



# Highlights

## Why OCA Did This Study

In accordance with the Office of the City Auditor's Fiscal Year 2018 Audit Work Plan, we conducted a performance audit of the Real Estate Assets Department's Portfolio Management Practices.

The objectives of our audit were to determine whether City's pre-disposition procedures related to the identification, classification, and review of surplus property are in conformance with best practices and whether the City is timely and accurately categorizing properties in its real estate portfolio.

## What OCA Recommends

OCA made 4 recommendations to improve the program. Key recommendations include:

- READ should work with land-managing departments to compile accurate classifications of property.
- READ should consult with the Mayor and City Council to determine whether to work with land-managing departments to conduct an analysis of City property that ensures a good match between the property and its function.
- To ensure that land-managing departments consistently assess and communicate their property needs, the City should create a written policy for departments to guide the periodic review of property inventories.
- Throughout the process of updating Council Policy 700-10, READ, in consultation with the City Attorney's Office and City Council, should determine the most appropriate channel of presenting the Portfolio Management Plan, and clarify expectations and language, to ensure consistent expectations and guidelines.

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City of San Diego,  
Office of the City Auditor

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## Performance Audit of the Real Estate Assets Department's Portfolio Management Practices

*Opportunities Exist to Improve the City's Real Estate Data Tracking and Communication of the Property Portfolio*

## What OCA Found

The Real Estate Assets Department (READ) manages the City's real estate portfolio and oversees identification, disposition, and sale of the City's surplus property. The City of San Diego has been identified as one of the least affordable cities in the United States, and local leaders have declared an affordable housing state of emergency in recent years. City Leaders have contemplated the use of City surplus properties to help alleviate these issues. For these reasons, it is critical that READ collect accurate information, conduct sufficient analysis, and communicate this data to decision makers.

### Finding 1: READ's Centralized Property Portfolio's Current Use Classification Does Not Always Match the Use of City Property as Recommended by Best Practices

We found that information in READ's database system describing current uses of properties is not always consistent with individual department records. Specifically, we found that records provided by the Public Utilities Department and the Parks and Recreation Department did not always match READ's property classifications for current use.

### Finding 2: Opportunities Exist for the City to Improve Management Oversight of City Inventory by Establishing Processes or Procedures to Require Land-Managing Departments to Periodically Review Inventory

We found that there is no consistent or standardized procedure related to the pre-disposition review of City-owned property within land-managing departments. The land-managing departments we reviewed do not have a documented process or timeline to review their portfolio related to the current use and need of properties. We recommend that READ work with the Chief Operating Officer to create a policy to provide timely and accurate updates to ensure data, Citywide, is accurate.



### Finding 3: READ is Not Presenting the Portfolio Management Plan (PMP) to City Council at a Public Hearing as Recommended by Best Practices Resulting in the City Council Not Having an Opportunity to Provide Public Input Regarding the City's Comprehensive Portfolio Management Strategy

We found that READ did not present the PMP to City Council or relevant Committees at a public hearing during the scope period of our audit. Rather, READ has distributed the PMP to City Council members and City executives via email and has posted the PMP on READ's webpage.

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