



PORTLAND PARKS & RECREATION

Healthy Parks, Healthy Portland

POLICY NAME: Asset Pre-Disposition Policy

Policy Category: Park Planning

Date Reviewed: April 2, 2009	Date Adopted: May 20, 2009
Contact Person: Todd Lofgren Position: Property / Contracts / Acquisition Manager	Authorized By: Zari Santner Position: Director

Introduction

Portland Parks & Recreation (PP&R) is responsible for a large and diverse asset portfolio that supports the delivery of a wide range of park and recreation services. To ensure the effective and efficient management of this asset portfolio PP&R has adopted total asset management principles and practices.¹ They include:

- Service delivery guides asset management.
- Alternative service delivery methods are considered before investing in assets.
- Assets are managed to the end of their useful lives.
- All assets have value and deteriorate at predictable rates that inevitably demand resources.
- Asset management is a key bureau activity and is linked to the bureau’s strategic planning process.

Among those practices is the periodic review of the asset portfolio to ensure that assets are appropriate for the delivery of services. Portfolio review involves:

- Identifying assets that do not meet PP&R service requirements.
- Assessing those assets identified as potentially surplus.
- Analyzing potential methods of removing them from PP&R portfolio.
- Engaging the public as indicated after consulting with stakeholders and using BIP #9² as a guide.

If asset disposal is appropriate, state statutes and regulations guide the process. They include a formal public process and City Council approval.

Policy Statement

It is the policy of Portland Parks & Recreation to ensure that its asset portfolio is responsive to the bureau’s service delivery needs. From time to time as changes in services occur, some assets / properties may no longer play an efficient and effective role in service delivery. In such circumstances, it is PP&R’s policy to analyze those properties to determine their appropriate disposition, including disposal, so that the bureau can realize alternative benefits.

Definitions

Asset: A physical object, component of infrastructure or a facility that has significant value (usually \$10,000 or more for infrastructure and \$5,000 or more for equipment) and has an expected

¹ Total Asset Management, Portland Parks & Recreation, July 2006

² Mayor’s Bureau Innovation Project #9: Public Involvement, November 2006

useful life of more than one year, that would be replaced if destroyed, and is not surplus to needs.³

Note: The terms 'asset' and 'property' are used interchangeably in this document.

Surplus Asset: An asset that is either not required for the delivery of services currently or in the foreseeable future, or has become uneconomical to maintain and/or operate, or is not suitable for its intended service delivery functions.

Disposition: The process of determining if an asset meets the service delivery needs of the bureau.

Disposal: The jurisdictional transfer of the management responsibilities for an asset that no longer meets the service delivery needs of the bureau to another entity.

Guiding Principles for Asset Disposition

1. Asset disposition decisions are made within an integrated planning framework that considers service delivery needs, bureau objectives, financial and budgetary constraints, and overall resource allocation objectives.
2. Asset disposition occurs in a structured and prioritized manner and within a citywide context to ensure that the best interests of the public, the bureau and the city as a whole are served.⁴
3. The asset disposal process is open, transparent and includes public consultation, as appropriate.
4. Property disposals comply with all applicable local, state and federal laws.
5. If transfer of management responsibility is appropriate, general preferences are in the following order: 1) management by another city bureau, 2) by another public entity, 3) a non-profit, and 4) by all other entities. If transfer occurs, the preferred method is by the following order: 1) exchange, and 2) sale.

Procedures & Guidelines

The following procedures and guidelines have been established to ensure that property disposition is done responsibly, openly and strategically.

STEP 1: PERIODICALLY ANALYZE ASSET PORTFOLIO

PP&R Property and Business Development Committee (to include the following: SFBD manager, property manager, capital projects manager, strategic planning manager, finance manager, central services and asset systems manager, business manager and others as needed.)

- Review asset portfolio against appropriate service delivery criteria including the kind and number of services provided, the projected need for services in the area and the capability of that property to provide those services and assess suitability of assets for delivering services.
- Identify assets that are potentially surplus to service delivery needs.

Note: There are properties that meet secondary service requirements or are Heritage properties that will received additional consideration before any decision to review for disposal is made.

STEP 2: SCREEN AND ASSESS ASSETS THAT ARE POTENTIALLY SURPLUS TO NEEDS

- Assess in detail those properties that have been identified as not meeting current or anticipated service needs.
- PP&R properties fall into one of two categories: improved property or undeveloped land. Each category has different standards to determine if the property is truly surplus. Basic information includes size, condition and value.

³ Total Asset Management, Portland Parks & Recreation, July 2006

⁴ Acquisition, development or disposal decisions are considered in the whole-of-city context to ensure that long-range plans are not weakened by short-term solutions, and that public funds are allocated responsibly.

Improved Property Assessment Criteria

In addition to the basic information, the property will be assessed against the following criteria. These are considered minimum criteria. Additional criteria will be used as needed.

Assess System-wide Needs

PP&R strives to provide adequate and equitable services across the city.

- The asset serves, or has the potential to serve, the general public in a manner that fulfills PP&R's service delivery goals. Changing demographics can impact demand for services.
- It does not duplicate services found in a nearby facility.
- Location is convenient for intended users.
- It is suitable for its intended use.
- Demand is at least moderate at present, or it is reasonable to conclude that it will be at some point in the future.
- Historic significance.⁵

Assess Physical Condition

This includes size of the asset and the condition of its major components.

- There is, or could be with reasonable improvements, adequate capacity to provide needed services to the community.
- Size and space configurations are suitable for primary activities.
- The environment is safe for staff and the public.
- ADA regulations are met.
- The Facility Condition Index is fair or better.
- It is structurally sound.
- Electrical and mechanical capacities are adequate and code compliant.
- Parking is sufficient or there is good public transportation.
- Deficiencies, if any, can be remedied through reasonable efforts of PP&R.

Assess Fiscal Considerations

Capital improvements and major maintenance repairs to a facility are a major factor in the upkeep and expansion of PP&R facilities. It is important to have a full understanding of past and future needs. Examine past improvements and their effects. Conduct a monetary review of any needed improvements.

- Cost to maintain and operate is reasonable.
- Net book value.
- Cost per use is within PP&R expectations.

Note: Information on the past and present Capital Improvement Costs and the analysis of the property are key to determining appropriate disposition.

Assess Other Considerations:

- Any plans already in place to improve the asset that would provide adequate service.
- The cost of any planned capital improvements. If the costs exceed the likely benefit to PP&R, the asset should be considered to be a liability to PP&R.
- Suitability of the property for another purpose that would fulfill PP&R service needs.
- Realized or recognized capital gain or loss.
- Public support of, or association with, the asset (i.e., public reaction to possible disposal or change of use of the asset).

⁵ PP&R Reconnaissance Level Survey of cultural resource properties lists 81 historic properties, and another 75 possible properties, with descriptions of various levels of appropriate management.

Undeveloped Land Assessment Criteria

Assess these properties against the following criteria:

- **Natural Resource Values:** The condition of the natural resources on the property or their potential condition, connectivity to other parks, large enough to sustain itself (minimum of two acres or 87,120 sq. ft.)
- **Size and Shape:** If the parcel is less than an acre (43,560 sq. ft.), is its shape and location appropriate for a developed park or manicured open space?
- **Access:** Good public access including public transit, distance or parking.
- **Park Deficiency:** Is there a park or open space within 0.50 mile of the site?

Legal Research and Assessment

All legal obligations need to be fully understood along with costs, necessary legal powers and the time frame necessary to resolve them before proceeding further. Review all properties for possible legal obligations such as:

Deed: Review the deed and identify any restrictions or encumbrances such as a reversionary clause on the property. If the property is declared to be surplus, resolve any encumbrances prior to going to City Council.

Encroachments: Examine the property for any encroachments. Deal with them by an easement, lot line adjustment or removal of the encroaching object.

Liens: Conduct a search for liens to identify any legal matters that need to be resolved.

Easements: Identify any easements that might limit the ability to develop the property. Determine if they diminish the value of land to the point that disposal of the property is not financially justifiable.

Leases: Review lease agreements and any obligations that PP&R may have towards a tenant. Evaluate leases as to whether they meet capital or operating lease criteria.

Inter-Governmental Agreements (IGA): Review any inter-governmental agreements for any effects on the bureau's ability to declare the property to be surplus.

Zoning: Open Space (OS) zoning is not usually conducive to other types of uses and it may be necessary to rezone the property to achieve its optimal market value. Changing a zoning designation requires a zoning amendment to the city's Comprehensive Plan. It is advisable to have a discretionary review to assess the feasibility of changing the zoning designation of a given property prior to offering it for sale.

If an agreement to sell has been established prior to the change in the zoning designation, PP&R may ask that the buyer incur some or all of the cost involved with the change in zoning.

STEP 3: PREPARE PRELIMINARY REPORT & CONDUCT INTERNAL REVIEWS

Prepare Preliminary Report for Staff Review

After a thorough evaluation of the property has been conducted, PP&R staff will prepare a report for internal review. Issues and concerns will be discussed and evaluated in a fair and thorough manner.

Discussion will include but is not limited to:

- Reasons why the asset does not meet PP&R service delivery requirements.
- The costs of making necessary capital improvements against the expected benefits and expected life of the asset.
- Operating and maintenance costs of the asset.
- Alternatives to disposal on the open market.
- Likely public reaction to decision to keep or dispose of the asset.

Following these meetings, staff will evaluate any new issues that have been raised. New information will be added and Park staff will reconvene the group as needed. Subcommittees may be developed to further review proposed surplus properties.

Property and Business Development Committee Review

Staff will present their findings and information to the Property and Business Development Committee and evaluate any new issues that are brought up. New information will be added and Park staff will reconvene the committee to review that information if needed.

STEP 4: INVESTIGATE ALTERNATIVE USES OF PROPERTY

Consider the value of the asset to the community, other stakeholders or another city bureau or agency, suitability for another use within the bureau, or for an appropriate business opportunity that will further the bureau's mission and vision.

In considering this alternative, assess the following:

- Services to be maintained in order to warrant continued operation.
- Financial resources needed to maintain the property and provide services.
- Provisions needed to lease the property, in order to remove the burden on PP&R.
- Possible property trade with another agency or group.
- Cost to dispose of the property.

If it has been shown that retaining the asset would be in the best interest of PP&R and the public, then financial and/or service requirements need to be identified in a clear and complete manner. Costs to be assumed by the lessee, partner or other must be identified so that an annual negative balance is not imposed on PP&R.

STEP 5: CONSULT STAKEHOLDERS AND DETERMINE PREFERRED ALTERNATIVE

Depending on the nature of the disposition and potential impacts to the public, consult with the appropriate stakeholders and identify the preferred disposition of the property. Factors to be considered are the size of the property / asset, its value, location, current use, and degree of public sentiment.

Prepare a final report on the recommended method of disposition and the recommended public involvement.

If disposal is the preferred method of disposition, analyze specific methods for disposal, in full knowledge of prevailing market conditions and government priorities and direction. Methods of disposal may be competitive sale, negotiated sale, property exchange or inter-bureau transfer.

Obtain a property appraisal if needed.

Prepare Final Report

Prepare full report on recommended method of disposal. Include information on:

- Description of property and location.

- Cultural or heritage aspects, if any.
- Alternatives studied.
- Current replacement value (size x cost per square foot to replace, including soft costs).
- Proposed method of disposition and reasons.
- Details of any encumbrances or other legal issues; procedures to rectify the situation and the costs involved.
- Appraised value of the property.
- Cost of proposed disposition, including salvage value and any financial information on annual savings, realized gain or loss, land use planning costs, fees, etc.
- Market conditions.

STEP 6: INFORM PUBLIC OF PROPOSAL AND ENGAGE PUBLIC AS APPROPRIATE

Determine appropriate level of public involvement as indicated after consulting with stakeholders and using Bureau Innovation Project #9 as a guide.

Public recommendations will be taken into consideration before proceeding further. However, the bureau reserves the right to proceed with the preferred method of disposition including disposal, if it determines that is the best course of action.

State statutes and regulations guide the property disposal process, which includes a formal public process and City Council approval.

STEP 7: OBTAIN COUNCIL APPROVAL, IF NEEDED

Prepare the Ordinance

Prepare an Ordinance to Council requesting permission to dispose of the asset.

Council Hearing and Action

Disposal City Charter requires the council to make a determination that the property is no longer needed for park purposes. Council hears the ordinance, takes testimony and approves or denies the request.

If City Council denies the request to surplus the property, PP&R will consider the next best use of the property and develop an appropriate strategy.

Proceed in accordance with council direction.

Notes:

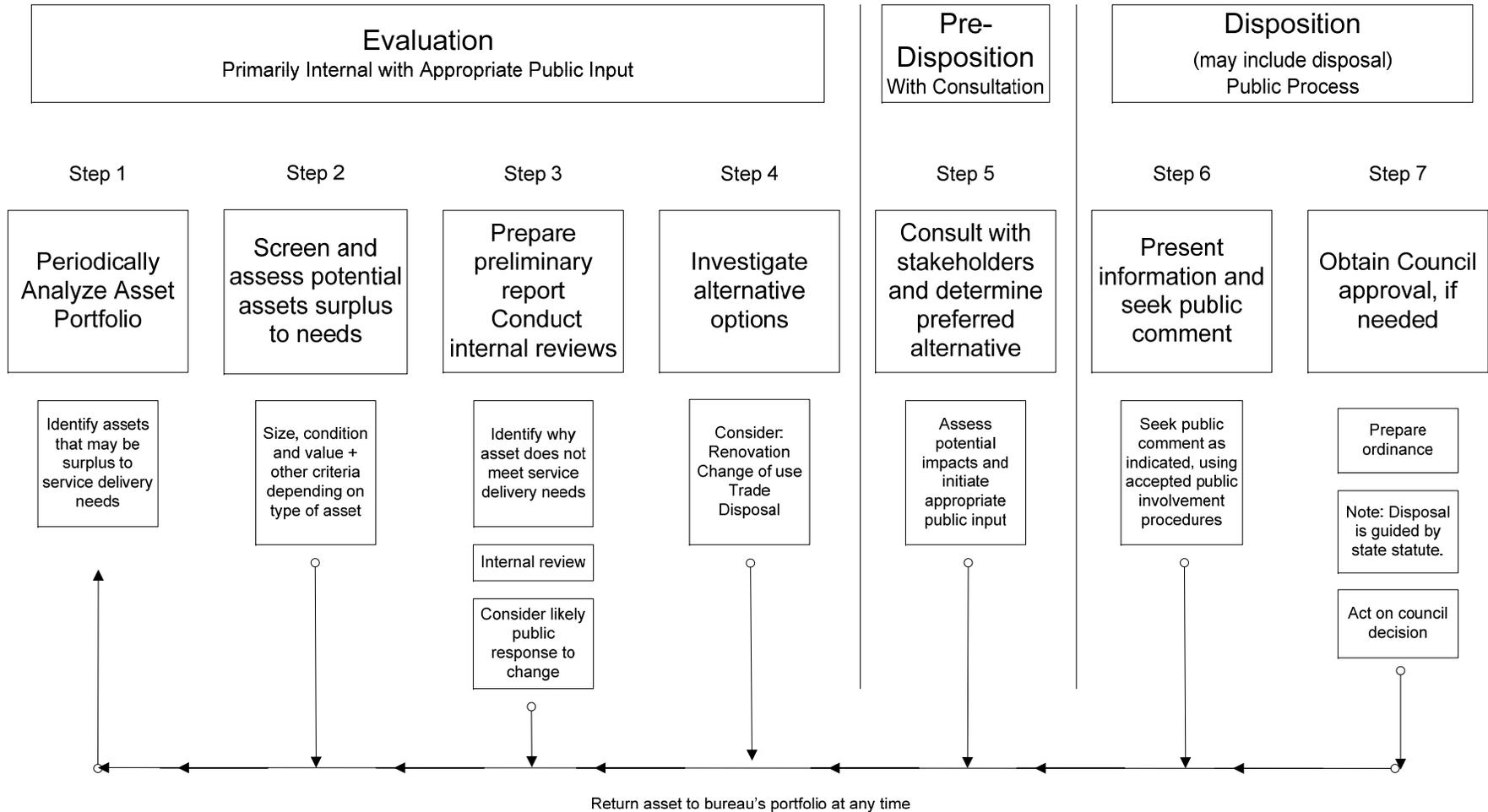
- A property may be returned to the bureau’s portfolio at any time during this process.
- The bureau may initiate public comment on the proposed property disposition at any time.

Related Policies, Procedures & Forms

Appendix

Additional Comments

PP&R Property Disposition



Revised Feb 24, 2009



PORTLAND PARKS & RECREATION

Healthy Parks, Healthy Portland