

RESOLUTION NO. 2023-78
RESOLUTION NO. 2023-02 (NPC)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA AND
THE ABRAMS B NON-PROFIT CORPORATION APPROVING ABRAMS B
HOUSING AREA BUDGET FOR FY 2023-2024 AND AUTHORIZING
FINANCE DIRECTOR TO MAKE APPROPRIATE ACCOUNTING AND
BUDGETARY ENTRIES

WHEREAS, Greystar Real Estate Partners (“Greystar”), as the management agent of Abrams Park Sustainable Community Housing, has submitted a draft FY 2023-2024 budget; and

WHEREAS, Greystar submitted a budget letter describing highlights of the proposed Abrams Park Housing Area FY 2023-2024 Budget and accompanied by updated proposed budgets; and

WHEREAS, the rental revenues are used to provide funds for debt service payments on the Abrams Park property purchase; and

WHEREAS, City staff has reviewed the budget package for FY 2023-2024; and

WHEREAS, the City Council of Marina and the Board of the Abrams B Non-Profit Corporation reviewed and considered the proposed budgets.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Marina and the Corporation Board of the Abrams B Non-Profit Corporation do hereby:

1. Approve the Abrams Park Housing Area Budget for FY 2023-2024, and;
2. Authorize the Finance Director to make appropriate accounting and budgetary entries.

PASSED AND ADOPTED, by the City Council of the City of Marina and the Corporation Board of the Abrams B Non-Profit Corporation at a regular meeting duly held on the 18th day of July 2023, by the following vote:

AYES: COUNCIL MEMBERS: Visscher, McCarthy, Biala, Medina Dirksen, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

Preston/Abrams Park
682 Wahl Court
Marina, CA 93933
831-384-0119

June 30th 2023

Mr. Layne Long
City Manager
City of Marina
211 Hillcrest Avenue
Marina, California 93933

Re: Abrams Park FY 2023/2024 Proposed Budget

Dear Mr. Long:

It has been a pleasure to continue to work with residents and the City of Marina over the last year. With the combination of wonderful residents and effective staff, a number of positive changes have been seen in Abrams Park:

- 1) **Building Upgrades:** Garage door sensor lights are being installed and dryer vent cleaning in two-bedroom units is was performed in the month of June. Solar lighting budgeted for the current year has been postponed due to the availability of materials that are on backorder with the contracted vendor. This project will occur in the November 2023 timeframe and has been pushed to the proposed budget year.
- 2) **Landscaping/Asphalt Repairs:** The annual tree trimming, gutter cleaning, irrigation repairs and replanting were completed in May and June. A slurry coat and seal of all roadways was performed in May. Trip hazard mitigation was completed in June. Lastly, gopher abatement has been a continual project year over year with the assistance of ADM. Roof preventative maintenance will be completed in Q4 of 2023.
- 3) **Units of Long-Term Residents:** In a typical year, several long-term residents go through the process to refresh their flooring, paint and appliances. These services are extended to long-term residents upon notification or inspection indicating replacement is necessary based on age or condition.
- 4) **Green Initiatives:** In addition to the Marina Coast Water District's and other utility conservation programs, Greystar purchases and installs water or energy saving devices as replacement fixtures as needed. PG&E continues to work directly with income eligible residents to weatherize their homes at no cost to the resident or the community.

Greystar looks to continue to provide the residents at Abrams 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 a source of housing that is essential to the general populace of Marina.

Revenue

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.

At a regular meeting on the 2nd of June, 2010, the City Council of the City of Marina adopted a rent formula stating that the annual increase in market rents for in-place residents shall be capped at the lesser of three percent (3%) or the Department of Labor's Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous year (February to February) to be applied to the next fiscal year, provided that the increased rent for in-place tenants does not exceed the market rent charged to move-in residents. Also as set forth in the 2010 policy, in place rents are adjusted for a determined amount for the Water, Sewer and Garbage that residents pay directly to the provider for those services.

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. As shown in **Attachment A**, the proposed Budget results in a year over year increase of 1.59% in overall Total Rental Income from original budget 22/23 to proposed budget 23/24 totaling (\$60,450). This includes a budgeted 3% increase of \$8,477 for all market rate in place residents at lease renewal which accounts for 63% of the residents population in Abrams Park. Per the Marina City Council approved rent formula in 2010, the market rents for new move-ins are fluid throughout the year and change according to market conditions. Currently, market rents for incoming residents are as follows:

Unit Size	Current Rent Range for Incoming Market Rate Residents
Two Bedroom	\$2,350
Remodeled – Two BR	\$2,500
Four Bedroom	\$3,225- \$3,350
Remodeled – Four BR	\$3,450

* Note: Four 2-Bedroom homes and eight 4-Bedroom homes have additional features that warrant higher than average rental rates.

The two-bedroom average in-place market rent at Abrams Park is \$1,604, while the average three-bedroom in-place market rent at Abrams Park is \$2,279.

Abrams Park accepts Section 8 vouchers from residents that qualify through the Monterey County Housing Authority. For reference, the average of HUD Fair Market Rents (FMR) published in May 2023 and republished by the Monterey County Housing Authority Peninsula Payment Standards in November 2022 are listed below.

Unit Bedroom Size	Fair Market Rent	Utility Allowance	Adjusted Rental Amount
Two Bedroom	\$2,784.00	\$292.00	\$2,492.00
Four Bedroom	\$4,311.00	\$475.00	\$3,836.00

Affordable Rents

Affordable rental rates are derived from median income schedules published by the California Department of Housing and Community Development. Rental rates at Abrams Park are based upon 50% and 80% of the Area Median Income (AMI) for Monterey County.

Maximum Household Income Limits for 2023 as published in May of 2023.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
50% Very Low	\$48,200	\$54,200	\$60,200	\$65,050	\$69,850	\$74,650	\$79,500
80% Low	\$77,100	\$86,750	\$96,350	\$104,100	\$111,800	\$119,500	\$127,200

Very low-income rental rates are set at 30% of AMI, less utilities, for the applicable family size (established at the number of bedrooms in the unit plus 1, or 3 persons for a 2-bedroom unit). Low-income category rents are set at 30% of 60% of AMI less utilities.

Income

The forecasted FY 22/23 budget is expected to close \$79,137 over the original budget. The FY 23/24 budget assumes \$3,839,233 in Total Income which is a \$111,475 increase from the FY 22/23 budget. The Budget assumes a Net Operating income for FY 23/24 of \$2,509,301 after \$1,329,932 in Total Operating Expense, and a Net Cash of \$288,034 after capital expenses, debt service, and disbursements.

Expenses

Expenses as outlined in **Attachment D** include Operating Expense projections and relevant changes from the FY 2022/23 budget to the FY 2023/24 proposed 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. Overall, total operating expenses proposed for FY 2023/24 are 1.6% higher than the Estimated Actuals for FY 2022/23. Greystar seeks to maximize cost savings, e.g., lower utilities expenses through installation of water/energy saving devices, while contending with cost increases.

Owner Distributions

The proposed budget accounts for \$1.7M in annual distributions.

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. Note that amounts labeled for interior upgrades in future budget years are placeholders and are anticipated to change based on Annual Inspection findings.

Recommended capital projects include:

- 1) Sidewalk, tree root and gutter repairs - \$45,000
- 2) Garage Door Opener Installation Project - \$351,000
- 3) Gutter Cleaning - \$7,100
- 4) Roof Maintenance - \$19,932
- 5) Dryer Vent Cleaning - \$7,700
- 6) Termite Inspection \$13,000
- 7) Landscape Upgrades, Tree Trimming, Arborist, Irrigation Repairs and Timer Repl
- \$67,500
- 8) Solar Lighting Additions - \$73,000
- 9) Unit renovations x2 - \$70,000

Capital Reserve Fund

Adoption of the proposed budget will result in a contribution of \$2,811 per unit during this fiscal year. Please note the replacement reserve only conceptualizes typical replacements. It does not contemplate or allow for unknown expenses which are typical, particularly as a building continues to age.

In reviewing the physical needs of the property, and in conjunction with recommendations from the City of Marina Building Department, Greystar recommends the maximum reserve withholding per unit per year going forward. This withholding would ensure that the asset holds adequate reserves to perform necessary replacements and repairs to protect the useful life of the buildings **(Attachment F)**.

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 the City of Marina. Please feel free to contact me at (831) 384-0119 should you have additional questions or concerns.

Regards,
Analily Puckett
Community Manager

Cc: Sumer Perkins, Director of Real Estate Greystar
Cc: Vanessa Gonzales, Regional Manager

Attachments:

- A. FY 2023/24 Budget Revenue Summary
- D. FY 2023/24 Budget Highlights of Operating Expenses
- F. Capital Improvement Plan/Reserve Withholding

Attachment A

2023/2024 Budget – Targeted Increase

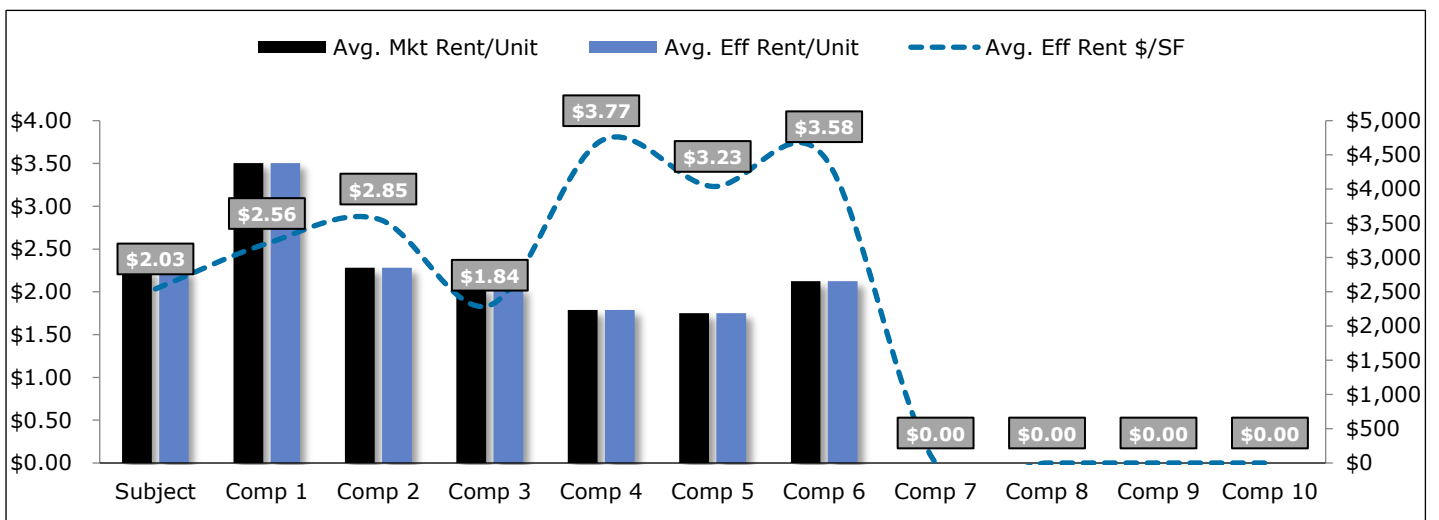
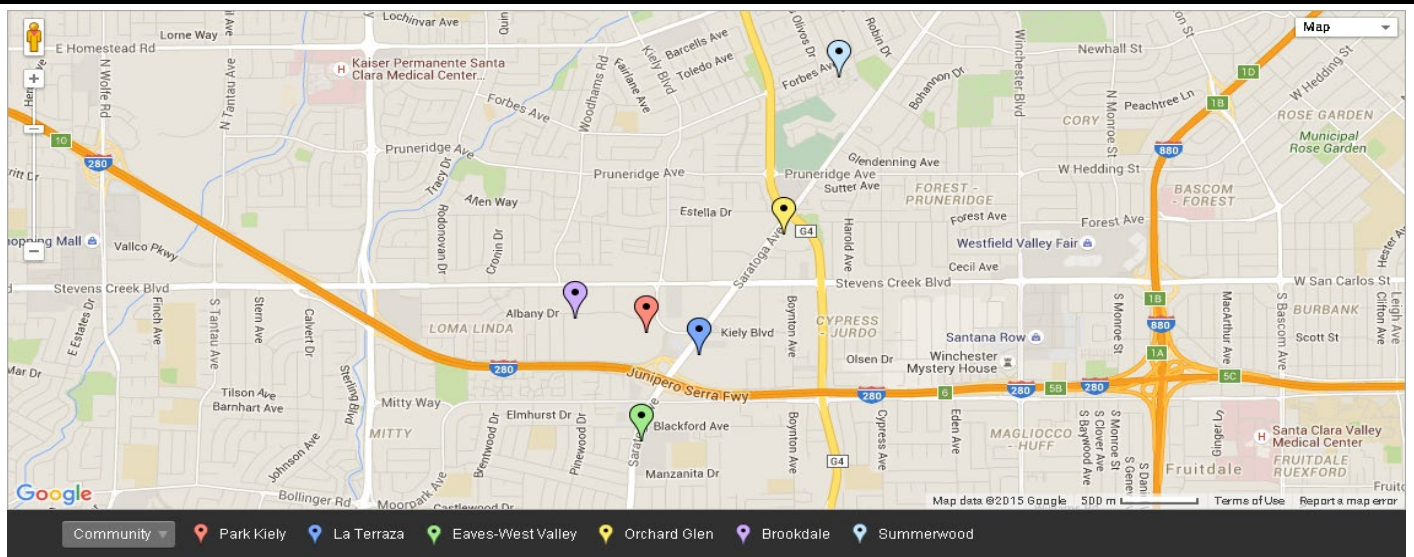
Revenue	Approved Budget FY 2022/2023	Estimated Actuals FY 2022/20223	Proposed FY 2023/2024		Variance of "Approved" Budget From 2022/2023 "Estimated" Actuals	%	Comments		Variance of "Proposed" Budget from FY 2022/2023 "Estimated" Actuals	%	Comments		2023/2024 "Proposed" Budget vs. 2022/2023 "Approved" Budget	%
GROSS MARKET POTENTIAL	\$3,769,114	\$3,802,019	\$3,862,469	I	\$32,905	0.9%	Favorable variance from approved 22/23 budget to estimated actuals attributed to renewal increases implemented of 3% for existing market rate residents as applicable in the current year in addition to increase to market at turnover.	I	\$60,450	1.6%	Increase in proposed 23/24 budget to estimated actuals due to proposed budget assuming market rent increase upon turnover and renewal at 3%.	I	\$93,355	2.5%
TOTAL RENTAL INCOME (Gross Potential Rent minus vacancy, non-rev units, bad debt)	\$3,704,163	\$3,771,471	\$3,801,373	I	\$67,308	1.8%	Favorable variance from approved 22/23 budget to estimated actuals attributed to lower vacancy loss stemming from higher actual occupancy. 22/23 budget assumed 98% occupancy vs actual occupancy range of 99%.	I	\$29,902	0.8%	Increase in proposed total rental income for 23/24 budget year to estimated actuals due to proposed budget assuming an average of 99% occupancy, 1% vacancy and 3% increase at renewal.	D	\$97,210	2.6%
MISCELLANEOUS INCOME	\$23,595	\$35,424	\$37,860	I	\$11,829	50.1%	Favorable variance from approved 22/23 budget to estimated actuals attributed to unbudgeted interest income received and higher than budget assessed damages and late fees.	I	\$2,436	6.9%	Increase in proposed 23/24 budget to estimated actuals due to higher budgeted interest income and higher assessed late fees following with forecast trend projections.	D	\$14,265	60.5%
TOTAL INCOME	\$3,727,758	\$3,806,895	\$3,839,233	I	\$79,137	2.1%	Favorable variance from approved 22/23 budget to estimated actuals attributed to achieving higher than budgeted occupancy rates, lower vacancy, coupled with market rents upon turnover and projected in place target rental increases of 3%.	I	\$32,338	0.8%	Increase in proposed 23/24 budget to estimated actuals due to proposed budget assuming an average of 99% occupancy, 1% vacancy and achieving a 3% increase at renewal and increase to market rent at turnover.	I	\$111,475	3.0%
NET OPERATING INCOME	\$2,506,499	\$2,497,504	\$2,509,301	D	(\$8,995)	-0.4%	Unfavorable variance from approved 22/23 budget to estimated actuals attributed to higher than budgeted increase in utility rates in the current year primarily related to water/sewer of 10.4%.	I	\$11,797	0.5%	Increase in proposed 23/24 budget to estimated actuals due to achieving Market Rents upon turnover and projected in place target rental increases of 3%. Operating expenses offset NOI detailed in Attachment D.	I	\$2,802	0.1%

I -- DESIGNATES INCREASE
D -- DESIGNATES DECREASE

GREYSTAR: THE GLOBAL LEADER IN RENTAL HOUSING™

	Property Name	Year Built	# of units	% Occupied	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent \$/SF	Avg. Eff Rent/Unit	Avg. Eff Rent \$/SF
Subject	Abrams Park	1978	194	100%	1386	\$2,819	\$2.03	\$2,819	\$2.03
Comp 1	Shadow Market	1973	3	100%	1709	\$4,382	\$2.56	\$4,382	\$2.56
Comp 2	Marina Square Apartments	1978	48	97%	1000	\$2,850	\$2.85	\$2,850	\$2.85
Comp 3	Preston Park	1987	354	99%	1393	\$2,568	\$1.84	\$2,568	\$1.84
Comp 4	Sunbay Suites	1989	266	95%	593	\$2,233	\$3.77	\$2,233	\$3.77
Comp 5	Marina Del Sol	1977	108	98%	677	\$2,188	\$3.23	\$2,188	\$3.23
Comp 6	Shoreline Apartments	1973	84	96%	742	\$2,656	\$3.58	\$2,656	\$3.58
Comp 7	7	0	0	0%	0	\$0	\$0.00	\$0	\$0.00
Comp 8	8	0	0	0%	0	\$0	\$0.00	\$0	\$0.00
Comp 9	9	0	0	0%	0	\$0	\$0.00	\$0	\$0.00
Comp 10	10	0	0	0%	0	\$0	\$0.00	\$0	\$0.00
Total/Avg (Market)			1057	98%	1049	\$2,516	\$2.69	\$2,516	\$2.69
Total/Avg. (Market less Subject)			863	98%	973	\$2,448	\$2.84	\$2,448	\$2.84

Marina I O



Calculation of Affordable Units FY 23/24 Rent Levels

(A) MAXIMUM HOUSEHOLD INCOME LIMITS (ANNUAL)

HUD AMI Level	Number of Persons							
	1	2	3	4	5	6	7	8
Very Low (50% AMI)	\$ 42,150	\$48,200	\$54,200	\$60,200	\$65,050	\$69,850	\$74,650	\$79,500
Low (80%) AMI	\$67,450	\$77,100	\$86,750	\$96,350	\$104,100	\$111,800	\$119,500	\$127,200

Source:CA Department of Housing and Community Development 2023 Income Limits

	2BD		3BD (Preston Only)		4BD	
	22/23	21/22	22/23	21/22	22/23	21/22
Very Low (50% AMI)	\$ 1,091	\$ 1,091	\$ 1,260	\$ 1,260	\$ 1,406	\$ 1,406
Less Utilities	\$ (202)	\$ (202)	\$ (264)	\$ (264)	\$ (328)	\$ (328)
Monthly Rent Net of Utilities	\$ 889	\$ 889	\$ 996	\$ 996	\$ 1,078	\$ 1,078
Low (60% AMI)	\$ 1,310	\$ 1,310	\$ 1,512	\$ 1,512	\$ 1,688	\$ 1,688
Less Utilities	\$ (202)	\$ (202)	\$ (264)	\$ (264)	\$ (328)	\$ (328)
Monthly Rent Net of Utilities	\$ 1,108	\$ 1,108	\$ 1,248	\$ 1,248	\$ 1,360	\$ 1,360

Abrams Park Budget Memo Attachment D - Highlights of Operating Expenses

Operating Expenses	Approved Budget FY 2022/2023	Estimated Actuals FY FY 2022/2023	Proposed FY 2023/2024		Variance of "Approved" Budget From 2022/2023 "Estimated" Actuals	%	Comments		Variance of "Proposed" Budget from FY 2022/2023 "Estimated" Actuals	%	Comments		2023/2024 "Proposed" Budget vs. 2022/2023 "Approved" Budget	%
PAYROLL	\$427,297	\$430,651	\$425,257	I	(\$3,354)	-0.8%	Increase in estimated actuals versus the approved 22/23 budget is a result of funds spent for temporary staffing while positions remained open and overtime worked to cover vacant positions that remained open for several months, several times in the 22/23 yr.	D	\$5,394	1.3%	Payroll savings from prior year forecast is a result of position restructuring, a full staff of 14 and zero temp staffing.	D	\$2,040	0.5%
CONTRACT SERVICES	\$79,526	\$84,728	\$84,743	I	(\$5,202)	-6.5%	Increase in estimated actuals versus the approved 22/23 budget is a result of the need for unbudgeted treatment of drywood termites for several units.	I	(\$15)	0.0%	Contract Services trending in line with forecast for shared expenses for landscaping, security, trash removal, pest control, fire life safety and cleaning services. Proposed budget accounts for YOY projected contract increases and inflation.	I	(\$5,217)	-6.6%
UTILITIES	\$118,944	\$170,380	\$188,058	I	(\$51,436)	-43.2%	Increase in estimated actuals versus the approved 22/23 budget is a result of utility provider increases primarily for water/sewer passed on through the provider.	I	(\$17,678)	-10.4%	2023/2024 budget based upon 2022/2023 actuals with projected increase in rates.	I	(\$69,114)	-58.1%
MAKE READY/REDECORATING	\$81,720	\$60,972	\$65,755	D	\$20,748	25.4%	Decrease in estimated actuals versus the approved 22/23 budget is a result of lower than anticipated turnover costs as a result of higher occupancy rates.	I	(\$4,783)	-7.8%	Tracking YOY, budget accounts for a contingency increase over estimated actuals to proposed budget to account for turnover anomalies. 22/23 Budget vs 23/24 proposed results in savings as a result of higher budgeted occupancy year over year.	D	\$15,965	19.5%
MAINTENANCE	\$89,650	\$141,536	\$133,840	I	(\$51,886)	-57.9%	Increase in Estimated Budget over Approved Budget due to increased in overall supply costs as a result of inflation.	D	\$7,696	5.4%	Decrease in Proposed Budget over Estimated Budget due to reduction in in misc maintenance categories as a result of new equipment purchases. YOY budgets reflect rising costs due to inflation.	I	(\$44,190)	-49.3%
MARKETING	\$3,184	\$1,667	\$1,866	D	\$1,517	47.6%	Decrease in estimated actuals versus the approved 22/23 budget due to cancellation of unutilized services in the current budget year.	I	(\$199)	-11.9%	Tracking YOY with increase for inflation. Current year budget vs proposed realizes YOY savings due to cancellation of underutilized subscription services.	D	\$1,318	41.4%
ADMINISTRATIVE/OFFICE EXPENSE	\$69,852	\$77,179	\$70,445	I	(\$7,327)	-10.5%	Increase in estimated actuals versus the approved 22/23 budget due to unanticipated increased telephone contract costs in the budget year.	D	\$6,734	8.7%	Decrease in Proposed Budget over Estimated Budget due to due to savings in telephone costs of \$6.4k annually as a result of implementation of a new provider and cancelling old services with higher rates.	I	(\$593)	-0.8%
INSURANCE & TAXES	\$257,892	\$244,307	\$263,987	D	\$13,585	5.3%	Reflects lower rates than anticipated in the 22/23 budget year.	I	(\$19,680)	-8.1%	Increase due to anticipated tax increase and insurance premiums as a result of recent policy renewal.	I	(\$6,095)	0.0%
NON-ROUTINE MAINTENANCE	\$240,528	\$342,277	\$358,968	I	(\$101,749)	-42.3%	Increase in estimated actuals versus the approved 22/23 budget due to the increased demand and need for occupied unit repairs to tubs, showers, kitchen and vanity countertops and full contract paints as the buildings age. This also factors in the rising costs of inflation.	I	(\$16,691)	-4.9%	FY 23/24 budget includes occupied unit improvements budget, gutter cleaning, annual inspection supplies, roof preventive maintenance, arborist tree inspection, tree trimming, irrigation replacements, landscape replenishments and and unforeseen maintenance events.	I	(\$118,440)	-49.2%
MANAGEMENT FEES	\$93,194	\$97,970	\$95,981	I	(\$4,776)	-5.1%	Tracking from Estimated Budget over Approved Budget. Increase due to unbudgeted receipt of vendor rebates. Management fees calculated at 2.5% of total gross receipts the PMA.	D	\$1,989	2.0%	Decrease due to unbudgeted vendor rebates received in the current fiscal year that are not guaranteed in the future FY. Management fees calculated at 2.5% of total gross receipts the PMA.	I	(\$2,787)	-3.0%
TOTAL OPERATING EXPENSES	\$1,221,259	\$1,309,391	\$1,329,932	I	(\$88,132)	-7.2%	Increase from estimated actuals vs approved budget is a result of overages in utilities and non-routine maintenance.	I	(\$20,541)	-1.6%	Increase proposed to account for rising costs/inflation.	I	(\$108,673)	-8.9%

I -- DESIGNATES INCREASE
D -- DESIGNATES DECREASE



	Total Budget	Prior Year Forecast	Variance		(Optional) Off-Line Comments
			\$	%	
INCOME					
Potential Rent	\$ 3,862,469	\$ 3,802,019	\$ 60,450	1.6%	Potential includes a 1.6% rate increase for in place market rate residents only with a 1% turnover ratio annually.
Net Potential Rent	\$ 3,862,469	\$ 3,802,019	\$ 60,450	1.6%	
Vacancy Loss	\$ (39,732)	\$ (11,950)	\$ (27,781)	(232.5)%	Vacancy assumes an average occupancy rate of 99%.
Non Revenue Units	\$ (15,364)	\$ (15,060)	\$ (304)	(2.0)%	Non revenue units include office.
Bad Debt	\$ (6,000)	\$ (3,537)	\$ (2,463)	(69.6)%	Assumes \$6k annually in bad debt write off's for outgoing resident balances.
Total Rental Income-Residential	\$ 3,801,373	\$ 3,771,471	\$ 29,902	0.8%	
Other Income-Residential	\$ 37,860	\$ 35,424	\$ 2,436	6.9%	Other income includes, late fees, application fees, damages, interest income and grandfathered pet rent. Variance in prior year forecast to proposed budget is attributed to budgeted damages fees to outgoing residents estimated to be slightly higher annually than forecast as a result of quarter end charges assessed.
Total Income	\$ 3,839,233	\$ 3,806,895	\$ 32,338	0.8%	
EXPENSES					
Payroll & Benefits	\$ 425,257	\$ 430,651	\$ 5,395	1.3%	Payroll savings from prior year forecast is a result of position restructuring and a full staff of 14. Prior year forecast included funds spent for temporary staffing while positions remained open and overtime worked to cover vacant positions that remained open for several months, several times in the 22/23 yr.
Repairs & Maintenance	\$ 133,840	\$ 141,536	\$ 7,696	5.4%	R&M trending slightly below forecast. Budget includes cost projections for unit inspection repairs and general expenses to maintain the buildings as they age.
Make-Ready / Redecorating	\$ 65,755	\$ 60,972	\$ (4,783)	(7.8)%	Make Ready expenses tie into turnover projections and have a contingency of roughly 8% for inflation to account for rising vendor costs.
Contract Services	\$ 84,743	\$ 84,728	\$ (15)	(0.0)%	Contract Services trending in line with forecast for shared expenses at 40% for landscaping, security, trash removal, pest control., fire life safety and cleaning services.
Advertising / Marketing / Promotions	\$ 1,866	\$ 1,667	\$ (199)	(11.9)%	Advertising/Marketing costs tracking slightly above forecast. Costs include monthly newsletter and annual garage sale event budget.
Office Expenses	\$ 34,323	\$ 40,812	\$ 6,489	15.9%	Office expenses tracking below forecast due to savings in telephone costs of \$6.4k annually as a result of implementation of a new provider and cancelling old services with higher rates.
Other General & Administrative	\$ 36,122	\$ 36,368	\$ 245	0.7%	Other general & administrative categories tracking below forecast as a result of the reduced need for budgeted eviction services. Greater collection strategies have decreased the need for these services on a go forward basis.
Utilities	\$ 188,058	\$ 170,380	\$ (17,678)	(10.4)%	Utilities tracking above forecast as a result of anticipated future rate increases.
Controllable Expenses	\$ 969,965	\$ 967,114	\$ (2,851)	(0.3)%	
Management Fees	\$ 95,981	\$ 97,970	\$ 1,990	2.0%	Management fees calculated at 2.5% of total gross revenue per the PMA.
Taxes	\$ 62,088	\$ 60,871	\$ (1,217)	(2.0)%	Property taxes tracking greater than forecast due to an anticipated 2% increase.
Insurance	\$ 201,898	\$ 183,436	\$ (18,463)	(10.1)%	Insurance tracking greater than forecast due to an anticipated 10% increase.
Non-Controllable Expenses	\$ 359,968	\$ 342,277	\$ (17,691)	(5.2)%	
Total Operating Expenses	\$ 1,329,932	\$ 1,309,391	\$ (20,541)	(1.6)%	
Total Operating / Non Recoverable Expenses	\$ 1,329,932	\$ 1,309,391	\$ (20,541)	(1.6)%	Budget accounts for a (1.6)% overall increase to address inflation for goods and services.

Net Operating Income	\$ 2,509,301	\$ 2,497,504	\$ 11,797	0.5%	NOI to account for a (0.5)% overall projected increase vs forecast as a result of anticipated inflation costs.
Routine Replacement Expense	\$ 215,109	\$ 225,313	\$ 10,204	4.5%	Routine replacements tracking 4.5% below forecasted expenses.
Capital / Renovation Expense	\$ 623,942	\$ 71,143	\$ (552,799)	(777.0)%	Capital/Renovations expense higher than forecast projections to account for larger scale projects in the 23/24 budget year.
NOI After Replacements	\$ 1,670,250	\$ 2,201,048	\$ (530,798)	(24.1)%	
Net Income	\$ 1,670,250	\$ 2,201,048	\$ (530,798)	(24.1)%	
CAPITAL BALANCE SHEET					
Contributions / Distributions	\$ (1,782,216)	\$ (1,532,220)	\$ 249,996	16.3%	Distribution of \$1.7M per City directive in 23/24 fiscal yr.
Escrows/Prepays/Reserves	\$ (400,000)	\$ (75,938)	\$ 324,062	426.7%	Reserve's replacement withdrawals received to reimburse operating account for qualified capital project expenses of \$100k per quarter. YOY fund has not been utilized in prior years.
Net Cash	\$ 288,034	\$ 744,766	\$ (456,732)	(61.3)%	Net cash flow variance from prior forecast is a result of capital project costs.

Projects expected to be subject to the 6% Greystar project manager fee based on oversight needs

July 10, 2022

Honorable Mayor and Members
of the Marina City CouncilCity Council Meeting
of July 18, 2023Chair and Board Members of
Abrams B Non-Profit CorporationCorporation Board Meeting
of July 18, 2023

**CITY COUNCIL AND ABRAMS B NON-PROFIT CORPORATION
BOARD CONSIDER ADOPTING RESOLUTION NO. 2023-, AND 2023-
(NPC), APPROVING ABRAMS B HOUSING AREA BUDGET FOR FY
2023-24 AND AUTHORIZING FINANCE DIRECTOR TO MAKE
APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES**

REQUEST:

It is requested that the City Council and Corporation Board consider:

1. Adopting Resolution No. 2023- and Resolution No. 2023- (NPC), approving the Abrams B Housing Area Budget for FY 2023-2024, and;
2. Authorizing Finance Director to make appropriate accounting and budgetary entries.

BACKGROUND:

The City of Marina is the owner of the 194-unit Abrams Park Housing Area. Greystar has been retained to provide property management services.

ANALYSIS:

The budget package provided for the City Council's consideration includes:

- Greystar Abrams Park FY 2023/2024 Proposed Budget Memo
- Attachment A Abrams Park Income
- Attachment B Market Survey
- Attachment C Affordable Rents
- Attachment D Abrams Park Expenses
- Attachment E Abrams Park Standard Budget
- Attachment F Abrams Park Capital Budget Projections 2022-2023

Information in each of the sections below is intended to highlight each of these pieces of the budget package. Please refer to the attachments themselves for greater details.

Greystar Abrams Park FY 2023/2024 Proposed Budget Memo

This document provides larger capital project accomplishments for the year, summary of revenue/rents, summary of expenses and capital budget spending.

Attachment A Abrams Park Income

Summarizes the performance of the current year revenues and projects revenues for 2022/2023 budget year. Revenue for FY 2022-2023 is projected to end \$79,137 over budgeted. The additional revenue is a result of an increase in vendor rebates and lower vacancy losses than anticipated. Net revenue for FY 2022-2023 actual is estimated to close \$8,995 lower than budgeted due to higher than expected utility rates. FY 2023-2024 budget revenue totals \$3,839,233. This is a \$79,137 increase over FY 2022-2023 FY budget, primarily due to low vacancy rates, increases in rents on new move ins and the 3% rent increase for in place market rate tenants.

Attachment B Market Survey

Current market survey for 5 similar apartment communities in Marina, plus a “shadow market” or non-apartment complex comparable units. This survey is used to determine the rents for new market rate move-in tenants. The survey is updated throughout the year to reflect the most recent market rents of the comparable apartment homes in Marina.

Attachment C BMR Rent Calculation Documentation

Current year Affordable Rents included in the proposed Alliance budget memo for the current 49-Very Low-Income qualifying units and 23-Low Income qualifying units.

Attachment D Abrams Park Expenses

Summary of all operating expenses. FY 2022-2023 is estimated to close with \$88,132 in expenses over budget. This is primarily due to an increase in utility rates and non-routine maintenance expenses for unit repairs to tubs, showers, kitchens, etc. Proposed FY 2022-2023 operating expenses total \$1,329,932. This is a \$108,673 increase over FY 2022-2023 FY budget, primarily due to the rising costs for goods and services and inflation.

Attachment E Abrams Park Standard Budget

This document contains a summary sheet supported by the detailed budget line items. The summary sheet combines the Revenue and Operating Expenses described in the Attachments above, and adds accounting for the debt service, the City’s distribution and the Capital Replacement and Project spending.

Attachment F Abrams Park Capital Budget Projections

A five-year projection of capital projects. This sheet also provides accounting for the Capital Reserves. The beginning balance of the Capital Reserve set aside funds is \$1,211,277. The capital expenditures for FY 2023-2024 equal \$1,408,089 with the largest expenditures being an Ingman lot parking expansion project, lighting upgrades throughout the community, and the installation of garage door openers. Also included this year are replacement funds for unit renovations, appliance replacement and new flooring and paint for occupied units in need. Each year there is a \$694,017 set-aside contribution (Replacement Reserve) in the budget. After the set-aside contribution and capital expenses, the final Capital Reserve set aside funds for FY 2023-2024 will equal \$497,205.

2023/24 Budget Changes and Highlights

Staff is working with Greystar staff to prepare for the roll out of a parking management program this fiscal year. To ensure a successful program to address the parking needs within Abrams Park, efforts need to be made to use of the parking inventory already available. Part of the whole solution to the parking challenges will be for residents to utilize their garages for parking. Over the last couple of years, detailed inventories of parking in Abrams Park have been carried out. It was found that the major contributing factor to the parking challenges is residents not using their garages to park their vehicles. Currently more than 90% of residents use their garage for storage rather than to park a vehicle. Garages in the community equate to 194 parking spaces, which are currently highly underutilized. To facilitate the need for tenants to park in their garage, garage door openers will be installed in each unit starting this fall at a cost of \$315,000.

Another notable change this year is the City disbursement from the property. The annual owner distribution for 10 plus years has been \$1,532,220. This owner distribution is used to pay the Abrams B Housing Area debt payment of \$735,000 with the remainder of \$420,000 being General Fund proceeds. This distribution has not increased due to the City Council being mindful of the needed capital improvements that were needed. The property today has been able to fund much of

the initial capital improvements needed when the City acquired the property from the Army and is on a stable path for continued ongoing capital improvements and replacements needed going forward. Public Works, Finance, Administration, and Building Division staff regularly perform duties related to the property. City staff time and costs associated with management of the property continue to increase, causing additional burdens on the general fund. Therefore, the owner's distribution is being increased this year to \$1,782,216, which will provide an additional \$250,000 to the general fund to offset City costs.

FISCAL IMPACT:

Should the City Council and Corporation Board elect to approve this request for the FY 2022-2023 Budget, the owner distribution as proposed will be \$1,782,220. This owner distribution is used to pay the Abrams B Housing Area debt payment of \$735,000 with the remainder of \$670,000 being General Fund proceeds.

CONCLUSION:

This request is submitted for City Council and NPC Corporation Board consideration and possible action.

Respectfully submitted,

Matt Mogensen
Assistant City Manager
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina