

## M E M O R A N D U M

**DATE:** April 16, 2014

**TO:** Board of Directors  
The Long Beach Community Investment Company

**FROM:** Amy J. Bodek, President

**SUBJECT:** Agreement for Property Management Services for 1044 Maine Avenue (CD 1)

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### RECOMMENDATION:

Authorize the President to negotiate and enter into a Property Management Agreement with Overland, Pacific, and Cutler, Inc. for the lease-up and management of the property at 1044 Maine Avenue.

### DISCUSSION

On February 26, 2014, The Long Beach Community Investment Company (LBCIC) accepted the conveyance of an eleven-unit apartment building located at 1044 Maine Avenue from the City of Long Beach (Project). A copy of the staff report with a site map and photographs is attached for your reference (Attachment 1). Construction of the improvements was recently completed, and it is critical that the LBCIC hire a property management company as soon as possible so the building does not sit unattended.

A procurement process for acquisition, relocation, property management and related services was completed in March 2013. Through that process, four firms including Overland Pacific and Cutler (OPC) were selected to provide relocation, property management, and related real estate services to the City and certain of its agencies on an as needed basis (Attachment 2). Based on their prior experience with affordable housing projects and programs, staff determined that OPC was the most qualified to provide residential property management services, and requested a proposal and fee schedule for their services .

OPC submitted the attached proposal (Attachment 3). OPC's property management fee is \$90 monthly per occupied unit and \$35 monthly per vacant unit, in addition to a \$150 per unit one-time set-up fee. These fees cover administrative, accounting, compliance, and minor landscape maintenance services. Special maintenance services are billed separately. Staff compared the proposal to a budget for Lois Apartments, which is owned by the LBCIC and managed by QMG Real Estate Brokerage, and to a budget analysis for the Project prepared by Keyser Marston Associates, Inc. (Attachment 4). Staff finds that OPC's proposal is in line, and in fact,

less than QMG's costs and KMA's estimated budget, which staff is using as the base estimated budget for the Project (Table 2 and 3 of Attachment 4).

The ongoing cost of the property management services and maintenance will be paid for with rent revenues from the Project, but OPC has requested an initial deposit to the property account in the amount of \$5,000 to cover expenses related to lease-up. This expense will be paid with existing Housing Fund revenues.

The initial contract term will be for a period of five years, and will be automatically extended for additional periods of two years up to a total of fifteen years based on performance. The contract may be terminated at any time.

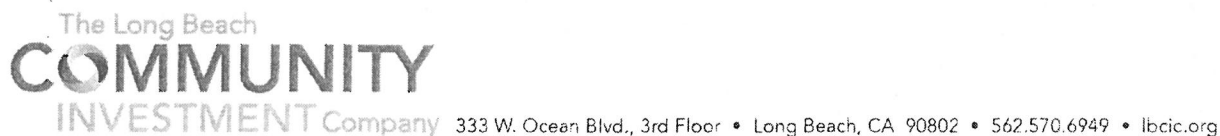
**SUGGESTED ACTION:**

Approve Recommendation.

AJB:PU:MS

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- Attachments:
1. February 26, 2014 staff report
  2. Purchasing Procurement Memo
  3. Property management proposal
  4. Property Management Cost Comparison



## M E M O R A N D U M

**DATE:** February 26, 2014

**TO:** Board of Directors  
The Long Beach Community Investment Company

**FROM:** Amy J. Bodek, President *AJB/fm*

**SUBJECT:** Acceptance of the Transfer of 1044 Maine Avenue from the City of Long Beach (CD 1)

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### RECOMMENDATION:

Accept the conveyance of 1044 Maine Avenue (APN - 7271021901) by the City of Long Beach for consideration already received, and authorize the President to execute any and all documents necessary to complete the transfer of the property at 1044 Maine Avenue to The Long Beach Community Investment Company.

### DISCUSSION

On November 18, 2008, the City Council approved an amendment to the Fiscal Year 2008 – 2009 Action Plan incorporating the Neighborhood Stabilization Program (NSP1), authorized the City Manager to enter into an agreement with the U.S. Department of Housing and Community Development (HUD) to accept NSP grant funds in the amount of \$5,070,310, and authorized the City Manager to acquire and dispose of NSP properties.

The NSP1 program allowed the City to purchase foreclosed properties that were either vacant or blighted and reuse them for affordable housing or for another public benefit. Twenty-five percent of the NSP1 entitlement, or approximately \$1,300,000, is required to be used to accommodate very low-income people that earn 50 percent or less of the Area Median Income (AMI).

The City later acquired a severely deteriorated twelve unit building located at 1044 Maine Avenue in the Wilmore City / Drake Park Historic District to fulfill these requirements. An extensive rehabilitation of the property will be complete by the end of February. The rehabilitation includes all new systems, surfaces, and fixtures, and results in a project with eleven units, including six one-bedroom and five studio units with four enclosed parking spaces and an on-site laundry facility. A total of approximately \$2 million was expended on the acquisition and rehabilitation of the property. A site map, property profile, and photographs are attached (Attachment 1).

The City desires to transfer the property to The Long Beach Community Investment Company (LBCIC) at no cost. In exchange, the LBCIC will operate the property and lease the units to very low-income senior citizens earning no more than fifty percent AMI, if approved by the Board.

An estimated operating budget prepared by Keyser Marston Associates, Inc. indicates that the maximum project rents are \$787 for studio units and \$801 for the one-bedroom units. The projected effective gross income for the project ranges from \$89,737 to \$94,723 annually. Total estimated operating expenses range from \$54,612 to \$56,944, leaving a net operating income of \$32,793 to \$40,111 annually. The estimated operating budget for the project is attached (Attachment 2).

If the LBCIC accepts the property, staff will solicit proposals from professional property management companies to manage the initial lease-up and day-to-day operation of the property, and present a request to enter into a property management agreement to the Board at a later date. Any net operating income will be used in accordance with HUD requirements.

**SUGGESTED ACTION:**

Approve Recommendation.

AJB:PU

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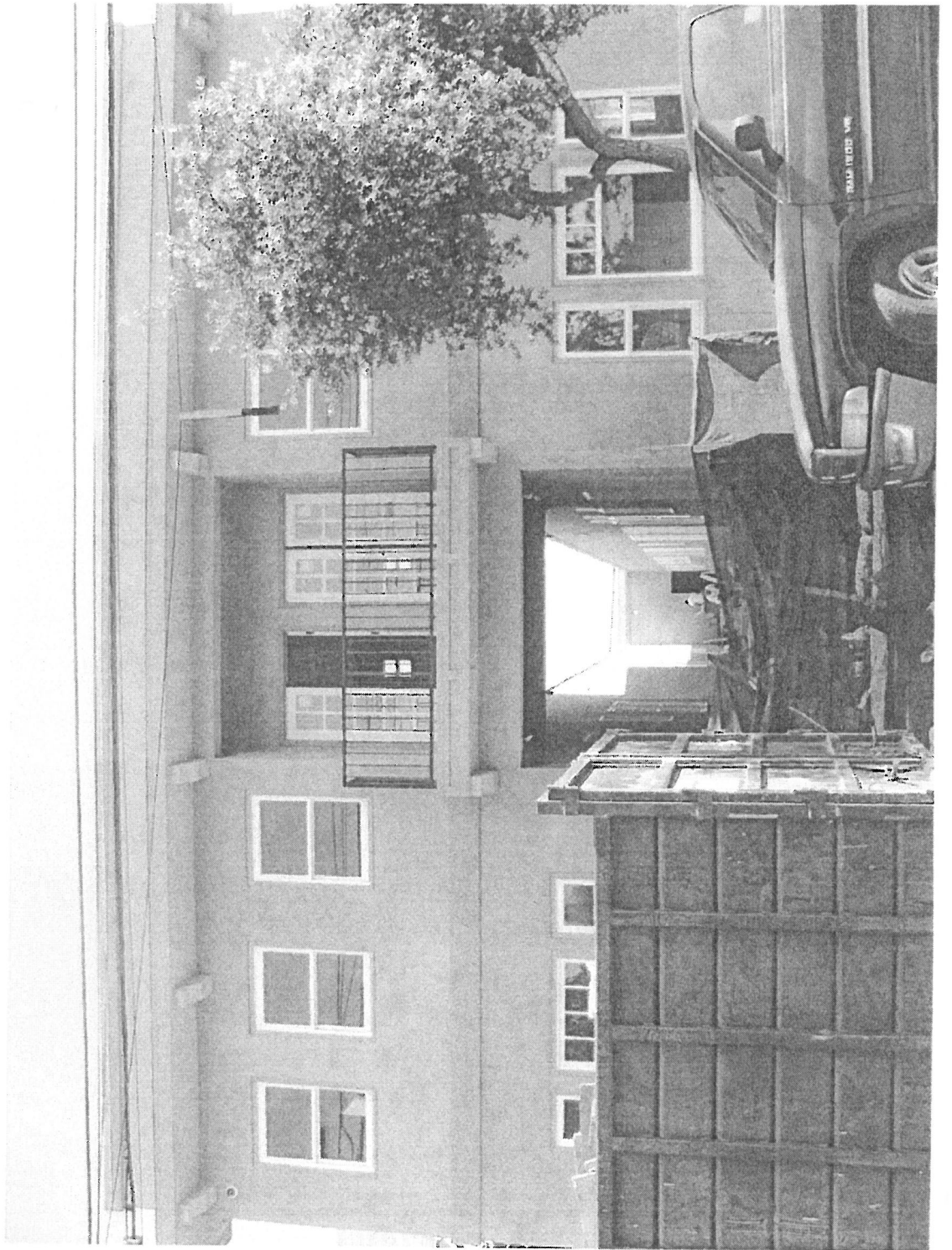
Attachments: 1. Site Map, Property Profile, and Photographs  
2. Estimated Operating Budget

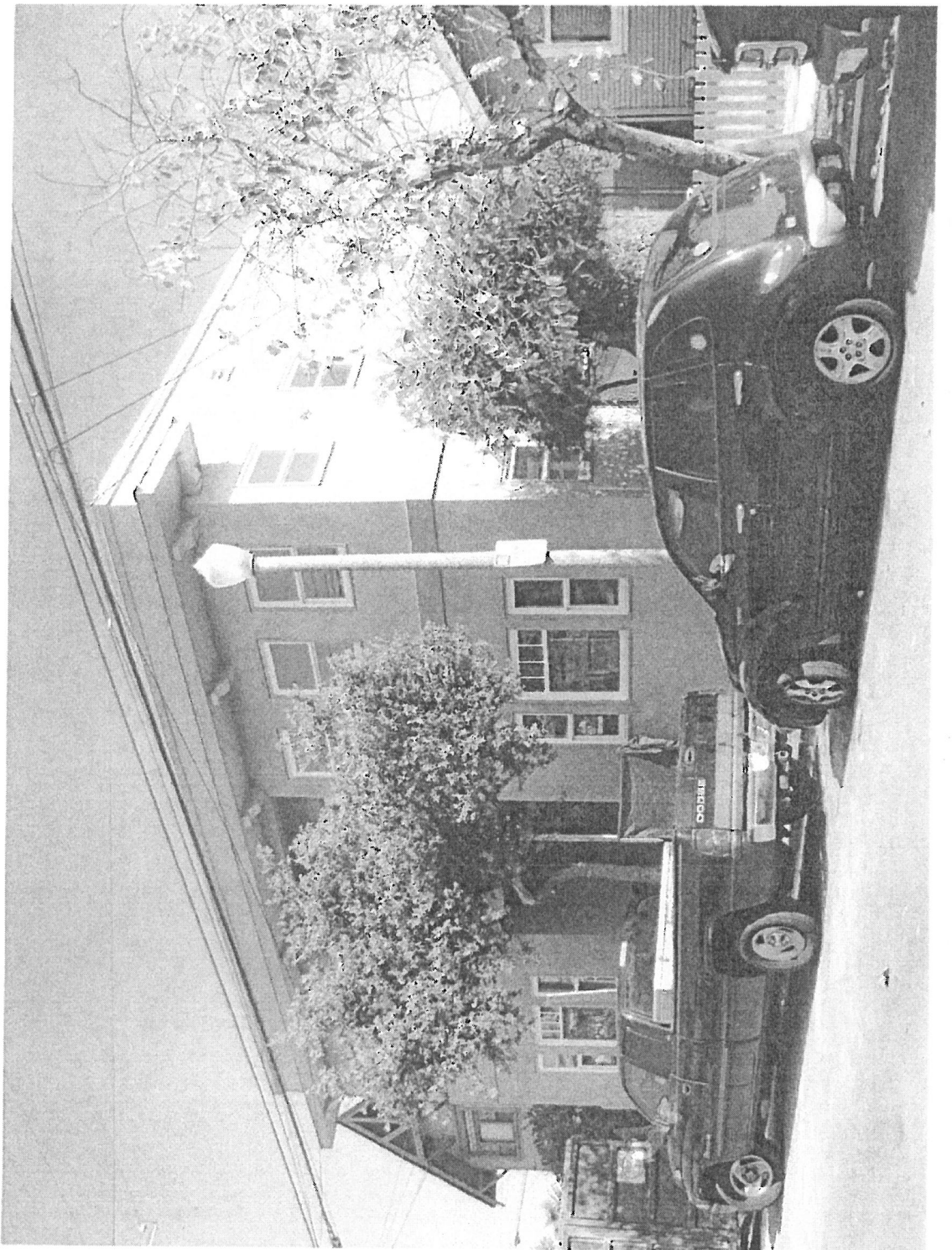


# 1044 Maine Avenue



Situs Address: <b>1044 MAINE AVE</b> <b>LONG BEACH, CA 90813</b>		<a href="#">Print This Page</a>
Assessor Parcel Number: <b>7271021901</b>		Owner: <b>LONG BEACH CITY</b>
Legal Description: <b>KNOLL PARK LOT 6 BLK H</b>		
Last Record Date: <b>20091022</b> Oldest Year Built: <b>1924</b> Number of Dwelling Units: <b>12</b> Zoning Classification: <b>PD-10</b> PD Subarea: <b>1</b> Zoning Overlay: PD-29 Subzone: <b>0</b> General Plan District: <b>700</b> General Plan Description: <b>MIXED USES</b>		Mailing Address: <b>333 W OCEAN BLVD FL 3</b> <b>LONG BEACH, CA 90802-4642</b>
Medical Marijuana Restriction Zone: <b>Y</b> PD30 Height: PD30 Setbacks: PD30 Setback Distance: PD30 Neighborhood Overlay: Special Setbacks: Setback Conditions: Historic District: <b>Drake Park/Willmore</b> Historic Landmark: Parking Impacted Area: <b>Y</b>		Coastal Zone: Redevelopment Area: <b>Central Long Beach</b> Fence Height Limit:  Homeowners Association: Interim Ordinance: Within Harbor District: Within Liquefaction: Oil Operating Area: Special Restriction Area:
Within Special Flood Hazard Zone: <b>N</b> Zoning Classification: <b>X</b> Base Flood Elev: FEMA Document: <b>STUDY5</b> Effective Date: <b>9/26/2008 12:00:00 AM</b> Outcome Description: <b>N/A</b> FEMA Case No: <b>N/A</b>		Earthquake Zone: Within Airport Property: Within CDBG: <b>Y</b> Within Enterprise Zone: <b>Y</b> Redevelopment Area: <b>Central Long Beach</b> NIS Area: <b>WILLMORE CITY</b>
Census 2000 Tract: <b>575801</b> Census 2000 Block: <b>1004</b>		Council District: <b>1</b> Council Representative: <b>ROBERT GARCIA</b>
Bldg Insp Comml District: <b>SOUTH</b> Bldg Insp Res District: <b>3</b> Bldg Insp Elec District: <b>WEST</b> Community CE Area: <b>WILLMORE</b> CE Housing Action Plan: CE Corridor Description: CE Corridor Phase: CE Corridor Name: CE Other Proactive Area Name: CE Division Name: <b>WEST</b>		Fire Code Enforce District: <b>FCE 1</b> Fire New Constr District: <b>FNC 2</b> Fire Res Insp District: <b>FRI 1</b> Health Housing Program Quadrant: <b>SOUTH</b> Health Hazmat CUPA District: <b>43</b>  Bus Lic Inspector Area: <b>10</b> Within Lotmerge Area: Health Food Program District: <b>6</b>







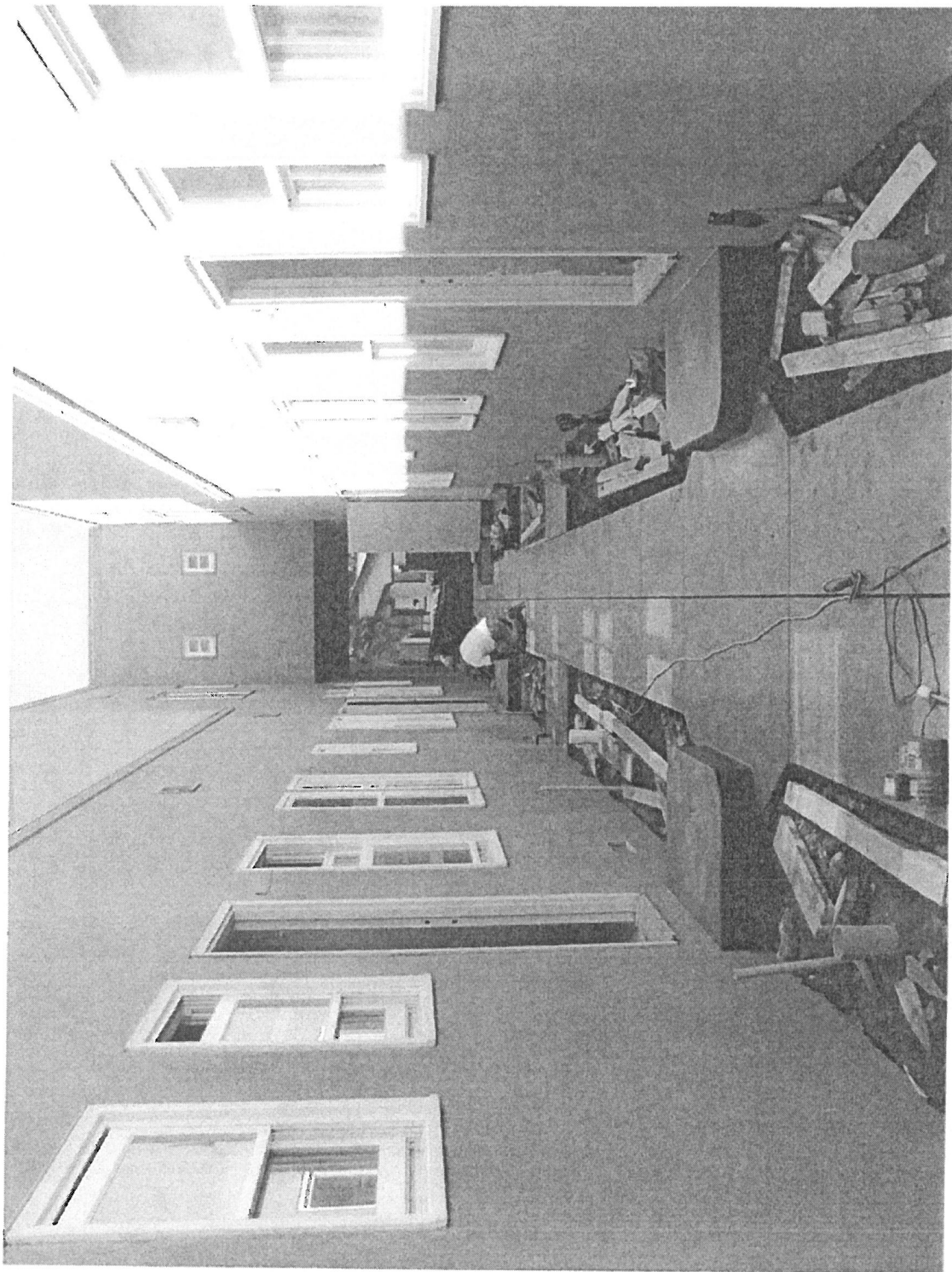




TABLE 1

LOIS APARTMENTS OPERATING EXPENSES  
1044 MAINE PROJECT  
LONG BEACH, CALIFORNIA

		24 Units				11 Units
	Proposed Budget	Per Unit	Per Unit Per Month	As % of Total Expenses	Applicable to 1044 Main	1044 Main Project Estimate
I. Management Fee	\$14,965	\$624	\$52	13%	Yes	\$6,859
II. <u>Administrative Expenses</u>						
Other Renting Expenses	\$250	\$10	\$1	0%	Yes	\$115
Office Supplies	1,700	\$71	\$6	2%	No	0
Manager Salary	3,200	\$133	\$11	3%	No	0
Legal Expenses	900	\$38	\$3	1%	Yes	413
Bookkeeping Fees / Accounting Services	2,400	\$100	\$8	2%	Yes	1,100
Telephone & Answering Service	1,500	\$63	\$5	1%	Yes	688
Bad Debt Expense	3,500	\$146	\$12	3%	Yes	1,604
<b>Total Administrative Expenses</b>	<b>\$13,450</b>	<b>\$560</b>	<b>\$47</b>	<b>12%</b>		<b>\$3,919</b>
III. <u>Utility Expenses</u>						
Electricity	\$6,000	\$250	\$21	5%	Yes	\$2,750
Water	3,900	\$163	\$14	3%	Yes	1,788
Gas	2,400	\$100	\$8	2%	Yes	1,100
Sewer	650	\$27	\$2	1%	Yes	298
<b>Total Utility Expenses</b>	<b>\$12,950</b>	<b>\$540</b>	<b>\$45</b>	<b>12%</b>		<b>\$5,935</b>
IV. <u>Operating &amp; Maintenance Expenses</u>						
Janitor & Cleaning Supplies	\$350	\$15	\$1	0%	Yes	\$160
Janitor & Cleaning Contract	6,000	\$250	\$21	5%	Yes	2,750
Exterminating Payroll/Contract	775	\$32	\$3	1%	Yes	355
Garbage & Trash Removal	4,000	\$167	\$14	4%	Yes	1,833
Security Payroll/Contract	750	\$31	\$3	1%	Yes	344
Grounds Contract	3,250	\$135	\$11	3%	Yes	1,490
Repairs Material	2,800	\$117	\$10	2%	Yes	1,283
Repairs Contract	38,825	\$1,618	\$135	35%	Yes	17,795
Heating/Cooling Repairs & Maintenance	3,500	\$146	\$12	3%	Yes	1,604
Decorating Payroll/Contract	5,500	\$229	\$19	5%	No	0
Misc. Operating & Maintenance Expenses	1,000	\$42	\$3	1%	Yes	458
<b>Total Operating &amp; Maintenance Expenses</b>	<b>\$66,750</b>	<b>\$2,781</b>	<b>\$232</b>	<b>59%</b>		<b>\$28,073</b>
V. <u>Taxes &amp; Insurance Expenses</u>						
Real Estate Taxes	\$0	\$0	\$0	0%	No	\$0
Payroll Taxes	0	\$0	\$0	0%	No	0
Misc. Taxes, Licenses & Permits	1,396	\$58	\$5	1%	Yes	640
Property & Liability Insurance (Hazard)	2,589	\$108	\$9	2%	Yes	1,187
Fidelity Bond Insurance	0	\$0	\$0	0%	Yes	0
Worker's Compensation	0	\$0	\$0	0%	No	0
Health Insurance / Other Employee Benefits	160	\$7	\$1	0%	No	0
Other Insurance	75	\$3	\$0	0%	Yes	34
<b>Total Taxes &amp; Insurance Expenses</b>	<b>\$4,220</b>	<b>\$176</b>	<b>\$15</b>	<b>4%</b>		<b>\$1,861</b>
VI. <b>Total Operating Expenses</b>	<b>\$112,335</b>	<b>\$4,681</b>	<b>\$390</b>	<b>100%</b>		<b>\$46,647</b>

TABLE 2

STABILIZED OPERATING BUDGET  
1044 MAINE PROJECT  
LONG BEACH, CALIFORNIA

I. <u>Rent Calculation</u>	<u>Gross Rent</u>	<u>Utility Allowance</u>	<u>Net Rent</u>
Low HOME - Studio Units	\$747	\$24	\$723
Low HOME - One-bedroom Units	\$801	\$35	\$766
II. <u>Projected Rental Income</u>			
Low HOME - Studio Units	4 Units	\$723 /Unit/Month	\$34,704
Low HOME - One-bedroom Units	7 Units	\$766 /Unit/Month	64,344
<b>Gross Potential Rental Income</b>			<b>\$99,048</b>
Add: Miscellaneous Income	11 Units	\$5 /Unit/Month	660
<b>Gross Potential Income</b>			<b>\$99,708</b>
(Less) Vacancy & Collection Allowance	5% of Gross Potential Income		(4,985)
<b>Effective Gross Income</b>			<b>\$94,723</b>
III. <u>Operating Expenses</u>			
Property Management Fee	11 Units	\$57 /Unit/Month	\$7,545
Administrative Expenses	11 Units	\$392 /Unit	4,311
Utility Expenses	11 Units	\$594 /Unit	6,529
Operating & Maintenance	11 Units	\$2,807 /Unit	30,880
Taxes & Insurance Expenses	11 Units	\$186 /Unit	2,047
Subtotal General Operating Expenses	11 Units	\$4,665 /Unit	\$51,312
Property Taxes	11 Units	\$0 /Unit	0
Social Services	11 Units	\$0 /Unit	0
Replacement Reserves	11 Units	\$300 /Unit	3,300
<b>Total Operating Expenses</b>	<b>11 Units</b>	<b>\$4,965 /Unit</b>	<b>\$54,612</b>
IV. <u>Net Operating Income</u>			<b>\$40,111</b>
V. General Operating Expense Increase for Limited Economies of Scale			10%

TABLE 3

**STABILIZED OPERATING BUDGET - CONSERVATIVE**  
**1044 MAINE PROJECT**  
**LONG BEACH, CALIFORNIA**

	<u>Gross Rent</u>	<u>Utility Allowance</u>	<u>Net Rent</u>
<b>I. <u>Rent Calculation</u></b>			
Low HOME - Studio Units	\$747	\$24	\$723
Low HOME - One-bedroom Units	\$801	\$35	\$766
<b>II. <u>Projected Rental Income</u></b>			
Low HOME - Studio Units	4 Units	\$723 /Unit/Month	\$34,704
Low HOME - One-bedroom Units	7 Units	\$766 /Unit/Month	64,344
<b>Gross Potential Rental Income</b>			<b>\$99,048</b>
Add: Miscellaneous Income	11 Units	\$5 /Unit/Month	660
<b>Gross Potential Income</b>			<b>\$99,708</b>
(Less) Vacancy & Collection Allowance	10% of Gross Potential Income		(9,971)
<b>Effective Gross Income</b>			<b>\$89,737</b>
<b>III. <u>Operating Expenses</u></b>			
Property Management Fee	11 Units	\$60 /Unit/Month	\$7,888
Administrative Expenses	11 Units	\$410 /Unit	4,507
Utility Expenses	11 Units	\$621 /Unit	6,826
Operating & Maintenance	11 Units	\$2,935 /Unit	32,284
Taxes & Insurance Expenses	11 Units	\$195 /Unit	2,140
Subtotal General Operating Expenses	11 Units	\$4,877 /Unit	\$53,644
Property Taxes	11 Units	\$0 /Unit	0
Social Services	11 Units	\$0 /Unit	0
Replacement Reserves	11 Units	\$300 /Unit	3,300
<b>Total Operating Expenses</b>	<b>11 Units</b>	<b>\$5,177 /Unit</b>	<b>\$56,944</b>
<b>IV. <u>Net Operating Income</u></b>			<b>\$32,793</b>
<b>V. General Operating Expense Increase for Limited Economies of Scale</b>			<b>15%</b>



DATE: March 11, 2013  
 TO: Erik Sund, Purchasing Agent  
 FROM: Victor S. Grgas, Asset Management Bureau Manager, Dept. of Public Works VJH  
 SUBJECT: Real Estate Property Acquisition Services - Request for Proposal No. PW13-008

Ten (10) proposals were received in response to the Request for Proposals for Real Estate Property Acquisition Services, which was closed December 11, 2012. Eight (8) of the responding firms were invited to interview with a review panel comprised of representatives from the City of Long Beach, the Successor Agency to the Redevelopment Agency of the City of Long Beach and The Long Beach Housing Development Company. The panel included Mary Frances Torres, Development Project Manager in the Asset Management Bureau, Seyed Jalali, Project Officer in the Housing and Community Improvement Bureau, and Dale Hutchinson, Administrator in the Housing & Community Improvement Bureau.

The proposals and interviews were evaluated based upon the following:

- Demonstrated competence;
- Experience in performance of comparable projects/assignments;
- Reasonableness of cost;
- Expertise and availability of key personnel;
- Financial stability;
- Conformance with the terms of this RFP; and
- Projected need for services in the coming months.

Upon completion of all interviews, the panel determined that in comparison with the other proposers, *Overland, Pacific and Cutler, Inc. (Long Beach-based)*, *HDR Engineering, Inc. (Long Beach-based)*, and *Epic Land Solutions, Inc.*, best met the needs of the City/SA(RDA)/LBHDC based on prior experience with similar assignments/projects, key personnel available to work with the City/RDA/LBHDC, competitive fee schedules, and the ability to respond to the RFP in a complete and coherent manner. The panel determined these criteria to be vital to the section of the above named firms in providing the City/RDA/LBHDC with the best variety of firms to suit any possible assignments/projects that may arise in the future.

Approved: \_\_\_\_\_

Erik Sund, Purchasing Agent



3750 Schauffele Avenue, Suite 150  
Long Beach, CA 90808  
562.304.2000 ph | 562.304.2020 fax

March 11, 2014

Mr. Patricki Ure  
Acting Housing Development Officer  
Long Beach Development Services  
Housing & Community Improvement  
333 W. Ocean Blvd., third Floor  
Long Beach, CA 90802

**RE: Property Management Proposal for 1044 Maine St.**

Dear Mr. Ure:

Overland, Pacific & Cutler (OPC) understands that Long Beach Development Services, Housing & Community Improvement, is seeking a proposal for property management services. We are pleased to submit this proposal to provide these services for the recently renovated eleven unit apartment complex at 1044 Maine Avenue in Long Beach. On every project that OPC undertakes, our clients receive our total commitment to successfully deliver the projects we are assigned – your project will be no exception.

Since 1980, OPC has provided exceptional interim and long-term property management and maintenance services for a wide range of public agencies, private developers, non-profit organizations, housing, and transportation authorities. We have managed all types of properties including market rate and affordable housing, mobile home parks, retail centers, office and industrial parks, and storage facilities. OPC is in a unique position of knowing how to interact within a public organization, as well as the private sector.

OPC will be responsible for fiscal management of your Project including the execution of rental agreements, rent collection, payment of vendor, utility invoices, and the monthly reconciliation of these transactions. We will oversee on-site maintenance (if required) including gardening, janitorial, inspections, and repairs. A more detailed scope of services follows.

Once you read our proposal please feel free to contact me with any questions, to refine the scope or to adjust our proposed level of effort. We look forward to your approval of this proposal and execution of a contract, if required. I am confident we can deliver your required services on-time, and within your budget.

Sincerely,

***Overland, Pacific & Cutler, Inc.***

A handwritten signature in dark ink, appearing to read "Morton Bernstein", is written over a horizontal line.

Morton Bernstein  
Property Management Supervisor

Approved By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**I. FEE SCHEDULE**

One-Time Set-up Fee - \$150 per unit  
Monthly Management Fee – Occupied Units – \$90 per unit  
Monthly Management Fee – Vacant Units – \$35 per unit  
Minimum Monthly Management Fee – \$300

**II. CONTRACT SERVICES – SCOPE OF WORK**

In our proposal you will see that we are recommending the establishment of an owner's trust account with rules to govern its use. It is our experience that such a fund is necessary for expediency in the payment of invoices prior to their due dates, and to prevent significant burdens on your staff to process invoices.

**A. MANAGEMENT RESPONSIBILITIES**

Property management services shall include, but not be limited to the following minimum requirements and services:

1. OPC shall provide a 24-hour, 7 day a week emergency toll-free telephone number for Project tenants and others to call.
2. OPC shall collect rent from tenants pursuant to existing rent statements and lease agreements, or those to be created and executed on behalf of the Client. Rents shall be deposited into a bank account or delivered to the Client within 3 days of receipt.
3. OPC shall notify tenants in writing of delinquent accounts, send out delinquent rent notices, and forward copies to the Client if requested.
4. OPC shall issue an itemized monthly invoice to the Client for the prior month's services, fees, and charges. Such monthly invoices shall be approved by the Client, and upon approval deducted from the amount of rents collected or paid directly by the Client.
5. OPC shall establish, on behalf of a Client, a non-interest bearing operating checking account for the payment of expenses incidental to the Project. OPC's designated principals shall retain signatory authority on the bank account. OPC shall provide monthly reconciliations and reports of all deposits to and drafts from the account and, if necessary, request new funds to maintain an appropriate operating reserve. The operating reserve in this account should be at least \$5,000 to avoid the payment of bank fees.
6. OPC shall maintain a log of any and all information received that a tenant will be vacating or has vacated any Project unit, and shall provide this to the Client on a regular basis.
7. OPC shall notify the Client in writing, and also the appropriate law enforcement authorities, in the event of any injuries, damages, illegal entry, illegal occupancy, or disturbances at any Project unit.
8. OPC shall assist the Client and Client's Attorney when eviction becomes necessary. OPC shall consult with the attorney and prepare recommendations regarding evictions and other corrective actions. The Client's attorney or appropriate legal counsel though, shall assume the lead role in all eviction proceedings.

9. OPC shall inform the Client and make recommendations when the Project is not in compliance with laws and ordinances, or when standard practices cannot be implemented for property management activities.
10. OPC shall serve as a liaison between Project occupants and the Client, including verbal communication in Spanish if needed.
11. OPC shall regularly perform Project inspections to determine if there are illegal occupants (squatters), or if there is any visually apparent (i.e., noticeable without the need for extensive investigation) material damage to the Project.
12. OPC shall respond to "Work Requests" and "Tenant Complaints". Initial response shall be within 24 hours of receipt of a Work Request or Tenant Complaint. If the situation cannot be resolved within 24 hours, OPC shall contact the tenant and Client, if requested, to provide an estimated resolution date.
13. OPC shall obtain and maintain, throughout the contract term, insurance coverage required by the Client.

**B. MAINTENANCE RESPONSIBILITIES (BILLED AS ADDITIONAL SERVICES)**

OPC shall oversee maintenance services if required and as described below. Maintenance responsibilities shall include, but not be limited to the following:

1. OPC shall direct immediate corrections/repairs of Project safety violations or unsafe conditions.
2. OPC shall provide a written report with pictures indicating any unusual corrective action that is needed to maintain or repair the Project.
3. OPC shall perform or contract with and oversee vendors for landscape maintenance, weed abatement, board-up, and debris and graffiti removal services.
4. OPC shall contract with and oversee vendors for services such as plumbing, pest control, waste removal, janitorial, handyman, and electrical repairs, or as required.
5. OPC shall be responsible to oversee the removal of abandoned personal property within the Project.
6. OPC shall contract with and oversee vendors for demolition, site clearance, and temporary fencing services.

**C. REPORTING REQUIREMENTS**

OPC shall input and maintain current data and provide reports as described below. OPC agrees to utilize automated tracking and a regularly updated software system. Reports to Client shall include, but not be limited to the following:

1. OPC shall maintain accurate accounting for all current and past Project tenants.
2. OPC shall provide each month and at the end of tenancy a rent payment history. Reconciliations of this shall summarize payment history, delinquent rent payments, late fees and deposits.

3. OPC shall provide, on a regular basis, a vacancy report indicating all vacant units and the dates they were inspected by OPC staff.
4. OPC shall provide each month a report detailing amounts expended for utilities and other expenses.
5. OPC shall provide each month copies of work orders indicating repairs made, when, and where if requested.
6. OPC shall submit an accident/incident report within two business days of occurrence of any accident, injury, or incident causing significant property damage or illegal entry at the Project.
7. OPC shall provide the following accounting reports each month:
  - Income Statement (MTD and YTD)
  - Balance Sheet
  - General Ledgers showing all transactions during the month
  - Accounts Receivable Report
  - Accounts Payable Report
  - Check Registers
  - Bank Statements

### III. ADDITIONAL SERVICES

If extraordinary events occur related to the property or a particular tenant which require staff time beyond reasonable standards which are not anticipated in the above scope of work, additional fees may be incurred based on the hourly rate schedule provided below. Also, special meetings with the Client or appearances before City, County, or other Regulatory Agency Council shall be billed hourly.

2013 Schedule of Hourly Rates Overland, Pacific & Cutler, Inc.	
Property Management	
Property Management Supervisor	\$150.00 per hour
Property Services Supervisor / Property Manager	\$115.00 per hour
Specialized Labor / GC / Plumber / Electrician	\$105.00 per hour*
Equipment Operator	\$73.00 per hour*
Landscape / Crew Leader	\$40.00 per hour*
* Prevailing Wage Compliant	
Project Support / Administrative	
Project Support Specialist	\$75.00 per hour
Administrative Assistant	\$40.00 per hour

**BILLING TERMS:**

OPC considers local travel/mileage, photocopying, first class postage, telephone, facsimile, and mobile communication charges a normal part of doing business and such costs are included in the stated hourly rates. Out-of-pocket expenses including pre-approved travel and lodging, outside exhibit preparation, requested overnight courier or registered and/or certified mail (return receipt requested) charges, and specialty reproduction (unless otherwise specified) are in addition to the contract amount and will be charged at cost plus ten percent (+10%) for administration, coordination, and handling. Subcontracted services, other than those listed above, will be invoiced at cost plus ten percent (+10%).

In the event OPC is required to perform any act in relation to litigation arising out of any project with the Client (for example, expert consulting, responding to a complaint, or proceeding with discovery and trial), such services are not part of this contract, nor are they part of our normal fees. If required, these types of services will be invoiced at two times the regular hourly rates.

In the event this contract extends twelve (12) months beyond the initial date of execution, the hourly rates and any remaining amount in the contract shall be adjusted upwardly by five percent (5%) per annum, compounded annually, on the anniversary date of this contract.

Written communication services in other languages would be an additional cost and would be billed separately based on quoted hourly rates by independent translation services. Verbal communication in Spanish, if necessary, will be included at no additional charge.

OPC will submit monthly invoices for the professional and trade services rendered based on the hourly rate schedule provided above. The client shall promptly pay the uncontested amount due within no more than thirty (30) days after receipt of invoice. Upon completion of services, the remaining unbilled amount of the project balance shall become immediately due and payable.

Property Management Costs - 1044 Maine\*

Lois Apartments QMC Real Estate			
Number of Units	Brokerage	Keyser Marston Estimate	Overland, Pacific & Cutler Proposal
Management and Administrative Expense	24	11	11
Estimate	28,415	12,395	11,880
Cost per Unit	1,184	1,127	1,080

\* This table assumes that Operating and Maintenance Expenses will be equal regardless of service provider.

3/13/2014

Q:\Accounting\Purchasing\RFPs\1044 Maine\Property Management Cost Reasonable Test.xlsx



TABLE 1

LOIS APARTMENTS OPERATING EXPENSES  
1044 MAINE PROJECT  
LONG BEACH, CALIFORNIA

		24 Units				11 Units
	Proposed Budget	Per Unit	Per Unit Per Month	As % of Total Expenses	Applicable to 1044 Main	1044 Main Project Estimate
I. Management Fee	\$14,965	\$624	\$52	13%	Yes	\$6,859
II. <u>Administrative Expenses</u>						
Other Renting Expenses	\$250	\$10	\$1	0%	Yes	\$115
Office Supplies	1,700	\$71	\$6	2%	No	0
Manager Salary	3,200	\$133	\$11	3%	No	0
Legal Expenses	900	\$38	\$3	1%	Yes	413
Bookkeeping Fees / Accounting Services	2,400	\$100	\$8	2%	Yes	1,100
Telephone & Answering Service	1,500	\$63	\$5	1%	Yes	688
Bad Debt Expense	3,500	\$146	\$12	3%	Yes	1,604
Total Administrative Expenses	\$13,450	\$560	\$47	12%		\$3,919
III. <u>Utility Expenses</u>						
Electricity	\$6,000	\$250	\$21	5%	Yes	\$2,750
Water	3,900	\$163	\$14	3%	Yes	1,788
Gas	2,400	\$100	\$8	2%	Yes	1,100
Sewer	650	\$27	\$2	1%	Yes	298
Total Utility Expenses	\$12,950	\$540	\$45	12%		\$5,935
IV. <u>Operating &amp; Maintenance Expenses</u>						
Janitor & Cleaning Supplies	\$350	\$15	\$1	0%	Yes	\$160
Janitor & Cleaning Contract	6,000	\$250	\$21	5%	Yes	2,750
Exterminating Payroll/Contract	775	\$32	\$3	1%	Yes	355
Garbage & Trash Removal	4,000	\$167	\$14	4%	Yes	1,833
Security Payroll/Contract	750	\$31	\$3	1%	Yes	344
Grounds Contract	3,250	\$135	\$11	3%	Yes	1,490
Repairs Material	2,800	\$117	\$10	2%	Yes	1,283
Repairs Contract	38,825	\$1,618	\$135	35%	Yes	17,795
Heating/Cooling Repairs & Maintenance	3,500	\$146	\$12	3%	Yes	1,604
Decorating Payroll/Contract	5,500	\$229	\$19	5%	No	0
Misc. Operating & Maintenance Expenses	1,000	\$42	\$3	1%	Yes	458
Total Operating & Maintenance Expenses	\$66,750	\$2,781	\$232	59%		\$28,073
V. <u>Taxes &amp; Insurance Expenses</u>						
Real Estate Taxes	\$0	\$0	\$0	0%	No	\$0
Payroll Taxes	0	\$0	\$0	0%	No	0
Misc. Taxes, Licenses & Permits	1,396	\$58	\$5	1%	Yes	640
Property & Liability Insurance (Hazard)	2,589	\$108	\$9	2%	Yes	1,187
Fidelity Bond Insurance	0	\$0	\$0	0%	Yes	0
Worker's Compensation	0	\$0	\$0	0%	No	0
Health Insurance / Other Employee Benefits	160	\$7	\$1	0%	No	0
Other Insurance	75	\$3	\$0	0%	Yes	34
Total Taxes & Insurance Expenses	\$4,220	\$176	\$15	4%		\$1,861
VI. Total Operating Expenses	\$112,335	\$4,681	\$390	100%		\$46,647

TABLE 2

**STABILIZED OPERATING BUDGET  
1044 MAINE PROJECT  
LONG BEACH, CALIFORNIA**

	<u>Gross Rent</u>	<u>Utility Allowance</u>	<u>Net Rent</u>
<b>I. <u>Rent Calculation</u></b>			
Low HOME - Studio Units	\$747	\$24	\$723
Low HOME - One-bedroom Units	\$801	\$35	\$766
<b>II. <u>Projected Rental Income</u></b>			
Low HOME - Studio Units	4 Units	\$723 /Unit/Month	\$34,704
Low HOME - One-bedroom Units	7 Units	\$766 /Unit/Month	64,344
<b>Gross Potential Rental Income</b>			<b>\$99,048</b>
Add: Miscellaneous Income	11 Units	\$5 /Unit/Month	660
<b>Gross Potential Income</b>			<b>\$99,708</b>
(Less) Vacancy & Collection Allowance	5% of Gross Potential Income		(4,985)
<b>Effective Gross Income</b>			<b>\$94,723</b>
<b>III. <u>Operating Expenses</u></b>			
Property Management Fee	11 Units	\$57 /Unit/Month	\$7,545
Administrative Expenses	11 Units	\$392 /Unit	4,311
Utility Expenses	11 Units	\$594 /Unit	6,529
Operating & Maintenance	11 Units	\$2,807 /Unit	30,880
Taxes & Insurance Expenses	11 Units	\$186 /Unit	2,047
Subtotal General Operating Expenses	11 Units	\$4,665 /Unit	\$51,312
Property Taxes	11 Units	\$0 /Unit	0
Social Services	11 Units	\$0 /Unit	0
Replacement Reserves	11 Units	\$300 /Unit	3,300
<b>Total Operating Expenses</b>	<b>11 Units</b>	<b>\$4,965 /Unit</b>	<b>\$54,612</b>
<b>IV. <u>Net Operating Income</u></b>			<b>\$40,111</b>
<b>V. General Operating Expense Increase for Limited Economies of Scale</b>			<b>10%</b>

TABLE 3

**STABILIZED OPERATING BUDGET - CONSERVATIVE**  
**1044 MAINE PROJECT**  
**LONG BEACH, CALIFORNIA**

		<u>Gross Rent</u>	<u>Utility Allowance</u>	<u>Net Rent</u>
I. <u>Rent Calculation</u>				
Low HOME - Studio Units		\$747	\$24	\$723
Low HOME - One-bedroom Units		\$801	\$35	\$766
II. <u>Projected Rental Income</u>				
Low HOME - Studio Units	4 Units		\$723 /Unit/Month	\$34,704
Low HOME - One-bedroom Units	7 Units		\$766 /Unit/Month	64,344
<b>Gross Potential Rental Income</b>				<b>\$99,048</b>
Add: Miscellaneous Income	11 Units		\$5 /Unit/Month	660
<b>Gross Potential Income</b>				<b>\$99,708</b>
(Less) Vacancy & Collection Allowance	10% of Gross Potential Income			(9,971)
<b>Effective Gross Income</b>				<b>\$89,737</b>
III. <u>Operating Expenses</u>				
Property Management Fee	11 Units		\$60 /Unit/Month	\$7,888
Administrative Expenses	11 Units		\$410 /Unit	4,507
Utility Expenses	11 Units		\$621 /Unit	6,826
Operating & Maintenance	11 Units		\$2,935 /Unit	32,284
Taxes & Insurance Expenses	11 Units		\$195 /Unit	2,140
Subtotal General Operating Expenses	11 Units		\$4,877 /Unit	\$53,644
Property Taxes	11 Units		\$0 /Unit	0
Social Services	11 Units		\$0 /Unit	0
Replacement Reserves	11 Units		\$300 /Unit	3,300
<b>Total Operating Expenses</b>	<b>11 Units</b>		<b>\$5,177 /Unit</b>	<b>\$56,944</b>
IV. <u>Net Operating Income</u>				<b>\$32,793</b>
V. General Operating Expense Increase for Limited Economies of Scale				15%