

APPENDICES

Appendix A: Alternatives Feasibility Study

MONAHAN PARKER

1101 5th Avenue, Suite 300
San Rafael, CA 94901

2nd & B Street

ENVIRONMENTAL IMPACT REPORT ALTERNATIVES FEASIBILITY STUDY

March 10, 2015

Rev 1: May 14, 2015

Per City Response Comments April 22, 2015

2nd & B Street

ENVIRONMENTAL IMPACT REPORT
ALTERNATIVES FEASIBILITY STUDY

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Rev 1: May 14, 2015

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Revised Response Letter 4-28-2015

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MONAHAN PARKER INC.

1101 5th Ave Suite 300
San Rafael CA 94901

March 10, 2015

Steve Stafford
City of San Rafael
Community Development Department
1400 Fifth Ave. – PO Box 151560
San Rafael CA 94915 – 1560

RE: 815 B Street EIR – Revised Project Alternatives

Dear Steve,

This letter is in response to the City's requested EIR alternatives for the 815 B Street project as outlined in the Newman Planning Associates letter dated October 30, 2014. There are four project alternatives requested by the City, noted as Alternatives 1-4, as well as an additional. 5th Alternative, noted as the applicant's Alternative for an office building use at the project site:

Alternatives:

1. Preservation On-Site/Reduced Project;
2. Preservation Off-Site/Project Design as Proposed;
3. Adaptive Reuse;
4. No Project;
5. Office Building Alternative (applicant alternative).

This letter includes Monahan Parker's evaluation of the five Project Alternatives. The City provided a list of Project Alternatives in late October 2014. However, we were unable to analyze the Alternatives until January 9, 2015 when we received the City's list of off site relocation properties associated with the Off-Site Alternative. From January 2015 to March 2015 we analyzed the five various Project Alternatives.

Our analysis of the aforementioned Alternatives has produced the following conclusions:

Alternative 1- On-Site Preservation:

On site preservation of the two structures (1212 & 1214 2nd St.) created a condition where the proposed building footprint was reduced by 19,881 square feet. This reduction to the building footprint resulted in a loss of 21 parking spaces and 14 units. This reduction to the building size and unit count resulted in a reduction in rental income and construction costs. This reduction to the rental income greatly outweighs the reduction to the development and construction costs associated with this project. We assumed as part of the conditions of approval, the City would

likely require that this project rehabilitate the two Victorian era structures. There is extensive work necessary to rehabilitate the two dilapidated structures which also has high costs associated with it. The unit at 1212- 2nd Street has suffered from fire and has been vacant for the past few years, where its condition has continued to deteriorate from exposure to the elements. The cost associated with rehabilitating these two structures far exceeds their market resale value resulting in a loss to the proposed project, rendering it un-financeable and failing to meet the project objectives.

Alternative 2- Off-Site Preservation:

The analysis for this Alternative is extremely speculative and fraught with issues that make this alternative unlikely, if not impossible. First, the four properties listed by the City as potential off site relocation properties are not for sale nor have we received any indication from the property owners that they have any interest in selling after many attempts to contact in regards to the possibility of the purchase. Relocation of the two 2nd street structures is contingent on City re-zoning approval, avoiding appeals by the neighborhood, and obtaining City Planning & Building approval for the relocation & rehabilitation of the two structures. The cost to acquire the parcels (if they were available), combined with the cost to relocate, retrofit, & rehabilitate the residences, results in this option not being financially feasible. The numerous quantifiable and unquantifiable time and cost impacts of this Alternative make this assessment conceptual at best. Additionally, the marginal profitability of the proposed project is so minimal that the cost associated with the relocation alternative renders the project un-financeable. The cost required to complete the offsite relocation of the two properties renders this Alternative infeasible.

Alternative 3- Adaptive Re-Use:

The San Rafael Design Review Board (DRB) diligently studied the architecture of the proposed building. Over the past several years multiple project designs were proposed and modified at DRB's request to modify the architecture in effort to have the project's design, size, and architectural elements incorporated into the historical context of the neighborhood. The most recent project design is the result of these multiple design changes integrating historical elements into the overall building design and historical context of the neighborhood. This design was ultimately approved by DRB on August 5th 2014. After multiple meetings with our award winning architect Rick Strauss of FME – Architects, it was determined that Adaptive Reuse of the existing structures at 1212 & 1214 2nd street would not integrate into the current approved building design or the character of the neighborhood. The result of the adaptive reuse alternative would ultimately result in a contrived, un-aesthetically pleasing building design, which would not do justice to the proposed project, nor fit the historical context of the neighborhood or structures at 1212 & 1214 2nd Street. In conclusion, this Alternative does not meet the applicant's, nor the City's project goals.

Alternative 4- No Project.

The result of this alternative will result in no project being built. If this alternative is pursued, no development will happen at the Proposed Project site. No economic stimulus will be brought to this struggling area of Downtown San Rafael. The aged building will remain at 815 B Street, the parking lot will remain and will continue to be a locale for transient inhabitation and drug usage. The two Victorian structures shall remain on site without any improvements. The 1212 2nd street structure will continue to deteriorate and shall remain uninhabitable. In conclusion, this alternative does not fulfill the applicants project goals, nor the goals of the City.

Alternative 5- Office Development:

Although the proposed mixed-use residential & retail project is what has been applied for and is what the project applicant desires, the applicant has requested that an office development alternative be included in the EIR review process. The office use is in accordance with the planning and zoning requirements for this site, and provides economic benefit to the City and the applicant. The height, density, and zoning of the office use at this site conforms to the City standards and the project objectives. We request the office use for a project of comparable size, scale and density as the proposed project be included as a viable project alternative for the purposes of this EIR alternatives review. In conclusion, this is a viable Alternative to the Proposed Project.

Summary:

The 815 B Street Project is a small 41 residential unit project which is designed to provide housing to the San Rafael Downtown areas on a city block that has many challenging aspects associated with it. We believe that the project as proposed will provide the City with the opportunity to redevelop a blighted area of downtown, enhance the overall safety and quality of life in the neighborhood. We feel the proposed project will provide an economic benefit to the City and Community, which will enhance a 24-hour neighborhood in the downtown area. Due to its challenging neighborhood location and high development costs, the economics of the proposed project barely meet the criteria for financing. Any further significant costs impacts to the project make it economically infeasible from a development standpoint. We ask the City to make the determination of "over riding consideration" for the benefits of this project outweighing any potential drawbacks.

Sincerely,

Robin Miller

PROJECT INFORMATION

			MAIN AS OCCUPIED	OFFICE BUILDING ALTERNATIVE
SITE AREA	4- Parcels	SF	23,614	23,614
MAXIMUM BUILDING HEIGHT				42'-0"
PROPOSED BUILDING HEIGHT				42'-0"
MAXIMUM DENSITY ALLOWED		UNITS		41
DENSITY PROPOSED		UNITS		30
SQUARE FOOTAGE				
Retail		SF		1,939
Garage		SF		20,000
Residential Gross	(37,566 SF Net)	SF		47,775
TOTAL		SF		69,714
PARKING REQUIRED		Spaces		47
PARKING PROPOSED		Spaces		48

COSTS

LAND		3,000,000		\$	3,000,000
SOFT COSTS	(A&E, Insurance, City Fees, taxes, mar)			\$	2,250,000
BUILDING COSTS					
	QTY	UNIT P			
Garage	20,000 SF	\$	Garage 20,000SF @ \$88/SF	\$	1,760,000
Retail	1,940 SF	\$	Lobby 3,500 SF	\$	525,000
Residential	47,775 SF	\$	Office 31,000 SF @ \$200/SF	\$	6,200,000
Sitework	23,614 SF	\$	TI Costs 31,000 SF @ \$75/SF	\$	2,325,000
Demolition	8,000 SF	\$			
Contingency	10 %				
TOTAL				\$	10,810,000
FINANCING AMOUNT	75% of Project			\$	12,045,000.00
FINANCING COST	9% for 24 months			\$	2,168,100
RESTORATION COST (2) VICTORIANS					
RELOCATION LAND COST					
RELOCATION COST (2) VICTORIANS					
RELOCATION SOFT COSTS					
Operating Deficit for 1214 2nd Rental (13yrs)			81,813		
TOTAL PROJECT COSTS			3,081,813	\$	18,228,100

ALTERNATIVE #1
EXISTING RESIDENTIAL
STRUCTURES REMAIN IN PLACE

1. PRESERVATION ON SITE ALTERNATIVE

This Alternative evaluates keeping the two existing buildings on site, retrofitting each residence to habitable standards, and reducing the size of the new proposed project. In order to do so, the proposed building plans were adjusted as shown on the attached floor plans. The following adjustments would be necessary to allow for the existing buildings at 1212 & 1214 Second St to remain on site. The reduced building footprint decreases the proposed parking from 48 to 27 spaces; a loss of 21 spaces, which results in a 44% reduction in overall parking for the project. The reduced building footprint results in a decreased unit count from 41 to 27; a loss of 14 units, which is a 34% reduction to the overall unit count for the project, and removes approximately 15,000 SF of interior space. See Exhibit #1 A-H attached.

This Alternative is not feasible from an economic perspective. The proposed project is structured as a rental property, and residences at 1212 & 1214 2nd Street would be sold at market rate (approx. \$1,135,000) after over approximately \$1.2M of improvements will have been completed. This calculation assumes the added garage at 1214 would be removed. The two residences were acquired by Monahan Parker for approximately \$968,000 back in 2002. Attached is a copy of the project summary proforma and a comparative proforma that shows the economic differences of Alternative 1 to the project as proposed. The proposed project is marginally economically viable as shown on the baseline financial analysis, See Exhibit #3. The Proposed Project has an estimated profit of \$1,620,011, while the altered project scope as result of On-Site Preservation has an estimated loss of \$4,271,828. The project sponsors will look to long-term appreciation to justify the minimal profitability of the proposed project. See attached Exhibit #2 for rent roll and estimated project value. The extremely poor condition of the two Victorian homes is shown in attached site photos under Exhibit #5, and is reflected in our cost estimate to rehabilitate the residences as shown in Exhibit #4.

Conclusion: The loss of 34% of the proposed rentable units creates a condition where the project is not economically viable. The loss of units for the Proposed Project, in addition to the funds lost

from the transaction of the restored single-family homes, is too much for this project to bear and causes the project to fail to meet the Project Goals and Objectives.

The following is a list of attached information that supports the our evaluation of the Preservation On Site Alternative:

1. Onsite Alternative - Project Floor Plans and Elevation study. [Exhibit #1].
2. Proposed Project vs. Onsite Preservation Rent Roll [Exhibit #2].
3. Project Summary Proforma as Proposed, with Alternative Impact Evaluation [Exhibit #3].
4. Cost summary for rehabilitation of residences and projected sales amount at 1212 & 1214 2nd Street [Exhibit #4].
5. Images of residences at 1212 & 1214 2nd Street [Exhibit #5].

**SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION
BUILDING FOOT PRINT AS PROPOSED**

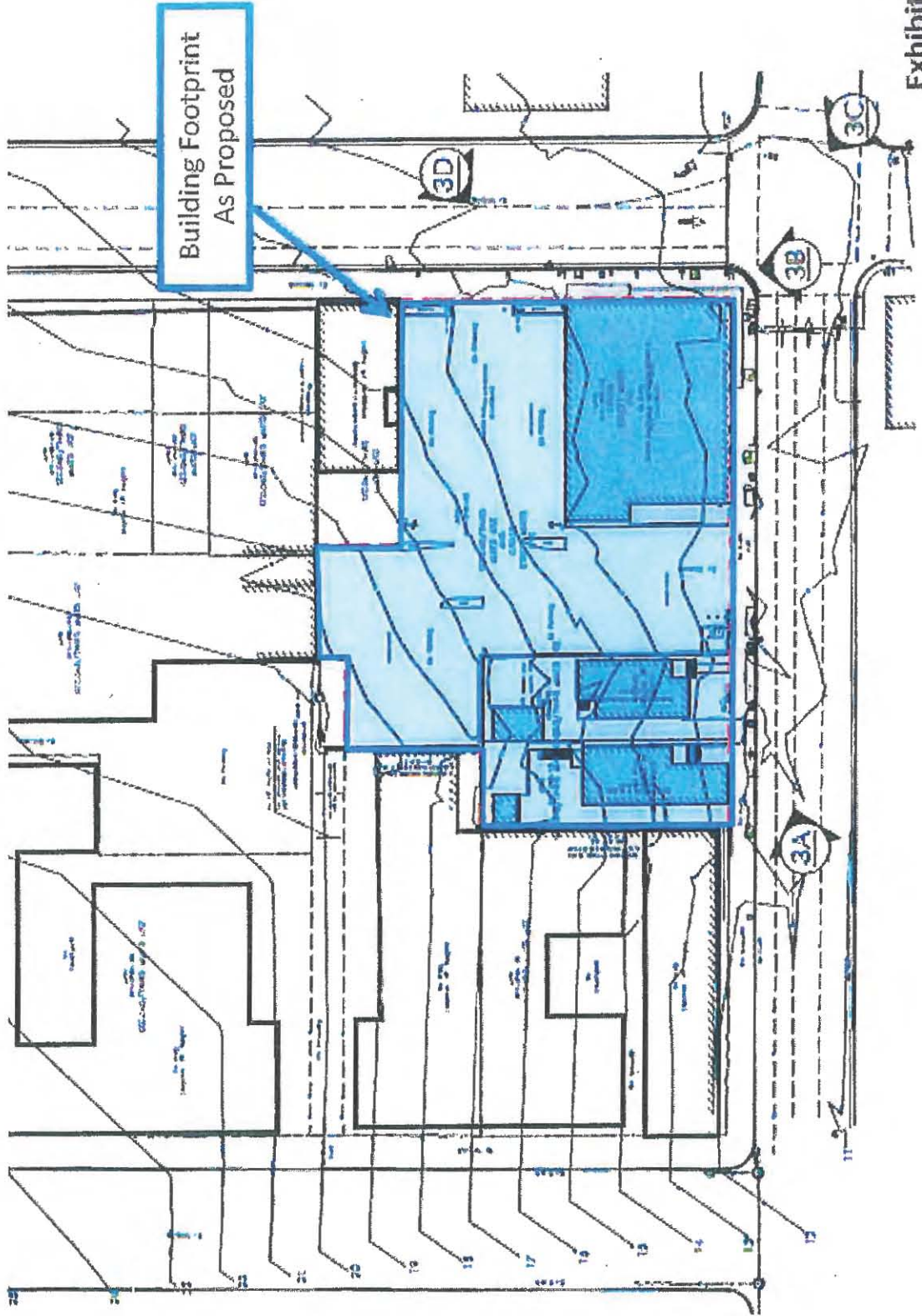


Exhibit #1 -A

**SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION
PRESERVATION OF BOTH BUILDINGS**

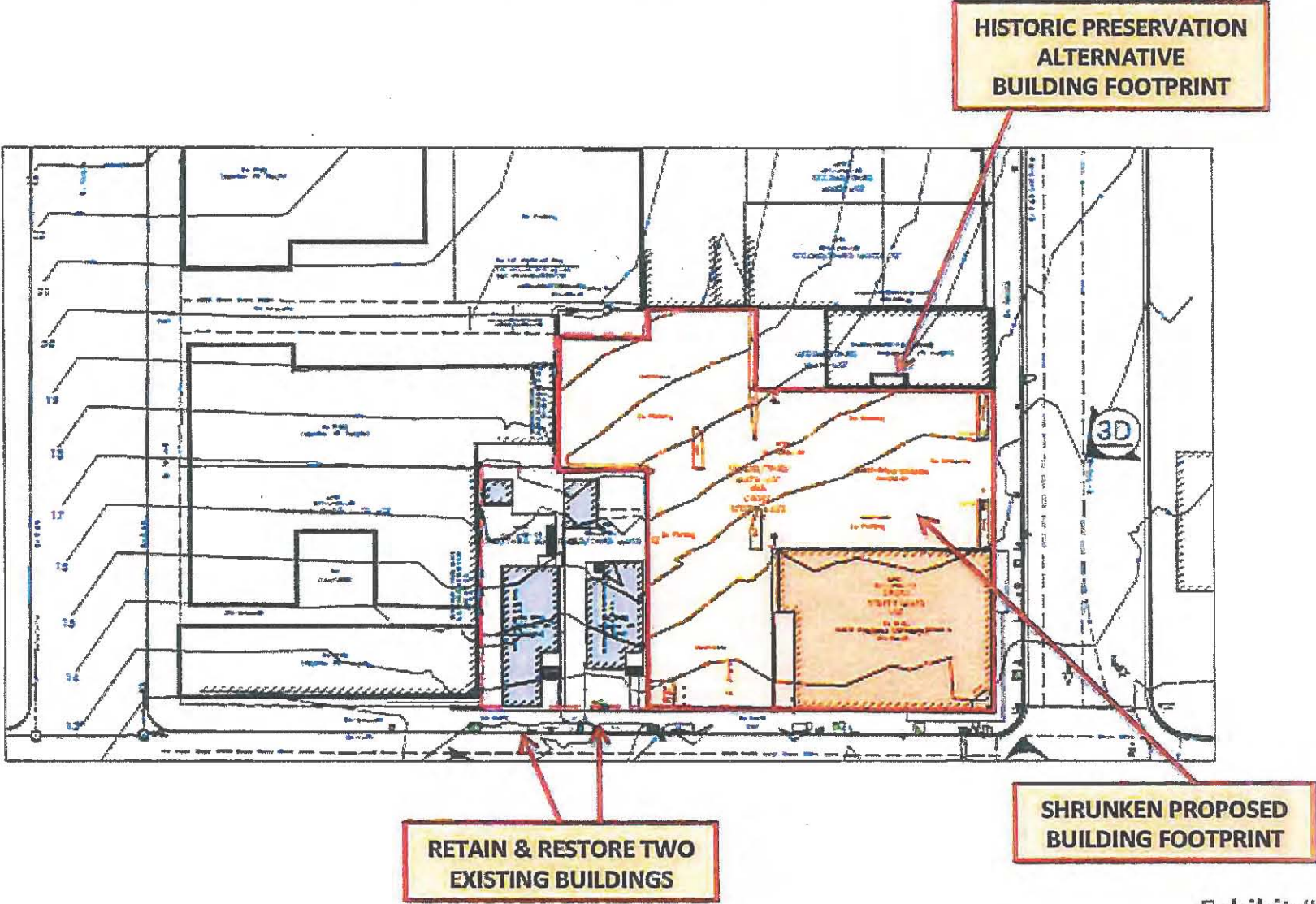


Exhibit #1 -B

SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION
IMPACTS AT GARAGE LEVEL
LOSS OF 21 PARKING SPACES & MECHANICAL ROOM. RELOCATION OF STAIRWAY/EGRESS

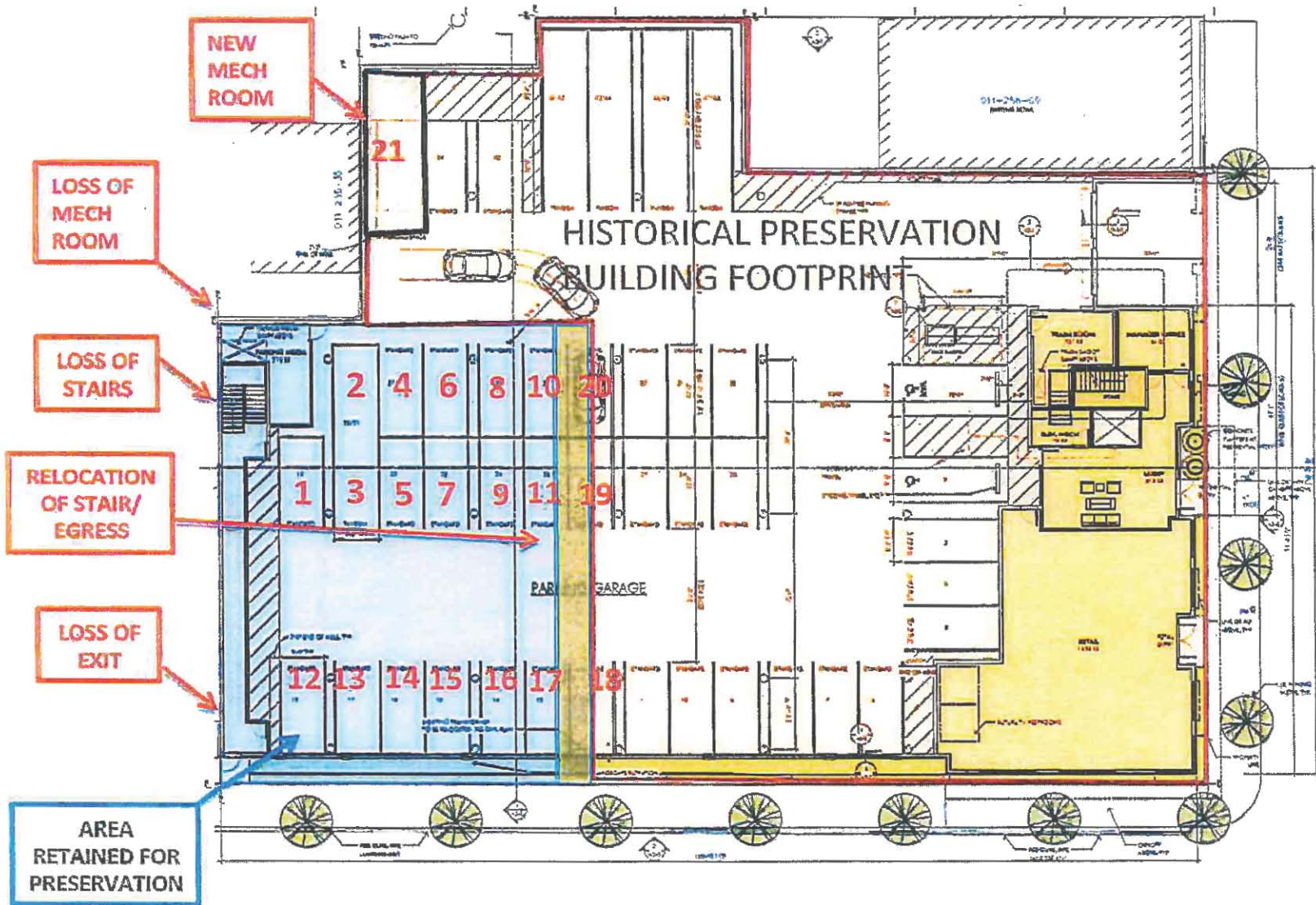


Exhibit #1 -C

**SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION
IMPACTS AT 2nd LEVEL**

LOSS OF (1) TWO-BEDROOM UNIT, (4) ONE-BEDROOM UNITS, & COORIDORS & EXITS STAIRS

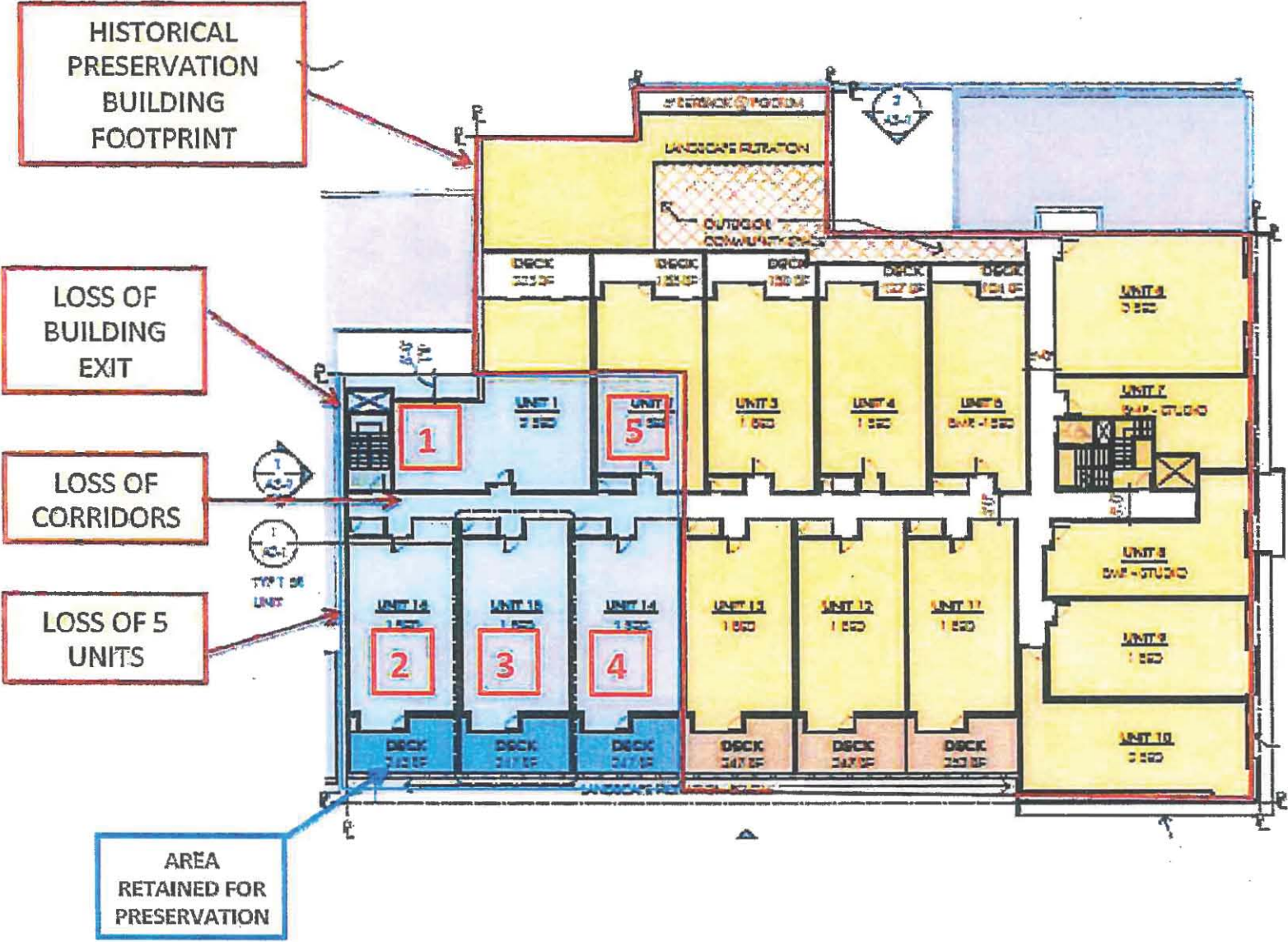


Exhibit #1 -D

**SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION
IMPACTS AT 3rd LEVEL
LOSS OF (1) TWO-BEDROOM UNIT, (4) ONE-BEDROOM UNITS, COORIDORS, & EXITS STAIR**

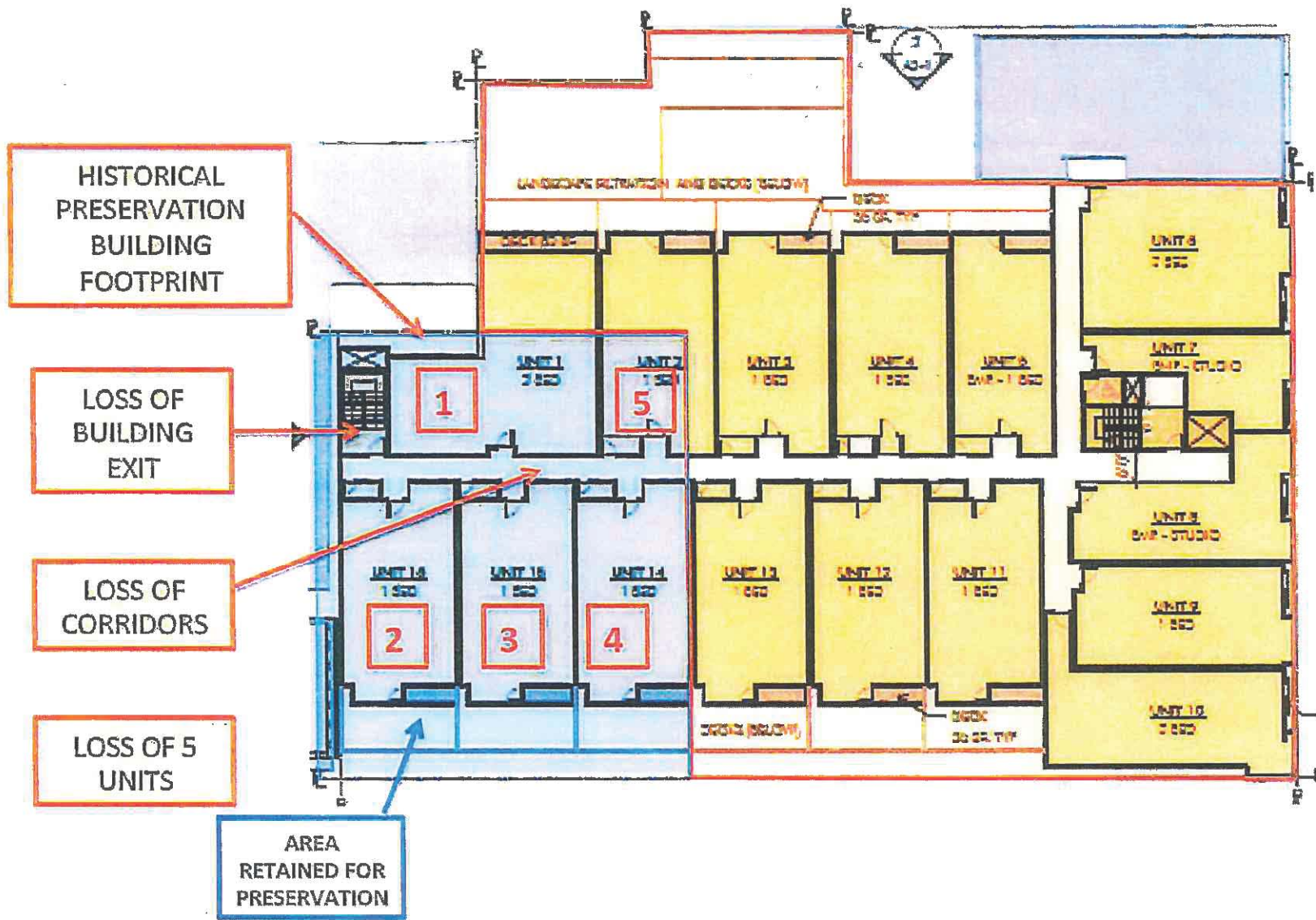


Exhibit #1 -E

**SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION
IMPACTS AT 4th LEVEL**

**LOSS OF (3) TWO-BEDROOM UNITS, (1) ONE-BEDROOM,, COORIDORS, & EXIT STAIR
OPTION TO TRANSFORM (3) ONE BEDROOMS INTO (2) TWO-BEDROOMS**

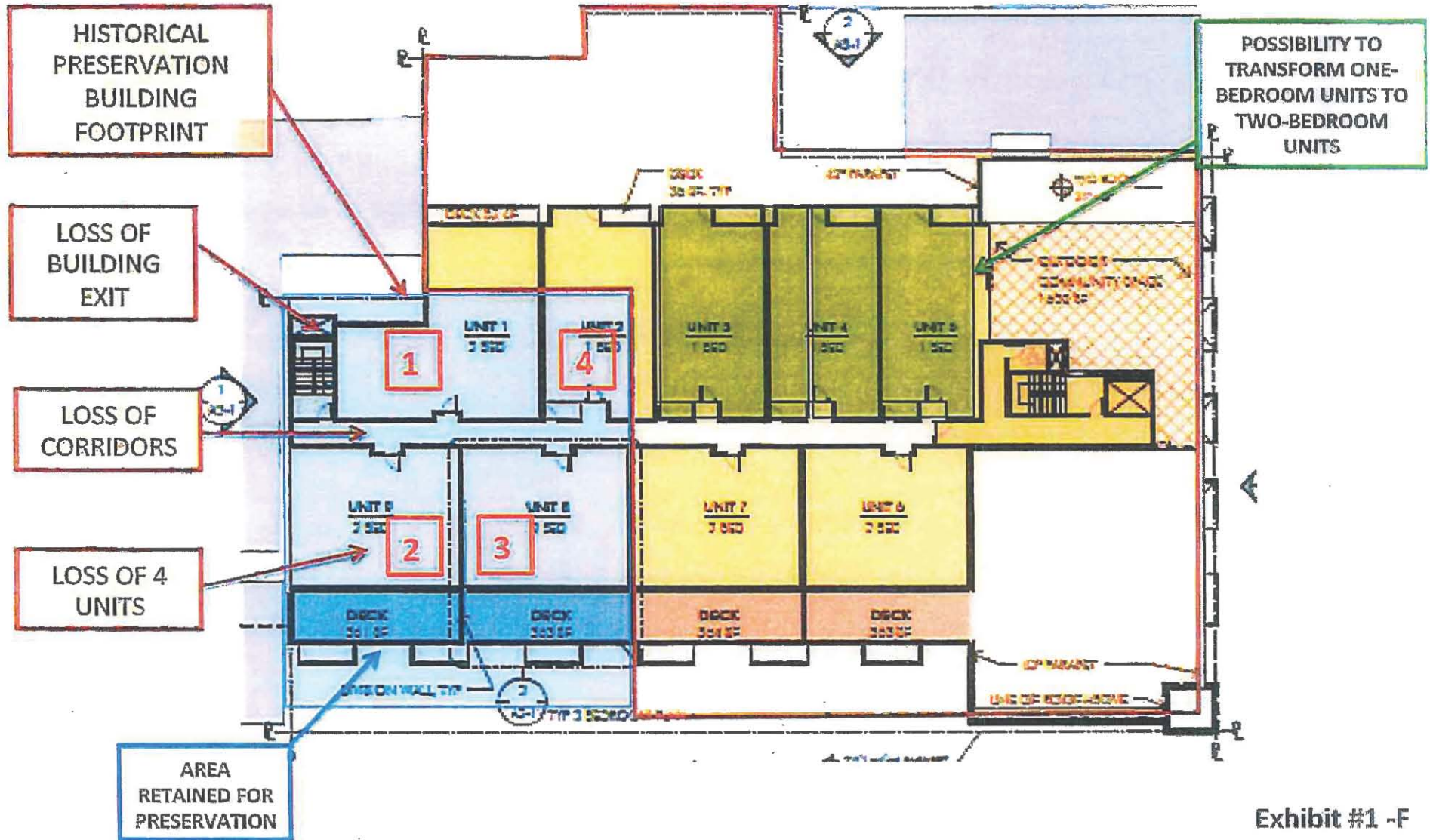


Exhibit #1 -F

SECOND & B STREET ALTERNATIVE 1- ONSITE PRESERVATION



Proposed Project Summary – Without Alternative

- Total number of units proposed – 41
- Total number of parking proposed - 48

Historic Preservation Alt. BOTH BUILDINGS - Impact Summary

- Total number of units removed – 14
- Total number of remaining units – 27
- Reduction in units from proposed 34%

- Total number of parking spaces removed – 21
- Total number of remaining parking spaces – 27
- Reduction in parking spaces from proposed 43.75%

Exhibit #1 -G

SECOND & B STREET
ALTERNATIVE 1- ONSITE PRESERVATION: BOTH BUILDINGS OVERVIEW
(1212 & 1214 Second Street to be rehabilitated & sold)



2 SOUTH ELEVATION - 2ND STREET

Historic Preservation Impact Summary

- 1212 & 1214 Second St. Houses Preserved & Rehabilitated
- Total number of units removed from proposed project – 14
- Total number of remaining units – 27
- Reduction in units from proposed 34%
- Total number of parking spaces removed – 21
- Total number of remaining parking spaces – 27
- Reduction in units from proposed 43.75%

Project Summary – As Proposed

- Total number of units proposed – 41.
- Total number of parking proposed – 48
- Residential Units – 54,055 SF
- Total Building – 76,435 SF

Exhibit #1 -H

815 B Street
**PROPOSED PROJECT VS ONSITE PRESERVATION
 RESIDENTIAL RENT ROLL**

Exhibit - 2

RENTAL RATES		Lo's of SF per Onsite Preservation	
One Bedroom \$	3.15 /SF Month	Level 2 units SF	4678
Two Bedroom \$	2.90 /SF Month	Level 3 unit SF	4678
		Level 4 unit SF	4365
		Levels 2-4 corridors	960
		TOTAL	14681

PROPOSED PROJECT

ONSITE - ALT.

Floor 2	UNIT NUMBER	UNIT TYPE	SQ FT	PROPOSED PROJECT PROJECTED RENTS	ONSITE PRESERVATION PROJECTED RENTS
	201	1-Bed	879	\$ 2,768.85	\$ -
	202	2-Bed	1162	\$ 3,369.80	\$ -
	203	1-Bed	879	\$ 2,768.85	\$ -
	204	1-Bed	879	\$ 2,768.85	\$ -
	205	1 Bed	879	\$ 2,768.85	\$ -
	206	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	207	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	208	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	209	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	210	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	211	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	212	2 Bed	1162	\$ 3,369.80	\$ 3,369.80
	213	Studio - BMR	520	\$ 1,090.91	\$ 1,090.91
	214	Studio - BMR	520	\$ 1,091.89	\$ 1,091.89
	215	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	216	2 Bed	1162	\$ 3,369.80	\$ 3,369.80

Floor 3	UNIT NUMBER	UNIT TYPE	SQ FT	PROJECTED RENTS	PROJECTED RENTS
	304	1-Bed	879	\$ 2,768.85	\$ -
	302	2-Bed	1162	\$ 3,369.80	\$ -
	303	1-Bed	879	\$ 2,768.85	\$ -
	304	1-Bed	879	\$ 2,768.85	\$ -
	305	1-Bed	879	\$ 2,768.85	\$ -
	306	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	307	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	308	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	309	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	310	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	311	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	312	2 Bed	1162	\$ 3,369.80	\$ 3,369.80
	313	Studio - BMR	520	\$ 1,090.91	\$ 1,090.91
	314	Studio - BMR	520	\$ 1,091.89	\$ 1,091.89
	315	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	316	2 Bed	1162	\$ 3,369.80	\$ 3,369.80

Floor 4	UNIT NUMBER	UNIT TYPE	SQ FT	PROJECTED RENTS	PROJECTED RENTS
	401	2-Bed	1162	\$ 3,369.80	\$ -
	402	2-Bed	1162	\$ 3,369.80	\$ -
	403	1-Bed	879	\$ 2,768.85	\$ -
	404	2-Bed	1162	\$ 3,369.80	\$ -
	405	1 bed	879	\$ 2,768.85	\$ 2,768.85
	406	2 Bed	1162	\$ 3,369.80	\$ 3,369.80
	407	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	408	2 Bed	1162	\$ 3,369.80	\$ 3,369.80
	409	1 Bed	879	\$ 2,768.85	\$ 2,768.85
	GROSS RENTS			\$ 113,423.50	\$ 71,654.65
	3% Vacancy			\$ 3,402.70	\$ 2,148.63
	ADJUSTED MONTHLY RENTS			\$ 110,020.79	\$ 69,506.20

ADJUSTED ANNUAL RENTS	\$ 1,320,249.51	\$ 834,082.43
Operating Expenses Annual	\$ 283,789.00	\$ 212,849.25
NOI	\$ 1,036,450.51	\$ 621,213.18
cap Rate	4.75%	4.75%
PROJECTED VALUE	\$ 21,820,010.78	\$ 13,078,172.13

815 B Street
ONSITE ALTERNATIVE
MIXED-USE 27 UNIT APARTMENT

Exhibit 3

PROJECT INFORMATION

		PROPOSED PROJECT	ONSITE ALTERNATIVE
SITE AREA	4- Parcels	23,614	18,214 SF
MAXIMUM BUILDING HEIGHT		42'-0"	42'-0"
PROPOSED BUILDING HEIGHT		42'-0"	42'-0"
MAXIMUM DENSITY ALLOWED		41	41 UNITS
DENSITY PROPOSED		41	27 UNITS
SQUARE FOOTAGE			
Retail		1,939	1,939 SF
Garage		20,000	14,800 SF
Residential Gross	(37,566 SF Net)	47,775	33,094 SF
TOTAL		69,714	49,833 SF
PARKING REQUIRED		47	33 Spaces
PARKING PROPOSED		48	27 Spaces

COSTS

PROJECT LAND		\$ 3,000,000	\$ 2,032,000
REHAB (1212 & 1214) LAND		\$ -	\$ 968,000
SOFT COSTS	(A&E, Insurance, City Fees, taxes, marketing, etc.)	\$ 2,250,000	\$ 2,250,000
BUILDING COSTS	QTY	UNIT PRICE	SUBTOTAL
Rehab 1212 & 1214	0	\$ -	\$ 1,228,449.20
Garage	20,000 SF	\$ 90	\$ 1,800,000
Retail	1,940 SF	\$ 155	\$ 300,000
Residential	47,775 SF	\$ 180	\$ 8,600,000
Sitework	23,614 SF	\$ 20	\$ 472,000
Demolition	8,000 SF	\$ 28	\$ 224,000
Contingency	10 %		\$ 1,140,000.0
TOTAL		\$ 12,536,000	\$ 10,027,569
FINANCING AMOUNT	75% of Project	\$ 13,339,500.00	\$ 11,458,176.90
FINANCING COST	9% for 24 months	\$ 2,401,110	\$ 2,062,472
TOTAL PROJECT COSTS		\$ 20,200,000	\$ 17,350,000
See Above.			
EST. PROJECT VALUE (4.75 CAP)		\$ 21,820,011	\$ 13,078,172
See Exhibit #2 for Project valuation.			
EST. PROJECT PROFIT/LOSS		\$ 1,620,011	\$ (4,271,828)
		PROFIT	LOSS

815 B Street San Rafael

ON SITE PRESERVATION ALTERNATIVE

REHABILITATION BUDGET & PROJECTED SALES AMOUNT

1212 & 1214 2nd Street - Rehab Budget

	1212		1214		TOTAL 1212 & 1214 2nd St	
<u>SOFT COSTS</u>						
Project Management (9 Months)	\$	54,000.00	\$	54,000.00	\$	108,000.00
City Planning Plan Check Costs	\$	2,000.00	\$	2,000.00	\$	4,000.00
City Building Plan Check Costs	\$	3,000.00	\$	3,000.00	\$	6,000.00
City Building Permit Costs	\$	6,500.00	\$	6,500.00	\$	13,000.00
Civil Engineering	\$	3,000.00	\$	3,000.00	\$	6,000.00
Structural Engineering for new site	\$	4,125.00	\$	4,125.00	\$	8,250.00
MEP Plans	\$	3,000.00	\$	3,000.00	\$	6,000.00
SUBTOTAL SOFT COSTS	\$	75,625.00	\$	75,625.00	\$	151,250.00
<u>CONSTRUCTION COSTS</u>						
Lift Building for new foundation work	\$	35,000.00	\$	35,000.00	\$	70,000.00
New Foundation	\$	100,000.00	\$	100,000.00	\$	200,000.00
New Site Work	\$	11,500.00	\$	6,500.00	\$	18,000.00
New Plumbing	\$	14,000.00	\$	14,000.00	\$	28,000.00
New Electrical	\$	14,500.00	\$	14,500.00	\$	29,000.00
New Mechanical	\$	11,000.00	\$	11,000.00	\$	22,000.00
New Fire Sprinkler	\$	25,000.00	\$	25,000.00	\$	50,000.00
New Smoke Detectors	\$	1,000.00	\$	1,000.00	\$	2,000.00
New Doors & Door Hardware	\$	6,000.00	\$	6,000.00	\$	12,000.00
New Windows	\$	15,000.00	\$	15,000.00	\$	30,000.00
Framing & Fire Repair	\$	25,000.00	\$	-	\$	25,000.00
New Roof & Gutters or Repairs	\$	15,000.00	\$	4,500.00	\$	19,500.00
Siding & Exterior Trim Repair	\$	35,000.00	\$	7,000.00	\$	42,000.00
Demo and Interior Clean out	\$	13,500.00	\$	5,000.00	\$	18,500.00
Drywall & Plaster Repairs	\$	17,600.00	\$	4,400.00	\$	22,000.00
Paint Interior	\$	9,000.00	\$	11,000.00	\$	20,000.00
Paint Exterior	\$	14,000.00	\$	12,000.00	\$	26,000.00
Deck & Railing Repairs	\$	17,000.00	\$	-	\$	17,000.00
Plumbing Fixtures	\$	6,500.00	\$	6,500.00	\$	13,000.00
Electrical Fixtures	\$	7,500.00	\$	7,500.00	\$	15,000.00
Tile & Stone	\$	11,200.00	\$	6,500.00	\$	17,700.00
Cabinets & vanities	\$	12,600.00	\$	5,400.00	\$	18,000.00
Base, Case, & Crown	\$	12,600.00	\$	5,400.00	\$	18,000.00

Stairs and handrails	\$ 16,500.00	\$ -	\$ 16,500.00
Flooring & Carpet	\$ 9,500.00	\$ 11,500.00	\$ 21,000.00
Appliances & install	\$ 12,000.00	\$ 12,000.00	\$ 24,000.00
Debris	\$ 9,000.00	\$ 6,000.00	\$ 15,000.00
General Conditions	\$ 17,500.00	\$ 17,500.00	\$ 35,000.00
SUBTOTAL	\$ 494,000.00	\$ 350,200.00	\$ 844,200.00
GC OH&P 16%	\$ 67,536.00	\$ 67,536.00	\$ 135,072.00
Construction Contingency 10%	\$ 48,963.60	\$ 48,963.60	\$ 97,927.20
TOTAL CONSTRUCTION	\$ 610,499.60	\$ 466,699.60	\$ 1,077,199.20

TOTAL PROJECT COST	\$ 686,124.60	\$ 542,324.60	\$ 1,228,449.20
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Hard Costs & Soft Costs

Original Land Costs	\$ 968,000.00
1212 & 1214 2nd Street - Rehab & Land Cost Total	\$ 2,196,449.20

Projected Gross Sales Amount (both properties) \$400/SF Sales Price \$ **1,135,200.00**
notes that price per SF based on completed home square footage approx. 1419 SF per structure.

EST. CLOSING COSTS

appraisal	\$ (1,000.00)
inspections (termite & home inspection)	\$ (2,200.00)
title insurance	\$ (11,352.00)
transfer tax	\$ (1,248.72)
broker fees	\$ (56,760.00)
SUBTOTAL CLOSING COSTS	\$ (72,560.72)

NET SALES AMOUNT	\$ 1,062,639.28
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PROFIT/LOSS	\$ (1,133,809.92)
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**STRUCTURES AT 1212 & 1214 2ND STREET
EXHIBIT #5**





ALTERNATIVE #2
OFF SITE PRESERVATION OF
TWO STRUCTURES

(As Proposed Project: Unchanged)

2. PRESERVATION OFF SITE ALTERNATIVE

This alternative evaluates relocating the two existing structures to a number of possible locations within the Central San Rafael Area. Four sites were identified by the City Planning Staff and were evaluated. The proposed 41-unit project would remain unchanged in this alternative.

The two houses currently located at 1212 & 1214 Second Street were studied as if they were relocated to the addresses below. The current owner names are also noted.

1. Site "A" 1201 Second Street - (Still Family LLC.)
2. Site "B" 712 D Street - (Sanjeev & Soloni Kharbanda Family Trust)
3. Site "C" 1628 Fifth Ave - (Brian T. Pearce)
4. Site "D" Between 1135 & 1145 Mission Ave - (Marin-Sonoma Investment Co. managed by West America Bank)

In an effort to determine the feasibility of the Off Site Preservation Alternative, each owner was identified through County records and contacted by phone if possible, email if possible and via US Mail to determine if they would consider selling their property. To date, none of the four property owners have expressed interest in selling. See attached correspondence, which also includes images of the parcels [Exhibit #6]. Aside from the unavailability of parcels to relocate these residences, this Alternative is still contingent on the speculation that the City would approve re-zoning, relocation, planning & construction requests, and that there would not be an appeal from neighbors. These factors are unquantifiable from a timing perspective and have associated project delays in which the duration is currently unknown.

As part of this analysis, a house-moving contractor was asked to evaluate each proposed relocation site and to provide a proposal for relocation. Based on his evaluation, site C includes overhead cable & phone lines that must be moved prior to relocation efforts. See attached House-

Moving Contractor's Proposal [Exhibit #7]. The cost to rehabilitate the homes, including 1212 2nd Street, which is in very poor shape and uninhabited due to fire, incorporates the assumption that the City will require the relocated homes to be brought up to current building code standards.

The relocation analysis included several components:

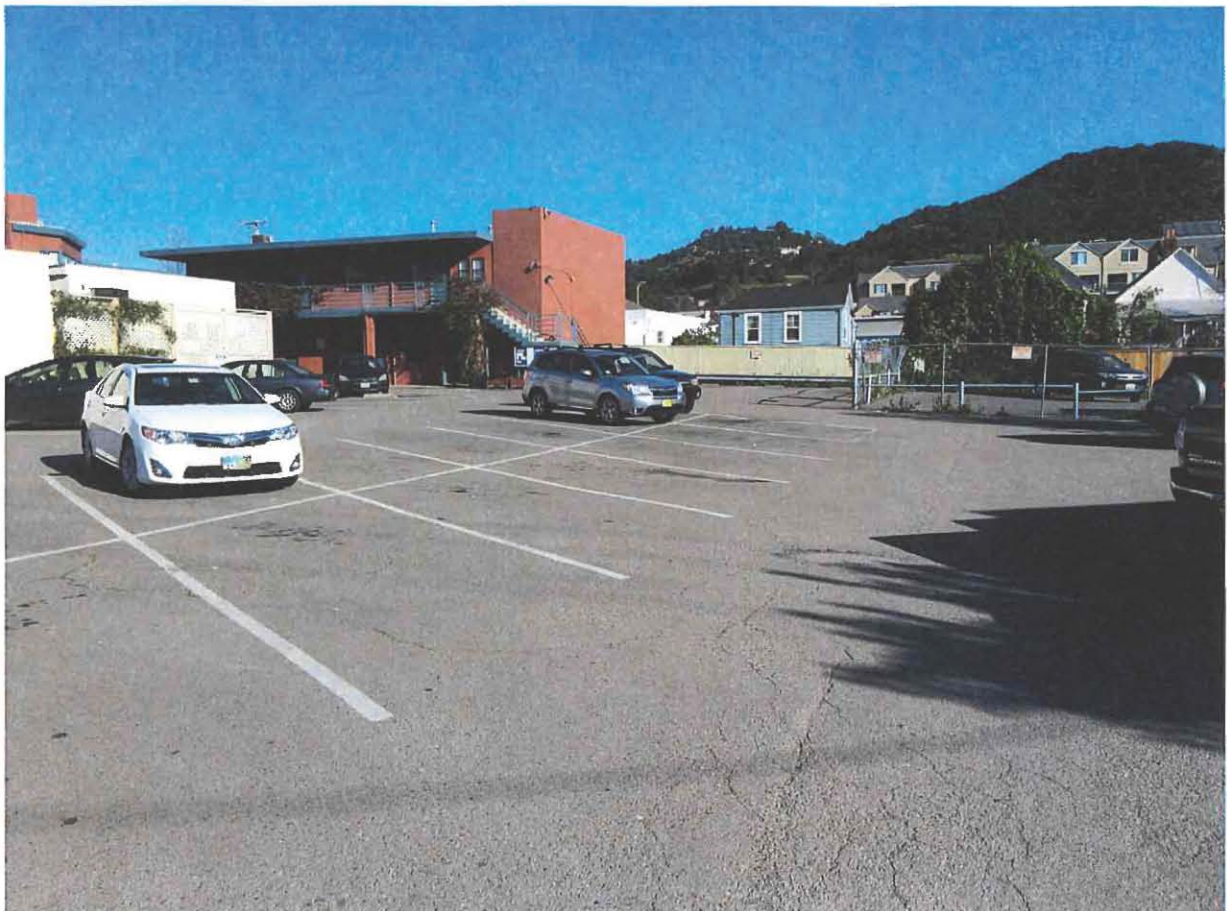
1. Cost to structurally stabilize the existing structure in order to brace it prior to transporting to another location.
2. Cost to relocate the structure to the new location, per bid.
3. Estimated cost to acquire the new parcel of land to receive the new structure.
4. Estimated cost to zone the new location to proper code assuming the city-planning department approved such a code change not objected to by neighbors.
5. Cost to install a new foundation to receive the newly relocated building.
6. Cost to structurally brace the existing structure and fit it to the new foundation.
7. Cost to upgrade the existing structure to current codes- including plumbing, electricity, fire suppression, HVAC.
8. Cost to improve the interior and exterior cosmetics of the existing structures including restoration of damaged Historical Victorian elements.
9. Cost of architectural plans, permits, city fees, etc.
10. Cost of utility connections, site work, landscaping.
11. Cost of marketing and sales for the completed structure.
12. Cost of financing the improvements, taxes, and insurance.
13. Cost of managing the approvals, relocation, refurbishment and sale of completed properties.

The costs to relocate and rehabilitate the homes per the above list and to the provided off-site locations are shown in Exhibit #8. Individual adjustments are shown to identify the unique costs associated with each site. Exhibit #9 provides the financial analysis comparing the project as proposed against the cost to acquire the parcel, relocate and rehabilitate each home (comparable residential rent prices were calculated using data from Lofts at Albert Park, Rafael Town Center & Lincoln Villa, as shown in Exhibit #10). In all cases, the relocation results in a financial loss, as the estimated building cost to complete the Offsite Alternative of \$22,430,000 is compared to the projected building value of \$21,820,010 as calculated in the Residential Rent Roll [Exhibit #11].

Conclusion: The complex scope of this Alternative provides for an extremely challenging relocation process. Aside from relocation of two homes in extremely poor condition, the unavailability of property for relocation, and excessive unknowns associated with this Alternative, make it very unappealing and the associated risk unquantifiable. Once projected value of the building is compared with necessary costs associated with this Alternative, the building is worth less than the cost of construction. This Alternative results in a financial loss being transferred to the proposed project, and creates financial impacts that render the proposed project financially infeasible.



Site A: 1201 Second Street



Site B: 712 D Street



Site C: 1628 Fifth Ave



Site D: Between 1135 & 1145 Mission Ave

MONAHAN PARKER CORPORATION

1101 Fifth Ave. Ste. 300
San Rafael, CA 94901

EXHIBIT 6

January 26, 2015

Still Family LLC.
1801 N. Troy St.
Charlotte, NC 28206



RE: 1201 Second St., San Rafael CA

Dear Manager or Principal for Still Family LLC.

I am writing you on behalf of Monahan Parker Corporation, a Real Estate Investment Company located in San Rafael California. We currently own and operate several other investment properties in the City of San Rafael. We are interested in purchasing your property located at 1201 Second St., APN: 012-075-06. Attached is an Assessor's map that indicates the precise property we are interested in potentially purchasing. This would be a direct purchase at fair market value agreed upon between us. If you have a desire to selling your property please contact me at (415) 456-0600 ext. 29. Thank you for your time and attention to this inquiry.

Sincerely,



Robin Miller

MONAHAN PARKER CORPORATION

1101 Fifth Ave. Ste. 300
San Rafael, CA 94901

January 26, 2015

Sanjeev & Saloni Kharbanda Family Trust
5 Wood Circle
South San Francisco CA 94080

RE: Property 712 D. Street, San Rafael, CA



Dear Trustee for Kharbanda Sanjeev & Saloni Trust,

I am writing you on behalf of Monahan Parker Corporation, a Real Estate Investment Company located in San Rafael California. We currently own and operate several other investment properties in the City of San Rafael. We are interested in purchasing your property located at 712 D Street., San Rafael, CA APN: 012-073-28. Attached is an Assessor's map that indicates the precise property we are interested in potentially purchasing. This would be a direct purchase at fair market value agreed upon between us. If you have a desire to selling your property please contact me at (415) 456-0600 ext. 29. Thank you for your time and attention to this inquiry.

Sincerely,

Robin Miller

MONAHAN PARKER CORPORATION

1101 Fifth Ave. Ste. 300
San Rafael, CA 94901

January 26, 2015

Brian T. Pearce
55 Glenside Way
San Rafael, CA 94903

RE: 1628 Fifth Ave., San Rafael CA

COPI

Dear Mr. Brian T. Pearce,

I am writing you on behalf of Monahan Parker Corporation, a Real Estate Investment Company located in San Rafael California. We currently own and operate several other investment properties in the City of San Rafael. We are interested in purchasing your property located at 1628 Fifth Ave. San Rafael, CA, APN: 011-193-06. Attached is an Assessor's map that indicates the precise property we are interested in potentially purchasing. This would be a direct purchase at fair market value agreed upon between us. If you have a desire to selling your property please contact me at (415) 456-0600 ext. 29.

Thank you for your time and attention to this inquiry.

Sincerely,



Robin Miller

MONAHAN PARKER CORPORATION

1101 Fifth Ave. Ste. 300
San Rafael, CA 94901

January 26, 2015

West America Bank / Marin-Sonoma Investment Co
1108 Fifth Ave.
San Rafael, CA 94901



RE: Property Between 1135 & 1145 Mission Ave., San Rafael, CA

Dear Owner or Manager for Marin-Sonoma Investment Co.,

I am writing you on behalf of Monahan Parker Corporation, a Real Estate Investment Company located in San Rafael California. We currently own and operate several other investment properties in the City of San Rafael. We are interested in purchasing your property located between 1135 & 1145 Mission Ave., San Rafael, CA APN: 011-213-03. Attached is an Assessor's map that indicates the precise property we are interested in potentially purchasing. Attached is an Assessor's map that indicates the precise property we are interested in potentially purchasing. This would be a direct purchase at fair market value agreed upon between us. If you have a desire to selling your property please contact me at (415) 456-0600 ext. 29. Thank you for your time and attention to this inquiry.

Sincerely,



Robin Miller



N.D. MONTGOMERY CONTRACTORS, INC.

3611 51st Ave
Sacramento, Ca 95823

Since 1875

Monahan Parker

February 10, 2015

Attn: Robin Miller
1101 5th Ave Suite#300
San Rafael, Ca 94901
415-497-4536
rmiller@monahanpacific.com

QUOTE: 1212 & 1214 2nd St San Rafael house moves

N.D. Montgomery Contractors, Inc. is proud to provide the following budget estimate.

The Sites "A" & "B" located at 1201 Second Street and 712 D Street could work. Price for moving both houses is: \$78,000.

The slanted lot at Mission and B st. (Site "D") is harder. There is one power cable where we enter into the parking lot, and the retaining walls and foundations for this lot would also cost significantly be more. The price to move the two houses at Site "D" is: \$86,000 and the wire at this site may cost \$10,000. The lot on 5th st. (site "C") is not feasible, theoretically the cost to move the two houses is: \$96,000. For this site there are 5 major telephone/power cables and an additional allowance for this telephone/power line work starts at: \$150,000 this is considering that PG&E, AT&T, & Comcast all can/will remove and reinstall their overhead lines. The number of streets to close down and the amount of time the streets will need to be closed down for this site also further complicates the moving effort for this site.

Our prices are based upon Conditions and Exclusions:

- Permit costs
- Air Quality Survey & Permit
- Removal of hazardous material affected by the house moving operation
- Demolishing front addition and stairs
- Disconnecting Utilities
- Removing siding up to top of floor joists
- Utility costs for removing wires
- Tree trimming
- Police Escorts & Traffic control flashers if required

If you have any questions please contact Steve Montgomery at (916)825-9443 or by email at:

steve@montgomery-contractors.com Thank you,

Steve Montgomery
916-825-9443
Lic#351975

Class B C21
SB Certified# 1738531

Montgomery 3611 51st Ave / Sacramento, CA 95823 / 916-448-8602 Fax: 916-395-2510