

**Travaux, Inc.**  
**2023 Work Plan & Operating Budget**  
December Board Meeting  
December 16, 2022



## **LIST OF ATTACHMENTS**

**Overview of Travaux**

**Organizational Chart**

**2023 Operating Budget Assumption**

**2023 Operating Budget**

**2023 Budgeted Revenue**

**Project Pipeline**

# Overview of Travaux, Inc.

*A Real Estate Provider with a Social Mission*

Founded by the Housing Authority of the City of Milwaukee (HACM) in 2015, **Travaux's** mission is to “serve as its real estate development arm for the purpose of developing, constructing, and managing a continuum of housing and mixed-used development options for the affordable and market rate real estate market.”

**Travaux's** social mission will be fulfilled in the following ways:

- Earning revenue that can be used to support HACM's resident programs.
- Developing and supporting real estate projects that provide social and environmental benefits.

## Four Key Lines of Business (LOB):

Real Estate Development, Real Estate Construction, Real Estate Finance Consulting, and Asset Management

### Potential Products

Real Estate Development	<p><b>Travaux</b> will provide holistic real estate development services which provide clients with an experienced and knowledgeable guide through the real estate development process, from site selection, to securing mixed-financing, and creating a potential exit strategy at the completion of the con-</p>	Market Rate Housing	Mixed Income Housing	Workforce Housing
		Transit Oriented Development	Student Housing	Community Facilities

Real Estate Construction

Both independently, and through strategic partnerships, **Travaux** will construct traditional, market rate, residential and mixed-use products, leveraging its expertise in developing affordable, senior, and supportive housing products to meet the growing needs of a diverse community.

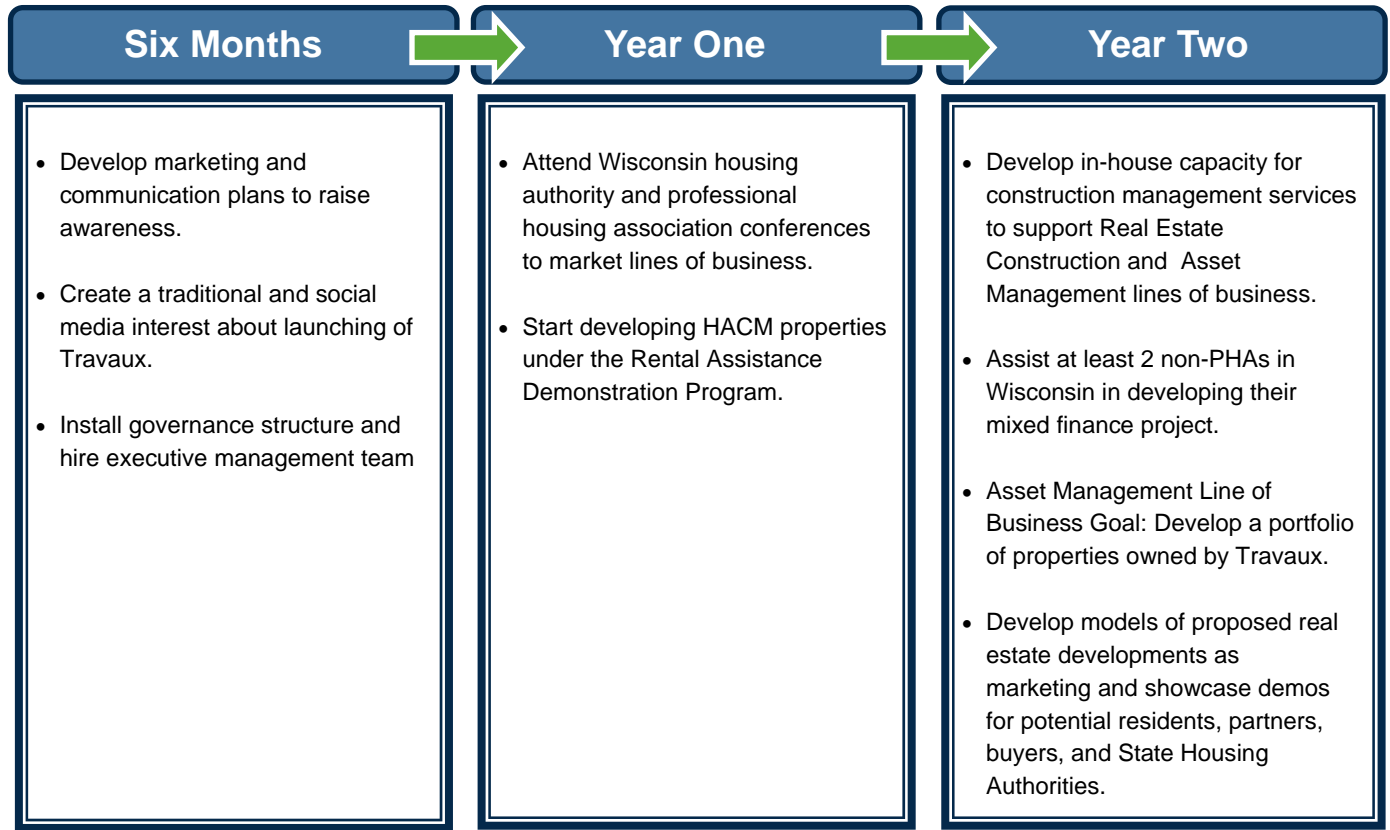
### Areas of Expertise

Real Estate Finance Consulting	<p><b>Travaux's</b> third LOB will serve to evaluate the financial feasibility of complex value added real estate investments. This includes speculative land, land development, and commercial and residential rehabilitation/development for all property types: offices, retail, multi-family and mixed-use.</p>	Low Income Housing Tax Credit (LIHTC)	New Market Tax Credits	Tax Increment Financing (TIF)
		Rental Assistance Demonstration (RAD)	Other	

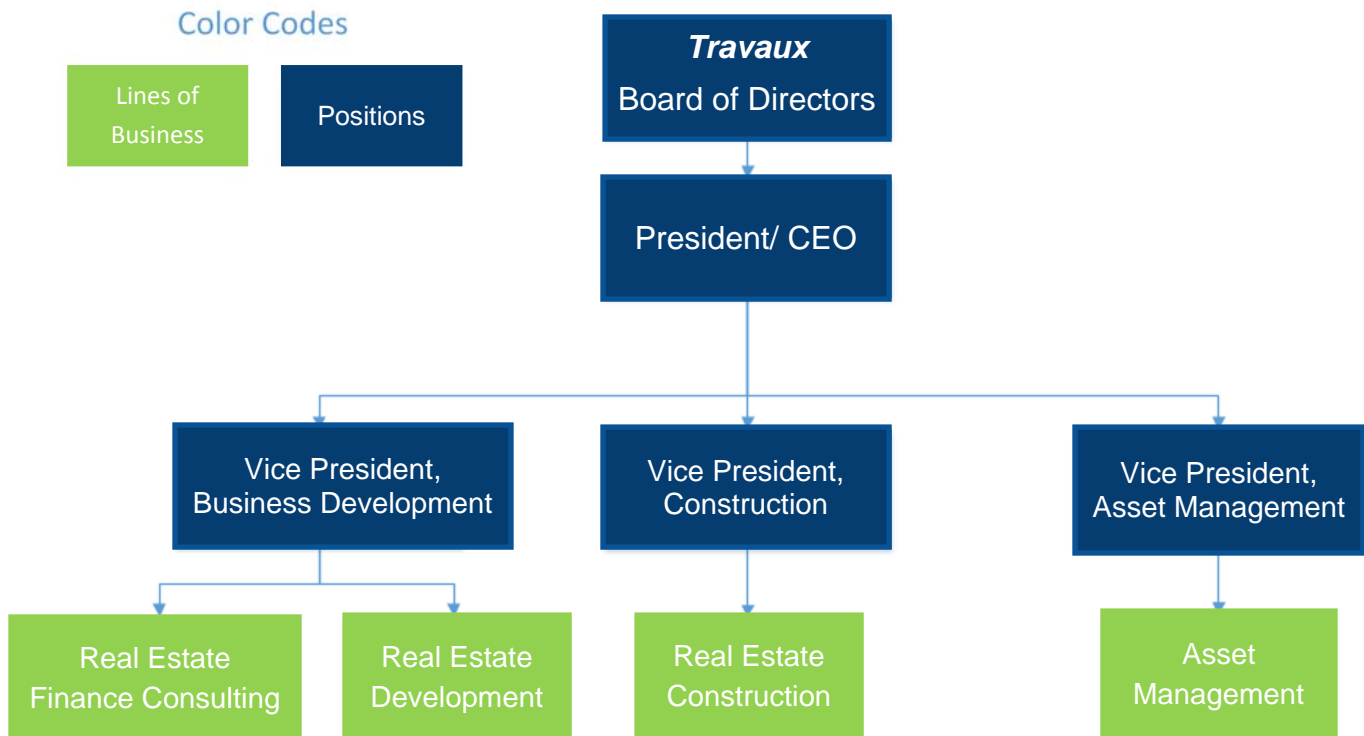
Asset Management

**Travaux** will leverage HACM's experience in managing large numbers of units, scattered sites, and diverse funding streams to effectively manage strategic needs for established portfolios. **Travaux's** Asset Management will extend quality services to all real estate owners in and around the City of Milwaukee and can augment HACM's property management services.

## Travaux's Two-Year Plan



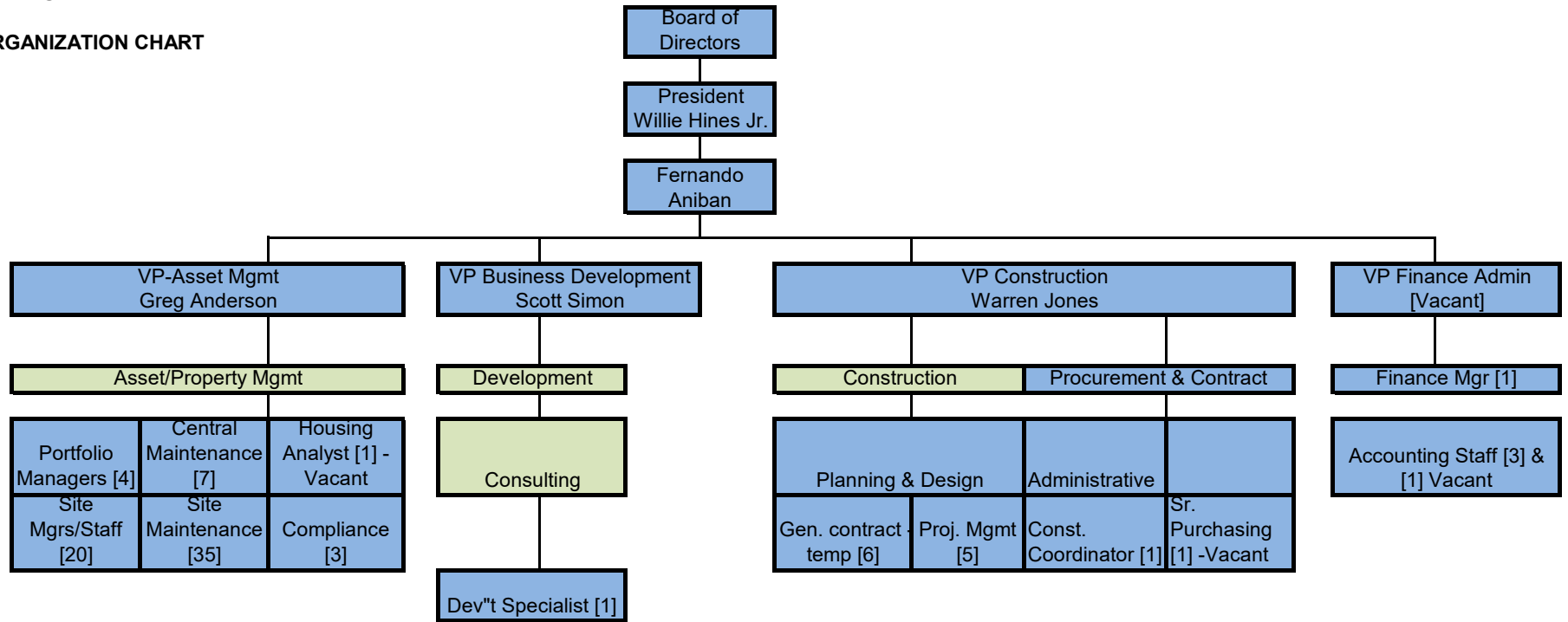
## Proposed Organizational Chart and Lines of Business





TRAVAUX

ORGANIZATION CHART



Color Codes:

Line of Business
Position or Function

[#] = No. of Employees

**Summary: Regular Employees only**

Fin/admin/Procurement	11
Property Management	69 [52 Employees are directly charged to the Projects]
Construction	14
Development	2
<b>Total</b>	<b>96</b>



## **Operating Budget Assumptions CY 2023**

1. Under the existing Cooperation Agreement between Travaux and HACM, Travaux is providing employees to HACM to manage some of its Public Housing developments, all of its Market Rate developments and Low Income Housing Tax Credit (LIHTC) developments. Employees cost assigned to these developments are directly charged to the project and is not presented as part of Travaux Operating Budget. Travaux earns fee in managing the LIHTC developments.
2. Salary increase budgeted at 3% of total salaries. Individual increases are based on performance per Performance Management & Appraisal System; bonus and incentives are not included in budget.
3. Benefits calculated at 40% of salaries
4. Development fees earned on HACM projects are split 30:70 [30% Travaux]
5. Two [2] direct HACM employees are currently supervise and assigned under Travaux. Their costs are carried under HACM budget, not Travaux.
6. Construction Fees assumed at 12% of Construction cost before GP,OH, GR [5%; 2%; 5%]

Travaux, Inc.  
Operating Budget  
FY2019



**OPERATING BUDGET  
2023**

	2023 Total Consolidated	Corporate	Development	Construction	Prop. Mgmt
<b>REVENUES</b>					
Operating Revenue	32,027,732		1,143,263	30,884,469	
Project Management fee	736,109			0	736,109
Other Income-Accounting Fees	157,095	157,095			
Other Income-Interest Income	150	150			
Other Income-Miscellaneous	1,500	1,500			
<b>Total Revenue</b>	<b>32,922,586</b>	<b>158,745</b>	<b>1,143,263</b>	<b>30,884,469</b>	<b>736,109</b>
<b>DIRECT COST</b>					
Salaries & Benefits	0		0		
Material	0				
Subcontracts	27,784,563			27,784,563	
Fees	0				
<b>Total Direct Cost</b>	<b>27,784,563</b>	<b>0</b>	<b>0</b>	<b>27,784,563</b>	<b>0</b>
<b>OPERATING GROSS PROFIT</b>					
	<b>5,138,024</b>	<b>158,745</b>	<b>1,143,263</b>	<b>3,099,906</b>	<b>736,109</b>
<b>INDIRECT EXPENSES</b>					
Site Management Salaries	495,423			495,423	
Site Management Benefits	198,169			198,169	
Small Tools & Supplies	0			0	
Shop Labor	0				
Shop Labor - Employee Benefits	0				
Outside Repairs	10,000			10,000	
Depreciation Expense	0				
Insurance, Taxes, Licenses	473,484			473,484	
Other General Requirements	685,636			685,636	
<b>Total Indirect Expenses</b>	<b>1,862,712</b>	<b>0</b>	<b>0</b>	<b>1,862,712</b>	<b>0</b>
<b>ADMINISTRATIVE</b>					
Administrative salaries	1,297,335	696,058	208,412	260,440	132,426
Employee Bens. - Admin.	518,934	278,423	83,365	104,176	52,970
Training & Conferences	10,750	10,000		750	
Travel - convention	4,000	3,000		1,000	
Communications	23,900	23,900	0		0
Legal Fees	18,000	18,000			
Accounting Fees	3,000	3,000			
Insurance	462,362	462,362			
Janitorial	11,000	10,000		1,000	
Other Contracts	275,000	275,000			
Development Consulting	0		0		
Computer Supplies and Service	500	500			
Office supplies	7,000	7,000			
Sundry	75,200	66,200	0	9,000	0
<b>Total ADMINISTRATIVE</b>	<b>2,706,981</b>	<b>1,853,443</b>	<b>291,776</b>	<b>376,366</b>	<b>185,396</b>
<b>MAINTENANCE</b>					
Automotive Parts & Fuel	0			0	0
Hardware supplies	1,750	750		1,000	
Vehicle repairs contractor	9,000	9,000			0
<b>TOTAL MAINTENANCE SUPPLIES</b>	<b>10,750</b>	<b>9,750</b>	<b>0</b>	<b>1,000</b>	<b>0</b>
<b>TOTAL OPERATING EXPENSES</b>					
	<b>4,580,443</b>	<b>1,863,193</b>	<b>291,776</b>	<b>2,240,078</b>	<b>185,396</b>
<b>NET INCOME</b>					
	<b>557,580</b>	<b>-1,704,448</b>	<b>851,487</b>	<b>859,829</b>	<b>550,713</b>
<b>SUNDRY</b>					
Miscellaneous	5,500	0		5,500	
Equipment repair	2,000	0		2,000	
Advertising	2,500	2,500	0		
Membership dues	0	0			
Bank charges/trustee fees	3,000	3,000			
Postage	2,000	2,000			
Dues & Subscriptions	2,700	2,700			
Printing	2,500	1,000	0	1,500	
Uniforms	5,000	5,000			0
Software	50,000	50,000			0
<b>TOTAL SUNDRY</b>	<b>75,200</b>	<b>66,200</b>	<b>0</b>	<b>9,000</b>	<b>0</b>







**HACM -WESTLAWN - CNI**

2023 Figures

*Phase 4A [WR V]*

Total Development Cost	\$16,323,987
Construction Cost	\$11,150,000
Projected Construction Fees	\$850,000

*Phase 4C [WR VII]*

Total Development Cost	\$48,476,313
Construction Cost	\$29,125,300
Projected Construction Fees	\$3,495,035

*Phase 5 - Market Rate Rental*

Total Development Cost	\$34,897,500
Construction Cost	\$31,725,000
Projected Construction Fees	\$3,399,107

*Phase 6 - Market Rate Home Ownership*

Total Development Cost	\$16,500,000
Construction Cost	\$15,000,000
Projected Construction Fees	\$1,607,143

**HACM -RAD CONVERSION**

*Townhomes at Carver*

Total Development Cost	\$24,468,872
Rehab Cost	\$7,133,033
Projected Construction Fees	\$855,963

*Highland Gardens*

Total Development Cost	\$18,300,000
Rehab Cost	\$5,900,000
Projected Construction Fees	\$632,143

*Cherry Court*

Total Development Cost	
Rehab Cost	
Projected Construction Fees	

*Hillside Terrace - on Hold*

*River View*

*Arlington Court*

*Locust Court*

**HACM- OTHER PROJECTS**

*Convent Hill Lot - on Hold*

*Cyber School-YMCA @ Parklawn*

*Highland Homes - Home Ownership Proj*

	2021				2022				2023				2024				2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<i>Phase 4A [WR V]</i>				■	■	■	■	■	■	■	■	■	■	■	■	■				
<i>Phase 4C [WR VII]</i>				■	■	■	■	■	■	■	■	■	■	■	■	■				
<i>Phase 5 - Market Rate Rental</i>					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
<i>Phase 6 - Market Rate Home Ownership</i>					■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
<i>Townhomes at Carver</i>				■	■	■	■	■	■	■	■	■	■	■	■	■				
<i>Highland Gardens</i>				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
<i>Cherry Court</i>								■	■	■	■	■	■	■	■	■	■	■	■	■
<i>Hillside Terrace - on Hold</i>	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
<i>River View</i>																				
<i>Arlington Court</i>																				
<i>Locust Court</i>																				
<i>Convent Hill Lot - on Hold</i>	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
<i>Cyber School-YMCA @ Parklawn</i>																				
<i>Highland Homes - Home Ownership Proj</i>																				

**PROJECT STAGE/STATUS**

- PRE-DEVELOPMENT
- PRE-CONSTRUCTION
- CONSTRUCTION



<b>Estd. Total Construction Contract</b>	<b>\$100,033,333</b>	<b>\$0</b>
<b>Estd. Construction Fees</b>	<b>\$10,839,391</b>	<b>\$0</b>