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# Park Vista: State of the Union

Paul Lanyi for the PV Board  
May 21, 2024

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# Overview

Background

Current State

Future Challenges

Options

Board Discussions/Decisions

City Council To Consider

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## — Park Vista Background

- Senior living facility owned by the City of El Segundo
- Built in 1987
- 97 residential units
- Rent for **new** rentals at 60% of market rate per month
  - 1 bedroom = now, \$1142 vs \$960/month last year
  - Studio = now \$846 vs \$705/month last year
- On average 4 units turn each year
- Approximately 65% of 97 units not paying 50% of market rates

## — Park Vista Background (2)

- Rent increases of 1 - 2% have been passed annually in the last 15 years (except two years)
- Delighted to have Paul Chung City Finance Director and Elias Sasson Director of Public Works working with us to help craft financial projections
- Major plumbing projects expected to happen in 2022/2023 pushed out to 2033/2034 (~\$1.3M but with 5% expected increase in costs)

# — Park Vista

## The Good News?

- Financially stable
- Came through Covid intact

## The Bad News?

- None

## — Future Challenges

- Over \$6M worth of projects identified in Replacement Reserves Report developed by the City to be accomplished by 2035
- Forecasts include 2% cost increases, but water running at 5%+
- Park Vista, under current practices and plans and using Senior Housing Fund 504 (controlled by the City) will stay within the City Finance recommended reserves until 2034 and then **fall below recommended reserves**

# Financials 1 - assumes 2% CPI and \$200K from the City in 2024

Park Vista 20-year Forecast (Scenario: \$200,000 annual contribution from GF)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Revenue	\$923,304	\$966,524	\$1,020,745	\$1,072,990	\$1,123,279	\$1,174,635	\$1,224,078	\$1,283,029	\$1,344,312	\$1,406,820	\$1,470,578	\$1,533,212	\$1,599,546	\$1,660,007	\$1,729,021	\$1,799,416	\$1,871,218	\$1,944,456	\$2,019,159	\$2,095,357	\$2,173,078
Expenses	(\$711,366)	(\$737,138)	(\$764,050)	(\$792,079)	(\$821,287)	(\$851,702)	(\$883,391)	(\$916,411)	(\$950,824)	(\$986,691)	(\$1,024,092)	(\$1,063,084)	(\$1,103,726)	(\$1,146,108)	(\$1,190,309)	(\$1,236,411)	(\$1,284,503)	(\$1,334,677)	(\$1,387,027)	(\$1,441,595)	(\$1,498,758)
Net	\$285,000	\$229,386	\$256,694	\$280,910	\$301,992	\$322,933	\$340,687	\$366,618	\$393,488	\$420,129	\$446,486	\$470,128	\$495,820	\$513,899	\$538,713	\$563,004	\$586,715	\$609,780	\$632,132	\$653,761	\$677,320
Capital Expense	\$0	\$0	(\$36,000)	(\$397,000)	(\$224,000)	(\$737,000)	(\$125,000)	(\$131,319)	(\$380,436)	(\$26,250)	(\$1,297,789)	(\$1,297,789)	(\$916,326)	(\$1,045,970)	(\$761,387)	(\$770,242)	(\$588,117)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Transfer in From Fund 04	\$0	\$0	\$26,250	\$35,272	\$0	\$234,868	\$0	\$131,139	\$0	\$26,250	\$125,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return to Equity	\$285,000	\$229,386	\$246,944	(\$80,818)	\$77,992	(\$179,199)	\$215,687	\$366,438	\$13,052	\$420,129	(\$726,303)	(\$727,661)	(\$320,506)	(\$432,071)	(\$222,674)	(\$207,238)	(\$1,402)	\$359,780	\$382,132	\$403,761	\$427,320
Beginning Equity	\$1,747,000	\$2,032,000	\$2,261,386	\$2,508,331	\$2,427,513	\$2,505,505	\$2,376,306	\$2,541,993	\$2,908,431	\$2,921,483	\$3,341,612	\$2,615,309	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159	\$703,757	\$1,063,537	\$1,445,669	\$1,849,431
Ending Equity	\$2,032,000	\$2,261,386	\$2,508,331	\$2,427,513	\$2,505,505	\$2,326,306	\$2,541,993	\$2,908,431	\$2,921,483	\$3,341,612	\$2,615,309	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159	\$703,757	\$1,063,537	\$1,445,669	\$1,849,431	\$2,276,751
Transfer in From Fund 01	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City's 504 Fund	\$837,266	\$1,037,266	\$1,011,016	\$975,744	\$975,744	\$740,876	\$740,876	\$609,737	\$609,737	\$583,487	\$458,487	\$358,487	\$258,487	\$158,487	\$158,487	\$158,487	\$158,487	\$158,487	\$158,487	\$158,487	\$158,487
Total Funds Available to Park Vista	\$2,869,266	\$3,298,652	\$3,519,347	\$3,403,257	\$3,481,249	\$3,067,182	\$3,282,869	\$3,518,168	\$3,531,220	\$3,925,099	\$3,073,796	\$2,246,135	\$1,825,629	\$1,293,558	\$1,070,884	\$863,646	\$862,244	\$1,222,024	\$1,604,156	\$2,007,918	\$2,435,238
Recommended Reserve - 10% of operating expense + 2 years of capital repair or (under) recommended reserves	\$71,137	\$109,714	\$509,405	\$700,208	\$1,043,129	\$947,170	\$344,658	\$603,396	\$501,768	\$1,422,708	\$2,697,987	\$2,320,423	\$2,072,668	\$1,921,967	\$1,650,660	\$1,482,000	\$966,567	\$633,468	\$638,703	\$394,160	\$399,576
Recommended Reserves	\$2,798,129	\$3,188,939	\$3,009,942	\$2,703,049	\$2,438,121	\$2,120,012	\$2,938,211	\$2,914,772	\$3,029,452	\$2,502,390	\$375,808	(\$74,289)	(\$247,040)	(\$628,409)	(\$579,775)	(\$618,353)	(\$104,322)	\$588,556	\$965,454	\$1,613,758	\$2,035,662

Revenue Assumptions: 2% increase in rents (2022-2042), 2% in parking fee every year, 4 units turning over per year & new tenants assessed at 65% of market rate beginning in 2023 (2023 - 2042)

Expense Assumptions: 2% annual increase for management contract, 3% for utilities (water at 5%), 5% for all other expenses

Capital Assumptions: Based on the City's independent facility assessment plan of Park Vista; conducted by the City's Public Works Department

# Financials 1 - assumes 2% CPI and \$200K from the City in 2024

	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>
Revenue	\$1,533,212	\$1,599,546	\$1,660,007	\$1,729,021	\$1,799,416	\$1,871,218
Expenses	(\$1,063,084)	(\$1,103,726)	(\$1,146,108)	(\$1,190,309)	(\$1,236,411)	(\$1,284,503)
<b>Net</b>	<b>\$470,128</b>	<b>\$495,820</b>	<b>\$513,899</b>	<b>\$538,713</b>	<b>\$563,004</b>	<b>\$586,715</b>
Capital Expense	(\$1,297,789)	(\$916,326)	(\$1,045,970)	(\$761,387)	(\$770,242)	(\$588,117)
Transfer in From Fund 504	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0
<b>Return to Equity</b>	<b>(\$727,661)</b>	<b>(\$320,506)</b>	<b>(\$432,071)</b>	<b>(\$222,674)</b>	<b>(\$207,238)</b>	<b>(\$1,402)</b>
Beginning Equity	\$2,615,309	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159
<b>Ending Equity</b>	<b>\$1,887,648</b>	<b>\$1,567,142</b>	<b>\$1,135,071</b>	<b>\$912,397</b>	<b>\$705,159</b>	<b>\$703,757</b>
Transfer in From Fund 001	\$0	\$0	\$0	\$0	\$0	\$0
City's 504 Fund (\$960,000 in 2021)	\$358,487	\$258,487	\$158,487	\$158,487	\$158,487	\$158,487
<b>Total Funds Available to Park Vista</b>	<b>\$2,246,135</b>	<b>\$1,825,629</b>	<b>\$1,293,558</b>	<b>\$1,070,884</b>	<b>\$863,646</b>	<b>\$862,244</b>
Recommended Reserve: 10% of operating expense + 2 years of capital	\$2,320,423	\$2,072,668	\$1,921,967	\$1,650,660	\$1,482,000	\$966,567
Over or (under) recommended reserves	(\$74,289)	(\$247,040)	(\$628,409)	(\$579,775)	(\$618,353)	(\$104,322)



# Financials 2 - assumes 2% CPI and \$200K annually from the City

Park Vista 20-year Forecast (Scenario: \$200,000 annual contribution from GF)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
venue	\$923,304	\$966,574	\$1,020,745	\$1,077,990	\$1,123,279	\$1,174,635	\$1,224,078	\$1,281,029	\$1,344,312	\$1,408,820	\$1,470,578	\$1,541,712	\$1,599,546	\$1,660,007	\$1,729,021	\$1,799,416	\$1,871,218	\$1,944,456	\$2,019,159	\$2,095,357	\$2,173,078
enses	(\$711,366)	(\$737,138)	(\$764,050)	(\$792,079)	(\$821,287)	(\$851,702)	(\$883,391)	(\$916,411)	(\$950,824)	(\$986,691)	(\$1,024,092)	(\$1,063,084)	(\$1,103,726)	(\$1,146,108)	(\$1,190,309)	(\$1,236,411)	(\$1,284,503)	(\$1,334,677)	(\$1,387,027)	(\$1,441,595)	(\$1,495,758)
ital Expense	\$285,000	\$229,386	\$256,694	\$280,910	\$301,992	\$322,933	\$340,687	\$366,618	\$393,488	\$420,129	\$446,486	\$470,128	\$495,820	\$513,899	\$538,713	\$563,004	\$586,715	\$609,780	\$632,132	\$653,761	\$677,320
nsfer in From Fund 4	\$0	\$0	(\$36,000)	(\$397,000)	(\$224,000)	(\$737,000)	(\$125,000)	(\$131,319)	(\$380,436)	(\$26,250)	(\$1,297,789)	(\$1,297,789)	(\$916,326)	(\$1,045,970)	(\$761,387)	(\$770,242)	(\$538,117)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
turn to Equity	\$285,000	\$229,386	\$246,944	(\$80,818)	\$77,992	(\$179,199)	\$215,687	\$366,438	\$13,052	\$420,129	(\$726,303)	(\$727,661)	(\$320,506)	(\$432,071)	(\$222,674)	(\$207,238)	(\$1,402)	\$359,780	\$382,132	\$403,761	\$427,320
ginning Equity	\$1,747,000	\$2,032,000	\$2,261,386	\$2,508,331	\$2,427,513	\$2,505,505	\$2,326,306	\$2,541,993	\$2,908,431	\$2,921,483	\$3,341,612	\$2,615,309	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159	\$703,757	\$1,063,537	\$1,445,669	\$1,849,431
ding Equity	\$2,032,000	\$2,261,386	\$2,508,331	\$2,427,513	\$2,505,505	\$2,326,306	\$2,541,993	\$2,908,431	\$2,921,483	\$3,341,612	\$2,615,309	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159	\$703,757	\$1,063,537	\$1,445,669	\$1,849,431	\$2,276,751
nsfer in From Fund 1	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
y's 504 Fund	\$837,266	\$1,037,266	\$1,211,016	\$1,375,744	\$1,575,744	\$1,540,876	\$1,740,876	\$1,809,737	\$2,009,737	\$2,183,487	\$2,258,487	\$2,358,487	\$2,458,487	\$2,558,487	\$2,758,487	\$2,958,487	\$3,158,487	\$3,358,487	\$3,558,487	\$3,758,487	\$3,958,487
al Funds Available to Park Vista	\$2,869,266	\$3,298,652	\$3,719,347	\$3,803,257	\$4,081,249	\$3,867,182	\$4,282,869	\$4,718,168	\$4,931,220	\$5,525,099	\$4,873,796	\$4,246,135	\$4,025,629	\$3,693,558	\$3,670,884	\$3,663,646	\$3,862,244	\$4,422,024	\$5,004,156	\$5,607,918	\$6,235,238
commended serve: 10% of erating expense + 2 rs of capital er or (under) mended serves	\$71,137	\$109,714	\$509,405	\$700,208	\$1,043,129	\$947,170	\$344,658	\$603,396	\$501,768	\$1,422,708	\$2,697,987	\$2,320,423	\$2,072,668	\$1,921,967	\$1,650,660	\$1,482,000	\$966,567	\$633,468	\$638,703	\$394,160	\$399,576
	\$2,798,129	\$3,188,939	\$3,209,942	\$3,103,049	\$3,038,121	\$2,920,012	\$3,938,211	\$4,114,772	\$4,429,452	\$4,102,390	\$2,175,808	\$1,925,711	\$1,952,960	\$1,771,591	\$2,020,225	\$2,181,647	\$2,895,678	\$3,788,556	\$4,365,454	\$5,213,758	\$5,835,662

## Financials 2 - assumes 2% CPI and \$200K annually from the City

	2034	2035	2036	2037	2038	2039
Revenue	\$1,533,212	\$1,599,546	\$1,660,007	\$1,729,021	\$1,799,416	\$1,871,218
Expenses	(\$1,063,084)	(\$1,103,726)	(\$1,146,108)	(\$1,190,309)	(\$1,236,411)	(\$1,284,503)
Net	\$470,128	\$495,820	\$513,899	\$538,713	\$563,004	\$586,715
Capital Expense	(\$1,297,789)	(\$916,326)	(\$1,045,970)	(\$761,387)	(\$770,242)	(\$588,117)
Transfer in From Fund 504	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0
Return to Equity	(\$727,661)	(\$320,506)	(\$432,071)	(\$222,674)	(\$207,238)	(\$1,402)
Beginning Equity	\$2,615,309	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159
Ending Equity	\$1,887,648	\$1,567,142	\$1,135,071	\$912,397	\$705,159	\$703,757
Transfer in From Fund 001	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
City's 504 Fund (\$960,000 in 2021)	\$2,358,487	\$2,458,487	\$2,558,487	\$2,758,487	\$2,958,487	\$3,158,487
<b>Total Funds Available to Park Vista</b>	<b>\$4,246,135</b>	<b>\$4,025,629</b>	<b>\$3,693,558</b>	<b>\$3,670,884</b>	<b>\$3,663,646</b>	<b>\$3,862,244</b>
Recommended Reserve: 10% of operating expense + 2 years of capital Over or (under) recommended reserves	\$2,320,423	\$2,072,668	\$1,921,967	\$1,650,660	\$1,482,000	\$966,567
	\$1,925,711	\$1,952,960	\$1,771,591	\$2,020,225	\$2,181,647	\$2,895,678

## — Requests of City Council

- Add \$200K per year to the 504 Reserves to cover future needs and stay within reserve guidelines established by the City
- If not “grow 504” then what options would the City recommend?