

Memorandum

To: CHAIR AND COMMISSIONERS

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Information Item

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Ref: **FISCAL YEAR 2003-2004 ASSET MANAGEMENT ANNUAL REPORT**

The Department of Transportation (Department) is pleased to report on the Asset Management Program. This report highlights accomplishments over the past year, as well as current issues.

SUMMARY

Asset Management's goal is to maximize use of the Department's Lands and Buildings property inventory. The Asset Management Program delivers three principal products to accomplish this goal: the 5-year Capital Outlay Infrastructure Plan (Five-Year Plan), the State Property Inventory Report (SPI), and the Real Property Retention Report (RPRR).

BACKGROUND

Five-Year Plan

Chapter 606, Statutes of 1999 requires all State departments to annually submit capital outlay infrastructure plans to the Department of Finance (DOF). DOF requires all major capital outlay projects (Office Buildings, Labs & TMC) identified in the Five-Year Plan prior to its funding. The Five-Year Plan details the proposed construction project, anticipated cost, and funding source.

SPI

Government Code 11011.18 requires the Department of General Services (DGS) to annually report to the Legislature and DOF the State's real property inventory. The Department works with the DGS to reconcile the Department's real property inventory.

RPRR

Deputy Directive 21 and Government Code 11011.18 mandate that the Department annually review its real property inventory to determine if any properties are excess. The RPRR is a systematic analysis of all real property owned by the Department. This process identifies surplus real property, defines timelines to resolve issues related to selling that property, and assigns a responsible party to complete the desired action.

Additionally, Asset Management serves as a real estate advisor to the Department's office facility programs.

The Department submitted its Five-Year Plan (FY 2004-05 thru FY 2008-09) to DOF in March 2003. The Plan identified eleven major office facility capital outlay projects totaling \$85.5 M

in funding over the next five fiscal years. The State Property Inventory was prepared and submitted timely to the DGS by the statutory due date of June 30, 2003. The Real Property Retention Review is due April 2004. The Asset Management function was recently moved to the Division of Right of Way (R/W). This reorganization will allow R/W excess lands staff and Asset Management staff to work more closely on the RPRR and share the same database.

Asset Management staff provided consulting services on 50 Departmental office facility projects for the Administrative Program, the Maintenance Division, the Equipment Division, and the Engineering Division (TransLab). Consulting services included economic analysis, space programming, market analysis, project management, and SHOPP project team participation.

OPPORTUNITIES AND CONSTRAINTS

For the current fiscal year (July 1, 2003, through June 30, 2004) the Asset Management Program activities will be constrained due to budgetary limitations. The Asset Management staffing level was reduced resulting from the State's budget deficit. The operating expense budget has also been reduced. This will limit field reviews, property inspections, and improvement projects.

Due to these budgetary constraints, it is anticipated that office facility related capital outlay projects identified in last year's Five-Year Plan will be deferred. At this time, specific projects have not yet been identified.

Upgrading the Asset Management Inventory (AMI) software was one of last year's objectives. The AMI system software is used to manage the Department's lands and buildings and is the database used to meet the reporting duty under GC 11011.18. The AMI is on an obsolete software system (FoxPro 2.6). All software purchases by the Department have been deferred by the DOF until the Computer Integration Study Team completes a comprehensive study of all the Department's computer systems. Asset Management has participated on the Computer Integration Study Team. The final Computer Integration Study report is due May 2004.

Asset Management staff, with assistance from Headquarters Information Technology (HQ IT), have created an interim AMI in the Microsoft Access database application. This interim system will allow some reporting capabilities that were lost in the obsolete FoxPro AMI; however, it has limitations in the number of users and security, which we are working to address.

As promised in last year's report to the Commission, Asset Management staff has revised Deputy Directive 21 (DD-21). Approval is anticipated in early 2004. The revised DD-21 will place additional emphasis on the need for critical review of retained properties and redefine how the Real Property Retention Review is conducted.