

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Heritage Land Bank

For Reading: October 25, 2005

CITY CLERK'S OFFICE

APPROVED

Anchorage, Alaska

Date: 11-8-05 No. AO 2005- 156

1
2 AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 25.30 TO
3 INSERT 'REAL ESTATE SERVICES DIVISION' FOR REFERENCES TO THE FORMER
4 DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT.
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6
7 THE ANCHORAGE ASSEMBLY ORDAINS:
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9 **Section 1.** Anchorage Municipal Code chapter 25.30 is hereby amended to read as follows
10 *(the remainder of the chapter is not affected and therefore not set out.):*
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12 **Chapter 25.30 DISPOSAL OF MUNICIPAL LAND***

13 *** *** ***
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16 **25.30.080 Appraisal; notice of disposal.**
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- 18 A. Prior to the disposal of an interest in municipal land under section 25.30.040A.,
19 the Real Estate Services Division [DEPARTMENT OF PROPERTY AND
20 FACILITY MANAGEMENT] shall determine the fair market value of the land.
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22 B. Where it is determined that municipal land shall be offered for disposal at a public
23 auction or through the solicitation of sealed bids or proposals, notice of the
24 proposed disposal shall be published in the manner which the Real Estate Services
25 Division [DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT]
26 deems most likely to elicit the maximum number of responsive bids or proposals.
27 At a minimum, the notice shall describe the municipal land, the terms upon which
28 it may be disposed of, the method of disposal, the time and place for submitting
29 bids or proposals, and the minimum acceptable price for the land.
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31 (AO No. 79-170; AO No. 90-31)
32

33 **25.30.090 Disposal methods.**
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35 For disposals of land under section 25.30.040A., the Real Estate Services Division
36 [DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT] may select any
37 of the following disposal methods:
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- 39 A. The Real Estate Services Division [DEPARTMENT OF PROPERTY AND
40 FACILITY MANAGEMENT] may enter direct negotiations with interested
41 parties who seek to acquire municipal land.

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- B. The Real Estate Services Division [DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT] may invite sealed bids for municipal land, specifying the time and place for receiving bids and the minimum acceptable bid.
- C. The Real Estate Services Division [DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT] may offer municipal land for sale at public auction, specifying a minimum acceptable bid, or specifying that if no higher price is offered the land shall be sold pursuant to a preexisting contract for sale for the minimum bid amount.
- D. The Real Estate Services Division [DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT] may invite proposals to purchase municipal land for a fixed price. The invitation shall specify the basis upon which proposals shall be evaluated, which may include but need not be limited to the quality of proposed development of the land and its benefit to the community, the qualifications and organization of the proposers, the value of the proposed improvements to the land and the rents or resale prices to be charged by the proposer.

21 (AO No. 79-170; AO No. 90-31)

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23 **25.30.100 Award; rejection of bids or proposals.**

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- A. Municipal land disposals under section 25.30.040A. shall be awarded by the assembly, after considering the recommendation of the Real Estate Services Division [DEPARTMENT OF PROPERTY AND FACILITY MANAGEMENT]. The assembly shall make the award to the best bidder or proposer in accordance with the criteria set forth in the invitation for bids or proposals.
- B. If the assembly finds it to be in the best interest of the municipality to do so, it may reject all bids or proposals.

34 (AO No. 79-170; AO No. 90-31)

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36 **25.30.110 [DISPOSAL OF LANDS USED BY ANCHORAGE TELEPHONE UTILITY.]**

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- [A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, THE PROVISIONS OF THIS CHAPTER SHALL NOT APPLY TO DISPOSAL OF MUNICIPAL LANDS USED BY THE ANCHORAGE TELEPHONE UTILITY.
- B. THE PROCEEDS OF THE SALE, LEASE OR DISPOSAL OF ANY MUNICIPAL LANDS MANAGED BY THE ANCHORAGE TELEPHONE UTILITY AS OF OCTOBER 1, 1991, OR THEREAFTER ACQUIRED FOR THE USE OF THE UTILITY, SHALL BE DEPOSITED IN UTILITY ACCOUNTS IN ACCORDANCE WITH ASSEMBLY ACTION ON THE BUDGET FOR THE ANCHORAGE TELEPHONE UTILITY.]

(AO No. 91-173(S))

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Section 2. This ordinance shall be effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly on this, the 8th day of November, 2005.

Anna J. Fairclough
Chair

ATTEST:

Barbara S. Dent
Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 782-2005

Meeting Date: October 25, 2005

1 **From:** MAYOR

2
3 **Subject:** AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE
4 CHAPTER 25.30 TO INSERT 'REAL ESTATE SERVICES DIVISION' FOR
5 REFERENCES TO THE FORMER DEPARTMENT OF PROPERTY AND
6 FACILITY MANAGEMENT.
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9 Initial restructuring of the former Property and Facilities Management Department began during the
10 previous administration. Once finalized under the Begich Administration, functions once performed by
11 Property and Facilities Management Department were broken out into other departments, resulting in the
12 need to amend several portions of the code.
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14 Part of the reorganization included the transfer of municipal property management duties to the Real Estate
15 Services Division (RES) of the Heritage Land Bank Department (HLB). RES took over the management
16 and administration of all non-Heritage Land Bank parcels, while HLB continues to manage and
17 administrate all parcels in its inventory, with the exception of those parcels in its inventory with
18 management authority delegated to other municipal departments. This arrangement was also recommended
19 in Internal Audit Report 2005-11 (attached) so that one agency can provide better oversight and
20 administration of non-HLB leases of municipal properties.
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22 RES shall perform the same land management functions as the former Property and Facility Management,
23 including public noticing of municipal land disposals, determining Fair Market Value of municipal parcels
24 and disposal methods.
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26 The final section of chapter 25.30 (section 25.30.110) is deleted, as it defines the disposal of lands by the
27 former Anchorage Telephone Utility, no longer a municipal entity.
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29 THE ADMINISTRATION RECOMMENDS APPROVAL THE ORDINANCE AMENDING
30 ANCHORAGE MUNICIPAL CODE CHAPTER 25.30 TO INSERT 'REAL ESTATE SERVICES
31 DIVISION' FOR REFERENCES TO THE FORMER DEPARTMENT OF PROPERTY AND FACILITY
32 MANAGEMENT.
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34 Prepared By: Robin E. Ward, Executive Director, Heritage Land Bank
35 Concur: Mary Jane Michael, Executive Director, Office of Economic &
36 Community Development
37 Concur: Denis C. LeBlanc, Municipal Manager
38 Respectfully submitted: Mark Begich, Mayor

September 22, 2005

Internal Audit Report 2005-11
Municipal Leases
Heritage Land Bank

Introduction. The Heritage Land Bank was established in 1983 to manage uncommitted Municipal lands acquired from the State of Alaska through the Municipal Entitlement Act for the benefit of present and future residents of Anchorage. The Municipal land includes residential, commercial, industrial, recreational and open space areas. The Heritage Land Bank's Real Estate Services Division manages general government leases. In addition, other Municipal agencies oversee leases, permits, or other mechanisms to help manage land and Municipal resources. Our review identified 145 leases administered by nine different general government departments. Most of these leases were administered by the Heritage Land Bank.

Objective and Scope. The objective of this audit was to review general government leases. Specifically, we contacted Municipal departments to develop a list of general government leases. We also reviewed all leases where the Municipality was the lessor to test for timely and correct payments. Finally, we judgementally selected 41 leases to determine compliance with rent adjustment clauses.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of April through June 2005. The audit was requested by the Administration.

Overall Evaluation. Our review revealed that the responsibility for lease administration was unclear and leases were not always administered properly. The administration of general government leases was decentralized to nine different Municipal departments, although Anchorage Municipal Code (AMC) 25.10.030, *Powers and Duties of Department of Property and Facility Management*, assigns the administration of leases to Property and Facility Management. However, AMC 25.10.030 is outdated as, under current Municipal organization, this department has been replaced by Facility and Fleet Maintenance with the Real Estate Services function being transferred to the Heritage Land Bank.

FINDINGS AND RECOMMENDATIONS

1. Responsibility for Lease Administration Unclear.

- a. Finding.** The management responsibilities for the administration of leases were unclear. Our audit revealed that the administration of general government leases had been decentralized to as many as nine different departments, even though the Real Estate Services Division had the primary role of administering all leases. As a result, no one could identify how many leases existed in the Municipality. We also found that the AMC was not current regarding responsibility over lease administration. According to AMC 25.10.030, Property and Facility Management is responsible for “Preparing and securing the execution of all contracts, leases, conveyances and other documents” Under the current Municipal organization, Property and Facility Management no longer exists, but was replaced by Facility and Fleet Maintenance, with Real Estate Services being transferred from Property and Facility Management to the Heritage Land Bank. Thus, the Real Estate Services Division manages most of the Municipality’s leases.

- b. **Recommendation.** The Executive Director of Economic and Community Development should revise AMC 25.10.030 to identify who should be responsible for the acquisition, administration and disposal of leased real property.
- c. **Management Comments.** Management concurred with the finding and recommendation. See Attachment A for Management's comments.
- d. **Evaluation of Management Comments** Management comments were responsive to the audit finding and recommendation.

2. **Leases Not Always Administered Properly.**

- a. **Finding.** Leases were not always administered properly. We found that some leases had expired but the lessees were still utilizing the properties. In addition, leases were not always monitored to ensure that required payments were received as required by the leases. Finally, lease files were not always properly maintained and did not contain current or complete documentation.
- b. **Recommendation** The Executive Director of the Heritage Land Bank should ensure that all leases are properly administered.
- c. **Management Comments.** Management concurred with the finding and recommendation. See Attachment A for Management's comments.
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Internal Audit Report 2005-11
Municipal Leases
Heritage Land Bank
September 22, 2005

Discussion With Responsible Officials The results of this audit were discussed with appropriate
Municipal officials on August 9, 2005.

Audit Staff:
Birgit S. Arroyo
Michael B. Chadwick



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SEP 15 2005

INTERNAL AUDITOR

MUNICIPALITY OF ANCHORAGE

MEMORANDUM

HERITAGE LAND BANK
AND
REAL ESTATE SERVICES

DATE: 9/15/05
TO: Peter Raiskums, Internal Audit Director
FROM: Robin E. Ward, HLB Executive Director *REW*
SUBJECT: Municipal Leases Audit Report

Heritage Land Bank and Real Estate Services appreciate receiving the report on August 9, 2005 from the Internal Audit Department regarding management of municipal leases. The report was requested this year by our office subsequent to department reorganization, and in an effort to locate all leases currently being administered by the Municipality of Anchorage. The goal, largely dependent upon the findings of the report, has been to co-locate all appropriate non-HLB leases within a fewer number of municipal departments in an effort to provide better management of active leases, and to incorporate recommendations from the report that will provide better oversight.

As director of both the Heritage Land Bank and Real Estate Services, I concur with the results of the Internal Audit's report, and appreciate its staff's research effort and recommendations. The report correctly notes that past administration of such leases has been unclear, which has led in some cases to inconsistent management.

Further, it highlights the fact that the Anchorage Municipal Code has been in need of revision since the interdepartmental reorganization, and we agree with the report's finding that the administration needs to update the code, specifically recommending that the Executive Director of the Office of Economic and Community Development revise AMC 25.10.030 to identify those departments responsible for leases management. To that end, on August 31, 2005, the Heritage Land Bank office began an agency review process of the proposed language change. Results of the review will be compiled on Monday, September 19, 2005, and this office will draft an Assembly Ordinance and Memorandum that will revise and update the code.

ATTACHMENT A

Internal Audit Report 2005-11; September 22, 2005

Content Information

Content ID : 003334

Type: Ordinance - AO

Title: AMC 25.30 Code Revision Ordinance

Author: wardre

Initiating Dept: HLB

Review Depts: Fac_Mgt

Description: Revision/update of AMC 25.30 to reflect current agency responsible for administering and maintaining municipal leases on real property.

Keywords: AMC 25.30 Real Estate Services Leases Real Property Property & Facility Management

Date Prepared: 9/29/05 2:38 PM

Director Name: Robin E. Ward

Assembly Meeting Date MM/DD/YY: 10/25/05

Public Hearing Date MM/DD/YY: 11/8/05

M.O.A.
 2005 OCT 17 AM 11:36
 CLERKS OFFICE

Workflow History

| <u>Workflow Name</u> | <u>Action Date</u> | <u>Action</u> | <u>User</u> | <u>Security Group</u> | <u>Content ID</u> |
|--------------------------|--------------------|---------------|-------------|-----------------------|-------------------|
| AllOrdinanceWorkflow | 9/29/05 2:49 PM | Checkin | wardre | Public | 003334 |
| HLB_SubWorkflow | 9/29/05 3:24 PM | Approve | wardre | Public | 003334 |
| ECD_SubWorkflow | 9/29/05 4:06 PM | Approve | thomasm | Public | 003334 |
| Fac_Mgt_SubWorkflow | 10/7/05 11:50 AM | Approve | robinsonmf | Public | 003334 |
| OMB_SubWorkflow | 10/14/05 9:10 AM | Approve | mitsonjl | Public | 003334 |
| Legal_SubWorkflow | 10/14/05 3:45 PM | Approve | fehlenrl | Public | 003334 |
| MuniManager_SubWorkflow | 10/14/05 3:48 PM | Approve | leblancdc | Public | 003334 |
| MuniMgrCoord_SubWorkflow | 10/14/05 4:04 PM | Approve | abbottmk | Public | 003334 |