



Office of the City Manager

**36**

INFORMATION CALENDAR  
October 28, 2025

To: Honorable Mayor and Members of the City Council  
 From: Paul Buddenhagen, City Manager  
 Submitted by: Terrance Davis, Director, Public Works  
 Subject: Audit Status Report: 2009 Leases Audit Follow-Up

INTRODUCTION

On January 24, 2025, the City Auditor released, *2009 Leases Audit Follow-Up - Berkeley Faces the Same Risks 16 Years Later*, to City Council with recommendations to improve the City's lease oversight and management. The purpose of this information item is to update the Council on the implementation status of the report's recommendations. This is the first status report regarding this audit.

CURRENT SITUATION AND ITS EFFECTS

The audit included eight recommendations. As of the writing of this report, seven of those recommendations have started and one requires finalization of the preceding seven before it can commence.

The partially implemented recommendation, 1.2, states, "Public Works department should determine and formally define the role of the real property administration staff given available resources." On August 17, 2025, the Community Development Project Coordinator responsible for Public Works property management since 2016 transitioned to the role of the City's Real Property Administrator ("RPA"), an existing position that had not been filled since 2013. Public Works leadership believes considerable input from multiple departments must be collected and organized in order to provide the City Manager's Office with the interdepartmental data and inputs required to formally develop a property management plan, as required by recommendation 1.5.

All recommendations require the formation of an interdepartmental team of staff involved in lease and license agreement tracking and management. A Lease Management Ad Hoc Team has been formed to do the following:

1. Build an interdepartmental shared lease list;
2. Document what works, what does not, and what additional information needs to be collected; and
3. Provide a recommendation for City Management consideration to develop a property management plan.

The first Lease Management Ad Hoc Team meeting was held August 15, 2025 with future meetings to occur monthly, with additional meetings as needed to ensure timely completion of the shared lease list and property management plan recommendations for the City Manager's Office.

Please see Attachment 1 for a detailed table of audit report recommendations, corrective action plans, and implementation progress. The next status report to Council is expected to be presented in Fall of 2026.

### BACKGROUND

In June 2009, the City Auditor issued the report, *Leases Audit: Conflicting Directives Hinder Contract Oversight*, to, "...determine the effectiveness of the City's facility lease oversight," which included twenty-four recommendations aimed at improving lease oversight and management. The City Auditor requested that the City Manager continue to report to Council on the status of those recommendations until all are fully implemented or otherwise addressed. Of the twenty-four recommendations from 2009, seventeen are closed; fifteen were implemented as recommended; one was implemented with an alternative solution; and one was closed after management reconsidered it and reported it would neither be appropriate nor realistic to implement. The seventh and final status report was presented to Council on November 3, 2022 in response to the City standard practice to close all audits after five years.

On February 11, 2025, the City Auditor presented *2009 Leases Audit Follow-Up - Berkeley Faces the Same Risks 16 Years Later*, to City Council. The new report assessed the implementation of recommendations from the 2009 audit and concluded that the City still faces the same issues and lacks a clear approach to lease management, a relevant policy to guide leasing and licensing decisions, and a complete central inventory of leases and license agreements. The report asserts that these factors continue to compromise the City's ability to strategically manage City-owned property and reopened eight prior recommendations that require collaboration across departments to better ensure sound management of City-owned and occupied properties. Public Works and the City Manager's Office accepted the Auditor's findings and guidance for implementation. The recommendations were re-opened and all parties agreed to provide annual updates on implementation until fully completed.

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects or opportunities associated with this report.

### POSSIBLE FUTURE ACTION

Public Works will continue to work with all City Departments to create a shared centralized list of revenue leases, expenditure leases and license agreements, as well

as provide data and recommendations for the City Manager's Office's consideration in the development of a property management plan.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

None at this time.

CONTACT PERSON

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Attachments:

1: Audit Findings, Recommendations, and Status Updates

Report Title: 2009 Leases Audit Follow-Up: Berkeley Faces the Same Risks 16 Years Later				
Issue Date: January 24, 2025				
Finding	Recommendation	Department	Status Last Period	Current Status Update
The City's 2002 plan to centralize property and facility lease management has not been implemented.	1.1 The City Manager should formalize and approve the division of responsibilities between the Public Works department and other departments regarding lease management.	Public Works	N/A	<b>Started.</b> Public Works recently promoted a staff member to Real Property Administrator. The Real Property Administrator is in the process of soliciting input from other departments that manage leases about the benefits of centralized, decentralized or hybrid lease management. This will be shared with the City Manager.
The City's 2002 plan to centralize property and facility lease management has not been implemented.	1.2 The Public Works department should determine and formally define the role of the real property administration staff given available resources.	Public Works	N/A	<b>Started.</b> The Real Property Administrator began on August 18, 2025. Public Works is currently assessing job duties and workload to determine if additional resources are recommended or required.
The City's 2002 plan to centralize property and facility lease management has not been implemented.	1.5 The City Manager should formally communicate a property management plan with all affected City departments.	Public Works	N/A	<b>Started.</b> The Real Property Administrator formed an interdepartmental team with staff involved in lease management. This team will make recommendations to the City Manager about what should be included in the property management plan.
City staff did not comply with City rules and regulations because the City lacks clear guidelines and simple tools for effective lease negotiations, reviews, approval, and oversight.	2.1 Public Works and Finance should update Administrative Regulation 6.6 and Contracts Online to give clear direction to City staff regarding administration and execution of lease agreements.	Public Works	N/A	<b>Not started.</b> Updates to AR 6.6 will be initiated after the City has formally defined its lease management structure. This work will require the Real Property Administrator to edit the current AR before submitting to the appropriate leadership teams for review.
A complete inventory of City facility leases with key information is not available; it is not known whether all current leases are properly authorized by executed contracts.	4.1 Public Works should determine what information is needed in a centralized repository of lease information. Staff in the operating departments responsible for leases should be consulted to identify information that they need for monitoring leases. This information should be included in the centralized repository of lease information.	Public Works	N/A	<b>Started.</b> The Real Property Administrator started meeting with other departments responsible for managing leases and licenses. This interdepartmental group will assess the existing property and lease lists to ensure all necessary information is included.
A complete inventory of City facility leases with key information is not available; it is not known whether all current leases are properly authorized by executed contracts.	4.3 Public Works should ensure that relevant detailed information such as contract numbers, annual cost of living adjustments, and other lease terms, fees, covenants, and locations are included in the complete lease inventory detail.	Public Works	N/A	<b>Started.</b> The Real Property Administrator has started the process of updating lease and license forms. They will be working with departments to review information collected related to lease and license agreements and ensure data such as contract numbers, annual cost of living adjustments, lease terms, fees, covenants, locations and other useful information is collected.

<p>A complete inventory of City facility leases with key information is not available; it is not known whether all current leases are properly authorized by executed contracts.</p>	<p>4.4</p>	<p>Public Works should make the lease inventory detail available to City staff so they can utilize the information to make informed decisions. If possible, this information should be available online in a format that allows controlled updates of information.</p>	<p>Public Works</p>	<p>N/A</p>	<p><b>Started.</b> The Real Property Administrator is in the process of transferring data to a shared drive that will allow staff to have access to lease data, with special permissions for editing and updating the information.</p>
<p>Opportunities to use existing and planned software and other systems to enable more effective oversight of leases and other contracts are being overlooked.</p>	<p>8.2</p>	<p>Public Works and Finance should determine if the existing systems can be used to finalize a comprehensive list of City leases.</p>	<p>Public Works</p>	<p>N/A</p>	<p><b>Started.</b> Public Works has started the process of considering potential lease management software options.</p>

