



Agenda Item:

04

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/01/04
No.: 04-103
Agenda Item Type: Resolution
No.:

Communication

Roll Call

Submitted by: Eric A. Anderson, City Manager
Donald M. Tripp, Park and Recreation Director

SUBJECT—

Property Land Management Revenue Disbursement Policy

SYNOPSIS—

Approve the Property Land Management Revenue Disbursement Policy.

FISCAL IMPACT—

N/A

RECOMMENDATION—

Approval

BACKGROUND—

The City of Des Moines routinely acquires and disposes of property for capital projects and to meet operating goals. In an effort to better utilize resources, a policy has been developed to assign the income derived from real property sales.

Implementation of an ongoing comprehensive asset management program required a thorough inventory and classification of city-owned property. The initial inventory revealed that just less than 21,000 acres (over 42 percent) of the property within the City boundaries is not currently taxed. This non-taxed area included 10,772 acres (21.7 percent of the total) owned by the City of Des Moines and the remainder held by other Federal, State and County governments as well as schools and other tax-exempt entities.

After the initial inventory was completed, the properties were preliminarily classified. A comprehensive assessment of the properties is currently being conducted. As this assessment progresses, it is expected a portion of the properties will be deemed excess and disposition of these properties will be initiated.

Several benefits will be realized from the disposition of excess city property. The benefits include the actual sale price proceeds, adding taxable property in the City, and the City will realize some operational savings because it will no longer be required to maintain the property. The end result is a vision whereby the City of Des Moines will own only as much property as necessary to accomplish the goals of the City Council. This property shall be maintained in an exemplary manner, focusing on good stewardship, outstanding customer service and adding to the beauty of Des Moines.

Many portions of this Property Management Process have been successfully implemented. Property Management, through the Property Inventory Report, reviews the sale of both project and non-project related transactions and makes a recommendation to the City Manager for the distribution of proceeds in compliance with the Property Land Management Revenue Disbursement Policy. Council action is required to establish an Endowed Maintenance Fund to hold proceeds from the sale of unencumbered real property as outlined in the Policy.

The following policy is proposed:

Property Land Management Revenue Disbursement Policy

The first \$175,000 of proceeds from the sale or lease of *unencumbered* real property shall be deposited in the General Fund, to offset the Operating Budget of the Property Management Division.

Any additional proceeds from the sale or lease of *unencumbered* real property shall be deposited in the Endowed Maintenance Fund. Except for an emergency, principal will not be used.

Interest earned from the Endowed Maintenance Fund shall be used solely to offset a portion of the maintenance expenses.

City Council approves all dispositions of City real property. The Council has discretionary authority to assign the proceeds as it deems necessary. Spending of interest from the Endowed Maintenance Fund will be part of the budget process.

It is anticipated that the adoption of the Property Land Management Revenue Disbursement Policy will provide for the funding of essential ongoing maintenance responsibilities through alternative revenue sources. It promotes the investment of proceeds from the sale of real property.

The success of this program ultimately rests with the discipline exercised by the City in accounting for the disposition of City real property.

Approval of the Property Land Management Revenue Disbursement Policy is recommended at this time.

On February 24, 2004, the Park and Recreation Department and Property Management presented a "Status Report on Operations" at the scheduled City Council Workshop. The PowerPoint presentation included additional information on the Property Management Process and Property Land Management Revenue Disbursement Policy. The presentation will be available on the City of Des Moines' web site. Hard copies of the presentation are available upon request.