



Community Development Authority

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DATE: May 4, 2015

TO: Finance Subcommittee

FROM: Natalie Erdman

SUBJECT: Revival Ridge

Attached is a summary of historical operating performance and the 2015 operating budget for Revival Ridge Apartments.

Items to note regarding 2014 operating performance

- Operating and Maintenance was budgeted at \$106,000. Significant overruns in snow removal, repair contracts, grounds gave rise to \$25,000 more in expense than was budgeted. A significant portion of the overruns were due to approved work on the grounds and window coverings.
- The property continues to spend approximately \$20,000 in security and fire protection. Security and fire protection is budgeted at \$15,000 for 2015.
- Bids for insurance have come in much higher than expected for 2015.
- The property holds an operating reserve of \$385,000 and reserves for replacement of \$76,000.
- Cash and equivalents as of December 31, 2014 were \$234,375.

Items to note regarding 2015

- While the LLC will continue to make debt service payment of approximately \$88,000 per year to the CDA, the CDA refinanced its debt with Johnson Bank reducing debt service payment to \$57,000 per year. The Johnson Bank debt matures in December 2017.

- During the first quarter of 2015, cash flow distributions were made for the years 2010 through 2013 totaling \$141,000. NEF, Inc. received \$24,543 in asset management fees and CDA received \$116,457 in interest on its subordinate debt.
- No significant capital repairs are expected in 2015.

Revival Ridge

	Audit					Budget	
	2011	2012	2013	2014	2015	2014	2015
Income							
Rental Income	\$487,825	\$491,125	\$496,750	\$515,165	\$521,090		
Vacancy and Rent Credit	-\$1,234	-\$7,577	-\$20,460	-\$5,841	-\$11,320	1.13%	2.17%
Other Revenue	<u>\$12,220</u>	<u>\$10,675</u>	<u>\$14,674</u>	<u>\$13,116</u>	<u>\$10,800</u>		
Total Revenue	\$498,811	\$494,223	\$490,964	\$522,440	\$520,570		
Expenses							
Administration	\$96,758	\$97,376	\$106,019	\$108,351	\$110,400		
Utilities	\$54,222	\$49,887	\$56,714	\$60,024	\$62,700		
Operating and Maintenance	\$96,442	\$104,267	\$136,229	\$131,637	\$111,580		
Ground Lease*		\$4,000	\$4,000	\$4,000	\$4,000		
Taxes and Taxes	<u>\$79,136</u>	<u>\$86,632</u>	<u>\$90,575</u>	<u>\$88,336</u>	<u>\$88,950</u>		
Total Operating Expenses	\$326,558	\$338,162	\$393,537	\$392,348	\$377,630	\$8,007	\$7,707
Net Operating Income	\$172,253	\$156,061	\$97,427	\$130,092	\$142,940		
Reserve For Replacement	15,141	15,595	16,063	16,545	17,041		
Debt Service		88,068	88,068	<u>88,068</u>	<u>88,068</u>		
Net Cash Flow		52,398	-6,704	\$25,479	\$37,831		
Other Information							
Cash and Equivalents		\$158,361	\$229,057	\$234,375			
Restricted Reserves		\$293,577	\$124,017	\$156,213			
Operating Reserve		\$383,636	\$384,508	\$385,227			

*Ground Lease is a non-cash expense
 2014 Op & Maintenance was budgetted at \$106,000. Significant overrun in snow removal, grounds, and repair contracts
 CDA's loan from Johnson Bank was refinanced and debt service payments will equal \$56,796.