

Tulsa Asset Management



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EXECUTIVE SUMMARY

As the 21st century dawned communities throughout the United States began to recognize the need for greater emphasis on understanding and managing public assets. The emergence and development of these systematic and coordinated asset management activities and processes not only grew from changing political realities to improve public transparency, accountability and fiscal responsibility, but also internal pressures to improve organizational efficiencies, control and justify public expenditures, and improve customer service. Although there is great awareness on the need for strategic asset management the ability to move forward is often a daunting task. Such was the case for the City of Tulsa.



Tulsa emerged from a small frontier town to the second largest City in the state. As City has grown, so, too, has the number and complexity of the City's real estate assets. Today, the City holds title to more than 3,000 properties, including parkland and open spaces, police and fire facilities and right of way. Each year the City engages in land transactions, some of which increase the total real estate assets by means of public rights of way for road projects, for example, as well as decrease its total liabilities when land is sold. For as much land currently owned by the City and regularity with which it is bought and sold, there is much confusion as to where these properties are located, how they are maintained, and if the current use of the properties is the best or optimal use for the City of Tulsa.

Feedback obtained through City staff directly involved with real estate transactions – acquisition and disposal – and maintenance of those assets, indicated a significant internal demand for improved communications and awareness of decisions regarding property owned by the City. Generally, the greatest demand was for some type of centralized and uniform system that consolidates and categorizes all City-owned properties into one easily accessible inventory. In 1991, the Urban Development Department (UDD) was formed in an attempt to centralize all of its real estate functions and decision-making authority regarding the management of City-owned properties. The tenure of that Department was brief. Upon the dissolution of the UDD real estate efforts were reassigned and became fragmented. As a result, many Departments have had to learn and devise their own asset management functions based on survival instinct versus a City-wide strategic approach to the subject.

Moving forward, the Leadership ICMA team determined there are immediate opportunities that will assist Tulsa in beginning the process of organizing and managing its real estate assets. Understanding what the City owns and categorizing those assets by use (i.e. parks, police, fire, leased to third party, etc.) and what land might be vacant is the critical first step. Such a project was currently underway by the Management Resources Office when the project team visited Tulsa in April 2012. That master inventory should be completed and made available to all personnel with existing asset management responsibilities. This list should also be updated as land transactions take place during the intermediate term. A skills assessment of existing staff performing asset management functions, processes used by each Department and technologies currently employed will help determine what opportunities might exist that could be

implemented City-wide at no or minimal cost. Opportunities to open up communication between Departments and critical staff are available with the Land Tax Committee. However, the original intent of that committee no longer relates as to how it is currently being used. As a result, the purpose of the committee is unclear and underutilized as a potential avenue to foster coordinated decisions regarding the City's land assets.

Long-term success depends on several factors. Studies reviewed and best management practices (BMPs) identified by the Leadership ICMA team indicated the development of a clear City vision for the handling of real estate and a strategic asset management plan and uniform City-wide policies is necessary for directing how real estate transactions shall occur. Those same studies and BMPs further state property managed assets require properly trained staff and utilization of technology that support a centralized data approach establishes some of the BMPs currently engaged by other municipalities.

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INTRODUCTION

Who We Are

Leadership ICMA (L-ICMA) is a two year development program for early career local government professionals. The program covers leadership philosophy, personal integrity, high-performance organization management models, team-building, strategic planning and project management. The final phase of the program consists of consulting for a local government organization with a real-world challenge.



Tulsa Team

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Amy currently serves as the Office of Management and Budget Manager for the City of Largo, FL responsible for the City Budget, Capital Improvement Plan, City-wide Procurement, Community Engagement and providing analytical support to the City Commission, City Administration and Departments. Amy has previously held positions within or serving the public sector with the Office of Management and Budget at the City of Maitland, FL and at Tyler Technologies as an implementation specialist. Previously, Amy worked within the Actuarial and Insurance industries. Amy holds a Masters of Public Administration, University of Central Florida, and a BA in Economics from Ashland College in Ohio.

Lynne Simons, Lead Researcher

Lynne is the Director of Corporate Policy and Integration, Halton Region, Ontario, Canada. With 25 years of experience in municipal government in Ontario, she works on a range of strategic initiatives, advocacy, Council reporting and cross-departmental programming. Lynne is a member of Canadian Municipal Managers Association, (CAMA), the International City/County Manager Association (ICMA), and the Canadian Institute of Planners (MCIP). Lynne holds a Masters of Environmental Studies (Planning and Health Promoting Communities), York University, a B.A. honors in Urban and Environmental Studies and Human Geography, Brock University.

Brian Yerges, Project Associate

Brian currently serves as City Administrator for Plymouth, WI overseeing a \$34 million dollar combined budget. Previously, Brian served as City Administrator for Mauston, WI and as a Project Manager/Planner for MSA Professional Services, Inc. in Wisconsin. He holds the American Institute of Certified Planner (AICP) designation from the American Planning Association and the Economic Development Finance Professional Certification (EDFP) from the National Development Council. Brian has Masters Degrees in Public Administration (MPA) and Urban Planning (MUP) from UW-Milwaukee and a B.A. in Political Science and Communications from Wisconsin Lutheran College.

Jason Ziemer, Team Leader & Primary Contact

Jason is currently the City Administrator for the City of Maple Plain, Minnesota. In addition to municipal government management, he has more than 10 years of combined experience in

communications, public relations and community outreach as a public information officer for the Minnesota Department of Natural Resources and as a television news reporter and anchor. He holds a Certificate in Economic Development from Hamline University. Jason has Master's degrees in Public Administration and Management from Hamline University, and is currently working on his Doctorate in Public Administration at Hamline. He has a B.A. in Communications from the University of North Dakota.

Issue Identification & Project Scope

The City of Tulsa has identified a need to improve management strategies of City-owned properties and facilities. This asset management project aims to provide an assessment of current roles and responsibilities of the City, and to conduct comparative analysis on best management practices and peer communities regarding asset management processes. Project outcomes shall include specific actionable recommendations for improvement of asset management. The findings may be used by the City of Tulsa to make consistent and coordinated decisions for current and future property and facilities. The City may use this study for future work to broaden asset management processes related to economic development and the divesting of properties.

Methodology

On April 2-4, 2013, the L-ICMA team conducted on-site interviews with leadership and staff directly involved in acquisition, sale and management of properties owned by the City of Tulsa. The purpose of the site visit was to gather data to understand current practices regarding the acquisition and disposition of properties and to help define a process to better centralize the handling of properties. Prior to the site visit, the Team reviewed data on the City's organizational structure, previous research and inventories on the subject, and studied current tools currently in use by the City to help track the movement of property. The Team also conducted a peer review of other asset management policies and programs to determine best management practices (BMPs) and to translate those BMPs to Tulsa. The combined research resulted in the Team's findings, which are found in the Recommendations section of this report.

Limitations

This report was prepared with recognition of the following research and analytical parameters:

- Best practice research was conducted within a two month time frame and focused on a scan of international, national and local municipal literature as well as Professional Association research and positions publicly available and found on the internet.
- Municipal Best Practice Case Study review was prepared based on an assessment of publicly available documentation found on the internet and in discussion with a range of staff in some, but not all, of the municipalities reviewed.
- Documentation regarding Tulsa existing conditions was provided by staff/representatives for the City of Tulsa. The review and analysis of this data was substantiated based on the finding of key informant interview participants who are employees of the City of Tulsa.
- The definition of Asset Management for the purpose of this study focuses on real estate of the City of Tulsa. Real estate means land and properties, whether vacant or not. Early discussions and the literature review identified a range of interpretations and structures within which to conduct an Asset Management review.

EXISTING CONDITIONS

The City of Tulsa has been engaged in asset management since it was incorporated as a city in 1898. As the community evolved from a small frontier town to a boomtown with the discovery of oil in the early 1900s to today, the second largest City in the state, the number and complexity of the City's real estate assets have increased significantly. As a result, the City has experienced tremendous pressure to develop a system for monitoring these assets in a way that achieves the greatest return to the City and its citizens.

The short-lived Urban Development Department (UDD), established by Executive Order 91-21, centralized asset management for properties held by the City of Tulsa. During its existence the UDD issued three policies aimed at establishing uniform and detailed procedures for the centralization of real estate property acquisitions, leasing and disposition.

It is the uncertainty of how much land the City owns, who manages it, and whether or not those lands should be disposed of or transferred between City Departments for continued public use is the central tenant of the current debate surrounding asset management. Adding to the complexity of this issue is the former centralizing authority for acquisition, leasing and disposition of real property – the UDD – no longer exists as a standalone department. As a result, several departments absorbed those management functions in order to continue performing their required work. The majority of real property transactions within the City are currently handled by the Planning and Economic Development Department as a means of driving development activities, and the Engineering Services Department which acquires right of way and other easements for capital projects.

Although the UDD was disassembled and its duties spread throughout the organization, the Land Tax Committee still remains. This committee was created in 1992 as a means to assist with tax issues relating to real property in Tulsa County. Today, it is believed that the purpose of this committee meets as needed to review properties no longer needed by a Department who had been user of the property. However, this perceived purpose was not consistent from staff members interviewed.

Today, there are no programs or clear policies in place to handle real estate transactions – acquisition, sale and transfer – because such policies still refer to the UDD as the Department responsible for the management of the asset. As noted earlier that Department no longer exists. Thus, the lack of present day policies and clear direction has resulted in Departments and Divisions of the City adapting and operating under learned behaviors and strategies in an effort to manage the properties owned by the City that are under their purview. Because there is no clear and current City-wide program or policy in place, the Engineering Services Department, for example, follows processes previously established and amended to suit their particular needs. The key point: overall asset management, specifically related to real estate acquisition, use and disposal, is fragmented.

In early 2011 Tulsa identified community priorities through the use of a citizen survey. Priorities identified included but were not limited to the following: public safety, economic development, beautification, transportation, and government efficiency. Simultaneously, the Tulsa Comprehensive Plan further declared a major strategy of the City is to:

“...enhance coordination of long range planning, zoning administration, current planning, infrastructure, capital planning, community development, and economic development functions to move major projects and initiatives forward.”

Management of the City’s land and property assets touches all these areas of emphasis and is part of the objective to enhance coordination. Improved coordination of land and property management is one of the links between the strategy and achieving desired community outcomes.

Existing conditions were assessed by the Leadership ICMA (L-ICMA) team by reviewing various City documents such as the budget and comprehensive plan, reviewing City policies, and by conducting on-site interviews with City staff. City staff interviewed have some involvement in asset management of City-owned properties, including the purchase, disposition, (re)development, and maintenance of the property and/or facilities. The 14 City staff members that were interviewed by the L-ICMA team on April 2-4, 2013 were:

Name	Title	Area
Roger Acebo	Acquisition and Relocation Administrator	Department of Planning and Economic Development
Mike Battenfield	Parks Maintenance Supervisor	Parks
Leon Davis	Asset Manager and Valuation Administrator	Department of Planning and Economic Development
Jim Twombly	City Manager	Office of the Mayor
Dawn Warrick	Director of Planning and Economic Development	Department of Planning and Economic Development
Paul Strizek	Street Maintenance and Contract Manager	Department of Streets and Stormwater
Robin Undieme	Management Review Office Project Manager	Management Review Office
Thomas Chandler	Building and Operations Manager	Department of Streets and Stormwater
Gary Hamer	Capital Planning Manager	Budget
Clay Bird	Director of Economic Development	Economic Development
Keri Fothergill	Mayoral Aide	Office of the Mayor
Michelle Lester	Real Estate Coordinator	Department of Engineering Services
Mike Mallory	Representative from Fire Department	Fire Department
VanEllis	Representative from Police Department	Police Department

Observations

At the conclusion of the interviews with key City staff the L-ICMA team summarized the visit and reported its general findings to City Manager Jim Twombly. Generally, staff recognized opportunities to improve the coordination of asset management strategies of properties owned by the City. It also appeared that the desire for such collaboration existed at the time of the interviews but that the level of readiness or ability to take the necessary steps was unclear, and staff was uncertain as to how to take that step.

There were four themes that emerged from the interviews with staff that would promote improved collaboration for land and facility maintenance:

1. Centralized responsibility to maintain a comprehensive list of land and facilities;
2. Availability of such list through a City-wide system that is accessible to those with asset management responsibilities;
3. A consistent and objective approach to Asset Management decision making; and,
4. Better communication between Departments and key staff.

The issue facing the City regarding management of its land and properties, and the fragmented structure associated with it, has been somewhat created through survival skills. Staff has been required to take advantage of opportunities as they arise, and thus make decisions based on Departmental need and learned experiences to do what's in the best interest of their Departments versus the City having a strategic approach to benefit the City as a whole.

Many staff members were concerned about the underlying desire to evaluate properties to determine if any could be disposed of. Perhaps without an objective evaluation of what future opportunity or public good the properties could provide, properties would be sold that should not be. Several staff believed that the City has already sold almost all of the land that it does not need or that has any significant value; that which remains may not be in the City's best interest to sell. Staff suggested a thorough vetting of the properties to determine the best end use, if one exists, prior to declaration of surplus.

Because the different Departments have been essentially required to manage their own land/properties, the implementation of a centralized system will require staff training and change management to demonstrate how a new system can benefit them. History suggests the City is susceptible to organizational changes with mayoral elections. Thus, all staff agreed that there is a need for a formal and structured approach and policy that could provide stability and continued guidance even through structural organizational changes.

Summary of Findings

- A vision for Tulsa's asset management regarding City-owned real estate would facilitate guiding principles to enable a strategic approach towards decision making.
- No single City Department is responsible to manage the City's land and facility asset management, but rather it is divided among several departments.
- No consistent, objective, data-driven approach to the City of Tulsa's land and facility management exists.
- Policy guiding asset management is insufficient for current City needs, and any remnant policies are antiquated and no longer reflective of the current organizational structure.
- No centralized or Enterprise Resource Planning (ERP) system for the City's land assets exists.
- The current skill set of staff is oriented towards economic development versus real estate portfolio management.

BEST MANAGEMENT PRACTICE: LITERATURE REVIEW

As part of the Tulsa Asset Management project, external sources are investigated to gather information relative to asset management best practices. This external assessment is broken out in two sections. The first section identifies and reviews best management practices (BMPs) for asset management strategies, emphasizing studies from municipalities across the United States in addition to studies from other sources, such as professional associations. A comparative analysis of these findings was weighted against existing conditions in Tulsa to establish a framework in which to develop opportunities to improve current practices. That information was used to determine recommendations on moving forward to establish asset management best practices for the City.

The following highlights common definitions, principles and model approaches used to define municipal best practice.

History and patterns of asset management at local level

Throughout the late 1990's to mid-2000's greater recognition of the need for the strategic review and implementation of improved asset management, facilities management and real estate (AM/LM/RE) approaches began to emerge. Largely this need resulted from changing political and policy regimes, including comprehensive accounting requirements; global economic downturn and fiscal restructuring; and the increasing demands by the public for transparent, accountable and fiscally responsible decision making. The increased size and complexities of government responsibilities, vast ranges in the types of lands and assets acquired by public organizations, and the range of expertise dedicated to the inventory of AM/FM/RE (i.e. engineers, realty service professionals, maintenance experts) had previously resulted in fragmented practices at all levels and for all types of assets managed in the public sector. Throughout this time the requirement to strategically address community needs also grew.

Trends toward coordinated AM processes in particular emerged at the federal level to assist in justifying funding decisions in and across departments. As federal governments in the United States, Canada, the United Kingdom, Australia, Europe and South Africa developed tools for what become most commonly referred to as AM planning, State, Provincial and Local governments responded by developing models for AM oversight and strategic planning and budgeting.

Comprehensive AM processes began to be implemented at the local level with a focus on:

- integrating organizational strategic and financial planning with detailed and long term AM plans, (recognition of goals, values and missions);
- consideration of principles of holistic and sustainable policies and procedures;
- conducting AM portfolio inventories; defining asset categories;
- determination of optimal use/risk/disposal options; and,
- necessary organizational supports (knowledge, policies, budget setting, technological supports) that function cross-departmentally.

The literature review indicates that at the municipal level, best practices for AM are largely consistent in their emphasis of linkages to organizational priorities/plans/budgets, the need for strategic AM plans, and the role of organizational supports to achieve AM goals. Similar process resulted for facilities management and municipal real estate management as overall objectives

in AM. Learnings from overall AM strategies will be incorporated into the findings to assist the City in its overall goals of efficiency and public accountability in municipal asset/real estate management.

Defining comprehensive municipal asset management

The need for transparency and accountability in AM at the municipal level, as well as with the current state of repair of municipal assets and decreasing municipal budgets to support facility and fixed asset improvements, has led to emerging municipal asset management/real estate/land management frameworks. Definitions reflect the need and ability to address municipal decision making with a comprehensive vision.

Common Definitions

Asset Management

“Municipal Asset Management is: the process of inventory, valuation, use, strategic portfolio reviews, reporting and auditing of municipal assets and, in some cases state properties as part of the decision making process of local governments.” (A Toolkit for Municipal Asset Management, RTI International, 2007)

“The acquisition, administration and disposition of real estate in such a manner that the owner’s goals are achieved over the long run.” (Developing an Asset Management Plan Guide Book, Laura Junglas, 2004)

“Good asset management maximizes value-for-money and satisfaction of stakeholder’s expectations. It involves the coordinated and optimized planning, asset selection, acquisition/development, utilization, care (maintenance) and ultimate disposal or renewal of the appropriate assets and asset systems.” (ISO 55000 Asset Management Standard, The Woodhouse Partnership Limited, 2012)

“Systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their lifecycles for the purpose of achieving its organizational strategic plan.” (The Institute of Asset Management, 2008).

Total Asset Management

“Total asset management (TAM) is a holistic, inclusive, and coordinated approach to facility asset management. It promotes both a philosophy and a set of best practices intended to overcome limiting conditions by coordinating asset-related business processes across multiple business units, integrating asset-related information systems, and adopting best-in-class practices for maintaining and using the information resources.” (Accomplishing Total Asset Management, A. Edgar and E. Teicholz, Internet search 2013)

Strategic Facility Plan

“A strategic facility plan (SFP) is defined as a two-to-five year facilities plan encompassing an entire portfolio of owned/operated and/or leased space that set strategic facilities goals based on the organizations strategic (business) objectives. The strategic facilities goals, in turn, determine short-term tactical plans, including prioritization of, and funding for, annual facility related projects.” (Strategic Facility Planning: White Paper, International Facility Management Association, September, 2012)

Asset Management Plan

“Document specifying activities and resources, responsibilities and timescales for implementing the asset management strategy and delivering the asset management objectives.” (Institute for Asset Management, 2008)

Asset Management Policy

“Asset Management Policy articulates a council’s commitment to asset management and provides policy statements to guide staff in carrying out the organization business strategies, plans and activities.”(Local Government Asset Management Working Group of British Columbia, Internet search, 2013)

Real Estate Portfolio Management

“A formalized process for assessing surplus real estate while planning and managing real estate portfolio on an on-going and long-term basis.” (Portfolio Management Strategy, Corporate Real Property Planning Project, City of Hamilton, 2004).

High-functioning asset management systems principles

The emergence of coordinated and systematic approaches to asset management highlights the importance of integrating processes across municipal organizations. Common goals of cost efficiency, performance, risks and sustainability coordinated with the overall strategic plan are underlying to all requirements. The following provides an overview of the common principles associated with high functioning asset management systems. Asset management works best for an organization when the function is:

- *Integrated*: integrated into strategic plans and organizational structures, are mission driven customer focused;
- *Optimal*: Incorporates budget and business decision-making processes; consistent criteria and common values;
- *Systemic*: Implemented cross-departmentally, with consistent application of AM policies;
- *Risk-based*: Supports a focus on improving utilization, life-cycle management and disposition of assets rather than budget competitiveness;
- *Systematic*: Results are based on analytical, data-focused, and detailed asset inventories and evaluations;

- *Holistic*: Supported through the development of comprehensive asset management plans, asset management inventories, facility assessments, broad AM policies, dedicated human and technological resources;
- *Transparent*: Ensures open, transparent and responsible asset decision making; and
- *Sustainable*: Incorporates iterative planning cycles and allow for long-term capital planning. (*Accomplishing Total Asset Management*, A. Edgar and E. Teicholz, Internet search 2013) and (*Institute for Asset Management*, 2008)

Emerging trends clearly indicate that a comprehensive and strategically driven approach to asset management is necessary for business and local governments alike. Municipal services that address quality of life needs of a community require a range of land holdings, leases, fixed asset operations and maintenance that is managed with fiscal accountability and transparency.

Literature review highlights

The study findings indicate that since the mid 1990s the evolution of asset management functions at the local municipal level have led to the development of best AM/FM/ REM approaches that are:

- directed with a strategic vision;
- incorporated into municipal budget and business practices;
- cross-departmental and consistently applied;
- customer focused;
- supported by analytical data and inventories/assessments; a range of policies, procedures; human capital and a range of electronic data/analytical systems;
- include clear, transparent and publicly accountable decision making powers; and incorporate long-range and iterative planning cycles, performance measurement and program evaluation.

The benefits of a comprehensive approach include the ability to:

- meet the needs of the community/service user in a sustainable and long-term manner;
- link plans, policies, procedures and actions to strategic objectives and budgets of the organization;
- develop systems that utilize business case approaches for asset use;
- implement long term capital planning;
- justify/optimize standards of service;
- integrate service and utilization – prioritize needs over wants;
- standardize applications;
- focus on improving their asset management plan rather than competing for funding; and
- coordinate all forms of asset management across multiple business units. (*ISO 55000 Asset Management Standard*, The Woodhouse Partnership Limited, 2012) and (*Asset Management: A Best Practice Guide*, EPA, 2008)

Models for municipal best practice

As part of the literature review for asset management a number of planning models were found. **Appendix A** provides a brief overview of common industry models for Asset Management,

Strategic Facilities Management and Real Estate Portfolio Planning. Common to each model is the relationship between planning and implementing strategic decisions for the best use of assets. Essentially these models identify that iterative and strategic planning is supported by data collection and analysis as well as system and human resource supports, accountable and transparent decision making, and integrated policy and implementation activities.

BEST MANAGEMENT PRACTICES: COMPARATIVE ANALYSIS

The peer municipal review for best management practices (BMPs) related to asset management was based on both U.S. and international models. Based on the research conducted by the ICMA team, several studies were identified to be relevant to the City of Tulsa's asset management situation. The primary studies reviewed included the following documents:

- Best Practices Methodology for Real Estate Assets Department dated January 31, 2007 for the City of San Diego, California by Grubb & Ellis.
- Corporate Asset Management Strategy – Organizational Recommendations dated January 2010 for the City of Barrie, Canada by GHD.
- Portfolio Management Strategy dated June 15, 2004 for the City of Hamilton, Canada.
- Asset Management Strategy (Infrastructure & Land) dated May 2010 by the Gold Coast City, Australia.
- Corporate Asset Management Plan dated 2011 for the City of Calgary, Canada.
- Real Estate Asset Management Plan dated February 2012 for the Oregon Department of State Lands, Washington.

In each case, the six studies recognized in this document provide a specific approach to migrating from an “old” obsolete asset management strategy to a “new” business model for asset management. This section will summarize common areas of emphasis found in the six studies.

The Leadership ICMA team recommends reviewing the City of San Diego study completed by Grubb & Ellis. Excerpts from the San Diego study are found in **Appendix B**. The full study can also be found at: <http://www.sandiego.gov/real-estate-assets/pdf/grubbellis070131.pdf>.

Based on the best practices review and existing conditions in the City of Tulsa, the L-ICMA team identified seven categories to conduct its comparative analysis. These categories were common themes identified by studies as critical for the development of a successful and effective asset management strategic programming. The seven categories are: Human Capital Development, Performance Measurement, Standards Operating Procedures and Portfolio Management, Clear Authority and Strategic Alignment, Robust Technology Solution(s), Organizational Culture and Organizational Readiness.

Best Management Area Practice: Human Capital Development

In general, human capital represents the value that each employee brings to the table, according to their knowledge, skills, and capabilities. The studies recognized that if a new asset management approach is going to be implemented, individuals must have their knowledge, skills, and capabilities aligned with the new approach. Human Capital Development for asset management requires both internal and external training. Internal training is likely required for new organizational processes and new deployed technology. External training is more likely for acquiring general asset management skills (i.e. professional associations and related training) such as commercial real estate finance analysis and data management and analysis skills. A blend of an internal and external training program may be developed based on the human resources capabilities of the organization.

Human capital development in relation to asset management should focus on:

- data management skills training;

- financial skills training as it relates to real estate & capital investment;
- general principles of asset management Training from professional associations;
- training on any new technology deployed;
- training on new business processes and procedures; and
- team and leadership development.

In Tulsa, there are at least 19 employees involved in the real estate purchasing or asset management needs of the City. Within the Planning and Economic Development Department there are 11 employees, of which three have their real estate broker's license. There are eight employees within Engineering Services, who mainly acquire rights of ways (ROW) and easements associated with construction or capital projects.

The employees in the Planning and Economic Development Department handle all of the real estate transactions and lease negotiations throughout the City. Their work is project orientated; therefore, they are not involved in the overall strategic asset management of the City's properties. Maintenance of properties is handled by various departments depending on what the land is used for. Each of the following Departments maintains their own property:

- Police
- Fire
- Streets and Stormwater;
- Water and Sewer; and
- Parks & Recreation

Key Finding: *A change in strategy regarding asset management requires a new set of skills not typically found within existing municipal personnel skill sets. Currently, there is no division or department responsible for the on-going asset management of City-owned land and facilities and the skill set is oriented towards economic development and construction or capital projects versus overall real estate management. Skills to enable employees to conduct business case analyses that are data driven and encourage cross-collaboration between departments would result in improved efficiency and effectiveness in the management of the City's real estate.*

Recommendations: Short Term

Identify the Asset Management Team Members for Tulsa's Real Property: Identify staff members either within a centralized or decentralized approach towards asset management of the City's Real Property. These staff members will be the people with the responsibility and authority for the management and maintenance of Tulsa's Real Property. Additionally, staff members are recommended to be the team towards developing the policies and procedures for Real Property management going forward.

Asset Management Training: Currently, several staff members handling real estate transactions, while holding real estate licenses are project focused and handle the transactions needed to implement a decision already made on property. These staff members are not necessarily responsible or play a role in the asset management of Real Property.

Once the staff members are identified that will be responsible for the management and maintenance of Tulsa's Real Property, it is recommended to provide asset management training.

This will enable best practices to be incorporated into the policies and procedures as well serve as the change agents within the City to implement the new approach towards asset management of Real Property.

Recommendations: Long Term

Technology Training: In the future when an ERP solution is implemented, much training throughout the organization will have to be done to ensure that the system is utilized to the fullest capacity and can meet the asset management needs of the City.

Business Analysis Training: If a portfolio management approach to the City's Real Property is adopted, business analysis training will be necessary to enable the staff members to have the necessary skills to conduct this type of management of Real Property. Business analysis of property is a key component to this approach in property management; however, it would also enable better asset management of property even if a portfolio approach is ultimately not used.

Best Management Area Practice: Performance Measurement

All studies reviewed recognized the importance of incorporating performance measurement into asset management. Key Performance Indicators (KPIs) were identified in each of the studies. Although the area of focus for asset management was slightly different between the studies (i.e. land, infrastructure, buildings and facilities, all capital assets etc.), performance measurement was the key in monitoring asset management accountability. Performance measures were broken out into three primary categories including surplus/investment property measures, execution or service driven measures, and real estate portfolio measures. Sample key performance indicators (KPIs) from the general categories are found below.

Surplus/Investment Property

- occupancy;
- delinquency rate;
- spread between actual rent received and market rate;
- average remaining term on leases;
- property value and change in value; and
- Return on Investment (ROI).

Execution-Driven Measures

- service requests handled per month;
- response time;
- quality of information (as rated by customer surveys);
- ability to answer questions;
- customer satisfaction (through follow-up surveys);
- portion of portfolio visited in last reporting period; and
- adherence to budget.

Portfolio Measures

- percentage of each property in use for service delivery (survey of properties – departments collect this data individually through a simple estimate of area in use (most properties will be 0% or 100%);

- status of projects or programs for which property is being held in anticipation of future use (i.e. transportation projects);
- total real estate expense as a component of total operating costs, by department and for the organization as a whole;
- total real estate expense per employee for administrative space, by department and for the organization as a whole;
- per square foot cost of office space in administrative building, by group occupying administrative space, and for the organization as a whole;
- real estate cost as a percentage of total City budget;
- real estate cost per employee;
- total square footage per employee in administrative buildings;
- value of surplus property sales per year;
- number of surplus property sales per year; and
- number of underutilized properties in the portfolio.

The City of Tulsa lacks consistency in its approach to decisions regarding City-owned property. The purchase of ROWs and easements obtained have the most consistent approach due to their repetitive nature and regulatory needs associated with the City's construction projects. General decisions to buy, sell, lease, create economic development opportunities or provide a public good (i.e. parkland) vary per property and by project.

The Parks Board, for example, would discuss a request by the Parks Department to purchase a property. A decision to proceed with acquisition of the property would then be presented to the Mayor for approval before going to the City Council for final action. The Police Department, on the other hand, if needing property would conduct an in-house search for property and would then take it to City Hall for consideration, but the Department is unsure to whom to submit the request for consideration. The Police and Fire Departments recently engaged in a transfer of surplus property without formal action by the City Council to declare a property as surplus before deciding if the property should be sold or transferred.

***Key Finding:** Performance Measurements or Key Performance Indicators (KPIs) provide the data necessary to make better decisions regarding assets. Decision-making becomes heavily based on real data rather than subjective criteria. Currently, there are no performance measurements being generated on city-owned properties to help provide an objective, consistent, data-driven approach to decision making regarding city-owned land management.*

Recommendations: Short Term

Identify Areas for the use of Key Performance Indicators to enable Data-Driven Decision

Making: With the development of a City-wide asset management strategy, identify areas for the implementation of data-driven decision making and the use of key performance indicators (KPIs) for implementation of strategy.

Recommendations: Long Term

Develop Key Performance Indicators that Reflect Property Portfolio Objective: With the development of long-term technology solutions and detailed property database sets, key

performance indicators (KPIs) should be created to reflect the overall asset management and property portfolio objectives for the City of Tulsa, that articulate the effectiveness of asset management activities.

Categories should include and not be limited to: Surplus/investment property; execution or service driven activities and real estate portfolio measures

Utilize Key Performance Indicators in Asset Management Budgeting: The use of KPIs should be incorporated into asset management budgeting and forecasting for long-term evaluation of program effectiveness.

Utilize a Score-card to articulate Transparency and Accountability in Asset Management: Create a score-card approach for monitoring and highlighting of asset management and property management activities that offer the ability to articulate transparency and accountability to the Mayor, City Council, residents of Tulsa and other stakeholders.

Best Management Area Practice: SOPs & Portfolio Management

Adopted standard operating procedures (SOPs) make asset management practices documented, consistent, and repeatable. Standardized processes include formal written procedures and are consistent across all departments. The studies have a varying degree of detail as it relates to standard operating procedures or processes with the most complete being the City of San Diego study. Asset management processes are the support systems and work processes required to execute the asset management strategy and policy framework. The standardized processes help to integrate the asset management strategy throughout all departments.

Portfolio Management is the dominant approach to managing the real estate process for both short-term and long-term decision making. The approach works by matching capital investment or divestment to the objectives of the organization. The portfolio approach includes both quantitative and qualitative data. It requires an ongoing portfolio review, analysis, and justifications of real estate investments. When surplus property is identified, a business case or plan is required before another program or department is able to use the property. The business case or plan for surplus property is reviewed during the final decision-making process and helps to determine whether to dispose of the property or keep it for the requested use. The business case could also provide justification for keeping the property for a future use that is linked to the organizations strategic plan.

Executive Order 91-21, issued in December 1991, consolidated all responsibility for real estate functions for the City to be within the Urban Development Department (UDD). The following year, then-Mayor Susan Savage further directed the UDD to prepare policies and procedures for real estate acquisition, leasing and disposition that would allow for uniform processes city-wide. Also formed at this time, but separate from the UDD, was the Land Tax Committee, an internal review board designed to assist the Legal Department in resolving tax issues with Tulsa County as well as address any procedural issues related to real estate transactions.

Since that time, the tax issues have been resolved and the UDD has been dissolved with the duties of that Department having been divided, with several functions going to various departments. The 11 employees, currently in the Planning and Economic Development

Department are the remaining positions previously part of the Real Estate Division within the UDD. Executive Order 91-21 gave the UDD authority to manage all real estate functions City-wide, with final approval resting with the Mayor and the Council. When the department was disbanded, the authority was not re-assigned to any one department. Today, the Land Tax Committee, which meets as needed, provides departments with an avenue to dispose of properties they no longer need and allow other City departments that have an identified need to claim these properties before a recommendation for disposal is given. This Committee does not have the benefit of having someone at the table that would conduct a business case analysis of the properties in question, applying a consistent set of principles for which the committee to generate a recommendation for best and optimal use for the City as a whole.

The policies and procedures refer to the UDD throughout, and sections such as 6.6 Easements, Permanent or Temporary, for example could benefit to be updated or re-written to tie to an industry or outside agency standard. Section 6.6, for example, refers to easements estimated to be valued at \$2,500 or less, being exempt from the appraisal requirement, which at the time was the Department of Transportation (DOT) value limit. Since that time, the DOT has changed the appraisal exemption value limit to \$10,000. Another example of dated policy is section 6.8 – Leases that states if a property is to be leased, it is exempt from an appraisal.

Key Finding: *Standard Operating Procedures (SOPs) and the portfolio approach to asset management help provide the necessary governance of assets and demand accountability. The asset management process as identified through SOPs and the portfolio approach help drive continuous performance improvement and better asset decision making.*

Currently, no single City Department or Division has the authority or responsibility to manage the City's real estate, with the exception of the Engineering Services Department for land transactions associated with construction projects and obtaining easements. The Mayor and Council have the final authority to purchase and dispose of city land; the Mayor has the final authority to enter into a lease. Current practice today is City Departments are able to transfer land from one department to the other without a formal analysis performed on real property.

Recommendations: Short Term

Centralized Inventory: Create one centralized inventory of properties and facilities. Categorize all properties and facilities into specific property groups.

Consolidate & Finalize Policy: Consolidate existing property disposal and asset management policies into one single city-wide policy for asset management (properties & facilities). The new policies should incorporate a portfolio approach to properties and facilities.

Develop a Portfolio Plan Outline: Based on the property categories, develop a portfolio plan outline. A sample portfolio plan outline is found on page 21 of the City of San Diego "Best Practices Methodology for Real Estate Assets Department" report. Each property category should have a portfolio plan outline.

Recommendations: Long Term

Property Analysis & Characterization: Upon the creation of one centralized inventory, characterize each property as to their fitness for purpose, physical condition, and utilization. Identify properties that are surplus or underutilized. The data should be tied to the property inventory. Consider focusing on one property category at a time.

Draft & Adopt Portfolio Plans: Draft a portfolio plan based on the property categories and portfolio outline. When appropriate, create a business case for the disposal and/or transfer of property. Rebrand the Land Tax Committee to review draft portfolio plan(s) and make recommendations to Mayor and City Council. Mayor and City Council to adopt initial portfolio plan.

Implement & Update Annual Portfolio Plans: Implement adopted portfolio plan. Review, amend, and update plans on annual basis.

Best Management Area Practice: Clear Authority & Strategic Alignment

Authority is the formal and legitimate right to make decisions within an organization. Historically, asset management decisions in the United States are typically reviewed and approved by Committees, Commissions, Boards, and Councils on an individual project basis. The studies recognize that if a specific policy framework is adopted for asset management, decisions related to assets may occur through the process in which the policy framework is implemented. Asset management decisions may occur independently from legislative body action as long as the decisions are consistent with the policy framework and ordinary processes. Asset management processes need to align to the strategic plan (vision, mission, values, strategic goals etc.) of the organization. Once aligned, asset management decisions may occur without additional oversight.

The Tulsa City Council has the authority to dispose and purchase property, while the Mayor has the authority to enter into a lease agreement. There is no city Department that has any authority to purchase, sell or lease property, however, they may transfer property from one department to another and/or re-purpose the use of the property and/or facility to meet their department's needs.

An unintended consequence of the department's ability to transfer assets between themselves without a formal analysis or process indirectly results in budget growth because the associated property maintenance costs often do not get transferred. For example, if the Parks department transfers a property to the Fire Department, the associated maintenance costs often stay within the Parks Department while the Fire Departments adds operation and maintenance costs such as utilities, contractual custodial and/or facility maintenance costs to their budget. The result, over time, is an overall increase to the City's budget.

Key Finding: *Asset management efficiency and effectiveness is improved when the policy framework is directly aligned to organizational processes, procedures, and strategic plans. The “Management by Exception” approach can be implemented allowing the legislative body to focus on policy and strategic issues rather than each and every asset management operational issue.*

While the Mayor and City Council has the authority to buy, sell and lease properties, departments have the ability to transfer properties. There is no authority given to any department or position that can carry out any buy, sell or leasing of properties within an approved set of guidelines or plan. It is questionable whether the transfer of land between departments is even permitted without some form of approval. Additionally, each property is individually considered, thereby preventing any long-term strategic or over-arching principals to be applied towards Asset Management by the Mayor or City Council.

Recommendations: Short Term

Rebrand & Refocus Land Tax Committee: Review the current purpose of the Land Tax Committee and consider rebranding and refocusing the committee to work on the portfolio management of properties and facilities. Analysis should include review of the membership and make-up of committee. Different appointments to the committee may be needed.

Land Tax Committee Review & Recommendation: On a short-term basis, use the Land Tax Committee for all recommendations regarding properties and facilities. These staff recommendations will go to the Mayor and City Council for consideration. The Management Review Office (MRO) should provide staff support and assistance to the committee on an interim basis.

Asset Management Decisions: On a short-term basis, all decisions regarding property and facilities should continue to be approved by the Mayor and City Council. The Land Tax Committee should make recommendations prior to the item or issue going to the Mayor and City Council for consideration.

Land Tax Committee Core Purpose/Mission Statement: The rebranded Land Tax Committee should develop a mission statement that is consistent with the consolidated asset management policies. The mission statement should also be consistent with the community priorities and vision established by the Mayor and City Council through the 2010/2011 citizen survey process.

Recommendations: Long Term

Amend Municipal Codes & Organizational Chart: Review the City Charter, organizational charts, and municipal codes as it relates to the rebranded Land Tax Committee and staff responsibility. Make amendments consistent with the direction of the committee and new asset management policies. The Management Review Office (MRO) may have to assist the rebranded committee with this effort.

Management by Exception: Upon policy adoption and City Charter and municipal code changes, the Mayor and City Council will focus on long-term strategic policies related to asset management. Once asset management policies and processes are aligned with the Mayor’s and

City Council strategic framework, “management by exception will begin.” The Mayor and City Council will adopt the annual portfolio plan(s). Decisions approved within the plan will be implemented as long as the decisions are consistent with the adopted plans and policies. When there is an “exception” considered by the rebranded Land Tax Committee and/or staff, the Mayor and City Council will review the issue as an “exception.”

Best Management Area Practice: Robust Technology Solution(s)

Technology seems to be a minor theme, nonetheless a very important part, of asset management. Several studies specifically highlight technology as a part of the asset management change process. Existing technology resources and asset information in some cases may not be adequate to support the asset management change process. Enterprise Resource Planning (ERP) software frequently has modules related to asset management but is not comprehensive for real estate management needs. At the same time, real estate management software used by some private sector companies does not have the broad array of capabilities as most municipal ERP platforms. However, robust technology solutions are required to manage the data needed to support the people, processes, and policy framework.

There is no city-wide Asset Management system or asset tracking system in place. An Enterprise Resource Planning (ERP) system that contains asset information that is accessible by all departments was a common desire by almost all City staff member that were interviewed. City staff expressed that having a centralized place where asset information was tracked and maintained could provide a starting point towards coordinated asset management.

Currently, the Geographic Information System (GIS) is housed outside the City by the Indian Nations Council of Governments (INCOG). The City has inquiry access to this data, which is maintained by sending data to INCOG. There was a desire by staff interviewed for the City to have its own in-house system or at least its own GIS layer, allowing for easier and more efficient access to data and for the creation of ad hoc maps.

Data on each property could be obtained through property appraiser/county records and city records throughout each department including the Finance Department that is believed to maintain property and facility data for insurance purposes. Additionally, grounds maintenance of property and custodial services for facilities is available through departments that contract out these services. Each property has grounds maintenance and/or custodial costs identified as part of the contract with vendors providing those services. The facility maintenance costs are not readily available by a per property basis due to the work being done by in-house staff, however, they can project costs for each property on as requested basis. This is done often for current and future property maintenance needs to be funded in operating and capital budgets.

Key Finding: *Proper asset management requires robust technology solutions to manage the data needed to support the people, processes, and policy framework. For best results, technology for asset management should integrate with other municipal software applications. There is no ERP system containing all city-owned assets and associated information about those assets. There is much work that would need to be done to pull property data into one centralized system. The Public Works Department has and uses a similar system that might have the capability to be replicated and used throughout the City.*

Recommendations: Short Term

Consolidated System: Identify current systems being used throughout the City in tracking Real Property data to include parcel information, current market value and land use, facility information, maintenance records, rental information if applicable, current use and potential use, and other applicable information such as deed or grant related restrictions. Determine if any of these systems can be used (or linked together) for creating a consolidated system to house the City's Real Property data in a central place that could be updated or at least viewed by all departments. By having a system that holds all of this data in a centralized system will position the City towards a portfolio approach in managing its Real Property.

Leasing Software: Research if an off the shelf leasing management software system is available that would allow for better management of the City's current and future leases. The software ideally would be able to link to the City's financial system to show rent as paid by tenant.

GIS Layer: Determine if the City can have GIS Layer in which it could manage to allow for immediate access to data and create on-demand ad hoc maps.

Recommendations: Long Term

Enterprise Resource Planning (ERP): Identify ERP needs city-wide for an Asset Management system, in which could incorporate management of the City's Real Property. Explore how such system could also project future needs of the City. While identifying ERP needs city-wide, look for a system or ways that such system could be linked with the GIS system to allow for comprehensive data to be stored and retrieved easily.

Organizational Culture

The organizational culture is one of much teamwork and good working relationships among City Departments; however, due to the lack of centralized or guiding principles, each Department is getting their needs met by learned experiences and their ability in gaining support for their needs and/or initiatives. This results in a fragmented asset management system, where each department is focused on meeting their own needs versus coordinated asset management for the City as a whole.

There was also a desire for a systematic procedure for Departments to express their current and future land and facility needs for efficient operations. This is a customer service element that would enable Departments to feel comfortable that their requests are being considered and are "in the queue" for when an opportunity arises.

Lastly, there was an expressed concern regarding if changes were to be made, that they have some permanency to them. With the changing political climate coupled with the fiscal pressures experienced by the City, many changes have been implemented both organizationally and in how services are delivered. The ICMA team believes that in order to create permanency, support systems, such as policies and procedures, need to be changed. This allows the organization to have a coordinated process across city departments, but also the flexibility to address either a centralized or decentralized for approach for decision making in regards to asset management.

Key Finding: *Lack of centralized data, updated policies, and leadership in the area of Asset Management lends itself to the organization operating in Department silos. There is no element of customer service in regards to Departments being able to have their current and future land and facility needs expressed. To encourage permanency of any changes made, the organization should reflect the changes through its policies and procedures.*

Recommendations

Foster Cultural Change that will Support the Implementation of Cross Departmental Processes related to Asset Management: Leverage the commitment of existing staff with the need for stronger asset management support processes into the development of a culture committed to cross-departmental activities that will implement an asset management strategy for Tulsa.

Organizational Readiness

A vision regarding property and facility asset management is a key component necessary to develop at the City Council and Administration level. A vision should reflect the long-term strategic goals the City wants to achieve regarding land and facilities. The vision would provide overarching principles from which to develop a consistent approach and decision making towards asset management. This approach then should translate into policies and procedures to guide the City in managing its property and facility assets.

It was clear that there was a shared desire on behalf of the staff to have an ERP system for asset management, not necessarily used solely for only asset management of city-owned land and facilities, but for all types of asset management. There was also a desire to be able to have a one-stop shop concerning real estate issues and needs; currently there is no division, department or position to go to. This would increase the level of customer service to departments and serve as a resource for departments to be able to provide an appropriate business case for their current and future land and facility needs.

Key Finding: *In order to have a strategic approach that is consistent throughout the City, a vision regarding land and facility asset management must first be developed by the City Council and Administration. Once a vision is established, over-arching principles and policies may be developed to enable a consistent approach to decision making.*

The City's ability to fund both an ERP system and potentially staff a centralized real estate division is constrained; therefore, the organizational readiness from a practical standpoint may be severely hindered. However, there does seem to be the acknowledgement and willingness on behalf of the staff to improve the overall asset management for the City.

Recommendations: Short Term

Develop a Vision Statement for Asset Management for the City of Tulsa: Develop a vision or value statement for the Asset Management role for the City. Included within should be the principles of customer focused decision making, economic sustainability, corporate integration,

utilization of existing and specialized human capital, business modeling and standardized support systems and resources.

Recommendations: Long Term

Prepare an Asset Management Strategy for the City of Tulsa: Create an Asset Management Strategy that builds on the ICMA assessment, this would define multi-year mile stones for the implementation of the “vision”, align work programs to goals and objectives and define and monitor the status of the strategy on an annual basis.

The Vision for Asset Management to Guide Decision Making: Utilize the vision as a desired end-state to guide decisions related to Asset Management for the City.

SUMMARY OF RECOMMENDATIONS

The ICMA Team has identified best practices for asset management through a variety of sources. Based on the identified best practices and the April 2013 site visit, the ICMA Team worked to develop both short-term and long-term recommendations that are designed to assist the City of Tulsa in migrating from the “current” asset management process to a “new” business model for asset management. The short-term and long-term recommendations are as follows:

Best Management Area Practice: Human Capital Development

Recommendations: Short Term

- 1) Identify the Asset Management Team Members for Tulsa’s Real Property:** Identify staff members either within a centralized or decentralized approach towards asset management of the City’s Real Property. These staff members will be the people with the responsibility and authority for the management and maintenance of Tulsa’s Real Property. Additionally, these staff members are recommended to be the team towards developing the policies and procedures for Real Property management going forward.
- 2) Asset Management Training:** Currently, several staff members handling real estate transactions, while holding real estate licenses are project focused and handle the transactions needed to implement a decision already made on property. These staff members are not necessarily responsible or play a role in the asset management of Real Property.

Once the staff members are identified that will be responsible for the management and maintenance of Tulsa’s Real Property, it is recommended to provide asset management training. This will enable best practices to be incorporated into the policies and procedures as well serve as the change agents within the City to implement the new approach towards asset management of Real Property.

Recommendations: Long Term

- 1) Technology Training:** In the future when an ERP solution is implemented, much training throughout the organization will have to be done to ensure that the system is utilized to the fullest capacity and can meet the asset management needs of the City.
- 2) Business Analysis Training:** If a portfolio management approach to the City’s Real Property is adopted, business analysis training will be necessary to enable the staff members to have the necessary skills to conduct this type of management of Real Property. Business analysis of property is a key component to this approach in property management; however, it would also enable better asset management of property even if a portfolio approach is ultimately not used.

Best Management Area Practice: Performance Measurement

Recommendations: Short Term

- 1) **Identify Areas for the use of Key Performance Indicators to enable Data-Driven Decision Making:** With the development of a City-wide asset management strategy, identify areas for the implementation of data-driven decision making and the use of key performance indicators (KPIs) for implementation of strategy.

Recommendations: Long Term

- 1) **Develop Key Performance Indicators that Reflect Property Portfolio Objective:** With the development of long-term technology solutions and detailed property database sets, key performance indicators (KPIs) should be created to reflect the overall asset management and property portfolio objectives for the City of Tulsa, that articulate the effectiveness of asset management activities.

Categories should include and not be limited to: Surplus/investment property; execution or service driven activities and real estate portfolio measures

- 2) **Utilize Key Performance Indicators in Asset Management Budgeting:** The use of KPIs should be incorporated into asset management budgeting and forecasting for long-term evaluation of program effectiveness.
- 3) **Utilize a Score-card to articulate Transparency and Accountability in Asset Management:** Create a score-card approach for monitoring and highlighting of asset management and property management activities that offer the ability to articulate transparency and accountability to the Mayor, City Council, residents of Tulsa and other stakeholders.

Best Management Area Practice: SOPs & Portfolio Management

Recommendations: Short Term

- 1) **Centralized Inventory:** Create one centralized inventory of properties and facilities. Categorize all properties and facilities into specific property groups.
- 2) **Consolidate & Finalize Policy:** Consolidate existing property disposal and asset management policies into one single city-wide policy for asset management (properties & facilities). The new policies should incorporate a portfolio approach to properties and facilities.
- 3) **Develop a Portfolio Plan Outline:** Based on the property categories, develop a portfolio plan outline. A sample portfolio plan outline is found on page 21 of the City of San Diego "Best Practices Methodology for Real Estate Assets Department" report. Each property category should have a portfolio plan outline

Recommendations: Long Term

- 1) **Property Analysis & Characterization:** Upon the creation of one centralized inventory, characterize each property as to their fitness for purpose, physical condition, and utilization. Identify properties that are surplus or underutilized. The data should be tied to the property inventory. Consider focusing on one property category at a time.
- 2) **Draft & Adopt Portfolio Plans:** Draft a portfolio plan based on the property categories and portfolio outline. When appropriate, create a business case for the disposal and/or transfer of property. Rebrand the Land Tax Committee to review draft portfolio plan(s) and make recommendations to Mayor and CCity Council. Mayor and CCityCouncil to adopt initial portfolio plan.
- 3) **Implement & Update Annual Portfolio Plans:** Implement adopted portfolio plan. Review, amend, and update plans on annual basis.

Best Management Area Practice: Clear Authority & Strategic Alignment

Recommendations: Short Term

- 1) **Rebrand & Refocus Land Tax Committee:** Review the current purpose of the Land Tax Committee and consider rebranding and refocusing the committee to work on the portfolio management of properties and facilities. Analysis should include review of the membership and make-up of committee. Different appointments to the committee may be needed.
- 2) **Land Tax Committee Review & Recommendation:** On a short-term basis, use the Land Tax Committee for all recommendations regarding properties and facilities. These staff recommendations will go to the Mayor and City Council for consideration. The Management Review Office (MRO) should provide staff support and assistance to the committee on an interim basis.
- 3) **Asset Management Decisions:** On a short-term basis, all decisions regarding property and facilities should continue to be approved by the Mayor and City Council. The Land Tax Committee should make recommendations prior to the item or issue going to the Mayor and CityCouncil for consideration.
- 4) **Land Tax Committee Core Purpose/Mission Statement:** The rebranded Land Tax Committee should develop a mission statement that is consistent with the consolidated asset management policies. The mission statement should also be consistent with the community priorities and vision established by the Mayor and City Council through the 2010/2011 citizen survey process.

Recommendations: Long Term

- 1) **Amend Municipal Codes & Organizational Chart.** Review the City Charter, organizational charts, and municipal codes as it relates to the rebranded Land Tax Committee and staff responsibility. Make amendments consistent with the direction of

the committee and new asset management policies. The Management Review Office (MRO) may have to assist the rebranded committee with this effort.

- 2) **Management by Exception:** Upon policy adoption and City Charter and municipal code changes, the Mayor and City Council will focus on long-term strategic policies related to asset management. Once asset management policies and processes are aligned with the Mayor's and City Council strategic framework, "management by exception will begin." The Mayor and City Council will adopt the annual portfolio plan(s). Decisions approved within the plan will be implemented as long as the decisions are consistent with the adopted plans and policies. When there is an "exception" considered by the rebranded Land Tax Committee and/or staff, the Mayor and City Council will review the issue as an "exception."

Best Management Area Practice: Robust Technology Solution(s)

Recommendations: Short Term

- 1) **Consolidated System:** Identify current systems being used throughout the City in tracking Real Property data to include parcel information, current market value and land use, facility information, maintenance records, rental information if applicable, current use and potential use, and other applicable information such as deed or grant related restrictions. Determine if any of these systems can be used (or linked together) for creating a consolidated system to house the City's Real Property data in a central place that could be updated or at least viewed by all departments. By having a system that holds all of this data in a centralized system will position the City towards a portfolio approach in managing it's Real Property.
- 2) **Leasing Software:** Research if an off the shelf leasing management software system is available that would allow for better management of the City's current and future leases. The software ideally would be able to link to the City's financial system to show rent as paid by tenant.
- 3) **GIS Layer:** Determine if the City can have GIS Layer in which it could manage to allow for immediate access to data and create on-demand ad hoc maps.

Recommendations: Long Term

- 1) **Enterprise Resource Planning (ERP):** Identify ERP needs city-wide for an Asset Management system, in which could incorporate management of the City's Real Property. Explore how such system could also project future needs of the City. While indentifying ERP needs city-wide, look for a system or ways that such system could be linked with the GIS system to allow for comprehensive data to be stored and retrieved easily.

Best Management Area Practice: Organizational Culture

Recommendations

- 1) ***Foster Cultural Change that will Support the Implementation of Cross Departmental Processes related to Asset Management:*** Leverage the commitment of existing staff with the need for stronger asset management support processes into the development of a culture committed to cross-departmental activities that will implement an asset management strategy for Tulsa.

Best Management Area Practice: Organizational Readiness

Recommendations: Short Term

- 1) ***Develop a Vision Statement for Asset Management for the City of Tulsa:*** Develop a vision or value statement for the Asset Management role for the City. Included within should be the principles of customer focused decision making, economic sustainability, corporate integration, utilization of existing and specialized human capital, business modeling and standardized support systems and resources.

Recommendations: Long Term

- 1) ***Prepare an Asset Management Strategy for the City of Tulsa:*** Create an Asset Management Strategy that builds on the ICMA assessment, this would define multi-year mile stones for the implementation of the “vision”, align work programs to goals and objectives and define and monitor the status of the strategy on an annual basis.
- 2) ***The Vision for Asset Management to Guide Decision Making:*** Utilize the vision as a desired end state to guide decisions related to Asset Management for the City.

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- The Institute of Asset Management, Asset Management Model, 2008*

APPENDICIES

APPENDIX A

Asset Management Model

The Institute for Asset Management in 2008 reaffirmed its AM model, applicable both to the public and private sectors. The model is considered an objective definition of what is required to show competence, establish improvement priorities and draw clearer connections between organizational strategic goals and the management of assets. Based on the principles identified above, an integrated AM system is one that is holistic, systematic, sustainable, optimal risk-based and systemic. A comprehensive AM approach then fosters a link between the need of the organization with the utilization, care, renewal and disposition of physical assets and therefore the accountability to its stakeholders. The foundations of an AM system are built on the activities and efforts of existing resources (human and other) and systemic supports (Technology, etc.)

This widely accepted AM model, shown below in Diagram #1, is built on the foundation common to many quality management systems – using the “*Plan-Do- Check-Act Cycle*” (develop an AM Strategy; create controls and enablers – communications, processes, etc.; implement AM plans; performance assessment and improvement). Critical to ensuring that AM objectives are achieved is the development and utilization of the right systems to achieve stated goals. Diagram#2 further illustrates the foundation that cross organizational clarity and integration establishes the overall effectiveness, efficiency and sustainability of the system.

(*Institute Asset Management, 2008*)

Diagram #1: Asset Management System Structure

(*ISO 55000 Asset Management Standard, The Woodhouse Partnership Limited, 2012*)

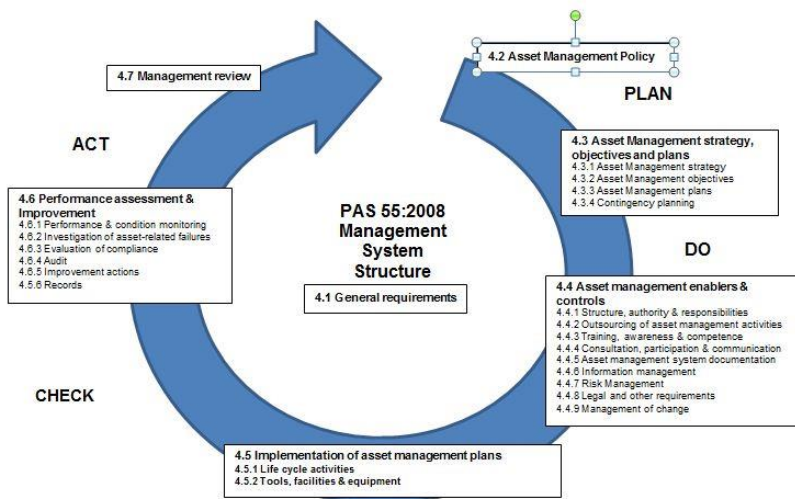
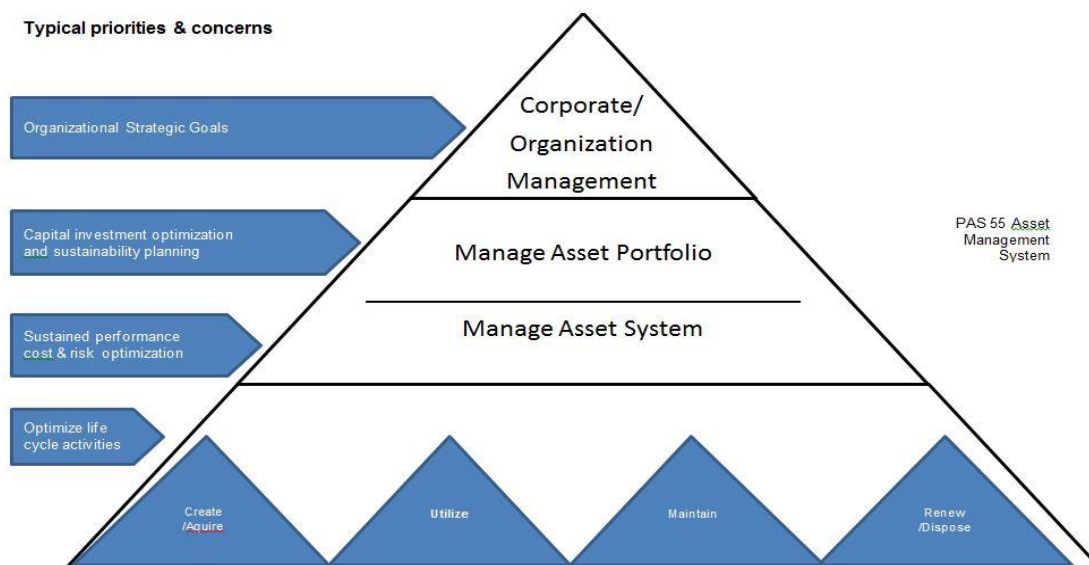


Diagram #2 Organizational Asset Management System Structure
 (ISO 55000 Asset Management Standard, The Woodhouse Partnership Limited, 2012)



Strategic Facilities Planning Model

The International Facilities Management Association has identified the key principles behind, and stages for, the development of a Strategic Facilities Plan (SFP). The overall components of a SFP are based on the need for understanding, analyzing, planning and acting of a business decision-making process. A SFP allows organizations to link facilities and assets to core business in the both the short and long-term. A SFP is typically a two to five year plan that encompasses the entire portfolio of owned and/or leased space that sets out the facilities goals based on the organization's strategic objectives.

International Facility Management Association offers a process consistent with Diagram #1 – the Asset Management System Structure, to guide users in the stages of: understanding; analysis; planning and acting. In this scenario it is critical to ensure the clearly articulated vision of the organization, thorough data gathering, data management and analysis capabilities, processes for scenario development, review and approval, and the implementation and evaluation of the plan. (*Strategic Facility Planning: White Paper, International Facility Management Association, September, 2012*)

Real Estate Portfolio Planning Model

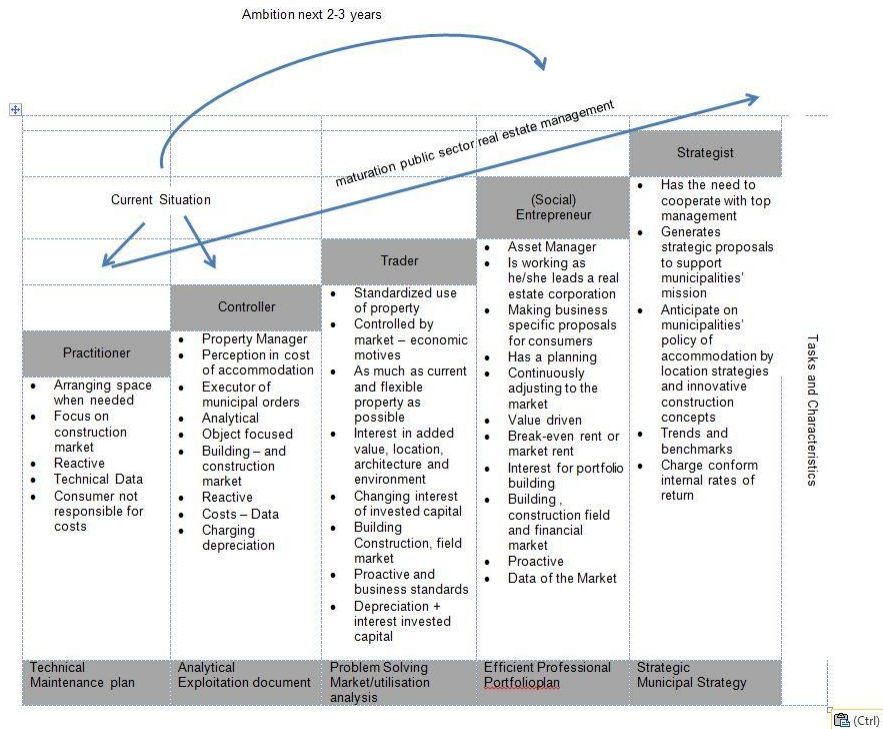
While a relatively new field, the most common theme of Real Estate Portfolio Planning (REPP) is the use of business case requirements to assess budget and service implications for real estate decisions. The use of real estate for revenue generation is growing as is the use of municipal real estate to achieve comprehensive planning objectives. Trends in European cities show that municipalities are moving toward increasingly professional and centrally organized models for real estate management. The objective of REPP is to value assets and stream line their

distribution under fair market conditions. This is an active real estate management approach that is supported either internally or outsourced and is built with the goal of optimizing real estate management for a municipality.

The following, Diagram #3, depicts a model with a coordinated and centrally organized public real estate function maturing into a comprehensive mature operating unit that links service implication to real estate decisions:

Diagram #3 Maturing Public Sector Real Estate Management Functions

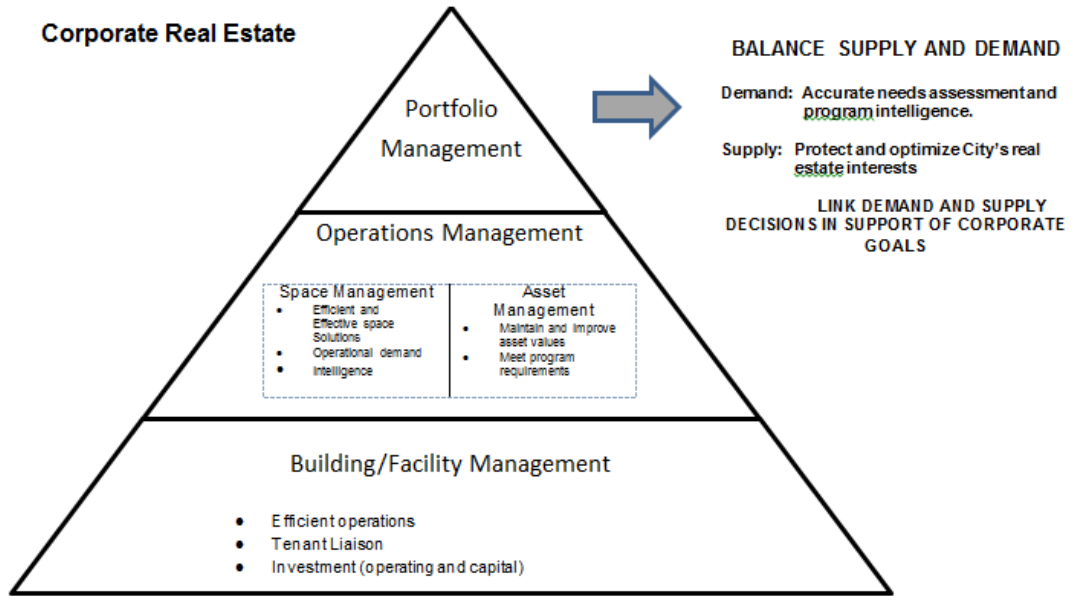
(Municipal Real Estate Comparing Public Sector Real Estate Management in European Cities, 2011, Deloitte)



The next model, shown in Diagram #4, lays out a generic organizational schematic that links building/facility management to real estate portfolio management in support of organization goals. This illustrates the potential for the development of a coordinated unit for municipal real estate activities.

Diagram #4 Generic Corporate Real Estate Management Functions

(Portfolio Management Strategy, Corporate Real Property Planning Project, City of Hamilton, 2004).



APPENDIX B

Asset Management Model

