

Council Member Lee Brand sees gold in better use of Fresno city property

The city's lax real-estate management may be costing big bucks.

<http://www.fresnobee.com/2014/02/19/3779738/city-hall-is-fresnos-biggest-landowner.html>

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The Fresno Bee

February 19, 2014

City Hall is Fresno's biggest landowner. But one Fresno councilman says the city doesn't have a good handle on all that it owns.

Council Member Lee Brand wants to fix that, saying he's convinced lax real-estate management is costing Fresno big bucks.

"One department doesn't know what the other department owns," Brand said. "I understand why -- we've been so busy avoiding bankruptcy. But this can't go on. We have to find every opportunity we can to save money and add revenue."

Brand will hold a news conference Thursday to unveil an initiative called the Asset Management Act that, among other things, aims to reform City Hall's sometimes chaotic handling of its real estate.

Brand hopes to introduce his idea to the council on March 6. If all goes as planned, city-owned real estate would be managed by a private real estate brokerage by year's end.

City Manager Bruce Rudd said he supports the proposal.

"It's good to get a fresh set of eyes on this and an inventory of what we own," Rudd said.

Rudd said the problem was born not of indifference but of economics.

"Our real estate group has been the victim of the economic downturn and the downsizing of the organization," he said.

Brand makes his pitch in three phases:

First, City Hall is a land baron.

Brand estimates the city owns more than 1,000 "real property parcels" with a value of about \$1.3 billion. These include buildings, parking lots, service facilities and vacant land.

Firefighters need fire stations. The water department needs wells. The politicians need offices. The people need a city hall. The list, Brand said, goes on and on.

City leaders over the years planned for immediate and future property needs. They had budgets and money-spending authority. They bought first and thought about the bigger picture later.

Over time, Brand said, things got messed up.

Second, dirt is money.

City Hall's desperate need for cash is no secret. Brand wants to sell unneeded parcels and buildings at market rate to boost empty coffers.

But the opportunities go far beyond a "for sale" sign, Brand said. He recently made a splash at a council meeting by suggesting a slice of city-owned Granite Park could be leased to advertisers keen to catch the attention of motorists on nearby Highway 168. The same idea could apply to other city-owned parcels, he said.

Contract compliance doesn't sound exciting, Brand said, but that, too, might yield bucks. "You can't get paid unless you bill someone," he said. There's precedence for such optimism. The city has long had a business license tax, but failed until recently to diligently pursue scofflaws.

The city in recent years has seen its work force shrink by about 1,000 jobs. Many were based in City Hall. Brand said money might be saved by moving desk workers from leased offices throughout downtown into nearly-empty City Hall spaces.

Third, just do it.

Brand said top officials for years were aware of the city's weak oversight of municipal property. There just wasn't time, money or will to fix things, he said.

Brand's solution -- hire a private-sector real estate brokerage firm that specializes in municipal asset management.

The plan is to seek proposals from such firms over the next two to three months. Brand said there are only a handful of such firms in the nation, some with connections in Fresno. His hope is to find someone with local knowledge who will work with Fresno-area real estate experts.

Brand owns a real estate management company. He said his firm won't bid for the contract.

He said the three-year deal would involve no risk to the general fund or enterprise departments. The management company would make most of its money from performance -- a modest share of sales and leasing. However, Brand added, the company might be paid for consulting.

The company among other things would produce a strategic real estate plan. Brand said this would be the defining document, identifying assets, money-making opportunities and best management practices.

The management company would make no policy. Decisions would rest with the council, he said.

Brand and Rudd acknowledge that the next nine months or so could tell an interesting story about the often mysterious world of city real estate.

For example, it's never been clear to the public exactly which properties have been used as collateral for past borrowing. One of them is City Hall itself.

The return on any sale also could be an eye-opener. A property bought in 1990 has a fair chance of returning more money than taxpayers paid. A piece bought in 2008 has dim prospects for a profit.

Some city or former Redevelopment Agency parcels of controversial pedigree have become urban legends. The twists and turns of Granite Park, the old Palm Lakes golf course and the Blosser property, among others, are sure to be resurrected.

And Rudd warns that a thorough inventory is sure to shine a light on an unpleasant surprise -- long-ignored maintenance costs

It'll all be worth the effort, Brand said.

"The money will add up."

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