

RESOLUTION NO. 2025-71
RESOLUTION NO. 2025-02(PPSC-NPC)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA AND
THE PRESTON PARK SUSTAINABLE COMMUNITY NON-PROFIT
CORPORATION APPROVING PRESTON PARK HOUSING AREA
BUDGET FOR FY 2025-26 AND AUTHORIZING FINANCE DIRECTOR TO
MAKE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, Greystar Real Estate Partners (“Greystar”), as the management agent of Preston Park Sustainable Community Housing, has submitted a draft FY 2025-26 budget; and

WHEREAS, Greystar submitted a budget letter describing highlights of the proposed Preston Park Housing Area FY 2025-26 Budget and accompanied by updated proposed budgets; and

WHEREAS, the rental revenues are used to provide funds for debt service payments on the 2016 Preston Park property purchase; and

WHEREAS, City staff has reviewed the budget package for FY 2025-26; and

WHEREAS, the City Council of Marina and the Board of the Preston Park Sustainable Community 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 Preston Park Sustainable Community Non-Profit Corporation do hereby:

1. Approve the Preston Park Housing Area Budget for FY 2025-26, 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 Preston Park Sustainable Community Non-Profit Corporation at a regular meeting duly held on the 24th day of June 2025, by the following vote:

AYES: COUNCIL MEMBERS: McAdams, McCarthy, Biala, Visscher, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk



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

May 15, 2025

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

Re: Preston Park FY 2025/2026 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 at Preston Park:

- 1) **Building Upgrades:** There were no budgeted building upgrades in the 24/25 fiscal year.
- 2) **Landscaping/Asphalt Repairs/Preventative Maintenance:** Our budgeted road work project began in the second quarter with a targeted completion date of early June. This project addresses asphalt repairs and tree root damage on the main roads throughout the Community. Our annual roof preventative maintenance, tree trimming, gutter cleaning, irrigation repairs and replanting projects were completed, with our remaining dryer vent cleaning project scheduled for completion before the end of the 24/25 FY. Additionally, a reserves study was completed by a consultant to reassess current capital needs. Gopher abatement has been a continual project year over year with the assistance of ADM.
- 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 continues to provide the residents at Preston 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 as a continued source of affordable housing for the general populace of Marina.

Revenues

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 of (2.7%), 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.

Proposed Budget Targeted Rental Increase applies the allowable 2.7% Rental Increase to in-place residents who are currently under the Fair Market Rental Rate as computed by averaging rates from the Monterey County Housing Authority and the HUD Fair Market Rent schedule and is adjusted for a determined amount for the Water, Sewer and Garbage that residents pay directly to the provider for those services. A reduced Rental Increase amount proportionate to their current rent would be applied to households that may not qualify for the standard Rental Increase.

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 the proposed Budget, a year over year increase of 1.7% in overall Total Rental Income from the 24/25 fiscal year reforecast to the proposed 25/26 budget year totals \$331,833. This figure includes a budgeted 2.7% increase for all market rate in place residents at lease renewal in addition to new occupant move in's at current market rates, with a turnover ratio of 8.47% annually. This accounts for 85% of the resident population in Preston 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	\$2,375- \$2,475
Upgraded/Remodeled – Two BR	\$2,525 - \$2,675
Three Bedroom	\$2,800
Upgraded/Remodeled – Three BR	\$2,925 - \$3,000

* Note: Twenty 2-Bedroom homes and Nine 3-Bedroom home have additional features that warrant higher than average rental rates.

The Average of HUD Fair Market Rents (FMR) published in April 2025 and the Monterey County Housing Authority Peninsula Payment Standards published in January 2025 are as follows:

Unit Bedroom Size	Averaged HUD Fair Market & HA Peninsula Payment Standard Rent	Utility Allowance	Adjusted Rental Amount
Two Bedroom	\$3,191.00	\$268.00	\$2,923.00
Three Bedroom	\$4,421.00	\$352.00	\$4,069.00

A number of in-place market renters in Preston Park homes are leasing below the averaged Fair Market Rent. The Fair Market Rates above include an allowance for utilities paid directly by Preston Park residents in addition to their monthly rental amount. The two-bedroom average in-place market rent at Preston Park is \$1,931, while the average three-bedroom in-place market rent at Preston Park is \$2,529.

Affordable Rents

Affordable rental rates are derived from median income schedules published by governmental agencies. Rental rates at Preston Park are based upon 50% and 60% and 80% of the median income for Monterey County. The U.S. Department of Housing and Urban Development calculates the maximum household income by family size in Monterey County, generally once a year. As of the date of this memo, the rental rates are based upon families at 50% and 60% and 80% of the Monterey County median income for 2025. Rental increases are not being proposed for the proposed budget year.

Maximum Household Income Limits for 2025 as published in April of 2025.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person
50% Very Low	\$57,850	\$65,100	\$72,300	\$78,100	\$86,850	\$89,650	\$95,450
60% Low/Lower	\$92,600	\$104,150	\$115,700	\$125,000	\$134,250	\$143,500	\$152,750
80% Low	\$100,300	\$112,850	\$125,400	\$135,450	\$145,450	\$155,500	\$165,550

Income

FY 25/26 budget assumes \$8,573,232 in Total Income vs. FY 24/25 budget of \$8,241,399. Further, FY 25/26 budget includes \$2,198,740 in Total Operating Expenses vs. FY 24/25 budget of \$2,109,094 resulting in an increase of (\$89,646) or a 4.25% variance.

Expenses

Expenses include Operating Expense projections and relevant changes from the FY 2024/2025 budget to the FY 2025/2026 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 2025/2026 is 4.25% higher than the Estimated Actuals for FY 2024/2025. 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 \$2M 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, carpeting and 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) Path Light Poles and Fixtures - \$66,000
- 2) Gutter Cleaning - \$8,250
- 3) Roof Maintenance - \$23,738
- 4) Dryer Vent Cleaning - \$12,100
- 5) Termite Inspection - \$10,000
- 6) Landscape Upgrades, Tree Trimming, Irrigation Repairs and Replanting - \$58,300
- 7) Unit renovations x 3 - \$174,900
- 8) R&R of Concrete Walkways and Driveways - \$117,000

Capital Reserves Fund

Adoption of the proposed budget will result in a contribution of \$3,041 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.

Furthermore, a Capital Reserve Study was completed by a consulting firm to further assess future costs to maintain the project over a span of 30+ years. The reserves study, is currently under review to reassess all long-term capital needs. While this evaluation is underway, the proposed budget includes a provisional allocation per unit specifically designed to address immediate capital needs identified in the 25/26 fiscal year. This funding approach ensures that essential capital priorities can be addressed without delay, while allowing flexibility to adjust future allocations based on the final outcomes of the reassessment. **(Attachment G).**

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,
Vanessa Gonzales
Regional Manager

Cc: Sumer Perkins, Director of Real Estate Greystar

Cc: Analily Puckett, Community Manager

Attachments:

- B. FY 2025/26 Budget Summary
- G. Capital Improvement Plan/Reserve Withholding

Attachment B - Budget Summary

Preston Park
Budget Year 2025-2026



	Fiscal Year 2024-25					Proposed Fiscal Year 2025-26				
	Approved Budget	Estimated Year End	Variance of Estimated Year End to Approved			Proposed	Variance from Fiscal Year 2024-25 Approved		Variance from Fiscal Year 2024-25 Estimated	
			Var \$	Var %			Var \$	Var %	Var \$	Var %
TOTAL RENTAL INCOME-RESIDENTIAL	\$ 7,683,114	\$ 7,880,950	\$ 197,836	2.6%		\$ 8,028,528	\$ 345,414	4.5%	\$ 147,578	1.9%
Other Income-Residential	558,285	551,588	(6,697)	-1.2%		544,704	(13,581)	-2.4%	(6,884)	-1.2%
TOTAL INCOME	\$ 8,241,399	\$ 8,432,538	\$ 191,139	2.3%		\$ 8,573,232	\$ 331,833	4.0%	\$ 140,694	1.7%
EXPENSES										
Payroll & Benefits	\$ 646,949	\$ 648,760	\$ 1,811	0.3%		\$ 664,759	\$ 17,810.38	2.8%	\$ 15,999	2.5%
Repairs & Maintenance	152,847	130,817	(22,031)	-14.4%		138,596	(14,251)	-9.3%	7,779	5.9%
Make-Ready / Redecorating	157,527	145,092	(12,435)	-7.9%		159,312	1,785	1.1%	14,220	9.8%
Contract Services	121,963	111,063	(10,900)	-8.9%		118,077	(3,886)	-3.2%	7,014	6.3%
Advertising / Marketing / Promotions	4,330	4,973	643	14.8%		4,291	(39)	-0.9%	(682)	-13.7%
Office Expenses	56,883	56,003	(880)	-1.5%		58,444	1,561	2.7%	2,441	4.4%
Other General & Administrative	62,572	57,267	(5,305)	-8.5%		61,902	(670)	-1.1%	4,635	8.1%
Utilities	239,452	238,445	(1,007)	-0.4%		261,470	22,018	9.2%	23,025	9.7%
Management Fees	206,124	200,928	(5,196)	-2.5%		211,525	5,401	2.6%	10,597	5.3%
Taxes	139,290	138,523	(768)	-0.6%		148,000	8,710	6.3%	9,477	6.8%
Insurance	321,157	344,902	23,746	7.4%		372,363	51,207	15.9%	27,461	8.0%
TOTAL OPERATING EXPENSES	\$ 2,109,094	\$ 2,076,774	\$ (32,320)	-1.5%		\$ 2,198,740	\$ 89,646	4.3%	\$ 121,966	5.9%
NET OPERATING INCOME	\$ 6,132,305	\$ 6,355,764	\$ 223,459	3.6%		\$ 6,374,492	\$ 242,187	3.9%	\$ 18,728	0.3%
Less Distributions	\$ 1,999,992	\$ 1,999,996	\$ (4.00)	0.0%		1,999,996	(4)	0.0%	-	0.0%
Less Capital / Renovation Expense	1,094,160	1,021,463	72,697	6.6%		1,076,748	17,412	1.6%	(55,285)	-5.4%
Less Debt Service	1,541,656	1,520,935	20,721	1.3%		1,541,656	-	0.0%	(20,721)	-1.4%
Less Other: Partnership/Ownership expenses, prepaids, escrow	36,514	59,836	(23,322)	-63.9%		-	36,514	100.0%	59,836	100.0%
Net Transfer-in from Capital Reserves	-	-	-	0.0%		-	-	0.0%	-	0.0%
TOTAL NON-OPERATING	\$ 4,672,322	\$ 4,602,230	\$ (70,092)	-1.5%		\$ 4,618,400	\$ (53,922)	-1.2%	\$ 16,170	0.4%
NET CASH	\$ 1,459,983	\$ 1,753,534	\$ 293,551	20.1%		\$ 1,756,092	\$ 296,109	20.3%	\$ 2,558	0.1%

Attachment C - Income Budget Summary

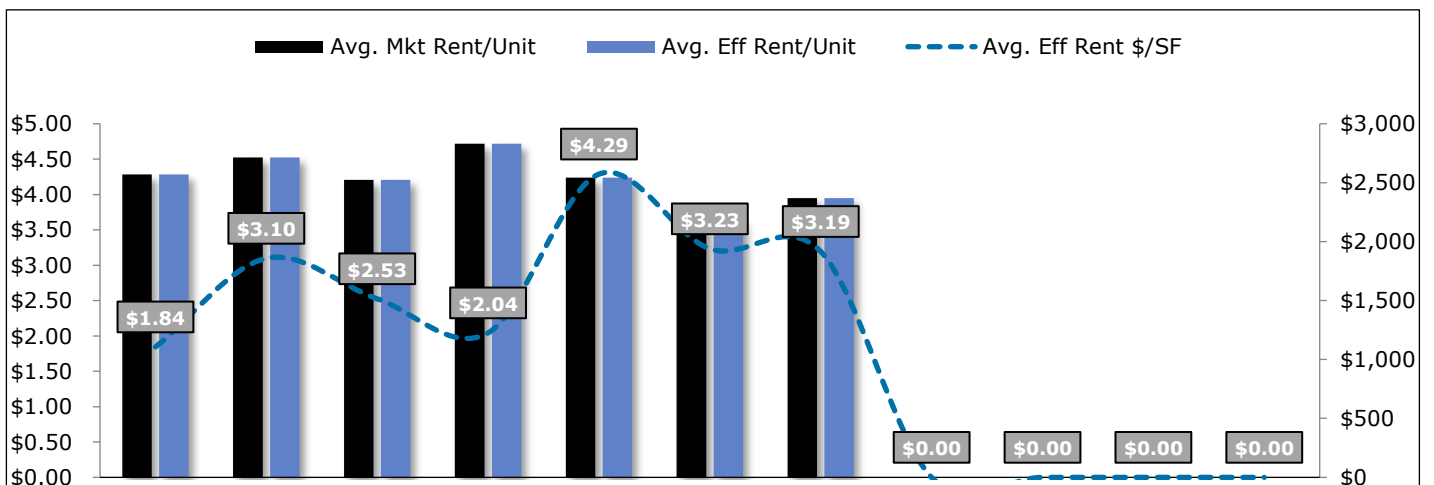
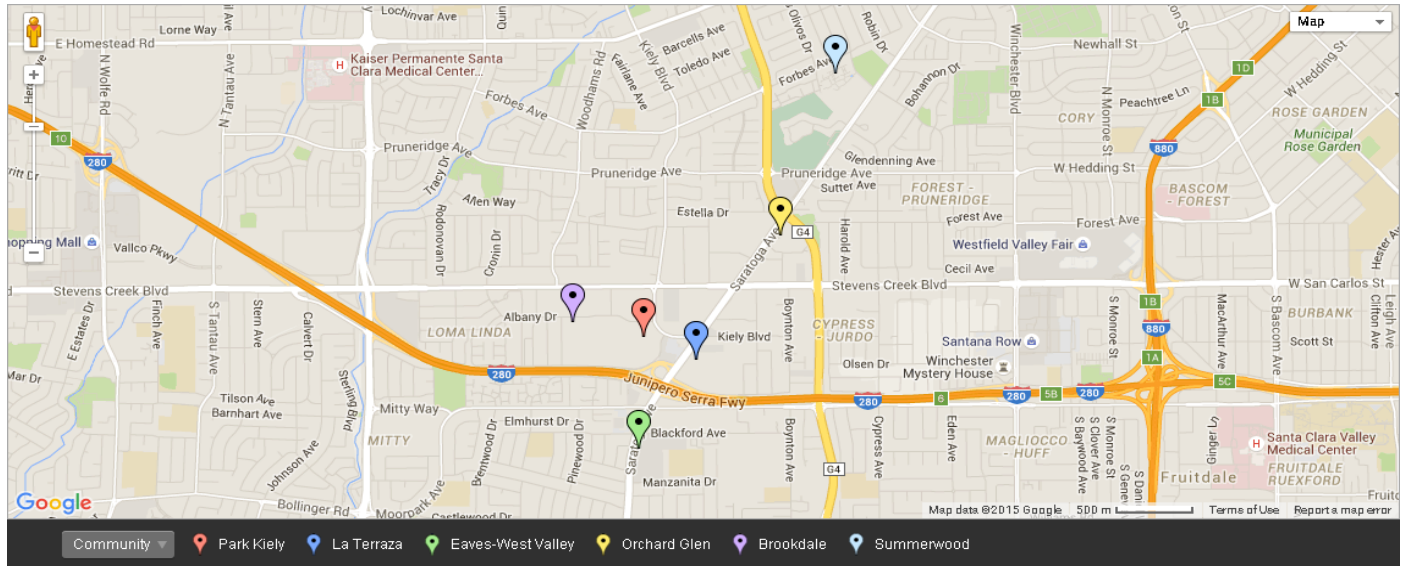
Detailed Budgetary Comparison - Preston Park

	Fiscal Year 2024-25				Fiscal Year 2025-26			Fiscal Year 2025-26 Budget Assumptions and Notes
	Approved Budget	Estimated Year-End	Variance of Estimated Year-End to Approved		Proposed	Variance From Fiscal Year 2024-25 Estimated Year-End		
			Variance \$	Variance %		Variance \$	Variance %	
INCOME								
Potential Rent	\$ 7,928,099	\$ 8,019,455	\$ 91,356	1.2%	\$ 8,174,138	\$ 154,683	1.9%	Assumes current market rents starting at \$674,000 per month, and a 2.0% projected increase in market rents for FY 2025-26.
Vacancy Loss	(201,652)	(95,434)	106,218	-52.7%	(101,738)	(6,304)	6.6%	Assumes an average annual occupancy rate of 97.5%, with a projection of 30 move-outs, 28 move-in's, 231 lease renewals at 2.7%, and an average economic occupancy rate of 96.9%.
Non Revenue Units	(37,332)	(37,871)	(539)	1.4%	(37,872)	(1)	0.0%	Reflects one employee unit; and the shared office and community center for Abrams and Preston Park.
Bad Debt	(6,001)	(5,200)	801	-13.3%	(6,000)	(800)	15.4%	Assumes \$6,000 annually for bad debt rent write-off.
TOTAL RENTAL INCOME-RESIDENTIAL	\$ 7,683,114	\$ 7,880,950	197,836	2.6%	\$ 8,028,528	\$ 147,578	1.9%	
Other Income-Residential	558,285	551,588	(6,697)	-1.2%	544,704	(6,884)	-1.2%	This category of income includes application fees, damages, late fees, pet rent, and interest income. The largest share of income within this category is interest earnings. In the year-end estimate and the proposed budget, interest receipts are projected to be approximately \$511,000.
TOTAL INCOME	\$ 8,241,399	\$ 8,432,538	\$ 191,139	2.3%	\$ 8,573,232	\$ 140,694	1.7%	

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	Preston Park	1987	354	99%	1393	\$2,569	\$1.84	\$2,569	\$1.84
Comp 1	Shadow Market	1973	16	100%	877	\$2,715	\$3.10	\$2,715	\$3.10
Comp 2	Marina Square Apartments	1978	48	98%	1000	\$2,525	\$2.53	\$2,525	\$2.53
Comp 3	Abrams Park	1978	194	100%	1386	\$2,832	\$2.04	\$2,832	\$2.04
Comp 4	Sunbay Suites	1989	266	100%	593	\$2,544	\$4.29	\$2,544	\$4.29
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	\$2,370	\$3.19	\$2,370	\$3.19
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)			1070	99%	1044	\$2,556	\$2.78	\$2,556	\$2.78
Total/Avg. (Market less Subject)			716	99%	872	\$2,550	\$3.25	\$2,550	\$3.25

Marina I 0



Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8	Comp 9	Comp 10
---------	--------	--------	--------	--------	--------	--------	--------	--------	--------	---------

Attachment E - Affordable Rent Amounts

Affordable Unit Calculations - FY 25/26 Rent Levels

(A) MAXIMUM HOUSEHOLD INCOME LIMITS (ANNUAL)

HUD AMI Limit	Number of Persons							
	1	2	3	4	5	6	7	8
Very Low (50% of AMI)	50,600	57,850	65,100	72,300	78,100	83,850	89,650	95,450
Low (80% of AMI)	81,000	92,600	104,150	115,700	125,000	134,250	143,500	152,750

Source: California Department of Housing and Community Development, 2025

	2 Bedroom		3 Bedroom (Preston Only)		4 Bedroom	
	24/25	23/24	24/25	23/24	24/25	23/24
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

Attachment F - Expense Budget Summary Detailed

Budgetary Comparison - Preston Park

	Fiscal Year 2024-25				Fiscal Year 2025-26			Fiscal Year 2025-26 Budget Assumptions and Notes
	Approved Budget	Estimated Year End	Varinace of Estimated Year End to Approved		Proposed	Variance From Fiscal Year 2024-25 Estimated Year-End		
			Variance \$	Variance %		Variance \$	Variance %	
EXPENSES								
Payroll and Benefits	\$ 646,949	\$ 648,760	\$ 1,811	0.3%	\$ 664,759	\$ 15,999	2.5%	Assumes a full-time staff of 14 employees, with 60% billed to Preston Park. The annual variance is associated with using a leasing agent, in lieu of a vacant position.
Repairs and Maintenance	152,847	130,817	(22,030)	-14.4%	138,596	7,779	5.9%	The \$7,779 variance represents an inflationary increase, when compared to the year-end estimate.
Make-Ready / Redecorating	157,527	145,092	(12,435)	-7.9%	159,312	14,220	9.8%	The \$14,220 variance represents an inflationary increase when compared to the year-end estimate.
Contract Services	121,963	111,063	(10,900)	-8.9%	118,077	7,014	6.3%	The \$7,014 increase in costs were based on current contract terms. In the prior year, savings resulted from partially using in-house staff for cleaning, rather than contract services.
Advertising / Marketing / Promotions	4,330	4,973	643	14.8%	4,291	(682)	-13.7%	This line item includes funding for monthly newsletter, marketing services, and resident events.
Office Expenses	56,883	56,003	(880)	-1.5%	58,444	2,441	4.4%	This line item reflects office supplies, postage meter, tenant screening fees, telephones, and alarms. The increase is based on contract costs.
Other General and Administrative	62,572	57,267	(5,305)	-8.5%	61,902	4,635	8.1%	The majority of the increase reflects mandatory, below-market-rate compliance monitoring fees. These services were less in the prior year due to only a partial year of implementation.
Utilities	239,452	238,445	(1,007)	-0.4%	261,470	23,025	9.7%	The most significant increase in this category is related to water and sewer charges to align with published rates.
Management Fees	206,124	200,928	(5,196)	-2.5%	211,525	10,597	5.3%	Management fees are based on 2.5% of gross receipts.
Taxes	139,290	138,523	(767)	-0.6%	148,000	9,477	6.8%	Tax increases were estimated based on a provided schedule. They align closely with the prior year approved budget.
Insurance	321,157	344,902	23,745	7.4%	372,363	27,461	8.0%	Insurance premium costs were based on renewal amounts that were provided in March 2025. A significant amount of this increase was imposed by the carrier as a result of the California wildfires.
TOTAL OPERATING EXPENSES	\$ 2,109,094	\$ 2,076,774	(32,320)	-1.5%	\$ 2,198,740	\$ 121,966	5.9%	

Attachment G

Project	Detail	Completed					
		2024-2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030
Projected Replacement Reserve Fund Balance		\$ 250,138	\$ 250,138	\$ 250,138	\$ 1,440,121	\$ 2,364,012	\$ 3,755,752
Projected Replacement Reserve Fund Contribution		\$ 1,021,463	\$ 1,076,748	\$ 2,158,300	\$ 2,158,300	\$ 2,158,300	\$ 2,158,300

Common Area

320 - Pole Light Fixtures - Replace	\$	-	\$	-	\$	-	\$	-	\$	-
321 - Light Poles - Replace	\$	-	\$	-	\$	-	\$	-	\$	-
322 - Bollard Lights - Replace	\$	-	\$	-	\$	-	\$	-	\$	-
323 - Path Light Fixtures - Replace	\$	-	\$	20,000	\$	-	\$	-	\$	-
329 - Path Light Poles - Replace	\$	-	\$	46,000	\$	-	\$	-	\$	-
403 - Mailboxes - Replace	\$	-	\$	-	\$	-	\$	-	\$	-
1403 - Monument Signs - Replace	\$	-	\$	-	\$	-	\$	10,927	\$	-
1404 - Bulletin Boards - Replace	\$	-	\$	-	\$	-	\$	-	\$	-

Paved Surfaces

202 - Asphalt (Courts) - Overlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
202 - Asphalt (Preston Dr) - Overlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
203 - Asphalt (Courts) - Slurry/Seal/Repair	\$ -	\$ -	\$ 225,000	\$ -	\$ -	\$ -
203 - Asphalt (Preston) - Slurry/Seal/Repair	\$ 250,339	\$ -	\$ -	\$ -	\$ -	\$ -
205 - Concrete Walkways - Repair/Replace	\$ -	\$ 36,000	\$ -	\$ 42,436	\$ -	\$ 45,020
206 - Concrete Driveaways - Repair/Replace	\$ -	\$ 81,000	\$ -	\$ 95,481	\$ -	\$ 101,296
207 - Concrete (Office) - Repair	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fences

502 - Chain Link Fences - Replace	\$	-	\$	6,000	\$	-	\$	-	\$	-	\$	-
-----------------------------------	----	---	----	-------	----	---	----	---	----	---	----	---

Buildings

324 - Wall Lights - Replace	\$	-	\$	15,000	\$	-	\$	160,200	\$	-	\$	-
328 - Garage Lights - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
701 - Entry Doors - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
702 - Fire Doors - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
703 - Garage Doors - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1115 - Building Surfaces - Repair/Repaint	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1190 - Windows - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1303 - Comp Shingle Roof - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1312 - Gutters/Downspouts - Replace	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Mechanical/Systems

Project	Detail	Completed						
		2024-2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	
705 - Garage Door Operator - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1811 - Plumbing - Replace/Reline/Repair		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1840 - Cable - Rewire		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Office</u>								
325 - Interior Lights - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
608 - Laminate Flooring - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
901 - Furniture - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
909 - Bathroom Refurbish		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
911 - Kitchen Appliances - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
912 - Kitchen - Refurbish		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1110 - Interior Surfaces - Repaint		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Community Center</u>								
325 - Interior Lights - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
608 - Laminate Flooring - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
901 - Furniture - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
909 - Bathroom Refurbish		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
911 - Kitchen Appliances - Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
912 - Kitchen - Refurbish		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1110 - Interior Surfaces - Repaint		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Recreation</u>								
400 - Park - Installation/Replacement		\$ -	\$ -	\$ -	\$ 237,500	\$ -	\$ -	
409 - Metal Benches/Trash Cans - Replace		\$ -	\$ -	\$ -	\$ -	\$ 27,318	\$ -	
1807 - Basketball Court - Remove & Replace		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Landscape & Irrigation</u>								
1001 - Backflow Devices - Replace		\$ -	\$ -	\$ -	\$ -	\$ 19,123	\$ -	
1006 - Irrigation Systems - Repair/Replace		\$ 26,710	\$ 21,350	\$ 6,863	\$ 6,863	\$ 6,863	\$ 6,863	
1008 - Trees - Trim/Remove		\$ 13,200	\$ 14,520	\$ 20,559	\$ 20,559	\$ 20,559	\$ 20,559	
1009 - Landscaping - Replenish		\$ 17,285	\$ 22,430	\$ 11,690	\$ 11,690	\$ 11,690	\$ 11,690	
<u>UNITS</u>								
Full Unit Renovations	3 per year @ \$55,000 each Paint, reglaze and repair of tubs, kitchen countertops, bathroom vanity	\$ 174,900	\$ 174,900	\$ 174,900	\$ 174,900	\$ 174,900	\$ 174,900	
Occupied Unit Renovations	Replacement (assume 10 year life).	\$ 164,216	\$ 177,069	\$ 120,000	\$ 108,000	\$ 108,000	\$ 115,000	
Dishwasher	Represents 19 units	\$ 9,287	\$ 10,216	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	
Refrigerators	Represents 36 units	\$ 17,351	\$ 19,084	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	

		Completed						
Project	Detail	2024-2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	
Stove/Range hood/Microwave	Replacement (assume 15 year life).							
	Represents 19 units	\$ 32,112	\$ 35,321	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	
Garbage Disposal	Replacement (assume 10 year life).							
	Represents 30 units	\$ 2,156	\$ 2,371	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	
Hot Water Heaters	Replacement (assume 15 year life).							
	Represents 15 units	\$ 13,275	\$ 14,606	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	
Carpet	Replacement (assume 10 year life).							
	Represents 15 units.	\$ 53,316	\$ 58,648	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	
Vinyl	Replacement (assume 10 year life).							
	Represents 24 units.	\$ 153,345	\$ 168,752	\$ 100,000	\$ 63,975	\$ 63,975	\$ 63,975	
HVAC Furnace	Replacement (assume 15 year life).							
	Represents 4 units.	\$ 15,710	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	
Plumbing Repairs - Major (Water Intrusion)		\$ 13,717	\$ 15,089	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	
Plumbing Repairs - Major (Washer Boxes)		\$ -	\$ 18,305	\$ 18,305	\$ 18,305	\$ 18,305	\$ 18,305	
<u>PROPERTY MANAGEMENT & PM PROJECTS</u>								
New Office Computers	Replace existing old computers	\$ 1,864	\$ -	\$ -	\$ 3,500	\$ -	\$ -	
Maintenance Vehicles	Purchase new	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	
Roof Preventative Maintenance Project	Annual	\$ 21,580	\$ 23,737	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
Gutter Cleaning - Preventative Maintenance Project	Annual	\$ 7,500	\$ 8,250	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	
Dryer Vent Cleaning - Preventative Maintenance Project	Annual	\$ 10,900	\$ 12,100	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	
Termite Inspection - Preventative Maintenance Project	Annual	\$ 8,800	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
Reserve Study Expense	Every three (3) years	\$ 13,900	\$ -	\$ -	\$ -	\$ 13,900	\$ -	
Capital Expenses - uninflated (included as Capital Assets in the Standard Budget)		\$ 1,021,463	\$ 1,076,748	\$ 968,317	\$ 1,234,409	\$ 766,560	\$ 873,608	
Ending Replacement Reserve Fund Balance - uninflated		\$ 250,138	\$ 250,138	\$ 1,440,121	\$ 2,364,012	\$ 3,755,752	\$ 5,040,444	

Exhibit H - Preston Park Cash Allocations

	Bank Statement		Estimated		Proposed Fiscal Year 2025-26							Fiscal Year 2026-27	
	May 31, 2025	June 30, 2025	Beginning Balance	Revenues	Transfers	Expenses	Estimated Loan Payment ⁽¹⁾	Est. Ending Balance	Reallocated End. Balance	Est. Beginning Balance ⁽²⁾			
Banking Balances													
Operating	\$ 480,238	\$ 707,694	\$ 200,000	\$ 8,573,232	-	\$ (6,817,140)	\$ -	\$ 1,956,092	\$ 200,000	\$ 200,000			
Security deposit	588,142	588,142	588,142	-	-	-	-	588,142	588,142	588,142			
Replacement reserves in trust	250,138	250,138	250,138	-	-	-	-	250,138	250,138	250,138			
Bridgebank Reserve	13,428,018	13,073,097	13,580,791	-	-	-	(13,000,000)	580,791	2,336,883	2,336,883			
	14,746,536	\$ 14,619,071	\$ 14,619,071	\$ 8,573,232	\$ -	\$ (6,817,140)	\$ (13,000,000)	\$ 3,375,163	\$ 3,375,163	\$ 3,375,163			
Allocation of Operating and Capital Balances													
Operating cash	\$ 480,238	\$ 707,694	\$ 200,000	\$ 8,573,232	\$ (1,004,051)	\$ (5,740,392)	\$ -	\$ 2,028,789	\$ 200,000	\$ 200,000			
Restricted security deposit	588,142	588,142	588,142	-	-	-	-	588,142	588,142	588,142			
Replacement reserves in trust	250,138	250,138	250,138	-	-	-	-	250,138	250,138	250,138			
Replacement reserves	427,618	72,697	72,697	-	1,004,051	(1,076,748)	-	-	-	-			2,158,300
Loan reserves	13,000,400	13,000,400	13,508,094	-	-	-	(13,000,000)	508,094	2,336,883	178,583			
	14,746,536	\$ 14,619,071	\$ 14,619,071	\$ 8,573,232	\$ -	\$ (6,817,140)	\$ (13,000,000)	\$ 3,375,163	\$ 3,375,163	\$ 3,375,163			

(1) Assumes a \$13 million payment towards the balance due on the Preston Park Loan. The estimated remaining \$178,583 in the balance could be used to support debt issuance costs or a later transfer to the replacement reserves.

(2) Adjusted for an advance Fiscal Year 2026/27 replacement reserve contribution.

June 13, 2025

Item No. **13c**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of June 24, 2025

Chair and Board Members of
Preston Park Sustainable Community Non-Profit Corporation

Corporation Board Meeting
of June 24, 2025

**CITY COUNCIL AND PRESTON PARK SUSTAINABLE COMMUNITY
NON-PROFIT CORPORATION BOARD CONSIDER ADOPTING
RESOLUTION NO. 2025-, AND 2025- (PPSC-NPC), APPROVING
PRESTON PARK HOUSING AREA BUDGET FOR FY 2025-26 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. 2025-, and Resolution No. 2025- (PPSC-NPC), approving the Preston Park Sustainable Community Non-Profit Corporation Preston Park Housing Area Budget for FY 2025-26, and;
2. Authorizing Finance Director to make appropriate accounting and budgetary entries.

BACKGROUND:

The City of Marina purchased the 354-apartment unit community of Preston Park in 2016. Greystar Residential has been retained to provide property management services.

ANALYSIS:

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

- Attachment A Greystar Preston Park FY 2025-26 Proposed Budget Memo
- Attachment B Preston Park Budget Overview
- Attachment C Preston Park Income
- Attachment D Market Survey
- Attachment E Affordable Rents
- Attachment F Preston Park Expenses
- Attachment G Preston Park Capital Budget Projections 2025-26
- Attachment H Preston Park Cash Allocations

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.

Attachment A: Greystar Preston Park FY 2025-26 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 B: Preston Park Budget Overview

This document provides an overall summary of the Approved Fiscal Year 2024-25 Budget and the estimated year-end results; and the Proposed Fiscal Year 2025-26 Budget. In addition to net income from operations, this worksheet also includes non-operating revenues and expenses, such as ownership distributions, capital/renovation expenses, and contributions from capital reserves.

At the close of Fiscal Year 2024-25, the Preston Park net income from operations is estimated to be

\$6.4 million. This is \$223,459 or 3.6% greater than the original budget. This year's budget included \$250,339 in appropriations for various asphalt repairs and related tree removal projects. The net non-operating costs, which include capital and renovation expenses, are projected to be \$70,092 less than anticipated primarily due to the carry-forward of capital improvements.

In Fiscal Year 2025-26, Preston Park is anticipated to yield net income of \$6.4 million. This is \$242,187 or 3.9% greater than the originally approved budget; and \$18,728 or 0.3% more than the Fiscal Year 2024-25 year-end estimate. The Fiscal Year 2025-26 Proposed Budget includes \$2 million in owner distributions, annual debt service costs, and capital/renovation expenditures of \$1.1 million.

Details and assumptions related to revenues, expenditures, and estimated cash balances are provided within the subsequent sections and attachments.

Attachment C: Preston Park Income

The Fiscal Year 2024-25 estimated ending income for Preston Park was \$8.4 million. This represents an increase of \$191,139 or 2.3% greater than the originally approved budget. The budgetary variance reflects rental income that was \$197,836 or 2.6% higher than initially projected due to increased market rents associated with new move-ins. Other Income receipts is expected to be approximately \$6,700 less than the budgetary projections.

The Proposed Fiscal Year 2025-26 revenues are projected to be \$8.6 million or \$331,833 greater than the Fiscal Year 2024-25 approved revenues; and \$140,694 or 1.7% greater than the estimated year-end amounts. This primarily reflects a \$147,578 or 1.9% increase in rental income revenues and a \$6,900 decrease in Other Income. The Fiscal Year 2025-26 Budget includes a 2.7% increase for all market rate in-place residents at lease renewal; and an estimate to adjust lease rates to reflect market conditions for new occupants.

Supporting line item details, as well as assumptions are included in Attachment C.

Attachment D: Market Survey

This attachment includes the current market survey for five 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 E: Affordable Rents

The current year affordable rents calculation is included in Attachment E and the Proposed Budget Memo. There are currently 19-Very Low-Income qualifying units, 27-Low/Low Income, and 3-Low Income qualifying units.

Attachment F: Preston Park Expenses

In Fiscal Year 2024-25, the estimated amount of ending operating expenses for Preston Park were \$2.1 million. This represents a decrease of \$32,320 or 1.5% when compared to the Approved Budget. The budgetary variance reflects increased insurance costs of \$23,746, net of reductions in other expense categories.

The Proposed Fiscal Year 2025-26 expenses are projected to be \$2.2 million. This reflects an increase of \$89,646 or 4.3% when compared to the Fiscal Year 2024-25 approved budget; and \$121,966 or 5.9% greater than the year-end estimate. This projected increase reflects approximately \$27,000 in additional insurance premiums; \$23,000 in utility costs; and various other inflationary increases.

Supporting line-item details, as well as assumptions are included in Attachment F.

Attachment G: Preston 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 \$250,138. The proposed capital expenditures for FY 2025-26 are \$1,076,748, which includes \$262,300 for concrete repairs/replacements, pathway lighting, fencing, and landscaping projects; and \$814,448 for unit renovations, appliances, new flooring and interior paint for occupied units in need.

In Fiscal Year 2025-26, the budget includes a capital contribution equivalent to the amount of the planned expenses. This will provide the City with the flexibility to use the majority of the reserve funds to pay down the principal on the Preston Park Loan. While the Fiscal Year 2025-26 ending Capital Reserve balance is anticipated to be \$250,138, there should be sufficient funds to transfer \$2.2 million to capital reserves at the beginning of Fiscal Year 2026-27.

Attachment H: Preston Park Cash Allocations

This attachment is an accounting of all cash on hand and how it is allocated for the Preston Park bank accounts. The actual and projected bank balances for each of the three Preston Park bank accounts are provided in this summary. The operating account is a checking account and used to pay ongoing operating expenses. The Security Deposit account is a trust account where security deposits are held. The final account is a savings account for the property's reserves. This account handles the reserves for capital expenses and reserves for debt retirement. Excess cash in the Operating account is annually swept into the debt retirement portion of the reserve account where they are dedicated towards buying down the debt. The projected reserve account balance at the end of Fiscal Year 2024-25 is anticipated to be \$72,697 for capital expenses and \$13.5 million in debt retirement reserves. To fund the \$1,076,748 in capital expenses for this year, the Capital Reserve will need an additional \$1.0 million contribution from the operating funds. The Preston Park Cash allocation worksheet includes an estimated \$13.0 million payment towards the Preston Park Loan.

2025-26 Budget Changes and Highlights

The property today has been able to fund much of the initial capital improvements needed when the City acquired the property and is on a stable path for continued ongoing capital improvements and replacements needed going forward. In prior years, an internal document was developed to serve as the foundation for setting aside reserve funds and maintaining the property. In Fiscal Year 2024-25, a formal Capital Funding Plan was developed to provide a roadmap for setting aside capital reserves, funding capital improvements, and replacing equipment and appliances. Staff is currently in the process of reviewing the details of the Plan; however preliminary information indicates that Preston Park should have sufficient revenues to meet the plan funding requirements.

The Preston Park Loan balance is currently \$36.0 million. This is an interest only loan, with the full principal payment due before February 1, 2026. The target to set aside funds to buy down the debt has been \$10.0 million. At the close of Fiscal Year 2024-25, the loan reserve balance is estimated to be \$13.0 million; however, when the excess operating cash is transferred to the balance, it is estimated to be \$13.5 million. The City is currently reviewing options to refinance the remaining balance. Staff plans to bring recommendations to the Council/Board of Directors in early Fiscal Year 2025-26.

There is no proposed change to the City's ownership distribution. The proposed annual distribution of \$2.0 million supports the use of the City's Administration and Building Division staff to regularly perform duties related to this property.

FISCAL IMPACT:

Should the City Council and Corporation Board elect to approve this request for the FY 2025-26 Budget, the owner distribution as proposed will be \$2.0 million.

CONCLUSION:

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

Respectfully submitted,

Tori Hannah
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina