



Real Estate Division Centralization & Progress Update

Finance Commission
June 25, 2025

Why We're Here

- Inconsistent lease management – including rent collection, late fees, insurance, and renewal gaps – hurt revenue and credibility.
- In July 2024, Council created a centralized Real Estate Division to address these issues.
- Our goals: ensure all leases are professionally managed so the City collects every dollar, on time, at fair market value.



How We Got Here

2000s to Early 2020s:

- A legacy 3-person Real Estate Division was dissolved while the City's real estate portfolio kept expanding – including leases, property holdings, and land management responsibilities.
- Oversight of leases became fragmented across 4 departments:
 - Community & Library Services – Beach & park concessions
 - Public Works – Cell site & pipeline agreements
 - Economic Development (formerly OBD) – Redevelopment & business leases
 - Police Department – Substation leases



Resulting Lease Management Challenges

- Inconsistent CPI calculations and rent escalations.
- Late or missed renewals.
- Irregular or missing late fees.
- Missing insurance documentation.
- No regular site inspections.
- Disorganized or inconsistent JDE data.
- Inconsistent enforcement of maintenance and site boundaries.



Lease Management Progress to Date

Completed

- JDE Cleanup
- Master lease tracker
- Daily rent payment log
- Real-time JDE reports

In Progress

- Insurance verification
- Uniform lease files
- CLS portfolio hand-off
- Enforcement protocols



Lease Oversight – Early Metrics

Metric	July 2024	June 2025
Unapplied cash	370 items	0
Accurate account balances	<50%	100%
Leases current on rent	NA	101 / 105 (4 in review)
% Late-fee process live	NA	100%



Beyond Leases: Full Real Estate Services

What we manage in addition to 101 leases – each with unique legal, financial, and operational requirements:

- Ocean View Estates Mobile-Home Park maintenance, operations & tenant relations
- Land acquisitions & dispositions (Surplus Lands Act compliance)
- Property title research & due-diligence support
- RFPs and negotiations for new lease & license agreements
- Drafting agreements, amendments, renewals, and default notices
- Coordinating with Legal, Planning, Public Works & Risk on compliance
- Overseeing tenant improvements & rent-credit investments
- Day-to-day tenant relations and issue resolution
- Tracking rent, late fees, CPI, insurance, & key milestones
- Aligning assets with broader City development & placemaking goals

These tasks are largely behind-the-scenes and extend well beyond processing rent payments.



New Structure (Who Does What)

Team	Focus
Steve Holtz, Deputy Director (CD)	Strategy & Council liaison
Bill Krill, Real Estate Project Manager (Real Estate Division)	Lease enforcement, cell sites, pipelines
Morgan Forster, Management Analyst (Real Estate Division)	Rent & insurance analytics
Chris Cole, Community and Library Services Manager (CLS)	Beach & park concessions – tenant contact
Kriss Casanova, Economic Development Manager (CD)	Pier, hotel concessions, former redevelopment, economic development agreements – tenant contact

- Real Estate Division staff (Bill & Morgan) manage centralized lease oversight as well as the City's broader real estate functions – including acquisitions, dispositions, title research, and regulatory compliance.
- Chris and Kriss serve as tenant-facing liaisons within their departments.



Lease Optimization Assessment

- Council requested deep dive into concession leases to assess if rents are at market rate & if lease terms could be modernized to grow revenue.
- Early findings:
 - Regular audits can identify under-reported % rent
 - High-value audits should be prioritized
 - Modern POS systems improve revenue transparency
 - Operational improvements may support increased customer spending
- Findings will be shared with Council in Summer/Fall 2025 and may result in new leasing policies.



Next 12 Months – Lease Priorities

- Complete in-progress initiatives:
 - Insurance verification
 - Uniform lease files
 - CLS portfolio hand-off
 - Enforcement protocols
- Finish Lease Optimization Assessment:
 - Present findings to Council
- Build annual lease management tools:
 - Renegotiation calendar
 - Audit calendar
 - Performance scorecard (rent, insurance, inspections, audits)



Long-Term Vision (3-5 Years)

Systems & Transparency

- Fully digital lease platform integrated with JDE.
- Public-facing lease dashboard.
- Centralized inventory of all City-owned real estate.

Policy & Revenue Management

- SOPs for leasing, acquisition, and disposition.
- Risk-based audit cycle for ongoing compliance.
- Grow recurring revenue through market-aligned rents and consistent enforcement.



Alignment With Council Goals

Our Real Estate work plan is designed to support the Council's fiscal and accountability goals:

- ✓ Market-rate rents
- ✓ On-time collections
- ✓ Transparent oversight
- ✓ Data-driven decisions



Questions?

