

## FORT ORD REUSE AUTHORITY BOARD REPORT

### BUSINESS ITEMS

<b>Subject:</b>	Approval of FY 2015-16 Preston Park Operating and Capital Improvement Program Budgets	
<b>Meeting Date:</b>	June 12, 2015	<b>ACTION</b>
<b>Agenda Number:</b>	6b	

#### **RECOMMENDATION(S):**

Approve the FY 2015-16 Preston Park Operating and Capital Improvement Budgets.

#### **BACKGROUND/DISCUSSION:**

On March 13, 2015 the FORA Board approved the following:

- Rental Rate Setting Policy/Formula, directing staff to provide recommendations and a written summary of the policy prior to consideration of the FY 2015/2016 Preston Park Budget.
- FY 2014/2015 Operating/Capital Improvement Budgets, with a 2.4% rent increase.
- Extend the Rental Increase Noticing Period from 35 to 60 Days.
- Alliance Management to make best efforts to hold Meetings between Alliance Management Company and the Preston Park Tenants Association.

Since that meeting, the Settlement Agreement in the City of Marina v. FORA case was executed, anticipating the conclusion of FORA's Preston Park ownership in June. Consequently, Rate Setting Policy development was not advanced since property transfer was pending. That remains the case. Title-related issues initially delayed processing two months (property description defects) and lender underwriting requirements (water intrusion repairs) have since further deferred closing. The Water Intrusion work was identified in both the FY 14-15 (50%) and the FY 2015-16 (50%) Capital Improvement Program Budget. Approval is necessary to complete this work.

#### **CRITICAL UPDATE:**

After the June 3, 2015 FORA Executive Committee meeting, the bids for the Water Intrusion work were received. The scope and costs of the project increased by almost \$700,000, impacting the priority and funding estimates of both the Operating and Capital Improvement Budgets.

*After meeting with Tenant's Association representatives, Alliance revised the budget forecast to reflect deferred distribution of FORA Owner payments for three months to fund water intrusion work. These deferred payments will be repaid over time or upon transfer of ownership.*

The Alliance Management Letter (Attachment **A**), Operating and Capital Improvement Programs budgets and Revenue Details (Attachment **B**), and Marketing Survey (Attachment **C**) will explain these expenditures. The Alliance Management Letter, Operating Budget, Marketing Survey, and Kingsley Resident Surveys (Attachments **D** and **E**) are posted on the FORA Website.

#### **Website Links:**

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachA.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachB.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachC.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachD.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachE.pdf>

**FISCAL IMPACT(S):**

Reviewed by FORA Controller M. F. for I. B.

This budget does not propose any rent increase. The FORA budget will show a reduction in FY 2014-15 revenues with the deferral of the FORA Ownership Distribution for FY 2014-2015 May and June to be reflect as increased revenues in FY 2015- 2016.

**COORDINATION:**

Executive Committee, Authority Counsel, and Alliance Management

Prepared by Robert J. Norris, Jr. Approved by Michael A. Houlemard, Jr.

REVISÉ



June 9, 2015

Mr. Michael Houlemard, Jr.  
Fort Ord Reuse Authority  
920 Second Street, Suite A  
Marina, California 93933

Re: Preston Park FY 2015/16 Proposed Budget

Dear Mr. Houlemard:

It has been a pleasure to continue to work with residents and the Fort Ord Reuse Authority over the last year. With the combination of wonderful residents and effective staff, a number of positive changes have been seen in Preston Park:

- 1) **Exterior Building Upgrades:** The conclusion of the Roofing Project took place this year, and garage motion sensor lights were installed in between each driveway. Replacement of all front and back doors, and all windows in the community will be complete on/before June 1.
- 2) **Safety Improvements:** Oven flue vents previously noted for repair were addressed. Concrete work at 704/706 Brown was completed. Repairs and repaving at two additional locations along Brown Court is scheduled for June.
- 3) **Tree Trimming:** Bids have been received for tree trimming throughout the community, and should begin in June.
- 4) **Units of Long Term Residents:** Several long-term residents have seen upgrades in their flooring, paint, and appliances with little intrusion or inconvenience. These services are extended to long-term residents upon notification or inspection indicating replacement is necessary.
- 5) **Green Initiatives:** The community continues to implement water and energy saving programs inspired by Alliance's own Focus Green Initiative. As a condition of the sale of the property, all toilets, showerheads, and faucet aerators were replaced with water conscious devices. Additional devices designated as water or energy saving are purchased and installed as replacement fixtures as needed. PG&E has been working with residents in the Below Market and Section 8 programs to weatherize their homes at no cost to the resident or the community. Planned landscaping changes, including installation of rain sensors, will reduce the amount of water usage throughout the community, and evolve into cost savings for

residents as we work in conjunction with Paul Lord at Marina Coast Water.

Alliance looks to continue to provide the residents at Preston Park a comfortable and quality living experience. Continued capital improvements throughout the community will allow this property to remain a desirable neighborhood for renters, as well as a continued source of housing that is essential to the general populace of Marina.

### Revenues

The primary source of revenue is rents, Section 8 voucher payments from the Housing Authority of the County of Monterey, and associated charges to residents such as late fees. With the approval of the FORA Board, on June 1, 2015 a rental increase of 2.4% was implemented for all residents (with the exception of households on the Below Market Program).

As shown in **Attachment B**, the proposed budget assumes that no change in rental rates takes place, and results in a 2.8% decrease in Total Income (\$171,087). This large decrease is mainly due to the absence of \$300,000 that was transferred in from the Capital account in order to conduct the Toilet Conservation project in January 2015. The FORA Board approved this project and the transfer of funds in December 2014. The variance of Total Income from the Approved 2014/2015 Budget to the Estimated Actuals for the same period is \$22,896; a decrease in revenue of 0.4% and mainly attributed to the delay in approval for a rental increase. Revenue generated from Month to Month rental fees as well as a \$25 per pet charge for newer households continues to compound and Cleaning/Damage Fees are expected to be slightly higher than in the previous year.

### Current Market Rent Conditions

The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year. Additionally, the comparables as outlined in the attached Market Survey dated 5.29.15 (**Attachment C**) are smaller in square footage than units at Preston Park, and many do not offer the specialized features including in-home laundry room, gated back yard with patio, direct access garage, generous storage space, dogs and cats accepted with pet deposit (Breed restrictions apply, max 2 animals per home).

Per the approved rent formula in 2010, the market rents for new move-ins are fluid throughout the year and change according to market conditions. Should a rental increase be approved, market rents for incoming residents would be as follows:

vs 6.9.15

Unit Size	Current Rent Range for Incoming Market Rate Residents
Two Bedroom	\$1,650 - \$1,775
Upgraded/Luxury - Two BR	\$1,750 - \$2,300*
Three Bedroom	\$2,035 - \$2,060
Upgraded/Luxury - Three BR	\$2,035 - \$2,060

\* Note: Nine 2-Bedroom homes and two 3-Bedroom home have additional features that warrant higher than average rental rates.

### Expenses

Expenses as outlined in **Attachment B** include Operating Expense projections and variances from the FY 2014/15 budget. Operating expenses typically include expenditures for routine maintenance of the property, redecorating expenses as they apply to unit turns, and expenditures relating to the daily operations of the Leasing Office. Non-Routine expenses are included as they pertain directly to the daily function of the community, however are not typically able to be forecasted (i.e. large plumbing leaks requiring vendor service, unit specific rehabilitation projects). Annual Inspection materials are included with the Non-Routine expenses as they are a one-time yearly expense. Overall, total operating expenses proposed for FY 2015/16 are 21.0% lower than the estimated actual expenses for FY 2014/15 (\$407,476). Alliance seeks to maximize cost savings, e.g. lower utilities expenses through installation of water/energy saving devices, while contending with inescapable cost increases such as repairs and upkeep for maintenance vehicles.

### Owner Distributions

In accordance with the request received by the FORA Executive Officer, the proposed budget assumes the deferral of Owner Distributions to FORA for the month of July 2015 in addition to the deferral of distributions due to FORA for the months of May and June 2015. Repayment of the distributions will be made to FORA upon sale or transfer to new ownership unless otherwise resolved by FORA. This constitutes a deferral in the payment of \$435,981.

All distributions owed to the City of Marina will be paid without delay and in accordance with the last 3 fiscal year budgets.

### Capital Expenses

Expenses categorized as Capital expenses directly impact the long term value of the community, including roof replacements, exterior painting, large-scale landscaping improvements, and interior upgrades including appliances and carpeting/vinyl. Capital projects that are currently pending completion at the end of May 2015 as approved in the 2014/15 FY include:

- 1) Exterior Unit Windows - \$845,000
- 2) Exterior Unit Doors - \$200,000

### 2015/2016 FY Capital Improvement Program

Alliance Residential staff members have been working closely with the City of Marina to formulate a budget that can be readily adopted by the Council upon execution of the Sale Agreement, as well as facilitate completion of all necessary Capital Projects (**Attachment B**). Top priority projects include:

- 1) Exterior Building/Flashing Repairs - \$2,100,000\*\*

\*\*NOTE - This project is also referred to as "Moisture Intrusion Project" and specifically addresses moisture entry where the garage roof flashing meets the exterior stucco in two story townhomes within Preston Park. In March 2015 the FOR A Board approved \$500,000 to be utilized for repairs from the 2014/2015 FY Budget, with the intention of approving an additional \$500,000 to be utilized in the 2015/2016 FY. At the same time, \$200,000 was approved to be spent painting the portion of the property that received repairs in the 2014/2015 FY, and another \$200,000 for the remainder of the painting in 2015/2016. As the progression of the sale of Preston Park exceeded the timeframe for work to begin, the project was put on hold until final sale. Most recently it has come to our attention that the project must take place in its' entirety in order for funding to be secured for the purchase to proceed. In addition, recent bids for this project have been received and are in excess of \$2.1M. Therefore in the 2015/2016 FY Budget that is being presented we are asking for approval of this project and to delay all other Capital projects until the 2016/2017 FY and beyond.

### Capital Reserves Fund

In accordance with the 2015 reevaluation of the Replacement Reserves Study conducted in April 2008, Alliance recommends a minimum reserve withholding of \$2,725.03 per unit per year during the 2015/16 fiscal period. **Please refer to Attachment B.** This withholding would ensure that the asset holds adequate reserves to complete the Moisture Intrusion project, and allow for emergency replacement of appliances and carpeting/vinyl.

### Management Assessment

In accordance with the December 2012 budget approval, Management has been directed to provide detailed information regarding Leasing and Maintenance services provided to residents and prospects. Alliance Residential utilizes an independent source (Kingsley Associates) to monitor and gauge resident satisfaction throughout the company portfolio (Attachment D for Q4 2014 and Attachment E for Q1 2015).

Alliance Residential staff members have been working with the Tenants Association to draft a Handbook for distribution to residents. The majority of the document is complete, with minimal changes still to be made in a small number of sections.

We will continue to look for new ways to improve our services over the coming year and remain committed to meeting the objectives set by FOR A.

Please feel free to contact me should you have additional questions or concerns at (408) 396-8341.

Regards,

Katie Edwards  
Regional Manager

Cc: Jonathan Garcia, FOR A  
Ivana Bednarik, FOR A  
Robert Norris, FOR A  
Brad Cribbins, Chief Operating Officer, Alliance Communities, Inc.  
Annette Thurman, Vice President of Operations, Alliance Communities, Inc.

### Attachments:

- B. FY 2015/16 Budget Revenue Summary
- B. FY 2015/16 Budget Highlights of Operating Expenses
- B. FY 2015/16 Budget Document
- B. Capital Improvement Plan/Reserve Withholding
- C. May 2015 Market Survey and Backup Documents
- D. Q4 2014 Kingsley Community Report
- E. Q1 2015 Kingsley Community Report

# **Attachments B-E to Item 6b**

**Preston Park 2015 Operating and Capital Improvement Program Budget, Market Survey, and Kingsley Resident Surveys are posted on the FORA website in their entirety due to the length.**

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**Website Links:**

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachB.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachC.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachD.pdf>

<http://fora.org/Board/2015/Packet/Additional/061215Item6b-AttachE.pdf>

## Preston Park Budget Memo Attachment B - Revenue Summary

Attachment B to Item 6b  
FORA Board Meeting, 6/12/15

2015/2016 Budget – No Rent Increase Proposed

Revenue	Approved Budget FY 2014/2015	Estimated Actuals FY 2014/2015	Proposed FY 2015/2016		Variance of Approved Budget From 2014/2015 Estimated Actuals	%	Comments		Variance of Proposed Budget from FY 2014/2015 Estimated Actuals	%	Comments		2015/2016 Proposed Budget vs. 2014/2015 Approved Budget	%
GROSS MARKET POTENTIAL	\$6,151,413	\$6,091,290	\$6,259,908	D	(\$60,123)	-1.0%	A decrease occurred as the proposed rental increase did not take effect until June 2015.	I	\$168,618	2.8%	Revenue increase projected as a rental increase was put into effect as of June 2015.	I	\$108,495	1.8%
MARKET GAIN/LOSS TO LEASE	(\$150,779)	(\$133,248)	(\$160,787)	I	\$17,531			D	(\$27,539)	20.7%		D	(\$10,008)	6.6%
NON-REVENUE APARTMENTS	(\$62,509)	(\$47,957)	(\$61,904)	I	\$14,552	-30.3%	Increase in this category as fewer large-scale emergency maintenance issues arose.	D	(\$13,947)	29.1%	Decrease anticipated as one employee unit was occupied by a market renter for 6 months of the previous period.	I	\$605	-1.0%
VACANCY LOSS	(\$122,469)	(\$101,443)	(\$106,817)	I	\$21,026	-20.7%	Increase in income as homes were turned with fewer delays than anticipated.	D	(\$5,374)	5.3%	Projecting slightly higher turn times as major repair items are uncovered.	I	\$15,652	-12.8%
BAD DEBT EXPENSE	(\$1,200)	(\$5,267)	\$0	D	(\$4,067)	77.2%	Reduction in revenue as 2 evictions left the property with larger than anticipated unpaid balances.	I	\$5,267	-100.0%	Increase in income as the property expects to collect on move out rent and damages.	I	\$1,200	-100.0%
OTHER RESIDENT INCOME	\$52,378	\$55,874	\$57,972	I	\$3,496	6.3%	Collection of Cleaning/ Damage Fees increased vs. previous period.	I	\$2,098	3.8%	Increase due to compounding MTM and Pet Rent Fees	I	\$5,594	10.7%
MISCELLANEOUS INCOME	\$316,600	\$304,562	\$1,080	D	(\$12,038)	-4.0%	Decrease in this category as the appliance recycling program was discontinued in Northern CA, interest income significantly reduced from budgeted in conjunction with draw upon Capital Reserve Fund	D	(\$303,482)	-99.6%	Decrease in income as \$300K transfer from Capital account was a one-time event for the Toilet Conversion Project.	D	(\$315,520)	-99.7%
<b>TOTAL INCOME</b>	<b>\$6,183,434</b>	<b>\$6,160,538</b>	<b>\$5,989,451</b>	<b>D</b>	<b>(\$22,896)</b>	<b>-0.4%</b>	<b>Decrease in overall income as the rental increase did not take effect until June 2015.</b>	<b>D</b>	<b>(\$171,087)</b>	<b>-2.8%</b>	<b>Decrease in overall income as the rental increase did not take effect until June 2015.</b>	<b>D</b>	<b>(\$193,983)</b>	<b>-3.1%</b>
<b>NET INCOME</b>	<b>\$3,779,221</b>	<b>\$3,574,087</b>	<b>\$3,788,670</b>	<b>D</b>	<b>(\$205,134)</b>	<b>-5.7%</b>	<b>Overall decrease due to increasing depreciation expense.</b>	<b>I</b>	<b>\$214,583</b>	<b>6.0%</b>	<b>Significant increase in Net Income as expenses were drastically reduced in order to account for the Moisture Intrusion Project</b>	<b>D</b>	<b>\$9,449</b>	<b>0.3%</b>

I -- DESIGNATES INCREASE

D -- DESIGNATES DECREASE

## Preston Park Budget Memo Attachment B - Highlights of Operating Expenses

<u>Operating Expenses</u>	Approved Budget FY 2014/2015	Estimated Actuals FY 2014/2015	Proposed FY 2015/2016		Variance of Approved Budget From 2014/2015 Estimated Actuals	%	Comments		Variance of Proposed Budget from FY 2014/2015 Estimated Actuals	%	Comments		2015/2016 Proposed Budget vs. 2014/2015 Approved Budget	%
SALARIES	\$339,525	\$366,160	\$357,666	I	\$26,635	7.3%	Increase in payroll due to Capital Projects.	D	(\$8,494)	-2.3%	Decrease in payroll expense as all overtime was removed from budget	I	\$18,141	5.3%
PAYROLL TAXES + BURDEN	\$138,833	\$127,818	\$146,277	D	(\$11,015)	-8.6%	Expenses are split 40% Abrams Park, 60% Preston Park.	I	\$18,459	14.4%	Variance due to addition of in house staff with insurance benefits.	I	\$7,444	5.4%
NON-STAFF LABOR	\$18,000	\$15,651	\$0	D	(\$2,349)	-15.0%	Decrease in temporary services as all staff position are filled.	D	(\$15,651)	-100.0%	Decreased budget to reflect no use of temporary services	D	(\$18,000)	-100.0%
LANDSCAPING	\$69,800	\$59,053	\$55,600	D	(\$10,747)	-18.2%	Decrease due to contracting services at lower than anticipated	D	(\$3,453)	-5.8%	Decrease in expense as all non-mandatory services were removed	D	(\$14,200)	-20.3%
UTILITIES	\$104,309	\$99,904	\$101,200	D	(\$4,405)	-4.4%	Overall decrease as expenses were lower than estimated.	I	\$1,296	1.3%	Increase due to anticipated increase in water/sewer fees.	D	(\$3,109)	-3.0%
REDECORATING	\$86,843	\$108,811	\$97,759	I	\$21,968	20.2%	Due to the age and condition of countertops, multiple reglazes have been necessary. Additionally, higher expenses in trim finishes have been experienced to improve the product finish level.	D	(\$11,052)	-10.2%	Decrease in redecorating expenses to minimum required in order to allow for funding of Capital Project	I	\$10,916	12.6%
MAINTENANCE	\$104,812	\$111,169	\$109,548	I	\$6,357	5.7%	Larger than anticipated purchase of plumbing and electrical supplies, HVAC repairs, and vehicle repairs.	D	(\$1,621)	-1.5%	Slight decrease anticipated as community should have minimal expenses for Windows/Doors, Locks/Keys, Plumbing Fixtures, due to completion of Capital Projects	I	\$4,736	4.5%
MARKETING	\$15,475	\$14,163	\$10,216	D	(\$1,312)	-9.3%	Slight decrease from anticipated expenses.	D	(\$3,947)	-27.9%	Removal of all non-essential programs resulting in decrease	D	(\$5,259)	-34.0%
ADMINISTRATIVE	\$92,088	\$92,011	\$78,238	D	(\$77)	-0.1%	Slight decrease from anticipated expenses.	D	(\$13,773)	-15.0%	Removal of all non-essential programs resulting in decrease	D	(\$13,850)	-15.0%
INSURANCE	\$207,012	\$198,422	\$226,320	D	(\$8,590)	-4.3%	Decrease in insurance costs.	I	\$27,898	14.1%	Increase in premiums and addition of flood insurance	I	\$19,308	9.3%
NON-ROUTINE MAINTENANCE	\$494,221	\$448,085	\$47,880	D	(\$46,136)	-10.3%	Decrease resulted from delay of bathtub replacement project.	D	(\$400,205)	-89.3%	Decrease in expenses as the Toilet Conversion Project was a one-time event.	D	(\$446,341)	-90.3%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,978,517</b>	<b>\$1,944,416</b>	<b>\$1,536,840</b>	<b>D</b>	<b>(\$34,101)</b>	<b>-1.8%</b>	<b>Decrease in total expenses due to delayed projects.</b>	<b>D</b>	<b>(\$407,576)</b>	<b>-21.0%</b>	<b>Overall decrease in total expenses from previous period due to Toilet Conversion Project, and reduction in all expenses to fund Capital Project</b>	<b>D</b>	<b>(\$441,677)</b>	<b>-22.3%</b>

I -- DESIGNATES INCREASE  
D -- DESIGNATES DECREASE

**PRESTON PARK  
2016 STANDARD BUDGET  
CONSOLIDATION & SIGN-OFF**



Description	2016 Total	2015 Projected	Variance	Variance %
Physical Occupancy	98.13 %	98.33 %		
Economic Occupancy	94.74 %	95.22 %		
Gross Market Potential	\$6,259,908	\$6,091,290	\$168,618	2.8%
Market Gain/Loss to Lease	(\$160,787)	(\$133,248)	(\$27,539)	-20.7%
Affordable Housing	\$0	\$0	\$0	0.0%
Non-Revenue Apartments	(\$61,904)	(\$47,957)	(\$13,948)	-29.1%
Rental Concessions	\$0	(\$300)	\$300	100.0%
Delinquent Rent	\$0	\$0	\$0	0.0%
Vacancy Loss	(\$106,817)	(\$101,443)	(\$5,374)	-5.3%
Prepaid/Previous Paid Rent	\$0	\$0	\$0	0.0%
Other Months' Rent/Delinquency Recovery	\$0	(\$2,972)	\$2,972	100.0%
Bad Debt Expense	\$0	(\$5,267)	\$5,267	100.0%
Other Resident Income	\$57,972	\$55,874	\$2,098	3.8%
Miscellaneous Income	\$1,080	\$304,562	(\$303,482)	-99.6%
Corp Apartment Income	\$0	\$0	\$0	0.0%
Retail Income	\$0	\$0	\$0	0.0%
<b>TOTAL INCOME</b>	<b>\$5,989,451</b>	<b>\$6,160,638</b>	<b>(\$171,087)</b>	<b>-2.8%</b>
PAYROLL	\$552,823	\$560,291	\$7,467	1.3%
LANDSCAPING	\$55,600	\$59,053	\$3,453	5.8%
UTILITIES	\$101,200	\$99,904	(\$1,296)	-1.3%
REDECORATING	\$97,759	\$108,811	\$11,052	10.2%
MAINTENANCE	\$109,548	\$111,169	\$1,620	1.5%
MARKETING	\$10,216	\$14,163	\$3,947	27.9%
ADMINISTRATIVE	\$78,238	\$92,011	\$13,773	15.0%
RETAIL EXPENSE	\$0	\$0	\$0	0.0%
PROFESSIONAL SERVICES	\$149,836	\$146,663	(\$3,173)	-2.2%
INSURANCE	\$226,320	\$198,422	(\$27,898)	-14.1%
AD-VALOREM TAXES	\$107,520	\$105,844	(\$1,676)	-1.6%
NON ROUTINE MAINTENANCE	\$47,880	\$448,085	\$400,205	89.3%
<b>TOTAL OPERATING EXP</b>	<b>\$1,536,940</b>	<b>\$1,944,416</b>	<b>\$407,476</b>	<b>21.0%</b>
<b>NET OPERATING INCOME</b>	<b>\$4,452,510</b>	<b>\$4,216,122</b>	<b>\$236,388</b>	<b>5.6%</b>
DEBT SERVICE	\$0	\$0	\$0	0.0%
DEPRECIATION	\$663,840	\$642,035	(\$21,805)	-3.4%
AMORTIZATION	\$0	\$0	\$0	0.0%
PARTNERSHIP	\$0	\$0	\$0	0.0%
EXTRAORDINARY COST	\$0	\$0	\$0	0.0%
<b>NET INCOME</b>	<b>\$3,788,670</b>	<b>\$3,574,087</b>	<b>\$214,583</b>	<b>6.0%</b>
CAPITAL EXPENDITURES	\$2,375,930	\$1,748,912	(\$627,018)	-35.9%
MORTGAGE PRINCIPAL	\$0	\$0	\$0	0.0%
TAX ESCROW	\$0	\$0	\$0	0.0%
INSURANCE ESCROW	\$0	\$0	\$0	0.0%
INTEREST ESCROW	\$0	\$0	\$0	0.0%
REPLACEMENT RESERVE	\$1,109,989	\$728,273	(\$381,716)	-52.4%
REPLACEMENT RESERVE REIMBURSEM	(\$2,375,930)	(\$1,748,912)	\$627,018	35.9%
WIP	\$0	\$0	\$0	0.0%
OWNER DISTRIBUTIONS	\$3,342,521	\$3,487,848	\$145,327	4.2%
DEPRECIATION AND AMORTIZATION	(\$663,840)	(\$642,035)	\$21,805	3.4%
<b>NET CASH FLOW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>128.2%</b>

**Approvals**

Owner \_\_\_\_\_ Date \_\_\_\_\_

Asset Manager \_\_\_\_\_ Date \_\_\_\_\_

COO \_\_\_\_\_ Date \_\_\_\_\_

VP \_\_\_\_\_ Date \_\_\_\_\_

Regional Manager \_\_\_\_\_ Date \_\_\_\_\_

Business Manager \_\_\_\_\_ Date \_\_\_\_\_

*Alliance Residential, LLC makes no guarantee, warranty or representation whatsoever in connection with the accuracy of this Operating Budget as it is intended as a good faith estimate only.*

COMMUNITY DESCRIPTION	
Street address	682 Wahl Court
City, State, Zip Code	Marina, CA 93933
Telephone	(831) 384-0119
Construction type	Mixed use
Year built	1987
Owner	Fort Ord Reuse Authority
Management	Alliance Residential Company
Total units	354
Physical occupancy	99%

COMMUNITY RATINGS	
Location	B
Visibility	C
Curb appeal	B
Condition	B
Interiors	C
Amenities	D

PAYER OF UTILITIES	
Gas	Resident
Electric	Resident
Water	Res/Meter
Sewer	Resident
Trash	Resident
Cable TV	N A
Internet	Resident
Pest control	Community
Valet trash	N A

FEES, DEPOSITS, AND LEASE TERMS	
Application fee	\$45
Lease terms	MTM and 6 months
Short term premium	\$150
Refundable security deposit	Equal to one months' rent
Administrative fee	\$0
Non refundable pet deposit	N/A
Pet deposit	\$250 covers up to 2 pets
Pet rent	\$25 per pet per month

CONCESSIONS
No Concessions. Window/exterior door replacements completed 5/15. Water Conservation Project completed 1/15. New roofs installed/replaced 6/14.

COMMENTS
Community is partially Below Market Rent and Section 8. All units have an attached garage, in-home laundry room, and gated backyard. \$25 fee for end units.

APARTMENT AMENITIES			
Accent color walls	No	Paneled doors	No
Air conditioning	No	Patio/Balcony	Yes
Appliance color	White	Refrigerator	Frost-Free
Cable TV	No	Roman tubs	No
Ceiling	No	Security system	No
Ceiling fans	No	Self cleaning oven	No
Computer desk	No	Separate shower	No
Crown molding	No	Upgraded counters	No
Fireplace	No	Upgraded flooring	Plush Cpt
Icemaker	No	Upgraded lighting	No
Kitchen pantry	Yes	Vaulted ceiling	No
Linen closets	Yes	Washer/Dryer	No
Microwave	No	W/D connection	Full size
Outside storage	No	Window coverings	1" mini

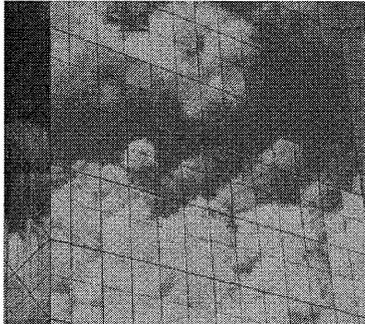
COMMUNITY AMENITIES			
Access gates	No	Free DVD/movie library	No
Addl rentable storage	No	Laundry room	No
Attached garages	Yes	Movie theater	No
Barbecue grills	No	Parking structure	No
Basketball court	Yes	Pet park	No
Billiard	No	Playground	Yes
Business center	Yes	Pools	No
Club house	Yes	Racquetball	No
Concierge services	No	Reserved parking	No
Conference room	No	Sauna/Jacuzzi	No
Covered parking	No	Tennis court	No
Detached garages	No	Volleyball	No
Elevators	No	Water features	No
Fitness center	No	WiFi	No

FLOORPLANS AND RENTS

Floorplan Type	Unit Description	# of Units	% of Units	Square Feet	Rent per Unit				Concessions		Effective Net Rents	
					Low	High	Average	Avg PSF	Mos Free	Term	Average	Avg PSF
2X1		9	3%	1,150	\$1,650	\$1,650	\$1,650	\$1.43	0.00	0.00	\$1,650	\$1.43
2X1	Renovated	3	1%	1,150	\$1,750	\$1,750	\$1,750	\$1.52	0.00	0.00	\$1,750	\$1.52
2X1.5		76	21%	1,278	\$1,725	\$1,750	\$1,738	\$1.36	0.00	0.00	\$1,738	\$1.36
2X1.5	Renovated	2	1%	1,278	\$2,300	\$2,300	\$2,300	\$1.80	0.00	0.00	\$2,300	\$1.80
2X1.5	Renovated	3	1%	1,278	\$1,885	\$1,905	\$1,895	\$1.48	0.00	0.00	\$1,895	\$1.48
2X1.5		135	38%	1,323	\$1,750	\$1,775	\$1,763	\$1.33	0.00	0.00	\$1,763	\$1.33
2X1.5	Renovated	1	0%	1,323	\$1,910	\$1,935	\$1,923	\$1.45	0.00	0.00	\$1,923	\$1.45
3X2.5		122	34%	1,572	\$2,035	\$2,060	\$2,048	\$1.30	0.00	0.00	\$2,048	\$1.30
3X2.5	Renovated	3	1%	1,572	\$2,300	\$2,300	\$2,300	\$1.46	0.00	0.00	\$2,300	\$1.46
<b>Total / Weighted Average</b>		<b>354</b>	<b>100%</b>	<b>1,395</b>	<b>\$1,850</b>	<b>\$1,873</b>	<b>\$1,862</b>	<b>\$1.34</b>	<b>0.00</b>	<b>0.00</b>	<b>\$1,862</b>	<b>\$1.34</b>



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# Alliance Residential Company

## 2015 Q1 CORE Program

### Community YTD Report

**Preston Park**



April 2015

Contact:  
Kingsley Associates  
1-877-908-1220

**EXECUTIVE SUMMARY  
 PROJECT OVERVIEW AND METHODOLOGY**

Kingsley Associates was commissioned by Alliance Residential Company to conduct its 2015 Q1 CORE Program. The goal of the assessment was to gauge resident satisfaction throughout the Alliance Residential Company portfolio as a means of improving performance, increasing retention, maximizing portfolio value and achieving operational excellence.

**Response Rates:**

Community YTD Report	Respondents	Potential Respondents	Response Rate
Preston Park -- Move-in	7	18	38.9%
Preston Park -- Pre-renewal	1	10	10.0%
Preston Park -- Prospect	2	21	9.5%
Preston Park -- Service Request	28	137	20.4%
Alliance Residential Company Multifamily 2015 Portfolio	12,899	74,094	17.4%

**Timeline:**

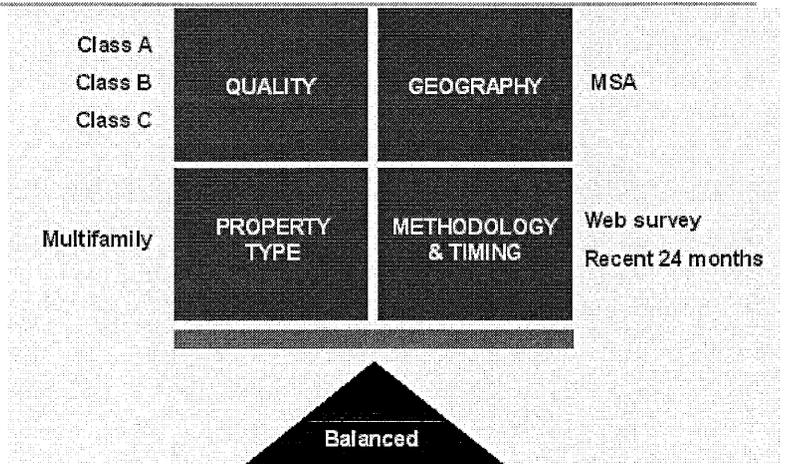


*Weekly launches each Wednesday, with reminder emails sent 4 and 9 days after initial invitation.*

**Kingsley Index:**

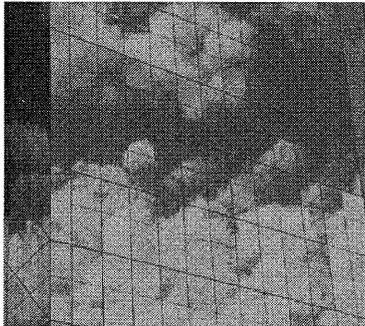
Results from the 2015 assessment are compared to the Kingsley Index, enabling Alliance Residential Company to benchmark its community and portfolio results against the largest and most comprehensive performance-benchmarking database in the industry.

Compiled from over 30 years of analyzing the performance of real estate industry leaders, the proprietary Index represents the industry standard for measuring customer satisfaction.





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# Alliance Residential Company

2014 Q4 CORE Program

Community YTD Report

**Preston Park**



January 2015

Contact:  
Kingsley Associates  
1-877-908-1220

**EXECUTIVE SUMMARY**  
**PROJECT OVERVIEW AND METHODOLOGY**

Kingsley Associates was commissioned by Alliance Residential Company to conduct its 2014 Q4 CORE Program. The goal of the assessment was to gauge resident satisfaction throughout the Alliance Residential Company portfolio as a means of improving performance, increasing retention, maximizing portfolio value and achieving operational excellence.

**Response Rates:**

Community YTD Report	Respondents	Potential Respondents	Response Rate
Preston Park -- Move-in	18	66	27.3%
Preston Park -- Pre-renewal	11	67	16.4%
Preston Park -- Prospect	3	49	6.1%
Preston Park -- Service Request	91	482	18.9%
Alliance Residential Company Multifamily 2015 Portfolio	48,187	277,710	17.4%

**Timeline:**



*Weekly launches each Wednesday, with reminder emails sent 4 and 9 days after initial invitation.*

**Kingsley Index:**

Results from the 2014 assessment are compared to the Kingsley Index, enabling Alliance Residential Company to benchmark its community and portfolio results against the largest and most comprehensive performance-benchmarking database in the industry.

Compiled from over 25 years of analyzing the performance of real estate industry leaders, the proprietary Index represents the industry standard for measuring customer satisfaction.

