

**BEST PRACTICES AND TRAINING
IN MUNICIPAL REAL PROPERTY
MANAGEMENT AND
DEVELOPMENT**

SLOVAKIA

Prepared for



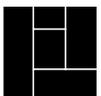
East European Regional Housing Sector Assistance Project
Project 180-0034
U.S. Agency for International Development, ENI/EEUD/UDH
Contract No. EPE-C-00-95-001100-00, RFS No. 707

Prepared by

Peter Bass
International City/County Management
Association

under subcontract to

The Urban Institute



THE URBAN INSTITUTE

2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

September 1997
UI Project 06610-707

TABLE OF CONTENTS

BEST PRACTICES AND TRAINING IN MUNICIPAL REAL PROPERTY MANAGEMENT AND DEVELOPMENT SLOVAKIA	1
Introduction	1
SELECTION OF "BEST PRACTICES" VENUES AND WORK PROGRAM DESIGNS (TASK 1)	1
Overall Intent and Review of Possible Venues	1
Ruzinov Program	3
Spisska Nov Ves Program	4
Overall Program Design	6
Recommendations	6
DESIGN OF A TRAINING PROGRAM IN MARKET-BASED REAL ESTATE DEVELOPMENT PRACTICES FOR MUNICIPAL OFFICIALS (TASK 2)	7
REPORT ON "BEST PRACTICES" DEMONSTRATION PROGRAMS IN THE CITY OF SPISSKA NOVA VES AND IN THE RUZINOV DISTRICT OF BRATISLAVA (TASK 3)	10
Spisska Nova Ves Program	10
Ruzinov Program	12
APPENDIX A-1: MEMORANDUM OF UNDERSTANDING REGARDING THE RUZINOV MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM	17
Purpose	17
Parties	17
Concept	17
Responsibilities of Parties	18
Actions	20
EXHIBIT A: APPROXIMATE BOUNDARIES OF THE STUDY AND ACTION AREA	22
APPENDIX A-2: TERMS OF REFERENCE, WORK PLAN FOR THE RUZINOV MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM	27
Purpose	27
Demonstration Period	27
Area of Activity	28
Steps of the Program: Work Plan	28
LSGAC Approves Providing Technical Assistance for the Program	28
"Kickoff Meetings," Workshop and Finalization of Work Program	28

APPENDIX A-3: SAMPLE WORK PRODUCTS TO BE GENERATED BY RUZINOV UNDER THE RUZINOV MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM	37
APPENDIX A-4: MATERIALS DEVELOPED AND REVIEWED WITH RUZINOV ON MAY 8-9	43
Ruzinov: What we have learned so far	43
Development Goals for the Central Ruzinov "Project Area"	46
APPENDIX B-1: MEMORANDUM OF UNDERSTANDING REGARDING THE SPISSKA NOVA VES MUNICIPAL REAL ESTATE PORTFOLIO ANALYSIS PROGRAM	53
Purpose	53
Parties	53
Concept	53
Responsibilities of Parties	54
Actions	58
APPENDIX B-2: TERMS OF REFERENCE AND WORK PLAN FOR THE SPISSKA NOVA VES MUNICIPAL REAL ESTATE PORTFOLIO ANALYSIS PROGRAM	61
Purpose	61
Demonstration Period	61
Subject of Activity	61
Steps of the Program: Work Plan	62
APPENDIX B-3: SAMPLE WORK PRODUCTS TO BE GENERATED BY SPISSKA UNDER THE SPISSKA NOVA VES MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM	69
Property Inventory	69
APPENDIX B-4: US ADVISOR'S MEMO TO CITY FOLLOWING TRIP OF MAY 6-16 REGARDING NEXT STEPS	75
Spisska Nova Ves Real Estate Portfolio Analysis Demonstration Program	75
Results of Trip and Next Steps	75
During Our July Meeting	78

BEST PRACTICES AND TRAINING IN MUNICIPAL REAL PROPERTY MANAGEMENT AND DEVELOPMENT

SLOVAKIA

Introduction

This Report covers activities conducted according to Request for Services (RFS) No. 707 by the Advisor (Mr. Peter L. Bass) in Slovakia.

■ **Task 1.** The Advisor visited Slovakia and evaluated the potential interest and relevance of four local governments for consideration as venues for the Municipal Real Property Management "Best Practices" Demonstration Cases. In addition to evaluating opportunities, the Advisor proposes in this report a scope of work and budget for the development of "Best Practices" for the recommended candidates.

■ **Task 2.** The Advisor was to develop a training approach to assist municipal officials in gaining skills in order to engage in Market Based Real Estate Development Practices. This report presents a final design and budget for training courses in the subject and an assessment of the likely demand for participation in such courses. The Advisor is recommending some changes in the emphasis, timing and direction of this Task Element. These findings have been reviewed and approved by the Program Officer (George Williams) in Slovakia.

■ **Task 3.** The "Best Practices" demonstrations in Ruzinov and Spisska Nova Ves were completed. Memoranda of Understanding were developed and agreed to by the municipalities and are included as appendices to this report. These memoranda include outlines and timetables for specific actions by the municipality and contractor.

SELECTION OF "BEST PRACTICES" VENUES AND WORK PROGRAM DESIGNS (TASK 1)

Overall Intent and Review of Possible Venues

The basic "Best Practices" development process involves the following elements: 1) identifying the proposed Best Practices elements to be demonstrated; 2) evaluating potential candidate localities for demonstration projects and enlisting the selected locales; 3) designing and funding the demonstration projects; 4) completing the demonstration projects; 5) evaluating the demonstration projects and documenting them; and 6) disseminating the results on at least a country specific basis.

The fundamental concept behind this portion of RFS#707 is to develop, field test, document and then refine and replicate a Municipal Real Property Asset Management component, comprising part of USAID-Slovakia's overall Local Self-Government Assistance Program. This component specifically addresses local municipalities' needs to inventory, evaluate and manage municipal real estate assets to 1) increase municipal revenues 2) use them to guide and leverage market based real estate development and 3) determine appropriate portfolio strategies, and operating procedures for asset retention, development and/or sale.

Four venues in Slovakia were proposed by the Program Officer for potential inclusion in the Municipal Asset Management "Best Practices" Program covered by RFS 707. They were chosen based on either the locales' initial indication of interest in participation and the potential relevance of their particular issues and settings to the overall policy objective. The four venues reviewed were:

- Ruzinov District of Bratislava
- City of Spisska Nova Ves in north central Slovakia
- City of Banska Bystrica in central Slovakia
- Village of Cierne Kľačany in central Slovakia

Ruzinov and Spisska Nova Ves are recommended for inclusion in the program and their specifics are described in greater detail in the sections below. Essentially, they are recommended based on the following criteria:

- Clear evidence of strong interest, personal involvement and enthusiasm of city officials and staff, from mayor on down in the program. (This is deemed an absolutely necessary component to potential program success.)
- Presence of a sufficiently broad, representative and compelling set of issues and problems that would be typical to a host of Slovak municipalities (there are over 1,000 units of local government in Slovakia) to merit interest and replication elsewhere.
- Logistical factors (capacity and sophistication of staff, travel arrangements) that maximize the efficiency of the technical assistance (TA) effort at minimum USAID dollar costs (in other words, the minimum amount of time should be expended in travel by both U.S. and Bratislava-based TA specialists) and the maximum amount of functions that can be done by the candidate staffs.
- Timing factors - the communities have situations that are "ready to go" and already have available significant materials, studies and other "work products" and enough systems in place to justify the belief that an effective demonstration can be made in the least amount of time.

By the end of the first week of the Advisor's trip, he and the Program Officer were able to conclude, using these criteria that emphasis should focus on Ruzinov and Spisska Nova Ves and that the other two candidates should be dropped or deferred indefinitely.

Banska Bystrica was originally considered for inclusion based on indications of interest by its staff and the specific nature of their proposed project needs (technical assistance on the analysis and structuring

of a large residentially oriented real estate development project on municipally-owned land) However, present circumstances surrounding this project no longer make it a competitive choice.¹

The Village of Cierne Kľačany, which has underdeveloped thermal springs resources in Central Slovakia, was also considered for inclusion. The potential of this case revolved round a demonstration between the village partnering its real estate assets with a privatized Slovak bank to develop the real estate and local economy. This case, upon closer examination, was eliminated on the basis of the specific concept and the potential timetable for its realization as being too prolonged, and too specialized and tentative in nature, for consideration at the present time. Also, this venue presented a logistically inefficient use of resources.

Ruzinov Program

The Advisor and the Program Officer concur in proposing Ruzinov as a Best Practice case. Ruzinov, with a population of 70,000, is one of the 17 "Districts" comprising Bratislava, has a major economic base of its own, is extremely well located relative to the economic and population base of the entire Capital, and has a large number of municipal assets under its control (including land, housing, commercial space, and industrial assets such as the port, and airport of Bratislava). It has a mayor, vice mayor and council members who are very motivated and dedicated to the issues of economic development, asset management and Best Practices techniques. Extensive planning and development studies have been conducted on properties owned by the District and surrounding areas since 1989. However, the administration is frustrated by a lack of experience in using market-based techniques to stimulate development of these properties and in practicing efficient management of its overall assets. The Ruzinov situation has also significantly benefited from the presence of an on-site American economic development advisor (Ms. Greta Siegal) over the past six months, funded by the Foundation for a Civil Society, who has worked with the District officials and staff on clarifying issues and potentials.

During the course of his two weeks in Slovakia, the Advisor met with the on-site American advisor, District officials and their staff on four occasions to assess the situation and design a potential "Demonstration

¹ *This is the so called Prianska Teresa project - a 42 hectare site originally proposed for 3,000-6,000 units of housing. The Advisor had undertaken some earlier evaluations of this project and its issues under the PADCO Demonstration Project, and recommended it be considered for inclusion as a "Best Practices" case study in the current effort. However, since the time of that earlier report (May 1996), the following events have occurred: the City did not respond in a timely manner nor at an appropriate level of interest to letters from USAID inviting their participation; the City now seems to have a fairly focussed and preconceived notion of how to proceed on the subject project that is inconsistent with the broader intent of the "Best Practices" program intended in this RFS; their project's timetable is not consistent; and other candidate situations have risen (Ruzinov and Spisska) that offer better profiles and situations for meeting the program needs, and are sufficient for an adequate study. The Banska case does present some different issues that would, if time and resources permitted, be potentially interesting.*

Case" of relevance to both USAID and Ruzinov's objectives. In summary, through this series of meetings, a wide range of options was considered and the scope eventually narrowed to a 6-8 month demonstration covering all District-owned assets within a specific 1/2 square kilometer subarea, that is very strategically located in the center of the District; has a wide mix of land uses; and is of significant interest as a locality with great leverage potential in creating public/private real estate partnerships to undertake market-based real estate development.

The Advisor has prepared and reviewed with the District a Memo of Understanding ("MOU") that summarizes the objectives of the demonstration program and the responsibilities and roles of both parties (that is the District, and the USAID funded Technical Assistance providers). The MOU includes a detailed work plan as an attachment and samples of work products to be generated. It represents a specific guideline and basis of understanding of each party's expectations and responsibilities: a necessary step if a successful technical assistance experience is to result.

The MOU for Ruzinov, the work plan, the schedule and the sample work products outline are all attached as Appendix A (parts A-1 through A-4 respectively) and represent the Advisor's specific detailed recommendations as to the program design for Ruzinov. This material has all been reviewed and approved by the Program Officer and likewise by the Mayor of the District of Ruzinov. On Monday, November 25, 1996 the District Council of Ruzinov gave the Mayor full approval to participate s a Demonstration Case, to fund and hire a project director and to implement the work plan.

Moreover, the on-site American advisor is currently working with District staff to initiate preparation of materials for a series of meetings with the U.S. advisor scheduled to occur in the week of December 16-December 20. This would constitute the first step and "kickoff" of the Ruzinov program, and completion of the first work products.

In this respect, the Ruzinov program is ahead of the schedule originally anticipated under RFS 707. That is the Advisor's second trip is now scheduled to focus on the initiation of the technical assistance and no longer on the design of the program.

Spisska Nov Ves Program

The Advisor and Program Officer also concur in proposing Spisska Nova Ves as a Best Practice case. Spisska Nova Ves is a city of approximately 40,000 people in north central Slovakia and has been an important iron mining center since the 13th century. The municipal government holds a portfolio of commercial properties ranging from multi-use historical structures on the town square, to shopping centers, hotels, and light industrial facilities throughout the community. The portfolio consists of 55 commercial properties which collectively, under past and present management practices, earn the city no net income but which represent valuable, yet inefficiently used and managed assets. The current City administration has requested technical assistance in turning this situation around. It recognizes a need for guidance in managing the portfolio to increase its profitability, with regard to evaluating its income potential in a market context, involving the private sector, determining how to choose between competing developers, etc. It has reasonably good data and inventory records regarding the properties but inexperience in how to manage them in a market context. This situation is typical of many Slovak cities and is of a size and "neatness" in this particular case to represent a good "Best Practice" site.

The mayor is professional and energetic in style and directly interested in the project. He has a very businesslike orientation (having previously headed up a large agricultural cooperative in the area) and has brought on board a loyal and business- oriented staff, many from the cooperative.

During the course of a two-day visit in Spisska, the Advisor met with the Mayor, Vice Mayor and City officials and staff to assess their situation and design a potential "Demonstration Case" of relevance to both USAID and City's objectives. The Program Officer also attended the first day of these meetings. Through this series of meetings the scope was narrowed and a program designed emphasizing inventory and property evaluation techniques to (1) increase municipal revenue, (2) determine an appropriate portfolio strategy and (3) identify improved operating procedures with regard to managing, developing and/or selling the assets.

As in Ruzinov, the Advisor has prepared for the City a Memo of Understanding ("MOU") that summarizes the objectives of the demonstration program and the responsibilities and roles of both parties.

The proposed MOU for Spisska, along with its Work Plan, Schedule and Sample Work Products outline are all attached as Appendix B (parts B-1 through B-4 respectively) and represent the Advisor's specific detailed recommendations as to the Program Design for Spisska. This material has all been reviewed and approved by the Program Officer and has been forwarded, as of November 25, 1996 to the Mayor of Spisska.

An early response from the Mayor is anticipated, based on conversations to date, and it is believed that the Advisor will be able to utilize his planned December 17 and 18 visit to Spisska to not only obtain the final understanding with the Spisska officials but also to complete the first major technical assistance items outlined in Spisska's Work Plan.

Overall Program Design

The Advisor and the Program Officer currently believe that the timely and parallel completion of the above two "Best Practices" cases by next June/July will lay sufficient groundwork for documentation and dissemination of a "Best Practices" module in Municipal Real Estate Asset Management covering 1) inventorying and evaluation of municipal real estate assets 2) creation and implementation of strategies to effectively manage these portfolios through improved property management and operating procedures² and disposition techniques, and 3) strategic use of these assets to leverage and stimulate private development activities. The two cases selected represent a cross section of situations from those found in the larger, more recently urbanized areas (Ruzinov: typical of post WWII Panelok estate and commercial developments) to the more widespread range of assets found in the hearts and peripheries of the smaller cities (Spisska).

The choice of the two demonstrations, aside from the wide range of applicability, also allows for logistical simplicity. The program designed for the two communities allows for the U.S. technical advisor to complete visits to both locations in a one week period, minimizing time lost to travel. The location of the more complex case (Ruzinov) in Bratislava also allows for easier access by locally based technical support from LSGAC. Both cases will benefit from a high level of visibility: Ruzinov, due to its key location in the capital, and Spisska, due to its Mayor's role as head of the Union of Towns and Villages: one of the two national organizations devoted to professional municipal management and lobbying concerns.

Recommendations

It is recommended to USAID that Ruzinov and Spisska Nova Ves be selected as the "Best Practices" Demonstration Cases, and that the appropriate operational steps (funding of technical assistance and granting of approvals) are taken to implement the Work Plans outlined in the respect Memos of Understanding proposed for each locale as budgeted. Further decisions with regard to a Training Program in Market Based Real Estate Development Practices for municipal officials are deferred until more information is gathered.

² *For example, setting of rents, selection of tenants, evaluation of entrepreneurial proposals received from the private sector.*

DESIGN OF A TRAINING PROGRAM IN MARKET-BASED REAL ESTATE DEVELOPMENT PRACTICES FOR MUNICIPAL OFFICIALS (TASK 2)

Work was begun by the Advisor on the design of a Training Program in Market Based Real Estate Development Practices for municipal officials. An earlier USAID Program³ revealed a need by municipal officials and private entities for training in market based real property development processes. This need was again confirmed by the Advisor's experiences in his discussions with the officials and staff at Ruzinov and Spisska, and in a series of discussions and meetings with a number of planning professionals, and representatives of private real estate and contracting interests.

However, the results this series of approximately ten meetings in Bratislava serves only to underline the complexity of the issue and raise cautionary flags as to how best to proceed. Substantial divisions of opinion were noted amongst the various parties as to the most appropriate subjects and formats, the timeliness of the subject matter, the contextual setting and the likely levels of demand. There were also concerns about where the emphasis should be placed in terms of primary audiences (for example, was it private contractors and builders, would-be developers, current city officials and staffs, or students training as planning professionals and/or future public administrators). Equally ambiguous were opinions as to the depth of the "market" in each of these areas, whether it was "one shot" market or a recurring demand, and, given these factors, whether and how resources might be sustained to offer continued instruction into the future. As a result, there remain very significant unresolved issues as to the capacity of the present instructional systems to sustain this type of development training without significant ongoing inputs of USAID or other assistance funds. Prior to any such recommendation to proceed with a significant training effort, more research and evaluation needs to be done.

These matters were all discussed during the course of the Advisor's visit in Slovakia with the Program Officer and the following course of action was agreed to:

- Efforts to immediately and quickly launch a specific course offering focussed on real estate development issues should be postponed until at least Spring, 1997 and developed more incrementally.
- Additional research and discussions should be undertaken, on an incremental basis, with the various parties currently involved in discussions (EERPF, PCCAS, Housing Institute, STU and others) in the context of:
 - Using the *findings* of the existing Public/Private Partnership Demonstration project (the PADCO Demonstration Project) as the basis for an initial and limited-in-scope demonstration offering on real estate training

³ See *Final Report on "Demonstration Project: Private Housing Construction on Municipally Owned Land"* by Peter L. Bass and Robert Doubek, PADCO, August, 1996.

- Using the two "Best Practices" case studies proposed (Ruzinov and Spisska) as a basis for developing more specific training materials on real estate issues.
- Polling memberships and potential audiences as to the content, length, depth, cost and focus of potential course offerings.
- Exploring with the various institutions their capacity, interest and appropriateness in offering such training.
- The Advisor and the Program Officer agree that further efforts to research and define possible training programs⁴ can initially take place on an informal schedule and basis within the context of the resources being proposed for the "Best Practices" Demonstration Cases programs for Ruzinov and Spisska. This strategy also allows for a more considered approach to the training program in the context of other initiatives and actions being undertaken in parallel by the LSGAC training efforts.

Under this strategy, the training design efforts would be targeted toward the design of a 1/2 or 1 day "overview" seminar, to be perhaps offered in the 2nd Quarter of 1997 and oriented around the themes of P/PP partnerships, and/or real estate asset management. This could take the form of a special workshop or an add-on session offered in conjunction with another program (such as the annual or a monthly meeting of one of the municipal associations). This first offering would be built around the processes outlined in the Public/Private Partnership Manual (discussed in the next section) supplemented by the case study experience to be gained through the first quarter of 1997 under the Ruzinov and Spisska "Best Practices" program. It would also incorporate the results of the thinking of the various Slovak resources who are being asked to provide input over the next months. The specifics would be developed over the next several visits of the U.S. advisor to Slovakia under the Ruzinov and Spisska program elements (December, January and April trips).

The Advisor proposes making more specific recommendations regarding possible course implementation and budget needs following the completion of the Public/Private Partnership Manual Publication effort detailed in the next section. This new report is therefore proposed for completion with final recommendations and budget no later than mid-March, 1997.

⁴ *With the exception of the actions discussed involved with publication and dissemination of the P/PP Manual.*

REPORT ON "BEST PRACTICES" DEMONSTRATION PROGRAMS IN THE CITY OF SPISSKA NOVA VES AND IN THE RUZINOV DISTRICT OF BRATISLAVA (TASK 3)

Spisska Nova Ves Program

This Demonstration Program component focuses on the tasks of inventorying, analyzing and evaluating the municipality's non-residential real estate assets throughout the community from the point of view of enhancing the City government's financial performance. The emphasis is on evaluating the assets both individually and as a portfolio, wherever they occur in the city, primarily from an investment decision-making viewpoint and not as a means to leveraging economic development or urban revitalization efforts (which, as will be seen below, is an important component of the Ruzinov Demonstration). In essence, the portfolio is being examined much as it would be by a private investor in terms of making decisions as to whether to sell now or later, invest in improvements or leave as is, increase rents, evict tenants, etc.

During this visit (May 13 through May 15, 1997 in Spisska Nova Ves) the intent was to review the local government staff's work and proposed presentation of a complete analysis, evaluation and set of recommendations regarding an initial group of 12 to 15 properties; to help them in their presentation to the Executive Management Board of the City Council on May 15; and to plan the final steps of the Demonstration, which is meant to be complete with Advisor's final trip in July. All of these goals were successfully accomplished. The Spisska demonstration is moving along smoothly.

Several points are worth noting:

- The Spisska staff was initially very timid about the prospect of making the presentation to their Executive Management Board and on May 13 initially proposed that the Advisor make the presentation. Sensing that their timidity was due to a still low comfort level in fully understanding and dealing with the new techniques (and being able to withstand questioning on the same), the Advisor instead proposed methodically reviewing and working through the cases to be presented, and to rehearse with the staff questions and objections they had on their mind that were undermining their confidence. The Advisor also volunteered to give a short background and overview but insisted that the staff do the bulk of the presentation.

This approach worked out very well. Staff was forced to take ownership of the project and handled the presentation very well. They created good graphics and handout materials; methodically explained the process and their conclusions in detail; and fielded all questions and comments with authority and confidence. The Advisor's presentation also provided a useful context for understanding the staff's detailed work.

The presentation was given to the Mayor and about 20 members of the 66 person Council. This smaller group serves as the Executive Management Board of the City and is more involved in technical matters than the average Council member. Based on the attentiveness of the audience, the questions and comments made, and remarks afterwards by the Mayor, the presentation and project appear to have been well received.

- The presentation, in total, lasted about two hours. An outline of the presentation, a copy of the Advisor's remarks, and the exhibits presented by the Advisor and the staff are included in Appendix A.
- The Advisor believes that it is key in these situations to force the local staffs to take ownership of the projects. When material is presented by the Slovaks themselves, it is taken more seriously by their professional and community counterparts and helps insure credibility and momentum for those carrying on the tasks. They have more at stake; and by adopting and defending the techniques, they become first committed, and then advocates.
- The Spisska staff has now completed and presented material on a set of twelve properties in the central part of town. The work included making specific recommendations about which buildings they would want to sell over the next year and why; and which they would work on to raise rents, complete leasing and prepare for sale in a year or then further review under future economic conditions. They were also able to determine that two of the twelve buildings were worthy of more detailed micro analysis to determine whether any part of them was worth upgrading, since the initial analysis showed that total rehabilitation of all parts of the buildings would not be economically sensible.
- The principal remaining parts of the Demonstration are to now draft and present specific action plans, schedules and work assignments for each of the twelve buildings; and to show how to propose and adopt a set of policies and procedures for handling leasing, sale and other property operations issues. This material will be developed and reviewed with the staff between now and the final technical field trip by the Advisor in July. That trip is intended to review these final operational phases, resolve any issues arising in staff efforts to analyze additional buildings (or existing ones in greater detail); and to help operationalize the ongoing process.
- The Advisor is very pleased with the progress of the demonstration in Spisska and has incorporated its materials as the principal exhibits and case studies in his draft of the Training Module discussed in Task 5 below. The Spisska staff is showing increased capability and confidence in interpreting and presenting the results of their analyses to the ultimate municipal decision makers. The Advisor is hopeful they will be willing to support and participate in efforts

to present the materials to other cities in Slovakia. This matter will be explored during the remainder of the Demonstration.

Ruzinov Program

The Ruzinov Demonstration has had a more difficult path to date due to its greater complexity, a much more convoluted and politicized working environment, data deficiencies, and personnel shortfalls on the part of the implementing government units. Unlike Spisska, the Ruzinov Demonstration's key objectives include economic development and community revitalization components where the specific intent was to take identified municipal land assets in a given area and leverage them with other adjacent parcels into development projects benefiting the community.

The Advisor's last two trips appear to have succeeded, in combination with Ruzinov's hiring of a project manager, in generating concrete progress and usable products in the Ruzinov Demonstration. Results to date are beginning to allow local officials and staff to better understand how to approach their planning and development problems. For example, they are beginning to see how the general issue of "getting development going" needs to be broken down into a series of more discrete and concrete steps addressing analytical, planning, policy, institutional, legal and other concerns relating to land ownership, planning controls, regulations, bureaucratic rigidities and so forth.

At the beginning of Advisor's visit (May 7, 1997) the following conclusions were reached with regard to the progress of the Demonstration:

- The District had successfully concluded its analysis of land ownership in the six previously identified Sub-Areas in the Project Area. Its consultant expert (Jan Gonda) in land title clearing matters and Mrs. Safarikova, head of the Department of "Legal Possession" of Lands, had prepared the essential base documentation needed on ownership. While it has now definitively been established as a result of these procedures that Ruzinov does not directly own any land in the six Sub-Areas, the process has clarified the title issues and the District now knows who owns what and has begun talking to specific owners (such as the City of Bratislava) about incorporating their land into development projects and/or acting as their agent. Completion of the land ownership investigation process itself produces important case study materials that can be used by the District and others similarly faced with this land ownership identification problem.
- The District staff only partially completed their inventory of buildings owned by the District in the Project Area. In addition to the fact that the number now appears to be extremely limited, some turf wars arose with other semi-autonomous departments that are reluctant to share information. However, staff was able to identify at least eight buildings operated by the housing department

that contain commercial space. This group of buildings will be used as cases for testing the Spisska Nova Ves approach in Ruzinov.

- The District had not yet set forth a set of development goals for the Project Area or its Sub-Areas, and had made limited progress on defining development concepts and potential “Starter Projects” for the six Sub-Areas. In addition staff had backed off from presenting at the May 14 Council meeting, by deciding not to be placed on the agenda by the late April deadline. Staff had, however, made significant progress in defining location and type of infrastructure in the Sub Areas.

The Advisor then spent two days working with the Project Director, Project Manager and Ms. Jaroslava Zapletalova (the CCN Local Advisor) to develop a “Goals Statement” for the Project Area, and some illustrative Sub-Area “Goals and Development Concepts.” (The materials developed and translated on site during these meetings are shown in Appendix B-1.) These were then used as a basis for illustrating how, in combination with a map overlay process and descriptive material, the District could begin to define a set of development opportunities and constraints with regard to each Sub-Area. In this context, an extensive discussion was held on the use of zoning and flexible design guidelines to define what would be permitted. Some examples were reviewed from U.S. urban design experience. The team was then walked through the defining of a set of design and program guidelines for Sub-Area 1, an area recommended primarily for family type housing (townhouses, walk up flats, etc.) and local retail and service uses; as well as in preparing a base map and five overlays to portray the development guidelines and principles.

On the following Monday the Ruzinov staff brought back for review their efforts to implement this approach for Sub-Area 1. They had made substantial progress in understanding the principles involved and in applying them. The Advisor provided additional pointers and refinements.

It was agreed that there would be one more review of Sub Area 1 prior to the Advisor’s departure and that Ruzinov staff would also review preliminary presentations on Areas 2 and 6. These had all previously been collectively identified by the team as the logical areas for Starter Projects and hence deserved initial attention.

During the meetings, the Ruzinov work program was modified to reflect the following targets:

- Staff to present to City Council on June 24, 1997 a report on progress to date on the overall Project; including General Goals for the Project Area; and proposed Project Concepts and Development Guidelines for specific Sub Areas. Objective is to set out a process obtaining Council approval by end of 1997 on Development Plans and Guidelines for the covered Sub-Areas. In addition the presenters would identify a schedule and process to get private

development going on starter sites by Spring 1998. (Appendix B-2 contains a more detailed proposed schedule of items to be presented and considered at this meeting).

- Staff to forward to U.S. advisor, no later than first week of June 1997, their final drafts of Project Area Goals, Sub-Area Goals, and detailed "Development Packages" for Sub Areas 1 & 2 (and hopefully 6). These would represent a complete proposed presentation on Development Objectives and Guidelines for these Sub-Areas, including maps and text identifying zoning, guidelines, existing conditions and the District's development preferences.
- Advisor to review and critique so staff can finalize materials for their June 24, 1997 presentation.
- Advisor to forward selected materials relating to the steps and a schedule for finding and selecting a Developer for Sub Area 1 and for working with Martinak (existing owner) in Sub Area 2 so as to get development on both underway in early 1998. These materials have now been prepared and are included in Appendix B-3.
- Advisor to meet with Ruzinov staff in early July to provide technical advice on issues arising as a result of Steps 1 to 4 and Council's response at June 24 presentation; to go over in detail the RFP process to find and select a developer; to outline a draft RFP document for Sub-Area 1 based on District's final Development Concept and Guidelines; to advise on a proposed agreement with the City of Bratislava regarding offering of its lands; and to advise on any negotiations with Martinak regarding Sub-Area 2; the Design Contest; citizens' input meetings over summer and other topics needed to move the efforts forward.
- The District also intends to complete, in the next month, an analysis of at least 2 of the buildings identified in the Project Area as being District-owned, utilizing the methodology developed in Spisska Nova Ves. The Advisor will review these findings at the July meeting and make suggestions for further utilization of the methodology by the District.

As might be gathered by the above program, the emphasis of work has now shifted from inventory and analysis methods regarding District-owned property to a more concentrated focus on using the planning process to encourage desired development objectives on lands owned by others. Some of the products of the Ruzinov demonstration (such as the land ownership analysis and mapping procedures) provide a useful supplement to the Spisska Nova Ves materials in identifying and evaluating municipally- owned inventories of real estate. These have been incorporated into the draft module on this subject (see Task 5 below).

Other projected products from the Ruzinov Demonstration will help show the steps and procedures a city can use to stimulate and guide development of land owned by various public and private bodies toward

goals desired by the local government and its citizens, yet in the context of a market economy. This process is an important missing link in the tools and experience now available to municipalities in Slovakia, and is worthy of consideration for a separate training module in the efforts to encourage market-based real estate development (see Section 2.6 below). Those aspects of the Ruzinov Demonstration focussing primarily on building this planning, regulatory and promotional framework could serve as the basis of this additional effort. It may be worthwhile to consider maintaining a technical assistance relationship with Ruzinov after the July meeting to help generate further materials and refine techniques for use in such a module. However, it is also recommended that no commitment be made in this regard until it is seen how Ruzinov manages with its present "assignments" between now and Advisor's final trip in July.

The positives are that the Ruzinov Project Director and the Project Manager now both appear to be committed, enthusiastic and understanding of the project goals and techniques. A caveat however is that the depth of other staff support appears to be limited and that a lot of vested interests (in other parts of the District government) may have other agendas in conflict with the potential of a "success" in this endeavor.



APPENDIX A-1

MEMORANDUM OF UNDERSTANDING

REGARDING THE RUZINOV MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM

Purpose

To demonstrate and document how to inventory and evaluate municipal real estate assets to both (i) increase municipal revenue and (ii) use them to guide and increase development. This demonstration as applied in Ruzinov and as described below is hereafter known as the "Ruzinov Municipal Real Estate Development Program" or simply as the "Program" for short.

Parties

The parties to this Memo of Understanding are:

- Bratislava City Part Ruzinov ("Ruzinov"); and
- The Local Self Government Assistance Center ("LSGAC")

Concept

Ruzinov intends to initiate the Program, with technical guidance from USAID funded experts supplied from time to time through LSGAC, in the area ("Area") described in Exhibit A. The Program consists of the following four basic steps:

- Inventory land, buildings, spaces and operating enterprises ("Property") owned, controlled and/or managed by Ruzinov in the Area.
- Evaluate and prioritize the potential to increase the revenues and use of key elements of the Property consistent with Ruzinov's overall development vision for the Area.
- Identify and initiate one or more "Starter" projects and actions in the Area; and
- Document the Program for future use by:
 - Ruzinov in implementing their development strategy throughout the District;

- USAID in its technical assistance to other local governments in Slovakia.

Responsibilities of Parties

1. Ruzinov agrees to:

- Initiate the Program in the Area
- Complete the work plan ("Work Plan") within the specified time schedule, outlined in Exhibit A, by:
 - Appointing a project director ("Director") with full authority to carry out the Work Plan, including managing the "Starter" project(s) and action(s) and resolving administrative issues related to the Work Plan;
 - Appointing a steering committee of 3 - 7 people, (including, at LSGAC's option, LSGAC's local technical representative to the Program) which will meet once every two weeks (or more often if requested by the Director) to review progress and develop approaches to overcome obstacles as they arise;
 - Authorizing the Director to hire a full-time project manager (Manager) who reports directly to the Director, to manage the Program, including interaction and communication with other departments and staff in the Ruzinov district and Bratislava city offices;
 - Authorizing a budget of _____ SK for secretarial, communication, copying, graphics, in-country travel for Ruzinov staff implementers, and other related expenses;
 - Directing and supporting cooperation between the Program implementers (that is, the Director, Manager, and Steering Committee) and the departments and staff of the Ruzinov district offices, including accommodating requests for information and participation as needed (The District understands that staff of various departments will need to dedicate time to the Program and by this Resolution directs department heads to cooperate with the Director, Manager and Steering Committee);
 - Providing the USAID-funded advisors easy access to the Program Implementers and elected officials (eg. Mayor, City Manager and Council of Deputies);



- Aiding the Program implementers in seeking public opinion and publicity for the Program (Before Ruzinov uses *LSGAC's* or *USAID's* name in any such publicity it shall clear such usage with *LSGAC*); or
 - Encouraging full and enthusiastic support of the Program by the elected officials of Ruzinov and the District's departmental staffs;
2. LSGAC agrees to:
- Supply, subject to the continued availability of its funding, technical consultants to advise Ruzinov's Program Implementers in carrying out the Program, through periodic on-site visits by its US-based advisors by:
 - Reviewing, advising and helping on the planning and implementation process as specifically described and scheduled in the Work Plan, or further agreed to by the parties, and subject to Ruzinov's adherence to the Work Plan and the terms of this Memo of Understanding;
 - Meeting with the Director, Steering Committee, and at times, elected officials to discuss key strategic and policy issues;
 - Reviewing issues that the Program Implementers and Ruzinov are facing regarding the Work Plan and providing assistance in resolving the issues, including workshops which will be open to Ruzinov district and Bratislava city office staff affected by specific parts of the Program.
 - Provide and work with Bratislava based technical assistance to advise on the day-to-day implementation of the Work Plan including:
 - Greta Siegel, Advisor, The Foundation for a Civil Society, who through 31 December 1996 will assist with communications between the US-based advisor and Ruzinov, monitor technical progress, and resolve concerns arising under the Work Plan schedule.
 - Such other local advisors, as LSGAC may select and fund, who will become involved and take on the responsibilities of communication and monitoring technical progress after December 31, 1996.

- Siegel and such other local advisors to act as the communication point between Ruzinov and the US-based advisor transmitting documents and coordinating schedules and policy issues with the Director.

Actions

- Ruzinov is alone responsible for undertaking and implementing the Program and is the only party responsible for completing tasks outlined in the Work Plan, such as property inventories, market analyses, maps, budgets, and other documents and studies which may be designated;
- LSGAC will, subject to the continued availability of its funding, provide funding for technical advisors in the design and review of Work Plan products, assistance in resolving technical issues, and advise on strategy, policy, organizational and programmatic elements;
- LSGAC's technical assistance is contingent upon Ruzinov's carrying out the agreed upon work and /or work products needed for review meetings with the Advisors, and Ruzinov's making available requested staff or elected officials available for meetings with the US Advisor when organized in advance.

This Memorandum of Understanding, incorporating Exhibits A and B are hereby adopted and approved by Ruzinov and LSGAC as follows:



FOR RUZINOV:

by Resolution # _____, adopted by the Council of Deputies on _____, 1996 and agreed to

by _____, as _____

(acting for the Executive Committee of the Council of Deputies)

and, as agreed to by Ing. Richards Volek, Mayor, City Part Bratislava Ruzinov

_____ on _____

FOR LSGAC:

by _____ on _____

EXHIBIT A

APPROXIMATE BOUNDARIES OF THE STUDY AND ACTION AREA

The area within which initial development projects will be sought as part of this Program has been selected with the following principles in mind:

- It contains areas that already include a significant amount of commercial and economic activity that can serve as a base to further build upon.
- The areas have excellent public transportation and good automobile access to the larger Bratislava area.
- The areas appear to have a substantial existing in-place infrastructure network, hopefully allowing for low marginal costs of adding new uses and activity to the existing capacity.
- The areas are in the middle of substantial established populations and contain features and facilities already the subject of frequent visitations, familiarity and use by the local residents; and contain activity centers that already play a logical role in the larger metropolitan region.
- The areas contain substantial amounts of land and underutilized buildings and facilities that could be further developed, and some of which have been the subject of extensive past studies so that much data on them already existed.
- The areas are sufficiently small and so can be studied and acted upon in a short period of time.

The study area is comprised of the following:

- A primary area being the length of Ruzinowska Ave. from Bajakolovska east to Tomariska, (a distance of approximately 1.2 kilometers) and containing the lands and buildings north to Drienova and south to an equal distance from the outer street edges of Ruzinowska Ave. and;
- A "secondary zone" consisting of lands somewhat north and south.

A larger zone of influence will be studied only with respect to demographic, economic, transportation and planning factors potentially impacting on plans and projects within the target project area; but not with respect to designing projects outside of the target area.

APPENDIX A-2**TERMS OF REFERENCE, WORK PLAN FOR THE RUZINOV MUNICIPAL REAL
ESTATE DEVELOPMENT PROGRAM**

(Note: Capitalized terms here have the same meaning as in the Memorandum of Understanding)

Purpose

The Program is intended to demonstrate and document how to inventory and evaluate municipal real estate assets to both (i) increase municipal revenue from them and (ii) use them to guide and increase development.

The Program is also intended to show how to encourage the use of private investment capital in partnership with the municipal real estate to increase the economic activity in the area and to create a positive climate for ongoing investments. To fully accomplish this, the Program will involve planning and initiation of specific "Starter" projects and actions (These are those subprojects affecting the Area which is first identified and selected as most likely to seed further economic and physical development activities in and throughout the Area over time and are hereafter referred to as the "Starter" Projects. Some administrative and legal reforms and actions may also be appropriate and are hereafter referred to as "Starter" Actions).

Once initiated and fine tuned, the Program approach can be expanded over time to other areas of Ruzinov and the country.

Demonstration Period

Ruzinov will implement the Program and move it along to the point of having an initial set of Starter projects and actions underway within a period of eight months from the signing of this Memo of Understanding. This will be known as the Demonstration Period.

Area of Activity

During the Demonstration Period, the Program and resulting search for Starter projects will be limited to the Area shown on Exhibit A.

Steps of the Program: Work Plan

The following represent the principal steps of the Program, and contain the schedule, anticipated work products, and points of review on site by the LSGAC provided US-based technical advisor.

Authorization to Initiate program and Establish Working Relationships/Structure

■ **By October 22, 1996.** The Council of Deputies (or its Executive Committee acting for the Council of Deputies) approves Ruzinov's participation in the Program, designates the Director, and authorizes the Director to hire a Project Manager, and provides Director authorization to form Steering Committee, and to organize City staff as needed, and approves his budget for Program studies, and authorizes Director to sign Memo of Understanding with LSGAC. In short, it adopts this Memo of Understanding by a formal action.

LSGAC Approves Providing Technical Assistance for the Program

■ **No later than five days following Ruzinov's completing Step 1.** Following Council of Deputies adoption of the Memo of Understanding, LSGAC signs the Memo of Understanding.

"Kickoff Meetings," Workshop and Finalization of Work Program

■ **LSGAC US-based Advisor: up to three days on-site during one week beginning before December 9, 1996.** Provided that, at a minimum, the mayor of Ruzinov (acting for the Executive Committee of the Council of Deputies) has signed the Memo of Understanding, the US technical advisor would be prepared to arrive for a series of meetings with Ruzinov staff and officials to accomplish the following:

- Hold a workshop (not to exceed one day in length) for the Mayor, Deputy Mayors, Planning Subcommittee, relevant Dept. heads, Director of the Program, Project Manager (if hired) and staff and Steering Committee members to familiarize them with the complete development Program process contemplated and review ways they might internally organize to carry out the Program elements.
- Work with the Director and the Steering Committee to systematically review and summarize the long term urban functions and objectives identified for Area, by the Territorial Plan and any other studies by Ruzinov and the City of Bratislava and preliminarily identify general short term goals to move toward it - including a possible list of Starter projects and actions.

- Hold a technical workshop with District team members designated to be responsible for carrying out the first Work Tasks: beginning the Site/Asset Inventory; the Market Analyses; and the Institutional Constraints Analysis (shown in preliminary form in Appendix 1 of this Work Plan). During this workshop a more precise work program for these elements will be agreed upon, with the U.S. technical advisor ("Advisor") helping the Program Implementers to more precisely define their work products consistent with local conditions, and to set up a timetable and individual responsibilities, as well as methods of communication between the LSGAC US and Bratislava-based Advisors and District staff, and amongst District staff, and with other State and City of Bratislava departments with influence on the area.
- The Advisor will also work with the Project Implementers to define a strategy and timetable by which they can seek out and integrate citizen and developer/entrepreneur inputs into the Program (also see Appendix 1 for preliminary ideas).
 - However, prior to the Advisor's arrival, Ruzinov personnel will have to have:
 - Assembled and reviewed all documentation relating to longer term goals for the Area and its functional setting in the City of Bratislava, and drafted a preliminary statement of these longer term goals and functions.
 - Available in one place all studies, databases, inventories, maps, models, drawings, and other materials relating to the Area (and samples of materials relating to individual properties within it such as ownership records, rent rolls, cost or value analyses, space plans, leasable areas, etc.); and a reproducible list of all such studies and materials identified by name and a number.
 - Appointed Director, Steering Committee and identified other District personnel likely to have some significant involvement in the Program, and have held preliminary meeting(s) with them to discuss the intent and overview of the Program.
 - Hired and put in place the Manager for the Program.
 - The principal work products the District should be able to finalize during and/or as a result of the Advisor's visit are the following:
 - Statement of long term goals and functions for the Area, and their relation to City of Bratislava urban structure and planning framework.



- Communication plan between and amongst Advisors and Program Implementers, District staff, and relevant City of Bratislava staff, Ministerial departments, and relevant utility companies, etc.
- Detailed agreement on methodology and products for the Property Inventory, Market Analyses, and Institutional Constraints Analysis.
- Work program approach for obtaining citizen, developer and business/ entrepreneurial input.

Ruzinov to Complete Substantial Progress on Property Inventory; Market Analysis and Institutional Constraints Analysis

- Ruzinov to work on these tasks with technical monitoring from local LSGAC staff: December 1996 - January 1997.

Review of Progress to Date and Begin to Identify Starter Projects and Constraints

■ **LSGAC US-based Advisor: up to 3 days on-site during one week beginning towards end of January, 1997.** This trip would be scheduled to occur once Ruzinov has made substantial progress on the Property Inventory, Market Analyses and Institutional Constraints Analysis, as evidenced by interim materials submitted to and reviewed by the Bratislava based LSGAC technical advisors.

The purpose of the US Advisor's January trip would be to review and comment on progress to date on the above studies, both from the point of view of methodological concerns and issues, as well as holding a working session to identify what sites, and buildings begin to emerge with the most potential in terms of the objectives of the Program (revenue enhancement and early/ significant triggering effects for new development). With regard to Market Analysis we wish to begin to identify which market segments have the most immediate potential for more space and higher rents. With regard to Institutional Constraints we wish to begin identifying what administrative, legal and organizational changes may be needed to encourage both economic and real estate development in the Area.

Products

- Review and comments on work to date and revisions of plan to complete Property Inventories, Market Analyses and Institutional Constraints Analysis by mid-March.
- Preliminary analysis of implications of data collected and reviewed to date including identification of possible Starter sites, projects, and actions. This should include identification of some sites on which to begin further studies for detailed projects; and specification of the data needed for those sites.
- Definition and scoping of any additional data needed on or from the wider area and definition of a plan on how it can be obtained by the District, including a plan to involve citizen input, surveys, and interviews/workshops.
- Written statement of major local government based institutional constraints and issues frustrating development and a list of potential actions to resolve them.

■ **Ruzinov to Complete the Property Inventory, Market Analyses and Institutional Constraints Analysis and Identification of Some Initial Starter Projects and Action.**

- Completion scheduled for mid-April, 1997 at latest for entire Area.

- Review of the Property Inventory, Market Analyses and Institutional Constraints Analysis, and identification and scoping of some initial Starter Projects and Actions.

■ **LSGAC US based Advisor: up to 3 days on-site during one week beginning by mid April, 1997.** This trip would be scheduled to occur once the Program Implementers have:

- Completed, for the Area, the final versions of the Property Inventory maps and Property Inventory database preliminarily outlined in Appendix 1;
- The Market Analyses and Demographic/Economic summaries preliminarily outlined in Appendix 1;
- The Institutional Constraints Analysis preliminarily outlined in Appendix 1;
- Formulated and written out a list of preliminary Starter projects and actions to be undertaken with regard to the Area over the next six months, including listing of any specific available or potential funding sources and possible range of amounts from each;
- Have completed the first phase of citizen, developer and entrepreneurs' input as scoped out in the detailed plan worked out with the Advisor in the January meeting.

The purpose of the Advisor's visit is to evaluate and validate the referenced Analyses with regard to their technical adequacy and to work with the Program Implementers to draw inferences for development, economic, and institutional strategies based on the studies. These meetings will include a review of proposed Starter project concepts and a scoping out of the more detailed action steps needed to further design the Starter program and actions and begin to put them into implementation. This review is expected to include establishment of specific procedures and work plans as to level of design and cost estimating, business and financing plans, developer and entrepreneurial involvement; to outline any further needed property and market research; and possible institutional structures and procedures to launch the Starter projects and actions.

■ **The products of this stage include:**

- Review and recommendations with regard to further work on the Property Inventory, Market Analyses and Institutional Constraints Analyses, including procedures for expansion to other areas of Ruzinov and further updating and ongoing maintenance of the databases.

- Statement of conclusions as to market potentials for different type of economic activity and hence property demand in the Area, and inferences as to the nature, size and location of possible Starter projects.
- Statement of Institutional Constraints and description of the types of changes needed to be carried out within the District government and by other parties, including a prioritization of activities and proposed plan of action.
- Description of each of the possible initial Starter projects and actions, of the additional work steps and timetable needed to prepare them for initiation and approval, and a preliminary scoping of immediate or concurrent follow-on actions to further prepare them for implementation. The initial Starter projects could include one or more of the following: development of the physical assets surrounding and including Lake Strkovecke, and the identification of commercial development opportunities on the sites around the Lake; identification of one or two medium density prototypical housing "infill" projects in the adjacent residential areas; upgrading and/or potential expansion of a local commercial service district/shopping center in the Area; possible sale or joint venturing of a commercial development project; and identification of economic development actions (including departmental restructuring, information provision, marketing activities, etc) to encourage interest in leasing space and/or starting new businesses in the Area's facilities owned by the District). There will be a review of the proposed projects and actions and a workshop to determine what further data and packaging is needed for them, and what form of private sector participation will be elicited . It would also be appropriate to have completed several citizen participation input meetings by the end of this stage probably starting in January.
- Plan for second phase citizen, developer, business inputs developed.

Ruzinov to Complete Draft Proposals for initial Starter Projects and Actions

— Completion scheduled for mid-May, 1997.

Review and Finalize Proposals for Initiate initial Starter Projects and Actions

■ **LSGAC US-based Advisor: up to 3 days on-site during one week beginning by late May 1997.** This trip would be scheduled to occur once the Program Implementers have:

- Completed drafts of the proposals for each of the initial Starter Programs and Actions, specifically incorporating, among other things, project description, site data, estimated budget, evidence of

citizen and developer/business support, projected action timetable, and preliminary descriptions of financing alternatives and organizational alternatives under consideration.

- Identified and preliminarily scoped out such additional "Starter" projects in the Area as they may wish to investigate.

■ **The products following this stage are:**

- A presentation package for approval by the Council of Deputies authorizing Program Implementers to proceed with one or more of the initial Starter Projects and Actions, as specifically documented in the presentation package.
- Detailed action and implementation plan and schedules (on a technical level) to carry out each of the Starter Projects and Actions.
- Detailed study plan and work products list for further Starter Projects and Actions, if any.

Council Authorization to Proceed on Initial Starter Projects and Actions

■ **Concurrent with or right after US Advisor's May visit**, Ruzinov Council will meet to act upon the recommended first round Starter Projects and Actions documented in Step 9. This meeting is anticipated for completion by mid-June, 1997.

■ **This step, or the arrival of July 1, 1997 concludes the Demonstration Period and LSGAC technical assistance under this Memo of Understanding.**

APPENDIX A-3

SAMPLE WORK PRODUCTS TO BE GENERATED BY RUZINOV UNDER THE RUZINOV MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM

Following is a descriptive overview of principal work products to be generated by the District as a result of following the Program, with technical advice as to their creation being provided the LSGAC Advisors, according to the schedule outlined in the Work Plan (Exhibit B).

In coming days and weeks, additional and more detailed information will be prepared and forwarded by the US technical advisor, including possible table formats and examples, etc. The schedule of information submissions will be consistent with the needs and timing of the outlined Work Program; in other words more information on Items 1 and 2 will be sent and translated first, then Items 3 and 4, etc. These items should then be reviewed with the local US technical advisor (currently Greta Siegal) so Ruzinov staff can begin to work on the needed products consistent with the timetable outlined in the Work Plan.

Goals and Functional Objectives for the Area

This should be a short document detailing the principal economic, social and functional goals for the Area (and its major sub zones) from the context of the overall Bratislava Territorial Plan structure, the region's economy, as well as Ruzinov's particular setting in it (location, transportation network, major economic, socioeconomic and geographical features) and the objectives and goals of the District government, its citizens and the business community. Most of this material probably already exists in some form or another and needs to be refocused into clear statements of the guiding development vision for the Area.

This document can obviously be revised over time and as it is exposed to more input from citizens, developers and entrepreneurs and levels of government.

A map showing major activity centers anticipated by the Goals Statements (for example shopping, office, recreation, health centers) in the Ruzinov district and in the Primary and Secondary areas, their nature, function and relationship to the larger City structure and one another should be prepared, along with mapping of anticipated long term transportation arterial upgrades.

Property Inventory

■ **Land Maps: Parcel Ownership.** A map at the scale of at least 1:2000 should be prepared initially for the entire Primary Area, and then as time and need permit, expanded to the Secondary area. This

map should show the boundaries of different principal types of parcel ownership: private; sites owned by Ruzinov; sites owned by others (eg. City of Bratislava) but under control of Ruzinov; state owned properties and other categories that will be relevant in differentiating the different types of action that would need to be taken by the District to gain control of a particular site depending upon the ownership. One map should be completed showing ownership of land only, with an overlay map showing ownership of buildings. Different colors should be used to reflect the different types of ownership and control. On sites comprised of multiple parcels in the same ownership type (for example, private lots, or small lots all owned together by the District) on the outermost boundary of the total site needs to be shown.

With regard to land, another overlay should show all sites that are vacant and potentially developable; or occupied but perhaps available for redevelopment.

■ **Property Data Base and Tables.** A database needs to be constructed with relevant information on each of the individual Parcels (or Sites, if comprised of numerous smaller lots in the same type of ownership) identified in the Map(s). This database should be set up in computerized form and capable of being operated on by Lotus 123, Excel and/or ClarisWorks. It could even be set up using one of these programs. District staff already appeared to have some databases in operation, based on what we saw for the Specific Plan studies for a portion of the affected area: one of them might be suitable for extension to include any added data elements described in this Work Plan, or later over time. The database should initially contain the data elements listed on the attached Table 1 "Property Inventory: Data Base Elements", but must also be capable of being expanded to include other items on each property, including calculated values.

The staff should try to fill out as much of the Table 1 basic information as possible for each property, in advance of our December meeting.

■ **Municipal Property Inventory Database: Detailed Records on Each Property.** The staff should sort the above data base for **all** properties (land and building) that are District owned or controlled and make a summary listing of them, including their basic characteristics as above set out.

They should also allow for creation of a more detailed set of records on each individual property within the Primary Area that is owned or controlled by the District. For example, the land file should contain data elements indicating whether the site is leased (or concessioned) to some other entity, until what date, the identifiers for the operative agreement (eg. document number) and how much rent is received. District owned building files should contain, for example, information on each tenant and their rent; and more detailed information on physical characteristics, spaces, (including information on whether they are occupied or not) operating costs, and other records. At the present time (for the December meeting) we need only see what type of data is available on each property, with a complete set from at least several representative properties (for example a multi-tenant office building, a cluster of shops, and a mid- to high-Panelok

residential structure. However, a summary list and summary data should be prepared of all such District-owned property in the Primary Study Area for the December meeting.

■ **Analysis Tables.** A series of tables (again computer based on Lotus 123, Excel and/or ClarisWorks) will be created to allow for evaluation of the Property Inventory, using the Database Elements as inputs. Sample designs for these Tables will be sent in the future, by which time the raw data should have been prepared and entered into the Database.

■ **Municipal Enterprises Inventory Database.** Another table should be created with regard to listing any businesses owned and/or operated by the District with locations within the individual properties identified in the Primary Area. For example, these might include hotels, stores, and day care centers. Summaries should be provided on the nature of the business and summary financial and operational characteristics, including the amount of space they occupy in the given building, the amount of rent they are paying to the District for it, and the gross revenues, costs and net profit of the operation.

Economic/Demographic Data and Market Analyses

■ **Demographic and Socio/Economic Data: Past, Present, Future and Trends.** For the December meeting, the staff should collect together any available studies on the population and their socioeconomic characteristics in the Primary and Secondary areas, and the larger City of Bratislava districts or other geographic aggregations. Useful information would be a series, dating back to say 1960, showing total population, age distributions, size of households, numbers of households, births, deaths, and in and out migration from area. Any information of the income or salary breakdown (or socioeconomic groupings: e.g. professionals, laborers, managers, etc) would be useful. This data should be presented on at least 10 year intervals, and since 1980, on a shorter term basis, if available. Also any projections into the future.

It would also be useful if the District also has any breakdown of this data by sub-areas within the District and the Primary and Secondary areas, that might allow us to see how the population may have shifted within the District areas in the last two decades.

■ **Economic Data, Employment and Industries: Similar Geographies.** The market analyses to be done will benefit from the availability of any of the following data: number of jobs by type and/or industry in different years, including projected changes in the future; average or typical pay scales; any available household income data; number and type of individual enterprises (for example stores and small businesses) and changes over time.

Please review and present whatever is available. It would be most useful if this information is presented in a format matching the same time periods and geographies as mentioned above.

■ **Market Data on Real Estate Supply Trends: Construction (units/sq. metres), Prices/Rents.**

- Supply analysis in the Area and subareas; larger region. Please present whatever statistical series are available on the annual numbers and type of housing units, square metres of commercial uses, and other types of uses (by separate category) that have been constructed in Bratislava, Ruzinov and the subareas.
- Other Market Data: To Be Determined (TBD) eg. citizen surveys, real estate sources, entrepreneurs etc. Cost Data: TBD

■ **Institutional Constraints Analysis**

- Description of processes needed to lease a property and open a store in District property.
- Description of processes needed to buy and remodel private commercial real estate in the District.
- Description of processes needed to "develop" a major new structure or group of structures (including land use change) in the District.
- District's budgeting process and budgets for development projects.
- District departmental organization and respective activities.
- District real estate leasing and property disposition procedures and documents (including examples of documents).

■ **Process to Obtain Citizen, Developer and Entrepreneur Inputs and Description of Outputs**

- Objectives
- Definition of groups involved
- Methods of solicitation and involvement
- Information/input to be obtained
- Proposed scheduled and assignment of responsibilities

- **"Starter" Project/Action Description and Approval Packages**
- Overview of strategy and proposed projects/actions in aggregate
- Detailed description of each according to a standard format:
 - Projects
 - Programs or Institutional Actions
- Proposed Resolution(s) for Council of Deputies to adopt.

APPENDIX A-4

MATERIALS DEVELOPED AND REVIEWED WITH RUZINOV ON MAY 8-9

(These materials grew out of the initial review of Ruzinov's progress on May 7 and were drafted by Advisor and translated and reviewed with staff on May 8 and 9 as the basis of further work efforts.)

Ruzinov: What we have learned so far

Land owned by District

In the six areas investigated, there appears to be **NO land** owned by the District of Ruzinov. This means that it can only encourage development on these sites, not force it. To be sure development occurs in these areas on a timetable of the District's choosing, the district would either have to obtain the consent of the owners (by written agreement) to perhaps act as their "agent" or it would have to buy the land from them.

Because it doesn't have land to sell here, the District is unlikely to obtain any significant direct financial benefits from such development, except in the form of potential tax revenues or development fees.

With regard to the residential area (#7 on the original map), we don't yet know whether Ruzinov owns any of the open land. This could be studied in the future using the same techniques as was undertaken to verify ownership in the first six areas.

Buildings with Potential Commercial Space Owned by The District

The District staff has only partially completed the proposed municipal space inventory analysis for the Project Area. Cooperation of other departments in providing the information is a problem. Another problem is there does not appear to be much District- owned non-residential buildings in these areas.

Work to date has revealed 10 buildings in the area south of Ruzinovska Ave as shown on the map and accompanying table (not included). These will be analyzed to the extent data is available, and the District can include others if and when it gets the information.

Development Goals

The District's continued failure to write out, debate and adopt a set of development goals for the area and subareas makes it difficult to plan, or promote development proposals in the Project Area; or to evaluate

ones that others might submit. This issue continues to need immediate attention. For this reason, a set of goals is listed on the attached page and it is recommended that the District staff review and revise these for presentation to the Council in June.

Development Projects for Subareas

The District has not yet completed either a "development concept" or "development package" for any of the six areas.

■ **Next Steps.** The LSGAC technical assistance effort ends with Advisor's next visit in July. Given the present findings and the state of the District's work efforts the following is suggested as possible courses of further action to maximize the Advisor's input:

■ **NOW**

- Inventory the 10 municipally owned properties and complete the process of analyzing them, as examples to use elsewhere in the District.
- Draft and complete a goals statement for the project area and subareas.
- Systematically complete a "development concept" and "development package" for Areas 1 & 2 as an example.
- Outline and present a strategy to seek developer(s) for Area 1 by a Request for Proposal process and assist and accelerate Martinak's efforts to develop Area 2.

■ **By June Council Meeting.** District staff to present Council update on findings; including:

- Goals statement for Project Area;
- Development Concepts and Packages for at least Areas 1, 2 and 6, with draft regulation plans for Council review and permission to hold citizens' meetings over summer;
- A request to prepare Area 1 for a Request for Proposal process;
- Summary of findings with regard to District owned property in the Project Area and recommendations.

■ At Advisor's July Visit

- Discuss, review and respond to any concerns, questions and direction from the Council meeting.
- Assuming Council approved actions in June:
 - Help staff plan steps, including citizens' meetings (if any) needed as part of the process to obtain planning approval for the regulations and development concepts for Areas 1, 2 and 6.
 - Prepare a draft Request for Proposal for Area 1 development.
 - Respond to any concerns/issues staff may have regarding its negotiations up to that time with the City of Bratislava of an agreement to control and manage their land for inclusion in the Request for Proposal.

Development Goals for the Central Ruzinov "Project Area"

The District Council of Ruzinov, by Decree # _____, of _____ (date), hereby adopts the following goals to guide development in the Project Area.⁵

Goal 1: Regional Center

Encourage the development of the west central portion of the Project Area (namely the area bounded by _____, _____, _____, and _____ as the principal center for new administrative, cultural, entertainment, recreation and shopping uses for the Ruzinov District of Bratislava and also oriented toward attracting users from the eastern third of Bratislava.

- Subgoal 1A
 - All new facilities and uses oriented toward serving *regional* functions (populations from beyond just Ruzinov) to be located within 1/2 kilometer radius of eastern intersection point of Bajkalska and Ruzinovska, with convenient automobile and public transportation access to all parts of Bratislava ("Regional Center"). (Subareas 4, 5 and 6)
- Subgoal 1B
 - All new recreational and sport facilities with a *regional* orientation to be located on sites surrounding Strkovec Lake to encourage development of a destination oriented recreation center. (Subarea 6)
- Subgoal 1C
 - All new *regionally* oriented shopping facilities to be located on south side of Ruzinovska within 1/2 kilometer of east side of Bajkalska. (Subarea 4 and 5)
- Subgoal 1D

⁵ *The "Project Area" is defined as the portion of Ruzinov bounded on the west by Bajkalska, the east by __, the north by __, and the south by__.*

- All new *neighborhood* oriented shopping and commercial facilities (that is, those oriented toward mainly serving the population of the Project Area) to be located in Subareas 1 and 2 at the center of the Project Area.

Goal 2: Economic Growth Pole

Encourage the development of a new economic growth designed to attract large scale administrative and commercial office functions such as in banking, insurance, utilities, telecommunications and governmental uses oriented toward citywide, national and international markets and firms. This growth pole will be targeted for Subareas 4 and 5.

- Subgoal 2A
 - Encourage hi-rise modern office buildings, with contemporary internal communications systems (wiring for computers, telecommunications) and appropriate layout, conveniences and amenities (for example, on site parking) in Subareas 4 and 5 with good access to Bajkalska. ("Smart Office Center").
- Subgoal 2B
 - Promote further development of area as premier center of medical facilities focussing on treatment, research and administrative needs of both national and City-wide medical programs (both public and private) and as a base of operations for international pharmaceutical and health industry companies serving Central/Eastern Europe ("Health Park").

Goal 3: More Diverse and Livable Neighborhoods with More Housing Choices

Increase the attractiveness and diversity of the residential neighborhoods within the Project Area through added residential "in fill construction," more and better neighborhood commercial /service establishments, better amenities (landscaping, recreation facilities, parking, etc.) and attracting and retaining a wider variety of household types in terms of age, family structure and income levels. ("Diverse and Attractive Neighborhoods").

- Subgoal 3A

Increase the range of housing choice in the area by encouraging the development of:

- Family oriented (2, 3 and 4 bedroom) modern low rise townhouses, and condominium flats with direct individual house access to street and private gardens;
 - High amenity modern flats oriented to younger singles and new couples (studio and 1 bedroom flats);
 - Upgrading some of the existing rental stock through redesign, modernization and added amenities.
- Subgoal 3B

Improve the overall quality of neighborhoods by designing and locating the new housing in such a way as to make more interesting neighborhoods, create "defensible space," and improving surrounding landscaping, lighting, parking and sidewalks, streets.

Sub Area Development Concepts Based on the Goals

Area 1

Lowrise, family oriented (2 to 4-bedroom) townhouses and family flats, all with individual direct access to ground, and many with own gardens and garages. Also Project Area oriented retail stores and service businesses at ground level and open to general public. A "central square/assembly point" with at least one restaurant/cafe/snack bar type establishment. Central parking for surrounding flats.

Some of the housing could be built over stores (new or existing buildings), with private entrances separate from the stores. Recommended location for new stores is on the southern portion of the site towards Ruzinovska adjacent to and facing existing stores and near public transportation by tram.

The very northern portion of the site, near the ministry buildings could be considered for midrise (4 to 8 story) apartments aimed at singles and young couples.

Area 2

Midrise (4 to 8 floor) polyfunctional construction oriented mainly to housing, with some ground floor shopping. At least 50% of ground floor should be retail and service businesses open to the general public. At least 50% of the building areas should be residential construction.

Area 3

■ **Size, Characteristics and Ownership.** Area 1 contains a total of _____ hectares within the boundaries shown in Map 1. Ownership is divided among six owners as shown on Table 1.

The District controls development of the largest parcel (#1 on Map 1) comprising _____ hectares of land now occupied by green spaces, walkways, parking lots, streets and other paved areas. Three private owners control _____ hectares, occupied with one or two floor retail shopping and service business structures as shown on the Map and Table. The _____ controls the health clinic identified as Parcel # _____. The remaining parcel is occupied by an 8-story housing cooperative.

■ **Development Goals.** Housing (predominantly low rise family oriented); neighborhood oriented retail and service commercial; improved outdoor public assembly space for neighborhood; and improved parking for surrounding areas.

■ **Minimum Objectives on City of Bratislava Land (Parcel #1).** At least 50 two or three floor 2-4 bedroom townhouses; and an additional (a) 20 more or (b) 40 2-3 bedroom flats each with direct street access. At least 50% of the housing units must include self-contained garages for one car, and a small private garden.

At least 500 square meters for ground floor shopping and service commercial, unless the owners of one or more of the three private parcels join in and agree to add the necessary space in their projects. One off street parking space must be provided for every 100 sq. meters of added commercial building space.

At least 30 interior parking spaces, in a common, covered parking facility, available for monthly rental to residents of the _____ neighborhood.

The completed development for Area 1 must contain a paved and landscaped space of outdoor public assembly with minimum dimensions of _____ by _____, with space for an adjacent restaurant/cafe/snack bar.

The total open space requirement for all of Area 1 is 35%, of which at least 20% must be open to the public in the form of walkways, green areas and the general assembly plaza.

■ **Development Restrictions & Design Guidelines.** Development restrictions and constraints are shown in Maps 4 and 5. In addition to the comments there, the following points are made:

- Off street residential parking (in the form of garages in the townhouses, an underground garage and or/off street lot) must be provided at the rate of two spaces for every three dwelling units added. The additional parking for surrounding residents must be in the form of a garage with a single entrance and exit, preferably underground, or with housing or retail on top.
- Buildings cannot be built in the areas as indicated on Map 4 and must fall within the height limits specified. Two observations on the height limits:
 - The height limits are maximums. Use of the maximum heights applies only where the developer has produced a plan that at least yields the minimum numbers of units of the types specified in Paragraph ___ above.
 - Owners of the private parcels are allowed to go to the higher levels shown for their sites by either adding floors to their existing buildings or demolishing and starting over. In the latter case, at least 65% of the ground floor commercial area must be included in the new construction.

■ **Development Strategy and Phases.**

- Phase 1A: Next three years
 - Begin with areas 1,2 and 6:
 - Area 1: 60-80 units of housing; 1000 sq. meter retail; 40 parking;
 - Area 2: 50-60 units of housing; 500 sq. meters retail, 1000 sq. meter of office;
 - Area 6: Boathouse, lakeside trail, lakeside cafe/restaurant complex;
 - Planning for Phase 1B in Areas 5 and 6.
- Phase 1B: Three to five years
 - Areas 4 and 5:

- 10,000 sq. meters of regional retail at Bajkalska
- 20,000 sq. meters regional office on Ruzinovska
- 50 units of mid rise housing
- Plan for Phase 2
- Phase 2: 5-10 years
 - Another 50- 100 units infill family housing north of Ruzinovska
 - Add in areas 4 and 5:
 - 10,000 sq. meters of regional retail at Bajkalska
 - 30,000 -40,000 sq. meters regional office on Ruzinovska
 - 100 to 150 units of mid rise housing
- Phase 3: 10 + years
 - Finish buildout of areas 4 and 5
 - Finish infill housing north of Ruzinovska
 - Start infill housing south of Ruzinovska in _____.

APPENDIX B-1

MEMORANDUM OF UNDERSTANDING REGARDING THE SPISSKA NOVA VES MUNICIPAL REAL ESTATE PORTFOLIO ANALYSIS PROGRAM

Purpose

To demonstrate and document how to inventory and evaluate municipal real estate assets to both (i) increase municipal revenue and (ii) determine an appropriate portfolio strategy and operating procedures for their retention, development and/or sale. This demonstration as applied in Spisska and as described below is hereafter known as the "Spisska Nova Ves Municipal Real Estate Portfolio Analysis Program" or simply as the "Program" for short.

Parties

The parties to this Memo of Understanding are:

- The City of Spisska Nova Ves; ("Spisska") and;
- The Local Self Government Assistance Center ("LSGAC").

Concept

Spisska intends to initiate the Program, with technical guidance from USAID- funded experts supplied from time to time through LSGAC. The Program consists of the following basic elements:

- Creation of inventory database on buildings, spaces, tenants and rent rolls of the commercial (that is, rentable) property ("Property") owned by Spisska, being a list of approximately 55 separate properties.
- Market analyses to help determine rents, values and market potentials for the Property.
- Analyses of the economic potentials of select representative properties and feasibility analysis of possible alternative holding and development strategies for them.
- Estimates of the total market value of the Property under different circumstances.



- Strategy as to which properties in the portfolio to hold as-is, develop and hold or sell, or sell now, and rationale for each choice, and prioritize for action. (The "Portfolio Strategy Plan.")
- Review of rent setting, marketing, lease forms and lease administration and other real estate management procedural issues related to the Property. (The "Property Management Procedures").
- Documentation of the Program for future use by:
 - Spisska in implementing their property portfolio strategy throughout Spisska in coming years.
 - USAID in its technical assistance to other local governments in Slovakia.

Responsibilities of Parties

- Spisska agrees to:
 - Initiate the Program.
 - Complete the work plan ("Work Plan") within the specified time schedule, outlined in Exhibit A, by:
 - Appointing a project director ("Director") from amongst existing municipal government staff and hereby giving said Director full authority to carry out the Work Plan; to resolve administrative issues related to the Work Plan; and to devote up to 35% of his or her time to the Program.
 - Directing and supporting cooperation between the Director, and the various departments and staff of the Spisska municipal offices, including

accommodating requests for information and participation as needed (The City understands that staff of various departments will need to dedicate time to the Program and by this Resolution directs department heads to cooperate with the Director) - the City hereby authorizes the Director, at his or her option, to appoint a Steering Committee of up to five members to help carry out the Program; (the Program Director and the Steering Committee, if any, are hereafter called the "Program Implementers").

- Providing the USAID-funded advisors easy access to the Program Implementers, various municipal department heads and other municipal staff, and elected officials (eg. Mayor, City Manager and Council).
 - Encouraging full and enthusiastic support of the Program by the elected officials of Spisska and the City's departmental staffs.
- LSGAC agrees to:
 - Supply, subject to the continued availability of its funding, technical consultants to advise Spisska's Program Implementers in carrying out the Program, through periodic on-site visits by its US-based advisors by:
 - Reviewing, advising and helping on the planning and implementation process as specifically described and scheduled in the Work Plan, or further agreed to by the parties, and subject to Spisska's adherence to the Work Plan and the terms of this Memo of Understanding;
 - Meeting with the Director, Steering Committee, and at times, elected officials to discuss key strategic and policy issues;
 - Reviewing issues that the Program Implementers and Spisska are facing regarding the Work Plan and providing assistance in resolving the issues, including workshops which will be open to Spisska staff affected by specific parts of the Program;
 - Provide and work with Bratislava based technical assistance to advise on the day-to-day implementation of the Work Plan including:
 - Such local advisors in Bratislava, as LSGAC may select and fund, who will become involved and take on the responsibilities of communication and monitoring technical

progress with Spisska, and, if necessary and appropriate may make interim on-site visits;

- Such local advisors to act as the communication point between Spisska and the US-based advisor transmitting documents and coordinating schedules and policy issues with the Director.

Actions

- Spisska is alone responsible for undertaking and implementing the Program and is the only party responsible for completing tasks outlined in the Work Plan, such as property inventories, market analyses, maps, budgets, and other documents and studies which may be designated.
- LSGAC will, subject to the continued availability of its funding, provide funding for technical advisors in the design and review of Work Plan products, assistance in resolving technical issues, and advise on strategy, policy, organizational and programmatic elements.
- LSGAC's technical assistance is contingent upon Spisska's carrying out the agreed upon work and /or work products needed for review meetings with the Advisors, and Spisska's making available requested staff or elected officials available for meetings with the US Advisor when organized in advance.

This Memorandum of Understanding, incorporating Exhibit A is hereby adopted and approved by Spisska and LSGAC as follows:

For Spisska Nova Ves:

_____ on _____

by Ing. Karol Mitrik, Mayor, City of Spisska Nova Ves

and

(Complete the following section(s) only if needed by the Municipality):

by Resolution # _____, adopted by the City Council on _____, 1996 ; or
by

_____ on _____

(acting for the Executive Committee of the Council)

FOR LSGAC:

_____ on _____

APPENDIX B-2**TERMS OF REFERENCE AND WORK PLAN FOR THE SPISSKA NOVA VES MUNICIPAL REAL ESTATE PORTFOLIO ANALYSIS PROGRAM**

(Capitalized terms here has the same meaning as in the Memorandum of Understanding)

Purpose

The Program is intended to demonstrate and document how to inventory and evaluate municipal real estate assets to (i) increase municipal revenue from them (ii) determine an appropriate portfolio strategy for their retention, development and/or sale (the "Portfolio Strategy Plan") and (iii) review City's rent setting, marketing, lease forms and lease administration and other real estate management procedural issues related to the Property. (The "Property Management Procedures"). To the extent possible, the Program is also intended to show how to encourage the use of private investment capital in partnership with the municipal real estate to increase the economic activity in the area and to create a positive climate for ongoing investments.

Once initiated and fine tuned, the Program approach can be expanded over time to other areas of Spisska and the country.

Demonstration Period

Spisska will implement the Program and move it along to the point of having adopted a Portfolio Strategy Plan within a period of seven months from the signing of this Memo of Understanding. This will be known as the Demonstration Period.

Subject of Activity

During the Demonstration Period, the Program and resulting Portfolio Strategy Plan will be limited to the 55 properties that the City of Spisska had identified to LSGAC Advisors as containing potentially rentable space that was primarily commercial in orientation.

Steps of the Program: Work Plan

The following represent the principal steps of the Program, and contain the schedule, anticipated work products, and points of review on site by the LSGAC provided US-based technical advisor.

Authorization to Initiate program and Establish Working Relationships/Structure

■ **By November 27, 1996.** The Mayor (and if he deems necessary the Executive Committee acting for the Council) approves Spisska's participation in the Program, designates the Director, provides Director authorization to form Steering Committee, and to organize City staff as needed. In short, it adopts this Memo of Understanding by a formal action.

LSGAC Approves Providing Technical Assistance for the Program

■ **No later than five days following Spisska's completing Step 1.** Following Mayor's execution of the Memo of Understanding, LSGAC signs the Memo of Understanding.

"Kickoff Meetings," Workshop and Finalization of Work Program

■ **LSGAC US-based Advisor: two days on-site December 17 and 18, 1996.** Provided that, at a minimum, the mayor of Spisska has signed the Memo of Understanding, the US technical advisor would be prepared to arrive for a series of meetings with Spisska staff and officials to accomplish the following:

- Hold a meeting for the Mayor, Deputy Mayors, relevant Dept. heads, Director of the Program, and staff and Steering Committee members to familiarize them with the complete Program process contemplated and review ways they might internally organize to carry out the Program elements.
- Hold a technical workshop with Project Director and City team members designated to be responsible for carrying out the first Work Tasks: the Property Inventory and the Market Analyses. During this workshop a more precise work program for these elements will be agreed upon, with the US technical advisor ("Advisor") helping the Program Implementers to more precisely define their work products consistent with local conditions, set up a timetable and individual responsibilities, as well as methods of communication between the LSGAC, U.S. and Slovakia-based Advisors and Spisska staff, and amongst Spisska staff.
- However, prior to the Advisor's arrival, Spisska Nova Ves personnel will have to have:

- Computer formatted and created the Property Inventory Database shown in preliminary form in Appendix 1 of this Work Plan.
- Available in one place all studies, databases, inventories, maps, models, drawings, and other materials relating to the Property (and have samples of materials relating to individual properties comprising the portfolio such as samples of ownership records, rent rolls, cost or value analyses, space plans, leasable areas, etc.); and a reproducible list of all such studies and materials identified by name and a number.
- All records and detailed information available on the four or five properties to be studied in depth: suggested properties include Sluzby 1, 2; Levocska 1 (building occupied by State offices near new town offices); Zinna 55; one of the Letna buildings; and a more peripheral zone (III or IV) single purpose building.
- Appointed Director, Steering Committee and identified other City personnel likely to have some significant involvement in the Program, and have held preliminary meeting(s) with them to discuss the intent and overview of the Program.
- The principal work products the City should be able to finalize during and/or as a result of the Advisor's visit are the following:
 - Communication plan between and amongst Advisors and Program Implementers, and City staff.
 - Completion of the Property Inventory Database and recommended procedures for its maintenance and updating.
 - Detailed agreement on methodology and products for the Market Analyses, and the Individual Building/Property Analyses.

Spisska Nova Ves to Complete Substantial Progress on Property Inventory Database; Market Analysis and Individual Building/Property Analyses

- Spisska Nova Ves to work on these tasks with technical monitoring from local LSGAC staff: December 1996 - January 1997.

Review of Progress to Date and Begin Individual Building/Property Analyses; Analysis/Review of Leasing/Disposition Procedures; and Begin Portfolio Strategy Plan



■ **LSGAC US-based Advisor: two days on-site during one week at end of January 1997.** This trip would be scheduled to occur once Spisska has made substantial progress on the Property Inventory, Market Analyses and Individual Building/Property Analyses, as evidenced by interim materials submitted to and reviewed by the Bratislava-based LSGAC technical advisors.

The purpose of the US Advisor's January trip would be to review and comment on progress to date on the above studies, both from the point of view of methodological concerns and issues, as well as holding a working session to identify what properties begin to emerge with the most potential in terms of the objectives of the Program (begin *Portfolio Strategy Plan*). With regard to Market Analysis we wish to begin to identify market segments with the most immediate potential for more space and higher rents, and to obtain some data on market rents and prices and trends, and to set up ongoing market monitoring and intelligence gathering operations. With regard to *Individual Building/Property Analyses* we wish to complete preliminary evaluations of the selected buildings and the documentation of a reusable analytical and estimating procedure that can be applied to all of the other Spisska properties comprising the Property. With regard to *Property Management Procedures* we wish to begin to analyze and comment on lease and sale documents; marketing of properties and space; tenant/developer selection and management; property administration.

■ Products

- Review and comments on work to date and revisions of plan to complete Property Inventories, Market Analyses and Individual Building/Property Analyses by mid-March.
- Preliminary analysis of implications of data collected and reviewed to date including identification of possible disposition strategies with regard to the sample properties and the overall portfolio (begin Portfolio Strategy Plan). This work would include evaluation of disposition alternatives for the properties reviewed.
- Definition and scope of any additional data and actions needed with regard to possible updating of City's pricing policy for rentals, and its leasing and marketing procedures and documents with regard to properties for rent. (Begin review of Property Management Procedures).
- Review and strategic discussion of major local government based institutional constraints and issues concerning leasing and/or sale or evaluation of developer proposals and issues frustrating development and a list of potential actions to resolve them, including selection and evaluation criteria (begin review of Property Management Procedures).

Spisska Nova Ves to Complete the Property Inventory, Market Analyses; Individual Building/Property Analyses; Analysis of Property Management Procedures; and Preliminary Portfolio Strategic Plan

- Completion scheduled for mid-April, 1997

Review of the Property Inventory and Database; Market Analyses; Individual Building/Property Analyses; and Analysis of Property Management Procedures and Preliminary Portfolio Strategic Plan**■ LSGAC US-based Advisor: two days on-site during one week beginning by mid April 1997.**

This trip would be scheduled to occur once the Program Implementers have completed, for the Property:

- The final versions of the Property Inventory Database and an estimate of aggregate existing and potential values as preliminarily outlined in Appendix 1;
- The Market Analyses and Demographic/Economic summaries preliminarily outlined in Appendix 1;

- Individual Building/Property Analyses; and Analysis of Property Management Procedures, including proposed changes to procedures, documentation and local ordinances;
- Preliminary disposition strategy with regard to all of the properties comprising the Property; and a strategy for prioritizing actions (Preliminary Portfolio Strategic Plan) and periodic updating of the Property Inventory Database.

The purpose of the Advisor's visit is to evaluate and validate the referenced Analyses and preliminary Strategic Plan with regard to their technical adequacy and to work with the Program Implementers to draw inferences for development, economic, financial and institutional strategies based on the studies. These meetings will include a review of alternatives for the Individual Building/Properties examined and a scoping out of the more detailed action steps needed to choose between them and then to put them into implementation. This review is expected to include establishment of specific procedures and work plans as to level of design and cost estimating, business and financing plans, developer and entrepreneurial involvement; to outline any further needed property and market research; and possible institutional structures and procedures to launch the implementation actions.

■ **The products of this stage include:**

- Review and recommendations with regard to further work on the Property Inventory, Market Analyses and Individual Building/Properties examined, including procedures for expansion to other properties on the total list and further updating and ongoing maintenance of the Property Inventory Databases.
- Statement of conclusions as to market potentials for different types of economic activity and hence demand for different types of property and possible rent/sales price levels.
- Statement as to result of the review of Property Management Procedures and documents and description of the types of changes needed to be carried out within the City government and by other parties, including a prioritization of activities and proposed plan of action.
- Review of the preliminary Portfolio Strategic Plan and recommendations as to further work on it.

Spisska Nova Ves to Complete Draft Procedures to Maintain Property Inventory database; Draft Portfolio Strategy Plan; and Draft Property Management Procedures; Documents and Related City Ordinances

- Completion scheduled for mid-May, 1997

Review and Finalize Proposals for Portfolio Management Program

- **LSGAC US-based Advisor: two days on-site during one week beginning by late May 1997.**

- This trip would be scheduled to occur once the Program Implementers have:
 - Completed drafts of the proposals for Procedures to Maintain Property Inventory Database; the Portfolio Strategic Plan; and the Property Management Procedures; Documents and Related City Ordinances
- The products following this stage are:
 - A presentation package for approval by the Council authorizing Program Implementers to adopt the recommended actions.
 - Detailed action and implementation plan and schedules (on a technical level) to carry out each of the actions and (if recommended) particular property dispositions or activities.

Council Authorization to Proceed on the Portfolio Management Program

- **Concurrent with or right after US Advisor's May visit,** Spisska City Council will meet to act upon the recommended Portfolio Management Program documented in Step 9. This meeting is anticipated for completion by mid June 1997.

This step, or the arrival of July 1, 1997 concludes the Demonstration Period and LSGAC technical assistance under this Memo of Understanding.

APPENDIX B-3

SAMPLE WORK PRODUCTS TO BE GENERATED BY SPISSKA UNDER THE SPISSKA NOVA VES MUNICIPAL REAL ESTATE DEVELOPMENT PROGRAM

Following is a descriptive overview of principal work products to be generated by the City as a result of following the Program, with technical advice as to their creation being provided the LSGAC Advisors, according to the schedule outlined in the Work Plan.

Over the course of the Program, additional and more detailed information will be prepared and forwarded by the US technical advisor, including sample table formats, document layouts, sample forms, etc. The schedule of information submissions will be consistent with the needs and timing of the outlined Work Program; in other words more information on Items 1 and 2 will be sent first, then Items 3 and 4, etc. These items will be forwarded or brought to Spisska, at the appropriate times, by the local LSGAC technical advisor so Spisska staff can begin to work on the needed products consistent with the timetable outlined in the Work Plan.

Property Inventory

This can be largely based on expanding existing tables and databases already prepared by the City.

■ **Land Maps.** At a minimum the City should permanently maintain and update the following Maps relating to the Property:

- One or more "Master Maps" locating **all** of the individual sites constituting the Property with each site separately given an identifying number. This map will serve as an overall "index" guide to the Property. One version of the Master Map should include the boundaries of the three "Zones" the Council had earlier established for setting rents.
- Larger scale maps showing individual sites related to their immediate surroundings and parcels: these maps should show neighboring uses, and location of neighboring buildings.
- Individual parcel maps at a large scale (one for each property), showing the exact boundaries and dimensions of the individual site, the footprint of all buildings on the site, and the number of floors in each building or section of the building. As it becomes available and is appropriate, additional information, such as location of sewer, water and other utilities should be shown on the individual parcel maps in the future.

■ **Municipal Property Inventory Database: Summary Data on Each Property.** A database needs to be constructed with relevant information on each of the 55 properties. It should be set up in computerized form and capable of being operated on by Lotus 123, Excel and/or ClarisWorks. It could even be set up using one of these programs. City staff already has some databases in operation: one of them might be suitable for extension to include the added data elements. The database should initially contain the data elements listed on the attached Table 1 "Property Inventory: Data Base Elements," but must also be capable of being expanded to include other items on each property, including calculated values.

The staff should try to fill out as much of the Table 1 basic information as possible for each property, in advance of our December meeting, with the exception of market rents and values in Sections III and IV of the Database chart.

■ **Municipal Property Inventory Database: Detailed Records on Each Property.** The staff should also allow for creation of a more detailed set of records on each individual property containing, for example, information on each tenant and their rent; more detailed information on physical characteristics, areas, construction and operating costs, and other records. At the present time (for the December meeting) we need only see what type of data is available on each property, with a representative set from at least several properties. The staff should collect together the complete set of records on the properties they plan to analyze with us in more depth, such as Dom Slulieb, Letna 57 and Zinna 55, as samples.

■ **Analysis Tables.** A series of Tables (again computer based on Lotus 123, Excel and/or ClarisWorks) will be created to allow for evaluation of the Property Portfolio, using the Database Elements as inputs. Sample designs for these Tables will be sent in the next few weeks, by which time the raw data should have been prepared and entered into the Database.

■ **Municipal Enterprises Inventory.** Another table should be created with regard to listing any businesses owned and/or operated by the City with locations within the individual properties in the Portfolio. For example, these might include hotels, stores, and day care centers. Summaries should be provided on the nature of the business and summary financial and operational characteristics, including the amount of space they occupy in the given building, the amount of rent they are paying to the City for it, and the gross revenues, costs and net profit of the operation.

Economic/Demographic Data and Market Analyses

■ **Demographic and Socio/Economic Data: Past, Present, Future and Trends.** For the December meeting, the staff should collect together any available studies on the population and their socioeconomic characteristics. Useful information would be a series, dating back to say 1960, showing total population, age distributions, size of households, numbers of households, births, deaths, and in and out

migration from area. This data should be presented on at least 10 year intervals, and since 1980, on a shorter term basis, if available. Also any projections into the future.

It would also be useful if the City has any breakdown of this data by sub-areas within the City, that might allow us to see how the population may have shifted within the City areas in the last two decades.

■ **Economic Data, Employment and Industries: Similar Geographies.** The market analyses will benefit from the availability of any of the following data: number of jobs by type and/or industry in different years, including projected changes in the future; average or typical pay scales; any available household income data; number and type of individual enterprises (for example stores and small businesses) and changes over time.

Please review and present whatever is available. It would be most useful if this information is presented in a format matching the same time periods and geographies as mentioned above.

■ **Market Data on Real Estate Supply Trends: Construction Trends, Prices/Rents.** Please assemble and present any information you may have available on recent sales, and/or asking prices, of existing buildings/shops/spaces in town. If you have any such information, please try to obtain for us basic information on the property characteristics, similar to that in the Data Elements table. Also, any information on rents you may have, including advertisements from the local newspapers or data from real estate brokers.

■ **Cost Data.** We will need cost estimates, per square meter, of different types of property improvement costs. (See Data Elements). City staff should review their recent experience to come up with a definition of what constitutes the categories "Minor Repairs," "Major Repairs" and "Complete Rebuilding" and an average cost per square meter for each. Then they should review each property in the Property Portfolio to categorize the building spaces according to this identification system.

For example, the work underway shown to us at Zinna 55 in October would presumably be characterized as "Minor Repairs" and the staff should be able to come up with a typical cost/sq. meter from that project. There are probably others that can be examined to come up with more information.

■ **Other Market Data: To Be Determined (TBD).** For example, from real estate sources, entrepreneurs etc.

Property Management Procedures Analysis:

— Description of processes needed to lease a property and open a store on City property.

-
- Description of processes needed to buy and remodel City commercial real estate.
 - Description of processes needed to "develop" a major new structure or group of structures (including land use change) on City owned properties.
 - City's budgeting process and budgets for development projects.
 - City departmental organization and respective activities.
 - City real estate leasing and property disposition procedures and documents (including examples of documents).

Individual Building/Property Analysis:

- List of specific properties to be evaluated
 - City staff should have suggestions ready during December visit and all available data on those sites assembled.
- Description of methodology used
- Property by property analysis

Portfolio Strategy Plan:

- Evaluation of Portfolio
- Individual actions by property and their priority
- Aggregate cash flow and value models.



APPENDIX B-4

US ADVISOR'S MEMO TO CITY FOLLOWING TRIP OF MAY 6-16 REGARDING NEXT STEPS

Spisska Nova Ves Real Estate Portfolio Analysis Demonstration Program

Memo to: Ing. L'ubomir Pastiran; & Ing. Alexandra Baculakova;
with Distribution to Project Team

From: Peter L. Bass, USAID Technical Advisor

Date: June 3, 1997

Results of Trip and Next Steps

I. Introduction

This memo summarizes activities completed during US Technical Advisor's trip to Spisska Nova Ves of May 13 - May 15, 1997; and next steps and products that it would be useful for staff to work on before Advisor's trip in July.

II. The May 13 to May 15 Visit

Advisor congratulates the Spisska staff on its outstanding presentation on May 15 to the Executive Management Committee of the Council. The presentation and the discussions and work we jointly undertook in the two previous days left Advisor with the distinct impression that Spisska staff is well on its way to understanding the methodology and the utility of the analysis techniques reviewed.

Because of this, Advisor believes the staff essentially knows how to complete the analyses and interpret the results for the other properties. He recommends that staff continue to inventory and analyze the remaining properties in order of their importance and that they should develop and forward to him a list of any particular questions they have with regard to any particular property or methodological issue. These questions can be sent to Mr. Bass directly at his e-mail address at <altonus@aol.com> with a copy to Mr. Kindernay in Banska Bystrica for translation.

In addition, Advisor also recommends that staff attempt to do a "micro-analysis" of one of the buildings that did not appear worth restoring in total - such as Zimna 55 or Letna 49. As we discussed, the "micro analysis"

would be to determine whether there is a portion of the building worth restoring, (for example, the front shops, or the ground floor) while leaving the rest unrepaired or even to be demolished. Undertaking such a case study would enable the staff to gain some experience using the techniques on this "micro" basis, and to be able to address specific questions to Advisor at his next visit.

III. Next Steps

It is understood that the staff is planning to obtain feedback from Council and Mayor on what has been done so far. This feedback plus further staff work would be used in preparing a presentation staff plans to make to the City Council to occur in June or later.

The Advisor suggests that you may want to consider including the following items in that presentation. These would be important for giving the Council and Mayor an understanding of their surplus property portfolio and the program to evaluate and manage it, as well as being important steps for you to take in preparing to implement actions to carry out the strategy:

- Define and describe a set of general written policies for dealing with surplus municipal real estate and propose that the Council formally adopt them - (see attached).
- Complete a preliminary "overview" analysis of all of the surplus municipal real estate by completing summary information on the total Portfolio:
 - Map showing the property locations (this is already done).
 - Summary Tables showing important key aggregates with regard to all the properties: total rents, total areas, total estimated "as - is" and potential values. This would involve filling out those columns of relevance in the Master Database and the 4 Summary Tables that are already designed and completed for the first 12 properties. Continue to leave blank those columns and rows for which more detailed information is unavailable.
- Revise and present an "updated" version of the "Strategic Plan" for the Zone 1 properties that includes the following elements:
 - An update of the "Strategic Plan" we already went over that categorized the 12 properties into the six "decision" categories. (Your update version may differ (i) in terms of the final number of properties you decide to include in this "First Round"; (ii) revisions based on more detailed cost or rental information that may change the assignments to a category; (iii)

micro-analysis of a property (repairing part of it only); or (iv) changes in your interest rate or price appreciation rate assumptions.

- A sample detailed "Action Plan" for a property in the "First Round," including schedule, budget and assignments.
 - A "Global Cash Flow Schedule" for the properties in "First Round" - (see attached).
 - A sample detailed "Cash Flow and Budget Forecast" for a property in the "First Round."
 - An approximate schedule for analyzing and presenting the remaining properties.
- You may also wish to consider presenting at the same meeting, or a somewhat later one, your management plan as to how the entire surplus property portfolio management and disposition process should be managed - that is, what department should have oversight responsibility and control, what other departments and individuals should be working on it and what each of their responsibilities should be, reporting requirements, approval requirements, controls, policies and procedures.

IV. Advisor's Next Visit: July 7 and 8

Advisor's next visit will be Monday and Tuesday, July 7 and 8. The primary purposes of this visit are intended to be:

- An opportunity for you to review difficulties or questions with any property specific analyses you have encountered in the meantime.
- Review and discuss your drafts of the items described above and outlined in the attached; plus of the feedback from the Mayor and Council as to the May presentation plus any subsequent ones.
- A chance to review and discuss any operational issues you may have on your mind as result of (i) your developing and beginning to implement the Action Plans for individual properties; (ii) your development and drafting of specific policies and procedures for managing the portfolio; and (iii) any issues you may have regarding how and what to present to Council regarding the Strategic Plan (for "First Round" properties) for its review and Final Approval.

To accomplish the above, the advisor suggests that you forward to him, by Tuesday, June 18 any material or questions you wish him to respond to and get back to you on prior to the visit in July.

During Our July Meeting

Advisor recommends that we try to organize a meeting with Mayor Mitrik to "wrap up" this phase of the Demonstration (this trip is the last scheduled under the existing LSGAC/USAID agreement) and discuss how he sees evolving the program in Spisska and what needs, if any, there might be for further technical assistance from LSGAC or others.

Advisor would also like to review with staff (i) their interest and willingness to review and comment on the Slovak version of a training manual "Managing Surplus Municipal Real Property for Maximum Public Benefit" that Advisor has been developing for LSGAC's "Financial Management Training Series" based on this project and (ii) their interest in sharing their experience with this process with officials of other Slovak cities at either conferences or training sessions later in the year.