

Memorandum



CITY OF DALLAS

DATE June 28, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Organizational Realignment: Real Estate Division**

I have recently connected and collaborated with various stakeholders and leaders within the organization and community, to better understand the specific challenges and issues at hand with property management. As a result of these conversations, and in coordination with other efforts already underway in my 100-day plan to reimagine the delivery of City services, I have identified an opportunity to better align our resources with the City's strategic goals. This realignment will establish a comprehensive framework for the management related to the City's vertical assets and real property. Proper care of the City's portfolio of assets and the proactive and thoughtful disposal of unneeded properties, returning them to the tax rolls, and supporting private development are some of the key motivators for this new approach.

Reimagined Services and Staffing Alignment

Over the coming weeks, the City's Real Estate Division (Real Estate) will transition from the Department of Public Works to the **(new)** Department of Facilities and Real Estate Management (FRM), formerly Building Services Department (BSD). Real Estate and all associated functions and operations, positions, and funding will be transferred to FRM. This realignment aims to streamline operations, improve accountability, and leverage existing resources and expertise within the organization to enhance the overall management of our real estate assets. **This realignment is budget-neutral and does not create additional expenses but will be positioned to enhance revenue by monetizing unneeded and underutilized assets and growing the tax base.**

To enhance the City's current operations and improve real estate management, it is essential to invest appropriately in select professional services, adequate staff support, and resources. In line with the City's Service First Value of "*Excellence*," some of these initiatives may require additional funding to ensure their success and support our continual improvement efforts.

Real Estate has four divisions: Abandonment and Licensing; Acquisitions and Relocations; Leases/Tax, Foreclosure and Surplus Properties; and Business Operations. The chart below provides a summary of each division's operations and staffing realignments.

Current Real Estate Function	Department to Absorb Function	Current Real Estate Positions	# of Positions Under New Structure	How we will deliver Service First: Now!
Abandonment and Licensing	FRM	7	7	The City is required to process transactions related to abandonment and licensing for the public right of way. This includes alleys, streets, and easements in collaboration with abutting property owners/tenants for private development. Providing continued support and adequate resources will ensure the timely collection of associated revenues in support of the general fund.
Acquisitions and Relocations	FRM	10	10	Real Estate will continue to support internal stakeholders with the acquisition of real property to support various City initiatives and goals. Including Facilities in the decision-making process, pre-acquisition, will ensure appropriate maintenance activities and resources are allocated to safeguard the City's vertical assets.
Leases, Tax Foreclosure, and Surplus Properties	FRM	6	6	Co-locating Real Estate with the department responsible for maintenance and repair will ensure that City-owned occupied/vacant and surplus vertical assets have appropriate oversight. This division, along with guidance from a consultant, will assist with developing a comprehensive review of all assets and processes and procedures to guide staff during the redevelopment and/or divestiture of surplus properties.
Business Operations	FRM	6	6	Business operations oversee all intake and customer-facing service delivery processes for approximately 600+ transactions annually. General administrative support with Council agenda items, accounts payable, contract compliance, technology solutions, and records management. Real Estate Business Operations will assist with the revision of AD 6-17 and the development of a new AD to strengthen oversight and formally document processes for vertical asset transactions.

Over the coming months, staff will review current operations to identify where investments can yield the most efficiency and further the City's goals – carefully weighing each need against its anticipated return. This process will allow staff time to research various improvements, prioritize needs, and assess the feasibility of various initiatives, all aimed at maintaining a robust property and asset management operation.

Examples of future potential improvement initiatives include developing and implementing a real estate master plan, upgrading to modern, user-friendly asset management software, leveraging professional property management services, and dedicating maintenance and repair funds for non-City-managed properties.

Path Forward

Many of the issues recently brought to my attention can be effectively addressed by providing clear, updated directions and processes for staff as guidance. As so, and in addition to the planned realignment above, further work is underway to ensure the City maintains its commitment to the effective and efficient management of its assets.

Facilities and Real Estate Management, with input from appropriate stakeholders, will undertake a comprehensive review and revision of Administrative Directive 6-17: *Land and Building Management System*. The revised publication will ensure appropriate direction and guidance are provided on:

- Documenting and compiling details on all the City's real assets
- Maintaining the asset database (LBMS) and clarifying database ownership
- Process for requesting edits to data, database assets, and/or asset details
- Compliance with designated Property Liaison for department-managed assets
- Modernize the annual property examination process for automated data collection
- Recognize the creation and role of the Facilities and Land Management Governance Task Force
- Further refine and improve the City's annual property examination and review process


Further, a new Administrative Directive is proposed to provide detailed guidelines and direction for managing vertical assets and real property. This new Administrative Directive will serve as a resource to staff by providing clarity on roles and responsibilities, ensuring appropriate funding for maintenance is allocated prior to purchase, and providing protocols for required approvals for acquisition/divestiture transactions. The scope of the new Administrative Directive is planned to include guidance on:

- Required due diligence prior to purchase
- Asset acquisition and official assignment to responsible department(s)
- Repurposing of facilities
- Vacant property management
- Divestiture and/or redevelopment of assets

I appreciate your collective support as we implement these significant improvements. Feedback is vital to our success, and I look forward to working together to achieve our shared goals. Attached are talking points/FAQs for your reference.

DATE June 28, 2024
SUBJECT **Organizational Realignment: Real Estate Division**
PAGE **4 of 4**

Should you have any questions or need additional information, feel free to reach out to me or Assistant City Manager (I) Donzell Gipson at donzell.gipson@dallas.gov.



Kimberly Bizer Tolbert
City Manager (I)

[Attachment]

c: Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Robin Bentley, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors



City of Dallas

June 28, 2024

City of Dallas Functional Reimagining and Realignment for Results: Real Estate

Background

As outlined in City of Dallas Interim City Manager Kimberly Bizer Tolbert's 100-day Transition Playbook, she committed to reimagine and realign service delivery for residents, to enhance Service First with the urgency of Now!

As continued evidence of that commitment, over the coming weeks, the City's Real Estate Division (Real Estate) will be moved from the Department of Public Works (PBW) to the **(new)** Department of Facilities and Real Estate Management (FRM), formerly Building Services Department (BSD). Real Estate and all associated functions and operations, positions, and funding will be transferred to FRM.

This realignment aims to streamline operations, improve accountability, and leverage existing resources and expertise within the organization to enhance the overall management of our real estate assets. **This realignment is budget-neutral and does not create additional expenses but will be positioned to enhance revenue by monetizing unneeded and underutilized assets and growing the tax base.**

What are the services currently performed by Real Estate?

Real Estate has 29 assigned positions responsible for the various operations of four divisions:

1. Abandonment and Licensing
 - a. Manages transactions related to abandonment and licensing of public right-of-way. This operation includes alleys, streets, utility easements and floodway management areas, which are coordinated with abutting property owners and support private development.
2. Acquisitions and Relocations
 - a. Assist departments and stakeholders with the acquisition process of real property and associated relocation benefits, if necessary, to support various City initiatives and goals.
3. Leases/Tax, Foreclosure and Surplus Properties
 - a. Manages transactions related to leasing and the sale of City surplus and tax foreclosure property to support private development and City operations and objectives.
4. Business Operations
 - a. Manages all intake and customer-facing service delivery for approximately 600+ annual transactions. Including Council agenda items, appraisals, human capital management, accounts payable, contract compliance, technology solutions, and records management compliance.

What about the Real Estate staff?

Other than reassignment to the new Department of Facilities and Real Estate Management, no other impact to current employees is expected as a result of this realignment.

What are the main goals of this realignment?

Proper care of the City's portfolio of assets and the proactive and thoughtful disposal of unneeded properties, returning them to the tax rolls, and supporting private development are some of the key motivators for this new approach.

What steps will the City take to minimize disruptions to the Real Estate functions during this transition?

Directors from FRM and PBW are already communicating with Real Estate staff and City leadership to ensure a smooth and efficient transition. Real Estate will continue to support current and planned initiatives for stakeholders during and after the realignment. Real Estate will officially be incorporated into FRM operations on August 14, 2024.

Key Dates:

- June 28, 2024 – notification to Council of realignment
- July City Council Recess – Real Estate's official transition from PBW to FRM
- August 14, 2024 – City Council agenda item to reallocate Real Estate operations to new Department of Facilities and Real Estate Management

Contacts for more information:

- Kimberly Bizer Tolbert, City Manager (I)
- Donzell Gipson, Assistant City Manager (I)