

## OPINION

# Fort Myers should sell some assets to raise money and balance budget

It's an old story. When you run out of money, you look around to see what you own that you can sell. Is this more prudent than piling on more debt? I think so. Even the United Kingdom government is heading that way now. Prime Minister Gordon Brown is urging his government to embark on a new program to sell just 7 percent of their government assets and real estate over the next two years.

This would raise \$25 billion to reduce the U.K. national debt. Addressing an audience of economists, Brown said, "This can be done in, or in partnership with, the private sector including potentially through new forms of public service companies." These U.K. assets would include the Dartford Bridge and Tunnel crossing over the Thames, the English Channel Tunnel rail link; and the government's stake in Urenco, a nuclear fuel company that operates several uranium enrichment plants.

It sounds simple enough, but just how old is this story? Would you believe the Bible? Just read chapter 4 of Kings 2 in the Old Testament. A widow was about to lose her two sons into slavery to pay a creditor. (Collection laws were apparently pretty loose back then. Can you imagine Capital One leaving that message on your recorder today?) The prophet Elisha asked her, "Tell me, what do you have in the house?" She replied, "Nothing at all, except a flask of olive oil." Elisha instructed the widow to borrow jars from neighbors to fill with oil from her flask. Then sell the oil to pay her bills which she did. God created a miracle by filling as many jars as she could borrow from her lone flask.

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The city of Fort Myers does not need a miracle to create assets for them to sell. It already owns approximately 300 separate pieces of real estate including Harborside Event Center, City Hall, two parking garages, Hall of 50 States, various parks, a yacht basin, two golf courses, an apartment complex, many office buildings and historic homes, STARS Complex, Skatium, Aquatic center, Imaginarium, an island in the Caloosahatchee River and a racquet club.

The only miracle needed here is to get city council to act on the sale or sale/leaseback of some of the city's many assets. The News-Press ran a story on this issue back on March 21, 2008, and that is the last we have heard on the subject since then.

If the city is concerned with getting good value during these difficult days of real estate ... then it should focus on sale/leasebacks of buildings it needs to operate city business. Investors will still pay top dollar for long term, triple net leased properties where the tenants are very strong, like a city government.

Triple net refers to tenants who pay a share of the taxes, insurance and maintenance expenses.

City properties that would make good sale/leaseback candidates include the \$27.6 million central sewer plant at 1501 Raleigh St., the \$4.6 million City Hall at 2200 Second St., the \$25.7 million Lee County Jail at 2485/2665 Ortiz Ave. and the \$6.6 million police

department building at 2110/2050 Peck St. Instead of the city going back to the taxpayers to raise our taxes while cutting more needed services, why don't the taxpayers go back to the city for more money by having the city sell or sale/leaseback some of their assets?

We would not lose the use or control of these properties. We would merely cash in our equity by selling them and leasing them back. A lease is another form of ownership.

In England, typical lease terms range from 50 to 100 years in length. A sale/leaseback is a financing tool. When you get a loan from a bank, the bank and the market dictate your terms. But when you do a sale/leaseback of your own property, you are

essentially picking your own interest rate since you get to pick the rent that you are content to pay. This is a very empowering financial tool that can create good profits for the owner/occupant of a commercial building. This is why the majority of Fortune 500 companies do not own their own real estate where they do business.

The city of Fort Myers can borrow a play from the play book of Fortune 500 companies that have been using this profitable "sale/leaseback" transaction for many decades.

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