REAL PROPERTY UPDATE

DECEMBER 11, 2013
INTRODUCTION

• As part of the City’s ongoing efforts to maximize the value of its real estate assets by managing them through strategic, purposeful measures, the Real Property Section conducts regular, thorough assessments of the inventory.

• To compliment the latest efforts, the Real Property Inventory database has recently been upgraded to expand its reporting capabilities and improve its usefulness as an asset management tool.
The City’s real property portfolio is diverse, with 214 properties categorized by current use:

- ACCESS
- COMMERCIAL
- CITY FACILITY
- CONTROL LOT
- EXCESS
- FLOOD CONTROL
- GARDEN

- LANDSCAPING
- NON PROFIT
- PARKING LOT
- RESIDENTIAL
- RIGHT OF WAY
- VACANT
- HABITAT

Each property is further classified, based on City Council direction and a property’s h/b use as:

- HOLD
- SELL
- DEDICATE
- INTERIM LEASE
- LONG TERM LEASE
These future h/b use classifications provide a logical grouping of City assets and the inventory is organized accordingly.

Properties which function in two separate classifications (“City Facility” and “Long term” or “Interim” Lease) have been labeled as “Hold” since their primary function is as a City Facility.

The inventory has been set up to reflect multiple uses on a single asset so as to clearly highlight existing leases or leasing opportunities on City Facilities assets (i.e. rooftop or reservoir telecommunications facilities).
ASSET CLASSIFICATIONS

• Classifications ought to be flexible and subject to change based on internal and external factors (down or up market, funding availability, environmental constraints, etc.)
• Such flexibility, along w/ a policy of regularly reviewing the inventory to make necessary adjustments, allows the City to optimize its real estate assets.
• Maximum value can be measured by:
  • Monetary gain (sale/lease proceeds)
  • Contributory value (contribution to City’s broader goals/objectives)
Of the City’s 214 properties, 31% is habitat or has no functional use and little or no value, being primarily comprised of excess land.

- Real Property has identified several excess properties that are appropriate for dedication to the public and will return to council for authority to dedicate those assets at a future date.

24% of the City’s assets are City Facilities, many of which serve a secondary function as leased properties generating rent revenue.

55% of the remaining City RP assets are key properties, subject of regular review and assessment in order to maintain each site’s H/B Use through change over time.
DEPARTMENT CONTROL

• Accurate designation of the controlling dept. is a critical element in asset optimization as it aids in the H/B use determination and generally governs revenue allocation and expense funding availability.

General Fund Assets: 75%
• Recreation Assets: 24%
• Utilities Dept. Assets: 11%
• Housing Assets: 02%
• Successor Agency Assets: 01%
### CURRENT DATA
**AS OF DECEMBER 1, 2013**

<table>
<thead>
<tr>
<th>Non City Facility Properties Classified as Long Term Lease: <strong>17</strong></th>
<th># Filled: <strong>17</strong></th>
<th># Avail: <strong>0</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties Classified as Interim Lease: <strong>11</strong></td>
<td># Filled: <strong>7</strong></td>
<td># Avail: <strong>4</strong> (brokers and website)</td>
</tr>
<tr>
<td>Properties Classified for Sale: <strong>33</strong></td>
<td>#Hold: <strong>32</strong></td>
<td>#Listed/Pending: <strong>1</strong></td>
</tr>
</tbody>
</table>
COMMERCIAL RENTAL TRENDS (ESCONDIDO)
The Real Property Section manages 72 leases on 46 properties.

Annual rental revenue = $2.9 million

Enterprise/Specialty Dept. Control: 24%

General Fund: 76%

There are currently four (4) properties available for lease:
COMMON NAME: FORMER TODD PIPE/HD SUPPLY
APN: 232-091-28 [SUCCESSOR AGENCY]
ADDRESS: 480 N. SPRUCE   SIZE: 3.79 ACRES ZONING: M-1
CURRENT H/B USE: INTERIM LEASE

FOR LEASE
480 N. Spruce St.
Escondido, CA 92025
Lease Rate: $0.59 Gross

Property Highlights:
- ±48,976 Total Square Feet of Building Space
- -33,976 Square Foot Primary Building
- -15,000 Square Foot Out Building
- 4,562 Square Feet of Two Story Office
- 19,840 Square Feet of Mezzanine
  (Not Included in the Building Square Footage)
- 14 Dock High Doors, 3 Doors with GL Ramp
- 100% Concrete Staging and Loading Area
- 2,000 Amps, 277/480 Volts, 3 Phase Power
- Insulated Warehouse Walls
- 20’ Clear Height
- Fire Sprinklers
- Fenced 3.79 Acre Site
- M-1 Zone

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COMMON NAME: MOUNTAIN VIEW PARK UNDEVELOPED
APN: 231-220-41
ADDRESS: MTN VIEW DR/CITRUS
ZONING: OS-P SIZE: APROX. 11 ACRES
CURRENT H/B USE: INTERIM LEASE
COMMON NAME: JESMOND DENE PARK UNDEVELOPED
APN: 187-310-09
ADDRESS: 2401 N. BROADWAY
ZONING: OS-P SIZE: APROX 6-10 ACRES
CURRENT H/B USE: INTERIM LEASE
COMMON NAME: 11^{th} AVENUE FUTURE PARK UNDEVELOPED
APN: 235-081-07
ADDRESS: 11^{th} AVENUE/DEL DIOS
ZONING: R-E-20 SIZE: 4.5 ACRES
CURRENT H/B USE: INTERIM LEASE
COMMERCIAL SALES TRENDS (ESCONDIDO)

Office Market

Average Sales Price Per SF

Industrial Sales Market

Average Sales Price Per SF

Retail Sales Market

Average Sales Price Per SF
DISPOSITION PROPERTIES

- 33 assets are classified as sale properties
- 1 is pending/in escrow

- 32 are holding for various reasons, as identified in the RP Inventory for each property (market condition, part of broader planning/development objective, etc.).

- There are ten (10) prime sites classified for disposition currently not being marketed for various reasons until directed otherwise:
COMMON NAME: OLD CORPORATION YARD/"QUONSET HUT"
APN: 230-141-01
ADDRESS: 1201 E. WASHINGTON
ZONING: CG SIZE: 4.57 ACRES
FUTURE H/B USE: RFP DISPOSITION/DEVELOPMENT

- RFP Development
  - Commercial or Mixed Use, channel-oriented
  - Tax income generator
  - Employment
- Development Conditions $$
COMMON NAME: FORMER 2512 E. WASHINGTON
APN: 235-270-54
ADDRESS: E. WASHINGTON AVE
ZONING: R-1-6 SIZE: 3.25 ACRES
FUTURE H/B USE: DISPOSITION

- Residential market recovery
- RFP or list on open market
COMMON NAME: CORPORATION EXPANSION YARD
APN: 232-090-72
ADDRESS: 901 WEST WASHINGTON
ZONING: M-2 SIZE: 10.32 ACRES
FUTURE H/B USE: DISPO/DEVELOPMENT

- RFP Disposition & Development
- Business Park RDA
COMMON NAME: OLD PD
APN: 232-210-16
ADDRESS: 700 W. GRAND
ZONING: SP SIZE: 2.6 ACRES
FUTURE H/B USE: DISPO/DEVELOPMENT

- RFP Dispo/Development
- Adjoins Bus Park RDA
- Gateway property
- Multi-modal transit station
COMMON NAME: OLD LOPEZ & MERCADO PROPERTIES
APN: 233-032-07 & 08; 233-032-12, 13 & 14
ADDRESS: 509 W. 2\textsuperscript{nd} AND 201 S. PINE; 520/542 W. 3RD
ZONING: PD-C (MERCADO MP)
FUTURE H/B USE: DISP/Y DEVELOPMENT

- Housing Successor
- Mercado Dist.
- Lopez corner = great visibility and gateway property
COMMON NAME: BUSINESS PARK REDEVELOPMENT PROPERTIES
APN: 232-091-28; 232-091-27; 232-091-06
ADDRESS: 480 SPRUCE; 455 AND 525 N. QUINCE
ZONING: M-1
FUTURE H/B USE: ASSEMBLE FOR BUSINESS PARK DEV.

- Hold for assembly w/ other City properties for Business Park Development
- Interim leases
COMMON NAME: BEAR VALLEY SURPLUS
APN: MULTIPLE
ADDRESS: BEAR VALLEY ROAD
ZONING: RESIDENTIAL
FUTURE H/B USE: DISPOSITION

- Plats & legals in progress;
CONCLUSION

A municipality's objective of maximizing real property values (measured by monetary and contributory value) can best be achieved through an active policy, such as ours, that:

• Involves strategic, purposeful asset management practices;
• Incorporates the City Council’s broader planning and development goals for the City; and
• Is flexible to adapt to internal and external forces over time.
QUESTIONS?