presented to Council.

Background

The 2011-12 Adopted Budget contained \$600,000 in the CAO contractual services budget to administer a study of the City's real estate asset management function. This Office developed a request for proposal (RFP), whose scope was developed by the CAO, with the input from the Office of the Mayor, CLA, Budget and Finance Committee and the General Services Department (GSD).

The RFP was released in July 2012 and responses were received by the end of October of that year. Four responses were received and evaluated by a panel from the CAO, GSD, Department of Water and Power Real Estate and Metropolitan Transportation Authority. PA Consulting (PA) received the highest score and was recommended by the panel to conduct the study. The recommendation to hire PA was adopted by the MFC in February, 2013 and the contract was executed in May 2013.

Main services to be provided by PA per the originally executed contract were: 1) review of the current 2009 Real Estate Strategic Plan and identification of enhancements; 2) review of the City's asset management organization and identification of a proposed future state; 3) development of real estate goals and criteria to optimize the use/value of leased and owned properties; 4) creation of a real estate assets database; 5) creation of high level real estate plans; and, 6) review of current asset management information technology support systems and recommendations for improvements or changes.

The contract with PA was subsequently amended in May 2014 to provide for a new strategic real estate plan (along with the review of the 2009 Plan) and to replace items 3 and 5 above with a new work plan on portfolio optimization including best practices, a value optimization study for the City's "highest potential" properties, development of multiple pro-forma templates to be used by the City to support future portfolio optimization analyses and a review of the City's brokerage policies.

The consultant's approach to the study involved interviewing City staff at all levels, including elected offices, CAO, CLA, GSD, Bureau of Engineering (BOE), Information Technology Agency (ITA) and City Attorney. Development of the deliverables was highly iterative, in cooperation with City stakeholders.

Regarding the deliverables, the consultant completed the development of a temporary asset management database early in its contract and has loaded it on GSD's computer systems and is now in use. The balance of the deliverables have been developed by the consultant and included in its package of deliverables to the MFC. Items in the package consist of individual reports on: 1) a review of the 2009 Real Estate Strategic Plan; 2) a new Strategic Plan; 3) an asset management organizational plan and recommendations; 4) an asset management systems review and recommendations; 5) a Portfolio Optimization review and recommendations; and, 6) an integrated report that summarizes all elements of the study.

The study made far-ranging recommendations. There are 32 significant recommendations that have a policy and/or budgetary impact. Of these 32 items, the City is currently reviewing or implementing several on their own track, under separate cover, as follows:

- Designation of the MFC as the first point of review on the designation of properties for economic development or City use.
- Identification of the CAO Asset Management Strategic Planning (AMSP) unit as the clearinghouse to provide strategic plans and prioritization of properties for consideration by the MFC for economic development or City use.
- Designation of the Economic and Workforce Development Department (EWDD) and non-profit group to perform outreach, development and coordination of properties designated for economic development.
- Building a new City building on the Parker Center site for co-location of essential services.
- Update and adoption of the Non-profit lease policy.

The MFC has identified the acquisition of an AMS as the top priority and the City's conceptual adoption of the 2014 Strategic Plan as the second priority. Specific elements of the proposed Strategic Plan can be considered incrementally following conceptual approval. Following is a discussion of study deliverables and recommendations.

AMS

The acquisition of a new AMS is critical and should be performed as one of the first actions that the City takes. GSD Real Estate Section (RES) does not have an active AMS and therefore RES has to perform real estate-related queries manually. It is important that the City acquire an AMS that supports portfolio monitoring, asset management performance measures, project tracking and a host of other capabilities relating to the City's business, functional and technical requirements. Also significant is the importance of data cleansing as a part of the AMS acquisition. Data cleansing is an activity that can begin immediately (with the proper resources) and run ahead of and/or concurrently with the AMS acquisition process. The consultant worked with City stakeholders to review the City's real estate systems. It was found that the City uses various single-function tools (mostly on Excel) and that they are not linked to other City systems, such as City financial reporting systems, and that this "systems fragmentation" does not sufficiently support asset management functions. Specifically, there are inefficiencies such as: having to manually update and maintain the single-function tools (Excel); no self service capability; stakeholders have to manually request real estate data, which results in very long response times and takes away limited GSD resources from their core functions; absence of a single source of truth for data; data is scattered across multiple solutions, requiring manual reconciliation, leading to data integrity issues; and, data is often incomplete or inaccurate.

The consultant evaluated a number of off-the-shelf AMS systems that it believes may solve the City's AMS needs and short-listed five firms. In addition, the consultant looked at systems used by the Harbor, Airports and other City departments and recommends that the City evaluate them further. We are looking at the Harbor's system (Assetworks) to see if it can be adapted for RES needs given that per the consultant, of those City systems it evaluated, the Harbor system is best aligned with City needs; however, it may be necessary to conduct an RFP process to select a system. The

consultant helped the City to develop business, functional and technical requirements for the system to be selected. As part of the AMS selection, it was recommended that the City acquire a Document Management System (DMS). The study noted that having a DMS will result in faster access to key documentation. The City currently uses Documentum for document management so it is possible that it might be appropriate for asset management use should a DMS not be part of the selected vendor's package. The consultant estimates that the cost of a new AMS will be between \$1.8 and \$2.1 million. It is possible that adapting a system currently used by an existing City entity may cost less than a non-existing system.

In addition to the cost of the new AMS, GSD will need appropriate personnel resources to administer an AMS as well as to provide data clean-up. The MFC recommends that acquisition of a new AMS/DMS be the top priority to be adopted by the MFC, Mayor and Council and that GSD submit a budget package for a new AMS/DMS in the 2015-16 Budget. GSD has also been instructed to identify the necessary resources needed to begin the clean-up of its data systems through the 2014-15 Mid-Year Budget Report. If an RFP is developed, it can be released in 2015-16 and acquisition of a system could be completed by late that fiscal year or early in 2016-17. The MFC recommends that the Council authorize the development and release of an RFP for a new AMS/DMS, if needed.

New 2014 Strategic Plan

Originally, the consultant reviewed the 2009 Strategic Plan. The City requested that the consultant also provide a new 2014 Strategic Real Estate Plan to help the City identify best real estate practices and a concrete implementation plan. The consultant notes that the City has made significant progress in adhering to most of the 2009 Strategic Plan's principles, but also notes City shortfalls ranging from not yet acquiring a new AMS, not yet adopting a non-profit lease policy and having large numbers of expired leases.

The study explored how the City optimizes its use of space. The study notes that the City has made considerable progress on space optimization since the 2009 Strategic Plan was adopted, including reduction of lease expenditures, consolidation of staff at Figueroa Plaza, completing Public Works Building consolidation, constructing "greener" buildings and disposing surplus properties. The study also notes that there is insufficient space in the Civic Center to bring all City operations that could be centralized into City-owned space. The consultant makes a number of recommendations that the City should consider in order to address that issue and also discusses a number of improvements that the City could take in terms of processes that the City could undertake in the areas of deployment management, technology management, data management and asset portfolio management.

Significant recommendations for the City include: 1) adopting the non-profit lease policy; 2) building a new City building at the Parker Center site; 3) consider adjusting space standards; 4) promote the use of "hoteling" for City operations that could benefit from that space model ("hoteling" refers to providing general, non-personally assigned space for certain employees as-needed, to perform their job duties); and, 5) complete the recommended projects on deployment management, technology management, data management and asset portfolio management.

The MFC conceptually concurs with these recommendations and recommends that the Council

adopt in concept, recommendations on a proposed 2014 Strategic Real Estate Plan, with the implementation of key recommendations to be considered separately by the Municipal Facilities Committee in consultation with the affected City departments at a later date.

Organizational Design

The consultant worked with City stakeholders to study the City's asset management organization. As part of this, it reviewed functions such as City's leasing, space optimization, acquisition and sale, administration and accounting, IT, City Attorney and special projects.

The study recommends that the City: 1) outsource leases to a third party broker and merge Leasing and Tenant Services units. This will result in the elimination of 10 positions and creation of two positions; 2) transfer floor plan and space planning and optimization functions to BOE. This will result in the transfer of one position from GSD to BOE and the creation of two additional positions in BOE; 3) create one position in GSD for administration and accounting; 4) create an initial position for IT in GSD, recognizing that ultimate staffing needs will depend on the type of new AMS to be acquired; 5) create a new position in the Office of the City Attorney to reduce bottlenecks and more quickly handle real estate-related transactions; and, 6) create three new positions in the CAO Asset Management Strategic Planning (AMSP) unit to handle large ad-hoc projects.

At this point, the consensus of the MFC is that the City initially defer consideration of most organization changes to RES until the new AMS is acquired. In the interim, the MFC has asked that GSD present a Real Estate Improvement Plan to improve service delivery to the MFC, the Council and its client departments. One organization recommendation that was supported by the MFC is that additional resources be provided to the City Attorney's real estate division. The recommendation to create a new position in the City Attorney's Office can be considered as part of the 2015-16 Budget process. In addition, implementation of the consultant's recommendations may have an impact on EWDD. EWDD should therefore submit a package in its 2015-16 Budget request for any resources needed to implement PA Consulting's recommendations.

Portfolio Optimization

PA, along with its sub-contractor Cushman & Wakefield (CW), noted that the City maintains a broad and diverse portfolio of real estate and that the City functions as a property owner and occupier, developer, landlord and tenant. To assist the City in improving these various functions, PA and CW conducted four general tasks: 1) development of a framework to be used by the City to run its portfolio internally. This includes best practices, definition of property categories and identification of critical data fields for the permanent AMS; 2) completion of a value optimization study of the City's "highest potential properties" and select leases where the City is a lessee; 3) development of multiple pro-forma templates to be used by the City internally to support future portfolio optimization analyses; and, 4) review of the City's current brokerage practices.

Significant recommendations on portfolio optimization include:

- Establishing recommended classifications into essential and various non-essential categories, including sub-categories for non-essential properties to assist the City to develop use and disposal options;
- Providing development options on properties including: City Hall South, West Los Angeles

Civic Center, El Pueblo Pico House and Parking Lot 2, Lincoln Heights Jail/Humboldt property, Westlake Theater and Reseda Town Center. PA and CW also provided recommendations on City leases at the Bradbury Building, State CalTrans Building, 620 Commercial Street and the Los Angeles Media Tech Center;

- Using the pro-forma templates developed by CW as a set of tools to perform additional future property analyses; and,
- CW noted that the selection process is typical of other governmental agencies, but that relative to its portfolio size, the sophistication of the Los Angeles market and the complexity of the real estate owned and leased by the City, that the City's use of outside representation is limited. Therefore, PA and CW recommend that the City move towards outsourcing all of its leasing needs. This would allow in-house staff to focus on strategic asset management. CW notes that third party brokerage representation would also support the City's goal of optimizing the performance of its portfolio through continuous access to real-time market information and partnerships.

The MFC recommends that the Council adopt the portfolio optimization recommendations in concept and implement the recommendations, with EWDD, as priorities are identified.

RECOMMENDATIONS

That the Council:

1. Note and file the PA Consulting report on its study of the City's real estate asset management functions;
2. Adopt in concept, PA Consulting's recommendations on a proposed 2014 Strategic Real Estate Plan, with the implementation of key recommendations to be considered separately by the Municipal Facilities Committee in consultation with the affected City departments at a later date and forwarded to Mayor and Council for approval as necessary;
3. Adopt in concept, PA Consulting's recommendations on portfolio optimization and implement recommendations, with the Economic and Workforce Development Department, as priorities are identified;
4. Direct the General Services Department to identify resources needed to begin clean-up of its existing real estate data during 2014-15;
5. Direct the General Services Department to submit a package in its 2015-16 Budget Request, to implement a new Asset Management System, and, if necessary, a new Document Management System;
6. Authorize the General Services Department, with the assistance of the Information Technology Agency, City Administrative Officer and any other affected department to develop and release a Request for Proposals for the acquisition of a new Asset Management System, and, if necessary, a new Document Management System;
7. Direct the General Services Department to submit a Real Estate Improvement Plan to the MFC for service delivery improvements as an alternative to organization recommendations made by PA Consulting;
8. Request the City Attorney to submit a budget request for one additional real estate attorney

- through the 2015-16 budget process; and,
9. Direct the Economic and Workforce Development Department to submit a package in its 2015-16 Budget request, for any resources needed to implement PA Consulting's recommendations.

MAS:RAS:05150059

Attachments

Summary of PA Consulting – Asset Management Study Recommendations

Summary of 2014 Strategic Real Estate Plan Recommendations

PA Consulting Asset Management Services Study dated September 25, 2014

Summary of PA Consulting - Asset Management Study Recommendations

MFC Working Group Meeting 4 - October 23, 2014

<u>PA Recommendations</u>		<u>Working Group Decision</u>	<u>Priority Scale</u>	<u>Timeline (Fiscal Year Start)</u>	<u>Notes</u>
1. "Selection of the Asset Management System" Recommendations <i>(Appendix C of PA Asset Management Study)</i>					
1a	Acquire new Asset Management System (AMS)	10/2/2014	1	2015-16	Working Group recommends this timeline
1b	Data clean-up	10/2/2014	1	2014-15	Working Group recommends this timeline. GSD can request to include Building Maintenance as part of data cleanup.
1c	Acquire new Document Management System (DMS)	10/2/2014	1	2015-16	Working Group preference to see if this can be integrated into AMS
2. "Asset Management Organizational Design Review" Recommendations <i>(Appendix B of PA Asset Management Study)</i>					
2a	Outsource Leasing Function <i>(Includes deleting all eight positions in Leasing and Tenant Services and then adding two positions. Two positions added are one for managing the vendor contract and one for managing City buildings)</i>	10/23/2014	2	Post AMS	Majority of the working group voted (with CAO supporting immediate outsourcing) to defer until after AMS acquired. Specific position changes in Leasing and Tenant Services can be contemplated after AMS is acquired. GSD should present a plan as to how to improve this function in case that outsourcing does not occur
2b	Add one attorney position in Office of City Attorney	10/23/2014	1	2015-16	Working Group recommends as a policy issue. Recommends review through the budget process
2c	Add one position in GSD for Administration and Accounting	10/23/2014	2	Post AMS	Working group voted to defer until after AMS acquisition
2d	Add three positions in CAO AMSP	10/23/2014	2	2016-17	Working group voted to defer consideration until 2016-17
2e	Transfer space planning/optimization from GSD to BOE <i>(Includes transferring one position from GSD to BOE; deleting a Senior Clerk Typist and a substitute Accounting Clerk II in GSD; transferring the existing MA II in GSD Portfolio to AMS management; and, adding two new positions in BOE)</i>	Discuss Next Meeting		2015-16	CAO recommends adding this recommendation. No agreement by the Group. Next priority discussion.
2f	Designate MFC as decision-maker on designation of properties for economic development or City use	10/2/2014	In Progress	2014-15	Asset Management Strategic Planning Framework report
2g	CAO AMSP to provide strategic plans and prioritization of properties. Recommends properties to be used for economic development or City use. Also perform special projects	10/2/2014	In Progress	2014-15	Asset Management Strategic Planning Framework report

Summary of PA Consulting - Asset Management Study Recommendations

MFC Working Group Meeting 4 - October 23, 2014

<u>PA Recommendations</u>		<u>Working Group Decision</u>	<u>Priority Scale</u>	<u>Timeline (Fiscal Year Start)</u>	<u>Notes</u>
2h	EWDD/Non-profit to perform outreach, development and coordination of properties designated for economic development	10/2/2014	In Progress	2014-15	Asset Management Strategic Planning Framework report
2i	Implement a lease renewal process (requires new AMS)	10/23/2014	2	Post AMS	Working group voted to defer until after AMS acquisition
3. "2014 Strategic Real Estate Plan" Recommendations <i>(Appendix D of PA Asset Management Study)</i>		10/23/2014	1	2014-15	Working Group recommends to "Adopt in concept, the 2014 Strategic Real Estate Plan included in the PA Consulting report with specific elements to be addressed by affected City departments at a later date". However, Mayor and GSD may send proposed revisions to the language.
3a	Pursue ISO certifications in various asset management, information & records management & data and systems management				
3b	Pursue staff certification in "Portfolio Management Professional by PMI"				
3c	Implement "Balanced Scorecard": for tracking efforts related to clients (stakeholders), people (learning & growth), asset management (internal business processes), and finances				
3d	2014 Plan - Project a) Asset management process planning and launch				
3e	2014 Plan - Project b) Property inventory database (PID) development	10/2/2014	1	2014-15	
3f	2014 Plan - Project c) Manage AMS lifecycle				
3g	2014 Plan - Project d) Manage DMS lifecycle				
3h	2014 Plan - Project e) Produce operating statements for properties				
3i	2014 Plan - Project f) Perform financial analysis and reporting for properties, portfolios and projects				
3j	2014 Plan - Project g) Create asset management "Balanced Scorecard"				
3k	2014 Plan - Project h) Perform asset portfolio optimization				
3l	2014 Plan - Project i) Manage portfolio of surplus property				
3m	Consolidate 14 Guiding Principles into four Guiding Principles: 1) Support City services 2) Optimize economic and financial benefits 3) Be cost-effective 4) be environmentally responsible				

Summary of PA Consulting - Asset Management Study Recommendations

MFC Working Group Meeting 4 - October 23, 2014

<u>PA Recommendations</u>		<u>Working Group Decision</u>	<u>Priority Scale</u>	<u>Timeline (Fiscal Year Start)</u>	<u>Notes</u>
3n	Continue efforts to build a new building on the Parker Center site	10/2/2014	In Progress	2014-15	Parker Center EIR
3o	Adopt the Non-Profit Lease Subsidy and Real Property Sale Policy	10/2/2014	In Progress	2014-15	Non-Profit Leasing Policy
3p	Implement greater "hoteling" of space, where appropriate				
3q	Transfer LA Mall management to a private firm				
4. "Asset Management - Portfolio Optimization" Recommendations <i>(Appendix E of PA</i>		10/23/2014	1	2014-15	Working Group voted to "adopt the portfolio optimization recommendations in concept and implement the recommendations with EWDD as priorities are identified".
4a	Consider development options for: 1) City Hall South 2) West LA Civic Center 3) Pico House 4) El Pueblo Lot 2 5) Westlake Theater 6) Reseda Town Center 7) Lincoln Heights Jail 8) Humboldt Yard				
4b	Perform periodic valuations of high priority assets				
4c	Establish building classifications into "essential" and "non-essential" categories to assist staff in approaching disposition options				

Summary of 2014 Strategic Real Estate Plan Recommendations

The full Real Estate Plan (2014 Plan) provides detailed descriptions of each of the recommendations (see Appendix D). Table 4-5 below summarizes the recommendations in the 2014 Plan.

Table 4-5: Summary of Recommendations from the 2014 Strategic Real Estate Plan (2014 Plan)

High-level Recommendation	Description of Recommendation	References / Notes
1. Align 2014 and 2009 Guiding Principles	<ul style="list-style-type: none"> • In the 2009 Strategic Real Estate Plan (the 2009 Plan), the City described its mission for real estate services in a set of 14 Guiding Principles • In the 2014 Strategic Real Estate Plan (the 2014 Plan), PA Consulting (PA) linked these 14 Guiding Principles to a new, simplified set of 4 Guiding Principles 	<ul style="list-style-type: none"> • See Section 1.2 of the 2014 Plan
2. The City should consider a set of recommended relocation options for 13 properties	<ul style="list-style-type: none"> • The City sought to relocate staff from leased to City-owned properties in order to "Optimize Economic and Financial Benefits" (Strategic Goal 3) and "Be Cost Effective" (Strategic Goal 4) • In this way, the City could continue to 1) reduce the City's reliance on expensive leased space and 2) co-locate City services to promote ease of access 	<ul style="list-style-type: none"> • See Section 3.1 of the 2014 Plan
3. The City should consider adopting key elements of private sector asset management practices	<ul style="list-style-type: none"> • Assign site-based management (a property manager of each City-owned property), accounting, budgeting, financial planning and operations. • Regularly update databases on physical, operational and financial characteristics of properties and supported by audits, intensive financial analyses, real estate appraisals, and accurate property accounting and financial planning. • Conduct annual (or semi-annual) reviews and reporting at the property and aggregated levels. • Collect private market benchmarks, including market value of all owned and leased properties. • Implement financial tools and performance standards used in the real estate market (such as return on investment and capitalization rate calculations). • Introduce effective competition to leasing, sales, and sourcing of services and materials. • Cull smaller properties through sale to improve portfolio management efficiency. 	<ul style="list-style-type: none"> • See Section 4.1.1 of the 2014 Plan
4. Establish standards for Information and Records Management per ISO 15489	<ul style="list-style-type: none"> • ISO 15489 is a well-known and well-accepted international standard, published in 2001, that provides a detailed blueprint for establishing information and records management. • Establish standardized information and records management policies and procedures, per best practices. • Establish a systematic approach to safeguarding the City's valuable information assets. 	<ul style="list-style-type: none"> • See Section 4.1.2 of the 2014 Plan

Table 4-5 is continued on the next page

Table 4-5 (continued): Summary of Recommendations from the 2014 Strategic Real Estate Plan (2014 Plan)

High-level Recommendation	Description of Recommendation	References / Notes
<p>5. Establish standards for Asset Management per ISO 55000, 55001, and 55002</p>	<ul style="list-style-type: none"> • Leverage standard Asset Management Processes and Procedures as defined by the ISO • Leverage standard AMS Components • Leverage Asset Management Standards and Best Practices • Implement Asset Management (information) System (AMS) per best practices • Implement standard Asset Management Processes and Tools 	<ul style="list-style-type: none"> • See Section 4.1.3 of the 2014 Plan
<p>6. Establish Oversight for Asset Management Program</p>	<ul style="list-style-type: none"> • Deploy a PMO structure for the Asset Management Program • Establish strong change management • Create a set of detailed implementation plans for the nine (9) projects that, together, will help the City reach its "Future State" goals and achieve its mission for real estate services. • Each project should be implemented by an assigned project lead and project team. • Plan, manage, and track these nine projects using standard project and program management principles 	<ul style="list-style-type: none"> • See Sections 6.1 – 6.4 of the 2014 Plan
<p>7. Implement nine (9) projects called out in the 2014 Strategic Real Estate Plan</p>	<ul style="list-style-type: none"> • Deployment Management projects <ul style="list-style-type: none"> – Asset Management Process Planning and Launch (a) – Property Inventory Database (PID) development (b) • Technology Management projects <ul style="list-style-type: none"> – Manage Asset Management (information) System (AMS) Lifecycle (c) – Manage Document Management System (DMS) Lifecycle (d) • Data Management <ul style="list-style-type: none"> – Operating Statements for Properties (e) – Financial Analysis and Reporting for Properties, Portfolios, and Projects (f) – Asset Management Balanced Scorecard (g) • Asset Portfolio Management projects <ul style="list-style-type: none"> – Asset Portfolio Optimization (h) – Manage Portfolio of Surplus Property (i) 	<ul style="list-style-type: none"> • See Section 4.2 of the 2014 Plan

This is a big file.

Please go to the following link
to view the whole file:

<http://cityclerk.lacity.org/lacityclerkconnect/index.cfm>