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**433.1 SUBJECT: PROCEDURE - ACQUISITION, SALE, OR LEASE OF REAL PROPERTY BY THE CITY**

:1 OBJECTIVE:

Provisions for the acquisition, sale, or lease of property by the City. This procedure does not apply to concession agreements awarded on a competitive basis. When Federal funds are involved, Federal guidelines must be observed in addition to the City's procedures.

:2 AUTHORITY:

This procedure amended by City Council May 17, 2004, New Business #1.

:3 DIRECTION:

Chief Financial Officer (CFO), as an appointed official, serves at the pleasure of the Mayor and receives direction from the Mayor.

:4 PURPOSE:

A. This real property management policy is intended to address the following goals:

1. To endeavor to manage the City land acquisition needs, without the need to exercise the City's power of condemnation, to the extent practicable;
2. To endeavor to dispose of City owned property, once authorized, to maximize the City's interests.
3. To endeavor to lease City owned property or to lease private property for the City's use to further the City's interests.
4. To strive to acquire, dispose or lease property for the City in the most efficient, cost effective manner;
5. Utilizing the City's annual budget, five (5) year capital plan and twenty (20) year growth management plan to strategically identify possible long range need and wherein possible, exercise opportunistic strategies to meet the City's acquisition needs; and
6. To the extent possible, to utilize an arms length "willing seller/willing buyer" approach;

:5 METHOD OF OPERATION:

A. The Real Estate Manager, under the direction of the CFO shall be responsible for the administration of this procedure.

1. Acquisition, Sale or Lease of Real Property
  - a) Whenever the City desires to acquire, sell, or lease any real property for the benefit of the City, the City Real Estate Manager, through the CFO, will be responsible for coordinating all activities related to the acquisition, sale, or lease of such property in accordance with requirements of the City Charter, Chapter 13, Section 7. This procedure does not apply to condemnation, leasing of space/facilities for events at the Orlando

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Centroplex, leasing of parking spaces in City parking garages, sale of cemetery plots at Greenwood Cemetery, or the leasing of other City facilities on a short- term basis when an approved Facilities Use Agreement is used.

- b) The Real Estate Manager may, after appropriate approval and legal review, execute necessary documents for authorized acquisitions, dispositions and leases approved by the Real Estate Manager, CFO, the Mayor or City Council, as set forth herein, including but not limited to contracts, deeds, owner affidavits and customary closing documents consistent with the parameters established herein.
  - c) Contract closing shall be performed by the City Attorney or designee, or by the Real Estate Manager after appropriate legal review. The City Attorney, in consultation with the Real Estate Manager, shall determine whether an Opinion of Title or title insurance shall be furnished by the City. The form of title to the property shall be approved by the City Attorney.
  - d) To the extent that the staff elects to create one or more Real Estate Land Trust(s), the City Attorney will approve: a) the form of the Trust, and b) the structure of the arrangement.
  - e) The City's Real Estate Manager, the CFO and the Executive Director of the Community Redevelopment Agency (CRA) will develop a separate policy indicating how various portions of this policy will be applied to the CRA and related to statutory provisions regarding purchase, sale, or lease of real property by the CRA.
  - f) All acquisitions, dispositions or lease of property for the City of Orlando will be administered by the Real Estate Manager in compliance with the City Charter, Chapter 13, Section 7.
  - g) The City shall not, without the specific authorization of the Mayor, pay any Documentary Stamp tax in connection with any real estate transaction and without a determination that payment of such tax is in the public interest.
  - h) The CFO shall develop and maintain such additional detailed procedures and controls to assure adequate oversight and documentation of the Real Estate activities.
2. Officials Authorized to Negotiate
- a) The Real Estate Manager, the Chief Financial Officer or his designee, the Real Estate section of the Office of Legal Affairs and the Mayor, are authorized to initiate and undertake negotiations for the acquisition, lease or sale of real property. No other City employee or official has the authority to initiate or undertake such negotiations without separate written authorization from the Mayor.. For the purposes of this requirement, initiating or undertaking negotiations means engaging in any form of communication, written or oral, with any person or entity outside the City concerning acquisition of real property by the City, the sale of real property owned by the City, the lease of real property by the City or
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the lease of real property owned by the City. City Council approval is not required to initiate or undertake negotiations of real property, within the parameters set forth herein.

3. Determination of Value

- a) In an effort to reduce the cost and the possibility of delay and related loss of business opportunity, the City is stratifying its minimum information needs to determine an established market value for property acquisition.
  - (1) For market values less than \$40,000, the Real Estate Manager will use professional judgment and industry experience to estimate market value.
  - (2) For market values less than \$75,000, the Real Estate Manager will use comparable property value information to estimate market value with the concurrence of the CFO.
  - (3) For market values less than \$300,000, the Real Estate Manager will use industry norms to estimate market value with the concurrence of both the CFO and the Mayor..
  - (4) For market values that exceed \$300,000, the Real Estate Manager will secure an independent appraisal to estimate market value.
  - (5) While a minimum has been established, higher levels of documentation (up to and including independent appraisal) may be deemed appropriate for individual situations.

4. Reporting of Activity

- a) In light of the Council assignment of authority to staff, as established herein,
  - (1) a quarterly report will be provided, through the Mayor, reflecting all budgeted expenditures for real estate for the quarterly period and fiscal year to date, and
  - (2) the Mayor's designee will consult with respective District Commissioner on real estate activity within his or her district.

B. Authority for Acquisition

**1. Real Estate Manager Authority:**

- a) The Real Estate Manager may approve acquisitions of parcels, upon determining a reasonable price, in amounts not to exceed \$40,000, with concurrence by the appropriate Department Director, and budget availability confirmed by MB&A.
- b) Separately, the Real Estate Manager may approve acquisitions of parcels up to :
  - 115% of established value, and
  - if less than \$75,000
- c) To facilitate the acquisition process the Real Estate Manager is authorized to acquire services of experts and agents, as warranted.

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- (4) The real estate manager may purchase, when the estimated purchase price and subsequent resale proceeds of a residual portion of a parcel is reasonably expected to result in a demonstratable lower overall cost for the project subject to the concurrence of the CFO and consistent with the parameters established herein.

**2. Chief Financial Officer Authority:**

- a) The CFO may approve alternative strategic approaches for the acquisition of real property, including but not limited to:
  - Use of the City's Internal Revolving Line of Credit.
  - Use of a Real Estate Land Trust.
- b) The CFO may approve up to 125% of established value for purchases up to \$150,000, or
- c) The CFO may approve up to 115% of established value for purchases up to \$250,000.
- d) CFO approval is required for strategic acquisitions where a residual portion of a parcel, which is not required for an identified project, is to be resold to reduce project costs.

**3. Mayor Authority:**

- a) The Mayor's authorization is required to identify acquisition targets (either generic within a general target area or specific) and authorize tactical strategies.
  - Change from generic to a specific target.
  - Acquisition using the City's Internal Revolving Line of Credit.
- b) The Mayor may approve up to 135% of established value for purchases up to \$350,000, or
- c) The Mayor may approve up to 125% of established value for purchases up to \$500,000.

**4. Council Authority:**

- a) When a property acquisition is outside of the established parameters set forth in this policy, the approval of a contract for purchase of real property requires submission to City Council for approval and the Council Agenda item must be submitted by the Real Estate Manager.
- b) The Council Agenda Item shall include copies of or references to the documentation of value (such as an appraisal, assessed value or comparable sales listings) to support the negotiated purchase price. Where the negotiated purchase price exceeds the documented value, the Council Agenda Item shall explain the circumstances justifying the purchase.

C. Use of Revolving Line of Credit

1. To enable the City to implement forward looking and/or discrete land acquisition strategies and to acquire property at the most cost effective price, the CFO is authorized to create a Revolving Line of Credit from internal City funds as an interim financing tool within the following limits:
  - a) Any purchase thereunder will ultimately have to be charged against a to be established project and/or line item budget.
  - b) Individual purchases cannot exceed \$500,000 and the aggregate outstanding at any time should not exceed \$5,000,000.
  - c) To the extent the Real Estate Manager, with the concurrence of the CFO, has purchased an entire parcel with the intent of securing a sliver thereof, and ultimately reselling the remaining parcel to effectively reduce or eliminate the cost of the sliver, the Real Manager and the CFO must annually revisit the estimated remainder value thereof and likely resell timing.
  - d) Annually, the CFO and Mayor will review the remaining (not previously charged back against a budgeted expense/expenditure) purchases to identify/conceptually approve anticipated reimbursement strategies and likely timing thereof.

D. Disposal of Property

1. City-Owned Real Property considered as Excess for City Requirements:
  - a) Any property considered by the Real Estate Manager as exceeding the immediate and future requirements of the City shall be identified and a complete description provided and distributed as need occurs to the Mayor and Department Directors for review.
    - (1) Department Directors shall advise the Real Estate Manager of their current or future need for the property. Recommendations and justifications for retention or disposal shall be submitted in writing to the Real Estate Manager.
    - (2) The Real Estate Manager shall consolidate replies received and compile a list of property believed excess to the requirements of the City and shall submit such list to the Mayor. If approved by the Mayor, the list shall be submitted to the City Council for approval as to those properties that the City may place on the market for disposition.
    - (3) The Real Estate Manager shall then proceed with marketing the parcel(s) in a method determined to be the most advantageous to the City. The Real Estate Manager will rely on such sources as assessed value, comparable sales, appraisals, estimates of fair value, etc. to determine the appropriate price to market each parcel and the contract price, which is in the best interest of the City.
    - (4) The Real Estate Manager shall have the authority to dispose of property at a documented fair value amount not to exceed \$40,000 upon concurrence by the CFO. Sale of properties with a fair value in excess of \$40,000 will require City Council approval.

- (5) The Council Agenda Item shall include copies of or references to the documentation of value (such as an appraisal, assessed value or comparable sales listings) to support the negotiated sale price. Where the negotiated sale price is less than the documented value, the Council Agenda item shall explain the circumstances justifying the sale.

E. Leasing of Property

1. Requests Concerning City-Owned Property Not Listed as Excess

- a) Any person interested in acquiring City-owned property not shown on the approved list of excess property shall submit a request in writing to the Real Estate Manager.
  - (1) The Real Estate Manager, upon receiving a written request, shall obtain direction from the CFO to proceed in determining whether the property might be considered excess. Upon concurrence by the CFO and the Mayor, , all City Department Directors will be advised of the outside entity's interest in the property, with a request for information on the current use of the property and a projection and/or recommendation for future use of the property. A time certain for responses will be assigned to each request.
  - (2) Upon the approval of the Mayor to release the property, the Real Estate Manager shall submit an agenda item to the City Council, in accordance with this policy, requesting approval of the disposition.
  - (3) The Real Estate Manager shall proceed with marketing the parcel after Council approval in a method determined to be the most advantageous to the City.

2. Leasing Private Property by City

- (1) When a City Department has a need to lease property for a particular use, the Department Director shall contact the Real Estate Manager, in writing, giving details of requirements. The Real Estate Manager shall forward the request to the Mayor and shall obtain the Mayor's written concurrence before initiating negotiations. It shall be the Real Estate Manager's responsibility to locate, negotiate, and finalize the transaction subject to the concurrence of CFO and Mayor, in consultation with the Department Director and in compliance with the City Charter, Chapter 13, Section 7.

3. Leasing of City Property by Outside Entities

- (1) Any person interested in leasing City-owned property shall submit a request in writing to the Real Estate Manager or designee.
- (2) The Real Estate Manager shall be responsible for reviewing the request and recommending action to the Mayor for consideration by City Council.

- (3) City Council may authorize the Real Estate Manager to lease a property or group of properties for short-term rentals, as deemed appropriate.

(4)

F. Donation or Sale of Real Property to the City Initiated by an Outside Entity

1. Any outside entity desiring to donate or sell real property to the City shall prepare a written proposal and submit it to the Real Estate Manager in writing.
2. The Real Estate Manager shall review the proposal concerning the donation or sale of real property and prepare a memorandum through the CFO to the Mayor which shall include the following:
  - a) An estimate of costs to be incurred by the City if the property is accepted;
  - b) Comments from City appropriate Departments concerning potential needs or uses for the property and associated costs; and
  - c) A recommendation for action on the real property offer.
3. If action is recommended by the Mayor, the Real Estate Manager shall prepare an agenda item to the City Council, in accordance with this policy, for consideration of the donation or sale of real property to the City.

:6 FORMS:

None.

:7 COMMITTEE RESPONSIBILITIES:

None.

:8 REFERENCE:

City Charter, Chapter 13, Section 7. Procedure adopted by City Council as Section 308.1 October 10, 1977, Item 10; amended September 22, 1980, Item 18; amended as Section 333.1 October 31, 1988, Item 22, A-27, amended August 6, 2001; amended September 15, 2003; amended May 17, 2004, New Business #1.

:9 EFFECTIVE DATE:

This procedure effective May 17, 2004.