

# Memorandum

To: CHAIR AND COMMISSIONERS

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Information Item

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Ref: **FISCAL YEAR 2004-2005 ASSET MANAGEMENT PROGRESS REPORT**

## **SUMMARY**

The Department of Transportation (Department) demonstrates good stewardship of its real estate portfolio by determining which lands and buildings are required to meet transportation-related needs consistent with the Department's system planning vision. Asset Management, within the Department's Division of Right of Way, organizes Department resources to regularly evaluate what it owns and why, its location and condition, and current or potential uses. Underused, non-conforming or unneeded property is then sold, exchanged or otherwise conveyed to support Department priorities, which support Department operational goals or otherwise maximize public benefit.

## **STATUS**

### **SPI**

Government Code Section 11011.18 requires that by July 1 each year the Department provides the Department of General Services (DGS) an inventory of its real property holdings for inclusion in DGS' State Property Inventory (SPI), which includes, but is not limited to vacant land, office buildings, traffic management centers, warehouses, maintenance stations, equipment shops, and park-and-ride facilities. The report does not include information on existing highways, airspace, excess lands, and properties acquired for highway projects. To satisfy a request from the California Performance Review (CPR) and conform to Governors Executive Order S-10-04, the Department prepared and submitted its report on May 31, 2004, a month earlier than usual. DGS has been tasked with making this information available on its website.

Asset Management will continue to work aggressively with districts to explore creative ways of using market forces to optimize asset value. So far, Asset Management has identified more than 25 properties, with a potential aggregate value exceeding \$40 million, which are potentially under-used or incompatible with the surrounding land use. The Department must

now assess its long-term facility needs within the context of current/future transportation infrastructure investment to determine if these facilities require functional replacement – potentially through market-driven exchange - or can be sold without replacement and the proceeds returned to the State Highway Account.

#### RPRR

Department Deputy Directive 21-R2 mandates that districts annually conduct a systematic analysis of all non-operating real property owned by the Department. This process, the Real Property Retention Review (RPRR), objectively evaluates property utility within an operational context to determine which holdings are needed to support current or future operations and which are not. Those that are not required are declared surplus. Additionally, the RPRR defines timelines for resolving issues related to asset disposal and assigns a party responsible for completion of the desired disposition. Preliminary results of this year's RPRR, scheduled for completion in November 2004, indicate that more than 6,000 parcels were reviewed and more than 1,600 were recommended for disposal.

#### PROJECT DEVELOPMENT SERVICES

Asset Management staff provided consulting services to the Administrative Program, the Maintenance Division, the Equipment Division, and the Engineering Division (TransLab) on 20 Department facility projects. Asset Management is participating with DGS in both a thorough infrastructure assessment of the Headquarters office complex, and a comprehensive analysis of potential Headquarters' office space solutions in the greater Sacramento area. It is also currently working with DGS to deliver infrastructure assessments, economic analyses and space programming alternatives for long-term office space solutions in Districts 2 (Redding) and 5 (San Luis Obispo). Moreover, Asset Management is actively working with districts to identify opportunities to use market forces to support conversion of existing assets (turn-key facility exchanges) to satisfy future facility requirements.