



## MEMORANDUM

**TO:** Members of the Board of Directors  
**FROM:** Bruce Steadman  
Executive Director  
**DATE:** December 12, 2012  
**SUBJECT:** Draft 2013 Consolidated Fiscal Plan

The draft 2013 Consolidated Fiscal Plan, consisting of the draft 2013 Operating Plan, and draft 2013 Economic Development Conveyance (EDC) Plan is enclosed for your review and discussion.

### 2013 Plan Highlights

- Consolidated Net Operating Earnings projected to exceed \$3.2 million dollars
- 2013 Operating and EDC Plan expenses lower than 2012's Plan
- Favorable Operating and EDC Plan budget variances for 2012

The 2013 Consolidated Fiscal Plan financially depicts the change in the Authority's operations as it continues the transition from the negotiation of the Phase 1 EDC to the implementation of the approved Phase 1 EDC Agreement. This year's plan includes: an EDC Plan, representing the projected 2013 financial activity under the approved EDC Agreement; and, an Operating Plan which represents the ninety percent (90%) funding of qualified expenses received through the Office of Economic Adjustment (OEA) and the requisite ten percent (10%) local match, provided by the State of New Jersey through the appropriation process. With the approval of the Phase 1 EDC Agreement certain administrative expenses not reimbursable under the terms of the federal grant are now classified under the EDC Plan, thus reducing the Authority's 2012 Operating deficit.

The Consolidated Fiscal Plan supports the FMERA Mission to *create an atmosphere in which employers will employ and investors will invest, to maximize the jobs created and the value of the property*, expanding the Authority's sources of funding while continuing controlling costs and directing spending to maximize the benefits derived.

The draft Consolidated Plan's Net Operating Earnings of \$3,253,430 results from the sale of two and the lease of one Phase 1 parcels during 2013. The Phase 1 EDC Agreement was approved later in 2012 than projected in 2012 Plan, accordingly property transfers and sales have been delayed and the actual 2012 EDC activity is well below

the 2012 Plan. The 2013 draft EDC Plan property sales of \$8,600,000 is based on the negotiated sales currently in place: Parcel E and the Clinic. While other Phase 1 parcels, such as Howard Commons, are expected to be transferred and sold in 2013, the projected sales transaction is not included in the Plan at this time as the appraisal of the parcel has yet to be completed. Accordingly, 2013 Land Costs of \$3,882,146 are significantly lower than the \$14,450,000 in the 2012 Plan.

Lease/Fee Income of \$85,000 represents amounts received under the Golf Course Operating Agreement. The 2013 Plan projects income payments received from the Golf Course Operator to be comparable to the 2012 amount of \$85,000. It is the Authority's intention to issue a Request for Offers to Purchase the Golf Course and adjacent Megill housing in the next 30 days, subject to its possible use as storm related housing.

The 2013 FMERA draft Operating Plan's total expenses and costs of \$2,410,842 will be funded by federal grants of \$2,169,758 through the Office of Economic Adjustment, and the local match requirement of \$241,084, and are under the 2012 Plan's level of \$2,845,534. This is due to lower 2013 General and Administrative Expenses in relation to the increase in the 2013 Plan's Direct Office Support (for FMERA dedicated staff), as well as lower Program Costs. The decrease in 2013 General and Administrative Expenses to \$141,110, is due to the relocation of the FMERA office to the Fort in 2012, and with the approval of the EDC Agreement the reclassification of Back Office Support Services to an expense under the 2013 EDC Plan.

The 2012 Plan called for the staff to be augmented by the staggered hiring of 3 additional staff members during the course of the fiscal year. Actual 2012 staffing level was 8 with the addition of 1 staff member during the 2<sup>nd</sup> half of the year for a total of 9 at the end of 2012. As a result, the Projected Actual Direct Office Support is under the 2012 Plan.

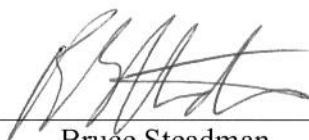
The 2013 Consolidated Program Costs of \$2,409,266 are under the 2012 Plan. This is due to project management of the Operating Plan's environmental consulting services contract and timing differences, as the fit-out of the Authority's offices on the Fort has been slower than projected. The 2013 increase in the Operating Plan's Program Costs to \$1,014,200 reflects the Authority's transition to implementation of the Phase 1 EDC Agreement while continuing to move forward with Phase 2 EDC negotiations with the Army. Accordingly, in 2013 legal expenses are projected to increase as are the environmental consulting costs. The 2013 EDC Plan's Program Costs amount to \$1,395,066 down from 2012's \$2,913,555 due to no broker commissions being assessed on the Parcel E and Clinic property sales, as these transactions predate the engagement of the Broker.

The Authority's Audit Committee has reviewed the 2013 consolidated financial plan and recommends it to the Board of Directors for final review and approval

Recommendation

Based on the above, the Board is asked to approve the attached draft 2013 Consolidated Plan.

The Board is also requested to approve authorizing the Executive Director to submit grant requests and any other necessary documentation, to the Office of Economic Adjustment for federal funds in an amount not to exceed \$2,169,758.

A handwritten signature in black ink, appearing to read 'B. Steadman', is written over a horizontal line.

Bruce Steadman

ATTACHMENT

Prepared by: Beverlee Akerblom

Fort Monmouth Economic Revitalization Authority  
 2013 Consolidated Fiscal Plan

2013

	Operating Plan	EDC Plan	Consolidated Plan
<b>Operating Revenue</b>			
Federal Grant	2,169,758	-	2,169,758
Property Sales	-	8,600,000	8,600,000
Lease/Fee Income	-	85,000	85,000
<b>Total Operating Revenue</b>	<b>2,169,758</b>	<b>8,685,000</b>	<b>10,854,758</b>
<b>Non Operating Revenue</b>			
Local Match Requirement	241,084	-	241,084
Interest from Cash Investments	200	1,500	1,700
<b>Total Non Operating Revenue</b>	<b>241,284</b>	<b>1,500</b>	<b>242,784</b>
<b>Total Revenue</b>	<b>2,411,042</b>	<b>8,686,500</b>	<b>11,097,542</b>
<b>Administrative Expenses</b>			
Direct Office Support	1,255,532	15,068	1,270,600
General and Administrative	141,110	109,580	250,690
<b>Total Administrative Expenses</b>	<b>1,396,642</b>	<b>124,648</b>	<b>1,521,290</b>
<b>Costs</b>			
Interest	-	31,410	31,410
Land Costs (payments to Army and Homeless Accommodation Fund)	-	3,882,146	3,882,146
Program Costs	1,014,200	1,395,066	2,409,266
<b>Total Costs</b>	<b>1,014,200</b>	<b>5,308,622</b>	<b>6,322,822</b>
<b>Total Expenses &amp; Costs</b>	<b>2,410,842</b>	<b>5,433,270</b>	<b>7,844,112</b>
<b>Net Operating Earning</b>	<b>200</b>	<b>3,253,230</b>	<b>3,253,430</b>