

COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF MADISON, WISCONSIN

Resolution No. 4306

Authorizing the CDA to approve the 2019
Operating and Capital Budget for Burr Oaks
Senior Housing

Presented December 13, 2018
Referred _____
Reported Back _____
Adopted December 13, 2018
Placed on File _____
Moved By Allen Arntsen
Seconded By Sheri Carter
Yeas 5 Nays 0 Absent 1
Rules Suspended _____
Legistar File Number 54074

RESOLUTION

WHEREAS, the Community Development Authority of the City of Madison (CDA) is the managing member in ownership of Burr Oaks Senior Housing, located at 2417 Cypress Way; and

WHEREAS, Horizon Management Services, Inc. provides management services for the apartment complex and has prepared an annual operating and capital improvements budget for calendar year 2019 (See attached Exhibit A); and

WHEREAS, CDA staff have reviewed the 2019 budget, which is based on past budgets and operating expenses, and capital projects for the apartment complex.

NOW, THEREFORE, BE IT RESOLVED, the CDA hereby adopts the Operating and Capital Budget for Burr Oaks Senior Housing per Exhibit A.

Exhibit A

2019		Burr Oaks Senior Housing												
	Acct #	JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS
INCOME:														
Rental Income (from rent matrix)	4010	19,194	19,240	19,310	19,326	19,380	19,409	19,438	19,646	19,765	19,810	19,856	19,871	234,245
Rental Income HAP (from rent matrix)	4011	16,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835	202,020
Vacancy Loss (adjust %)	4015	(1,081)	(1,082)	(1,084)	(1,085)	(1,086)	(1,087)	(1,088)	(1,094)	(1,098)	(1,099)	(1,101)	(1,101)	(13,086)
Laundry Income	4040	140	140	140	140	140	140	140	140	140	140	140	140	1,680
Storage Income	4070	480	480	480	480	480	480	480	480	480	480	480	480	5,760
Miscellaneous Income	4410	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Income:		35,568	35,613	35,681	35,696	35,749	35,777	35,805	36,007	36,122	36,166	36,210	36,225	430,619
REPAIRS & MAINTENANCE:														
Repairs & Maintenance	5301	175	175	175	175	175	175	175	175	175	175	175	175	2,100
HVAC Expenses	5303	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Decor/Improve Common Area	5304				1,600						1,600			3,200
Common Area Non Recurring	5305			5,000										5,000
Appliance Replacement/ Repairs	5306	175	175	175	175	175	175	175	175	175	175	175	175	2,100
Cleaning Supplies	5307	75	75	75	75	75	75	75	75	75	75	75	75	900
OSHA	5310	25	25	25	25	25	25	25	25	25	25	25	25	300
Plumbing Repairs/Supplies	5317	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Private Drive Costs	5322	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Repairs/Supplies	5323	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Garage Maintenance	5325	33	33	33	33	483	33	33	33	33	33	33	33	850
Janitorial Services	5401	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Elevator Contract and Expense	5402	342	342	342	342	342	342	632	350	350	350	350	350	4,433
Fire & Safety Expense	5403	31	31	181	31	31	261	427	32	182	182	32	182	1,600
Grounds Care	5404				786	586	586	586	586	586	586	586		4,889
Exterminating Expense	5405	42	42	42	792	2,630	42	130	42	130	42	42	42	4,019
Trash Removal	5408	430	430	430	430	430	430	443	443	443	443	443	443	5,237
Water Softner Expense	5409	60	60	60	60	60	60	60	60	60	60	60	60	720
Ice & Snow Removal	5410	2,000	2,000	1,200	400								1,200	6,800
Repairs Contract Non Recurring	5425			9,000	3,500	5,250								17,750
Unit Turnover	5525		1,700			1,700			1,700			1,700		6,800
Maintenance Wages	5104	2,016	1,833	2,416	2,016	1,925	2,016	2,108	1,925	2,016	2,016	1,925	2,108	24,320
Total Building Operating		6,854	8,371	20,604	11,890	15,337	5,670	6,320	7,070	5,700	7,212	7,070	6,318	108,418
UTILITIES:														
Electricity (fill in annual & % increase)	5201	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	1,788	21,452
Vacant Unit Utilities	5207	25	25	25	25	25	25	25	25	25	25	25	25	300
Gas (fill in annual & % increase)	5202	1,706	1,241	853	620	310	233	155	155	155	310	620	1,396	7,753
Water/Sewer	5203	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	12,769
Total Utilities		4,582	4,117	3,730	3,497	3,187	3,109	3,032	3,032	3,032	3,187	3,497	4,272	42,274
Administrative Expenses:														
Insurance	5710	956	956	956	956	956	956	962	962	962	962	962	962	11,504
Real Estate Taxes	5701	4,372	4,372	4,372	4,372	4,372	4,372	4,372	4,372	4,372	4,372	4,372	4,372	52,466
Sales & Use Tax (If applicable) enter %	5704	971												971
On Site Wages / Salaries (increase in April)	5102	2,103	1,829	3,120	2,072	2,166	1,884	2,103	2,072	1,978	2,166	1,978	2,072	25,545
Property Mgt Fee HMS (enter %)	5166	2,134	2,137	2,141	2,142	2,145	2,147	2,148	2,160	2,167	2,170	2,173	2,173	25,837
Deferred Mgt Fee	5176	625	625	625	625	625	625	625	625	625	625	625	625	7,500
State Housing Compliance Fee	5171	188	188	188	188	188	188	188	188	188	188	188	188	2,250
Dues, Subscriptions, Publications	5064									75				75
Auditing / Accounting Fees	5158	558	558	558	558	558	558	558	558	558	558	558	558	6,700
Marketing	5052	687	187	187	187	187	187	287	187	187	187	187	187	2,844
Advertising	5053	-	-	125	-	-	-	150	-	-	-	-	-	275

2019		Burr Oaks Senior Housing													
		Acct #	JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS
Marketing Collateral		5054	85	85	85	85	85	85	85	85	85	85	85	85	1,020
Leasing Training		5055	59	59	59	209	59	59	59	59	59	209	59	59	1,003
Recreation & Social		5067	150	150	550	150	150	150	150	150	150	150	150	350	2,400
Credit Bureau Expense		5153			13			13			13			13	52
Telephone/Internet/Cable/Mobile		5154	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Postage Expense		5157	30	30	30	30	30	30	30	30	30	30	30	30	360
Office Supplies Expense		5151	85	85	85	85	85	85	85	85	85	85	85	85	1,020
Computer Supplies		5181	191	191	191	191	191	191	191	191	191	191	191	191	2,288
Vehicle Expense		5160	30	30	30	30	30	30	30	30	30	30	30	30	360
Misc. Admin. Expense		5175	25	25	25	25	25	25	25	25	25	25	25	25	300
Total Administrative			13,748	12,005	13,839	12,404	12,351	12,083	12,548	12,279	12,279	12,532	12,197	12,505	150,770
TOTAL EXPENSES			25,185	24,494	38,173	27,791	30,875	20,863	21,899	22,381	21,011	22,931	22,764	23,095	301,462
NET OPERATING INCOME			10,383	11,119	(2,492)	7,905	4,874	14,914	13,905	13,626	15,111	13,234	13,446	13,130	129,157
Interest Income		4310	13	13	13	13	13	13	13	13	13	13	13	13	156
Interest Expense:															
First Mortgage Interest		6101	5,484	5,476	5,467	5,459	5,450	5,442	5,433	5,424	5,416	5,407	5,398	5,389	65,247
Subtotal			5,484	5,476	5,467	5,459	5,450	5,442	5,433	5,424	5,416	5,407	5,398	5,389	65,247
Bank Fees:															
Bank fees		5174	6	6	6	6	6	6	6	6	6	6	6	6	72
Subtotal			6	6	6	6	6	6	6	6	6	6	6	6	72
Principal:															
Mortgage		2590	1,635	1,644	1,652	1,661	1,669	1,678	1,686	1,695	1,704	1,712	1,721	1,730	20,186
Subtotal			1,635	1,644	1,652	1,661	1,669	1,678	1,686	1,695	1,704	1,712	1,721	1,730	20,186
Capital Expenditures		1560													-
Replacement Reserves		1206	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	1,449	17,388
Cash Flow			1,821	2,558	(11,053)	(656)	(3,687)	6,352	5,344	5,065	6,550	4,673	4,885	4,569	26,421

Burr Oaks - 2019 Budget

Revenue:

Rental Income:	2% increase
Vacancy Rate:	3%
Laundry Income:	\$1,680
Storage Income:	\$5,760

Operating Expenses:

Repairs & Maintenance:	\$2,100
HVAC Expenses:	\$4,200
Décor/Common Area:	\$1,600 x 2 (clean carpets)
Common Area Non-Recurring:	\$5,000 (common area painting)
Appliance Replacement/Repairs:	\$2,100
Cleaning Supplies:	\$900
OSHA Compliance:	\$300
Plumbing Supplies/Repairs:	\$3,000
Electrical Supplies/Repairs:	\$3,000
Garage Maintenance:	\$850 (repairs & annual cleaning)
Janitorial Services:	\$7,200 (increase service to 2 hours, 3x per week)
Elevator:	\$4,433 (service contract, inspection & permit, contingency for after-hours emergency service call)
Fire & Safety:	\$1,600 (sprinkler inspections, alarm monitoring, alarm test/inspection, fire extinguisher inspection)
Grounds:	\$4,889
Exterminating:	\$4,019 (includes canine bed bug inspection and contingency for bed bug heat treatments)
Trash Removal:	\$5,237

Water Softener:	\$720
Ice & Snow Removal:	\$6,800
Repairs Contract Non-Recurring:	\$9,000 for 1 st floor carpet replacement \$3,500 to clean dryer vents \$5,250 to landscape along back fence line
Unit Turnover:	\$6,800 (4 turnovers)
Maintenance Wages:	\$24,320 per year

Utilities:

Electricity:	\$21,452 (3% increase)
Vacant Utilities:	\$300
Gas:	\$7,753 (3% increase)
Water/Sewer:	\$12,769 (3% increase)

Administrative Expenses:

Insurance:	\$11,504 (1% increase)
Real Estate Taxes:	\$52,466 (6% increase from '16 taxes)
Sales & Use Tax:	\$971
On-Site Wages/Salaries:	\$25,545
Management Fee:	6% HMS 2% deferred management fee with \$7,500 max
Compliance Fee:	\$2,250 (\$45 per unit)
Dues, Subscriptions, Publications:	\$75
Auditing:	\$6,700
Marketing:	\$2,844 (search engine optimization, monthly newsletter, sponsorships, and resident referrals)
Advertising:	\$275 (ads in senior resource guides)
Marketing Collateral:	\$1,020 (brochures and promotional products)

Leasing Training:	\$1,003 (Grace Hill® training, in-house training, secret shops)
Recreational / Social:	\$2,400 (monthly allowance, holiday party, resident appreciation)
Credit Check:	\$52
Telephone:	\$6,000
Postage:	\$360
Office Supplies:	\$1,020
Computer Expenses:	\$2,288 (OneSite™, anti-virus software, Office 2016™, etc.)
Vehicle Expense:	\$360
Misc. Admin.:	\$300