

**SAN DIEGO CONVENTION CENTER CORPORATION  
BUDGET COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS**

**Director Allan Farwell, Chair  
Director Carol Kim  
Director Elvin Lai**

**MONDAY, March 22, 2021, 11:00 A.M.  
111 W. Harbor Drive, 2<sup>nd</sup> Floor, Executive Boardroom  
San Diego, California 92101**

**AGENDA**

**(Meeting to be held via teleconference pursuant to  
State of California Executive Order N-29-20)**

**Telephone number for members of the public  
to observe, listen, and address the meeting telephonically:  
1(888) 251-2909 – Access code is 6724115#**

1. **Call to Order** -Allan Farwell, Chair
2. **Non-Agenda Public Comment:**  
This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that have not previously been before the Board. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.
3. **Approval of Proposed Minutes of January 19, 2021 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
  - A. Recommendation to Authorize Approval of Fiscal Year 2022 Budget
  - B. Recommendation to Authorize Approval of FY 2022 CIP/Infrastructure and O&M Projections
6. **Staff Updates:**
  - CFO
  - President & CEO
7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2)

**8. Budget Committee Comment [Govt. Code §54954.2(a)(2)]**

**Adjournment**

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device ("ALD") for the meeting, please call Pat Evans at (619) 525-5131 at least five working days prior to the meeting to ensure availability.

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available online at [visitsandiego.com](http://visitsandiego.com). Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto:pat.evans@visitsandiego.com) if you would like to pick up a copy of any material related to an item on this agenda.

Action items on this agenda may be consolidated for voting purposes into a single vote of the Board, to the extent they are routine or otherwise do not require further deliberation. A Board member may comment on an action item before it is voted upon as part of the consolidated vote; however, if a Board member wishes to discuss an action item, that item will not be included in the consolidated vote. If a member of the public wishes to comment upon an action item, they should so advise the Board chair at or before the public comment portion of the meeting, in which case that item will not be included in any consolidated vote.

## Agenda Item 3

### MINUTES

#### SAN DIEGO CONVENTION CENTER CORPORATION BUDGET COMMITTEE OF THE BOARD OF DIRECTORS

#### COMMITTEE MEETING OF JANUARY 19, 2021

**BOARD MEMBERS  
PRESENT:**

Chair Allan Farwell, and Directors Carol Kim and Elvin Lai

**BOARD MEMBERS  
ABSENT:**

**STAFF PRESENT:**

Rip Rippetoe, Mardeen Mattix, Terry Kurtenbach, Corey Albright,  
Kelly Revell and Pat Evans (Recorder)

**ALSO PRESENT:**

Julie Coker, SDTA President & CEO

1. **Call to Order:** Chair Allan Farwell called the meeting to order at 11:04 a.m. at 111 West Harbor Drive, San Diego, California.

Chair Farwell announced that since this meeting is being conducted via teleconference, the first action is to perform a roll-call to determine which Board members are present on this call:

Director Farwell - Present  
Director Kim – Present  
Director Lai – Present

Chair Farwell further noted that all votes will be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** None

3. **Approval of Minutes of November 19, 2020 Budget Committee Meeting:**

Directors Lai and Kim moved and seconded, respectively, to approve the minutes from the November 19, 2020 meeting.

Director Farwell - Aye  
Director Kim – Aye  
Director Lai – Aye

**Vote: Unanimous**

**AYES: 3**

**NAYS: 0**

**ABSTENTIONS: 0**

**4. Chair's Report: None**

- 5. Action Item(s):** Chair Farwell requested public comment regarding any of the agenda items. Hearing none, presentations regarding the items commenced.

**A. Recommendation to Authorize Placement of Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through March & McLennan Agency LLC Company**

**Directors Kim and Lai moved and seconded, respectively, to Authorize Placement of Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through March & McLennan Agency LLC Company**

**Vote: Unanimous**

**AYES: 3**

**NAYS: 0**

**ABSTENTIONS: 0**

**6. Staff Updates:**

- **President & CEO:** Mr. Rippetoe reported the following:
  - Staff has begun negotiations with SDTA regarding the service contract between SDCC and SDTA and staff will report back to the Board regarding progress.
  - Ms. Coker, SDTA President & CEO, provided an update regarding the status of SDTA's submission of their application to the Tourism Marketing District for funding. The timeline has changed and the application will be submitted in March with an anticipated response in April.
  - After reviewing their finances, SDTA took the following actions regarding their 2021 budget:
    - SDTA enacted a ten percent staff pay cut.
    - The staff 401K contribution was reduced from four percent to three percent.
    - Staff took a two-week unpaid furlough over the Christmas holiday.
    - The sales team bonus program was eliminated.
    - The position of Vice-President of Citywide Sales was eliminated for the year.
    - SDTA assumed responsibility for the SDCC Convention Services staff payroll in November (one staff member).



- If the above stated changes are reinstated in the new budget request, the initial “ask” for SDTA’s budget would be revised from \$1.5 million to \$2.1 million. The budget “ask” does not include increased sales team travel in FY 2022 for sales team members to participate in trade shows or events.
  - Mr. Rippetoe further reported that the shelter is continuing to operate and will continue to do so through January, 2021. City Council will consider continuing shelter operations through the month of March at its January Council meeting.
  - Covid testing continues at the shelter and there have been a handful of positive tests. Security staff has had to deal with alternate staffing due to the entire third shift being exposed to a Covid-positive guest.
  - There have been no internal fraud reports.
  - There have been no approved guidelines for safe reopening.
- **CFO:** Ms. Mattix reported the following:
    - CFO Mattix provided a report regarding an external fraud incident that involved the Corporation’s payroll account.
    - Checks were written against the account but there is a mechanism in place that prevented the checks from being cashed.
    - Although most of the checks were issued in the names fictitious persons, San Diego Police are investigating one of the checks as it appeared that the check could have potentially been generated from an active staff member’s previously issued check. Further details will be provided as they become available.
    - The documents detailing the current budget have been forwarded to the full Board.
    - The budget is on track through December. Revenue is slightly ahead due to a client cancelling their event and paying a cancellation fee.
    - The shelter funds SDCC received are showing an excess from what was budgeted due to SDCCC renegotiating the contract with the City to provide more cleaning and security services to the City instead of the City using third-party vendors (\$100,000 excess).
    - SDCCC has delayed purchasing certain FF&E items and implementing building repairs due to the extended shelter use which accounts for the budget surplus. The delayed projects will probably resume in late March.
    - SDCCC has also achieved savings in the full-time salary category but there is an overage in part-time salaries. This is attributable to loss of some fulltime positions. Those positions are being left open and the positions are being augmented by part-time staff. The full-time positions will be filled once staff determines the reopening schedule.
    - The fringe benefits line-item also achieved savings which can be attributed to unemployment claims costs. Staff was unaware that the CARES Act would be supporting a portion of the unemployment costs when the budget was originally drafted. The CARES Act paid fifty percent of the

Corporations unemployment costs through December of 2020 (\$350,000 in savings).

- The Corporation is now anticipating a reserve balance of (-\$2,000,000), which is better than originally anticipated and the Corporation will likely be flush by the end of the year if shelter operations extend through February or March.
- The Corporation will applying for a second round of PPP loans this week and it anticipates receiving \$2,000,000, which help offset the \$2,000,000 loss and prepare the Corporation for some flexibility going into the next fiscal year since SDCCC is unsure when events will resume.
- Staff is working with the City continuously regarding the status of SDCCC's budget but SDCCC should be able to self-sustain this year without requesting any additional funds from the general reserve.

7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2) — **None**

8. **Budget Committee Comment** [Govt. Code §54954.2(a)(2)]: **None**

There being no further business, the meeting adjourned at 11:41 a.m.

### CERTIFICATION

I, Allan Farwell, Chair of the Budget Committee of the Board of the Directors of San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Budget Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on January 19, 2021.

---

Allan Farwell, Chair



## Agenda Items 5A and 5B

### SAN DIEGO CONVENTION CENTER CORPORATION

#### M E M O R A N D U M

**TO:** Budget Committee

**FROM:** Mardeen Mattix, Chief Financial Officer

**DATE:** For the Agenda of March 22, 2021

**RE:** Review of Fiscal Year 2022 Proposed Budget

---

#### **BACKGROUND**

The FY2021 budget went through three formal revisions before being adopted due to changing pandemic projections. Ultimately, the City and the Corporation agreed to forecast on a quarterly basis and worked closely together to ensure minimum reserve balances were maintained by the Corporation through year-end. With the delay of event activity anticipated into Q4-2021, the City extended the use of the Convention Center as a temporary homeless shelter through March of 2021. Additionally, the Corporation was able to secure a second PPP loan of \$2M to support operations post shelter demobilization until business resumes. **State mandated shelter in place executive orders continue to limit social gatherings and have designated venues for consideration in the last phase of their current re-opening plan.** With no event activity for all of FY2021, the Corporation reduced staffing by 75% and operated at critical cost levels in order to sustain budgetary losses. The Corporation anticipates finishing the year with an ending reserve balance of \$4,179,980, which meets the required minimum reserves of \$3M..

The Corporate budget is adopted by San Diego Convention Center Board of Directors and approved by the City Council of San Diego. In a traditional year, the Corporation is expected to balance operational spending to revenue generation along with capital spend and debt payment obligations to maintain minimum reserves. With business expected to resume in late 2021 and attendance anticipated to be at a significantly reduced rate, the Corporation will seek an operational subsidy from the City of San Diego for the FY2022 Budget.

#### **DISCUSSION**

Ending reserve balance for FY2021 is forecasted to be \$4,179,660 as of June 30, 2021. The San Diego Convention Center Corporation's FY2022 Proposed Budget produces an Operating Deficit of (\$13,558,320) before subsidy consideration. Additional Debt Service Obligation of \$1,693,530 and Capital expense items of \$1,214,250 cause an overall deficit total of (\$16,466,100). The Corporation and City of San Diego have been working closely through the pandemic along with San Diego Tourism Authority (SDTA) to forecast event projections. Realizing the devastation within the

industry and the need to rebuild it, in a combined effort, all entities are committed to ensuring the Corporation maintains a zero net reserve balance for FY2022 year-end.

FY2022 Proposed Budget assumptions include three months of anticipated loss of event activity in the first part of the year. Comparatively, FY2020 lost 3.5 months of event activity due to the pandemic and executive order limiting gatherings of large events. However, when comparing the effects between the two years, significant differences resulted due to less attendance expected in FY2022, reducing all categories of ancillary revenues with little impact to building rent revenue comparatively.

FY2022 Budget highlights and assumptions include:

**OPERATING REVENUES total \$16.4M**, or 57% of the FY2020 actual results

- Event revenues will be significantly less compared to prior years due to anticipated reduced attendance as business resumes and travel confidence increases over time
  - o Events are budgeted to resume in Q4 2021 at a 25% attendance capacity
  - o Beginning January 2022, attendance is projected to increase to 40%, with a 5% monthly incremental increase through year-end.
  - o Medical Shows aren't expected to resume in Q1\_2022

**PERSONNEL EXPENSES total \$17.8M**, or 79% of FY2020 actual results

- Personnel will be less than pre-pandemic levels while business ramps back up
  - o Anticipate 80% recall of pre-pandemic levels by FY2022 year-end
  - o Reschedule shift work to maintain exceptional service with less staff
  - o Reinstatement of merit program for non-represented staff, continued step increases for represented staff and performance award program inclusive of service award recipients
  - o Continued unemployment claims through the first half of the year

**SUPPLIES AND SERVICES EXPENSES total \$12.1M**, or 91% of FY2020 actual results

- Operational Expenses are based on critical needs and required contractual obligations to maintain facility operations. Significant variances include:
  - o Repair & Maintenance includes a \$500,000 replacement of the east building smoke detectors to allow continuity of our fire life safety system
  - o Insurance expenses increased by over \$222,000 mostly the result of general liability and property insurance markets continued capacity constraints, as well as uncertainties related to the COVID-19 pandemic and natural disasters (hurricanes and wildfires),
  - o Marketing contract obligation (San Diego Tourism Authority) of \$2,241,010 was reduced to \$1,908,940 through renegotiations due to pandemic instability based on reduced staffing levels and limited travel as business resumes



**NON OPERATIONAL GAIN total \$2.0M**

- Paycheck Protection Plan - Round 2 (PPP2) loan forgiveness extraordinary gain of \$2,000,000 for funds received in the prior year but are anticipated to be forgiven in FY2022.

In order to maintain a balanced reserve budget, various sources of funds were identified to achieve such a feat. The Corporation anticipates using \$4,179,660 Operating Reserve funds from the prior year, the City of San Diego is committed to subsidize the Center operations totaling \$10,196,440, SDTA will contribute, through a TMD grant, \$90,000 towards event costs, and the CARES act PPP loan forgiveness program of \$2M will bring ending reserve balances to zero by June 30, 2022.

**CIP and OPERATING CAPITAL BUDGET**

Traditionally, the Corporation produces a 10-year Capital Improvement Plan for infrastructure projects (“CIP”) with Operating Capital and Major Maintenance (“O&M”) needs. The Corporation is currently undergoing a facility assessment intended to update the existing capital outlook plan to provide a strong baseline to address future needs and build a sustainable capital replacement program for the future. Therefore, FY2022 primarily focuses on the immediate and subsequent year needs while it works with the City to establish a plan.

FY2022 will focus on two critical CIP projects and limited O&M items. Capital improvement projects fund from Operational Reserves with the exception of the roof replacement funded from debt proceeds.

**CIP: \$3,500,000**

- *West Roof replacement project (\$6,800,000 total project cost to fund through IBank)*  
This is a design build project anticipated to transpire over a two-year period and is currently in the qualification phase for prospective bidders. FY2022 budget is \$2,750,000 with the remaining \$4,050,000 scheduled for FY2023 based on anticipated construction schedule. The funding will be an extension of the current IBank loan in conjunction with the City of San Diego.
- *Completion of meeting room carpet replacement (\$750,000 to fund from reserves)*  
This is to complete the replacement of the existing “aqua” meeting room carpet to match the updated “earth tone” public space carpet replaced last year. The initial carpet replacement phase concluded at the onset of the pandemic, at which time staff suspended the rest of the project in order to preserve funds. With the reopening anticipated in late 2021, completion of the carpet replacement project is essential to maintaining an aesthetically pleasing environment for our returning customers.

**Operations & Major Maintenance “O&M”: \$464,250**

- *ERP conversion continuation (\$100,000 remaining on project)*  
Total Project value of \$350,000 approved by Board of Directors in September 2020.

Continuation of finance and operations software conversion started in December 2020 with anticipated completion by Dec 2021.

- *Kitchen Equipment (\$156,250)*  
Equipment deferred from FY2021 that has exceeded its useful life. Glassware dish machine, broiler and kitchen hood need replacement and are critical points of failure in order to service future events.
- *Injector pumps, controls and alarms in Parking level 2 (\$150,000)*  
Original equipment, over 30 years old, have exceeded useful life and are critical points of failure. Two pumps with controls work concurrently to pump sewage drained from a pit in P2 parking garage to the City of San Diego sewage treatment system. If one or both fail, it could flood the parking garage with sewage.
- *Bariatric Damper control replacement (\$58,000)*  
Replacement of major component in original air handlers in west side of the building that will extend the useful life of the asset and maintain efficient airflow throughout the building.

**STAFF RECOMMENDATION**

Budget Committee recommends to the Board approval of the FY2022 Proposed Budget.



Mardeen Mattix  
Chief Financial Officer



**SAN DIEGO CONVENTION CENTER CORPORATION**  
**FY2022 BUDGET - PROPOSED 03/11/21**

|   | FY2020<br>ACTUALS   | FY2021<br>BUDGET    | FY2021<br>FORECAST  | FY2022<br>PROPOSED<br>BUDGET | FY2023<br>PROJECTION | FAVORABLE<br>(UNFAVORABLE)<br>FY2022 BUDGET to<br>FY2020 ACTUALS |               |
|---|---------------------|---------------------|---------------------|------------------------------|----------------------|--|---------------|
|   |                     |                     |                     |                              |                      | \$   | %             |
| <b>OPERATING REVENUES</b>                     |                     |                     |                     |                              |                      |  |               |
| Building Rent                                 | \$6,816,666         | \$588,310           | \$403,530           | \$6,220,630                  | \$9,420,970          | -\$596,036   | -8.7%         |
| Food & Beverage                               | 9,735,975           | 763,510             | 281,250             | 3,914,420                    | 10,231,680           | -5,821,555   | -59.8%        |
| Event Services                                | 3,182,992           | 469,150             | 311,240             | 1,420,250                    | 4,307,200            | -1,762,742   | -55.4%        |
| Utilities                                     | 3,836,062           | 347,190             | 40,370              | 1,983,740                    | 4,927,640            | -1,852,322   | -48.3%        |
| Telecommunications                            | 3,702,250           | 578,090             | 460,940             | 1,977,670                    | 3,668,140            | -1,724,580   | -46.6%        |
| Audio & Visual                                | 809,296             | 57,550              | 0                   | 410,810                      | 981,670              | -398,486   | -49.2%        |
| Business Development                          | 249,979             | 181,450             | 160,000             | 433,490                      | 817,600              | 183,511  | 73.4%         |
| Interest/Investment Income                    | 228,199             | 19,230              | 8,000               | 9,600                        | 14,000               | -218,599   | -95.8%        |
| Other Revenues                                | 151,961             | 34,410              | 43,060              | 22,260                       | 84,550               | -129,701   | -85.4%        |
| <b>TOTAL OPERATING REVENUES</b>               | <b>\$28,713,381</b> | <b>\$3,038,890</b>  | <b>\$1,708,390</b>  | <b>\$16,392,870</b>          | <b>\$34,453,450</b>  | <b>-\$12,320,511</b>   | <b>-42.9%</b> |
| <b>OPERATING INFLOWS</b>                      |                     |                     |                     |                              |                      |  |               |
| City of San Diego - Marketing                 | \$2,133,025         | \$0                 | \$0                 | \$0                          | \$0                  | -\$2,133,025   | -100.0%       |
| City of San Diego - Funding                   | 0                   | 0                   | 0                   | 10,196,440                   | 0                    | 10,196,440   | 100.0%        |
| City of San Diego - Shelter Operations        | 508,212             | 13,798,200          | 20,801,180          | 0                            | 0                    | -508,212   | -100.0%       |
| SD Tourism Marketing District (TMD)           | 0                   | 0                   | 0                   | 90,000                       | 0                    | 90,000   | 100.0%        |
| <b>TOTAL OPERATING INFLOWS</b>                | <b>\$2,641,237</b>  | <b>\$13,798,200</b> | <b>\$20,801,180</b> | <b>\$10,286,440</b>          | <b>\$0</b>           | <b>\$7,645,203</b>   | <b>289.5%</b> |
| <b>TOTAL REVENUES AND INFLOWS</b>             | <b>\$31,354,618</b> | <b>\$16,837,090</b> | <b>\$22,509,570</b> | <b>\$26,679,310</b>          | <b>\$34,453,450</b>  | <b>-\$4,675,308</b>  | <b>-14.9%</b> |
| <b>OPERATING EXPENSES</b>                     |                     |                     |                     |                              |                      |  |               |
| Salaries & Wages - Full Time                  | \$13,773,201        | \$9,022,880         | \$8,535,870         | \$10,888,620                 | \$13,282,550         | \$2,884,581  | 20.9%         |
| Salaries & Wages - Part Time                  | 3,920,980           | 599,370             | 1,194,680           | 2,202,960                    | 4,642,990            | 1,718,020  | 43.8%         |
| Fringe Benefits                               | 4,772,451           | 5,760,110           | 5,006,530           | 4,745,760                    | 4,913,170            | 26,691   | 0.6%          |
| <b>TOTAL PERSONNEL EXPENSES</b>               | <b>\$22,466,632</b> | <b>\$15,382,360</b> | <b>\$14,737,080</b> | <b>\$17,837,340</b>          | <b>\$22,838,710</b>  | <b>\$4,629,292</b>   | <b>20.6%</b>  |
| General Expenses                              | \$2,831,889         | \$1,654,600         | \$1,231,260         | \$1,402,390                  | \$2,123,130          | \$1,429,499  | 50.5%         |
| Repair & Maintenance                          | 2,633,537           | 2,411,110           | 2,072,340           | 3,232,870                    | 3,188,190            | -599,333   | -22.8%        |
| Utilities                                     | 3,808,531           | 2,995,490           | 2,846,200           | 3,425,250                    | 3,840,000            | 383,281  | 10.1%         |
| Contracted Services                           | 661,557             | 1,001,270           | 545,100             | 691,580                      | 913,650              | -30,023  | -4.5%         |
| Travel & Transportation                       | 107,859             | 12,940              | 6,760               | 58,240                       | 64,770               | 49,619   | 46.0%         |
| Insurance                                     | 495,616             | 621,890             | 527,570             | 717,790                      | 906,730              | -222,174   | -44.8%        |
| Telecommunications                            | 57,927              | 51,420              | 38,420              | 52,300                       | 52,310               | 5,627  | 9.7%          |
| Sales & Marketing                             | 2,224,205           | 1,515,230           | 1,502,100           | 1,966,500                    | 2,359,480            | 257,705  | 11.6%         |
| Supplies                                      | 560,588             | 380,750             | 359,150             | 566,930                      | 609,340              | -6,342   | -1.1%         |
| <b>TOTAL SUPPLIES &amp; SERVICES</b>          | <b>\$13,381,708</b> | <b>\$10,644,700</b> | <b>\$9,128,900</b>  | <b>\$12,113,850</b>          | <b>\$14,057,600</b>  | <b>\$1,267,858</b>   | <b>9.5%</b>   |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>\$35,848,340</b> | <b>\$26,027,060</b> | <b>\$23,865,980</b> | <b>\$29,951,190</b>          | <b>\$36,896,310</b>  | <b>\$5,897,150</b>   | <b>16.5%</b>  |
| <b>NET OPERATING REVENUES / EXPENSES</b>      | <b>-\$4,493,723</b> | <b>-\$9,189,970</b> | <b>-\$1,356,410</b> | <b>-\$3,271,880</b>          | <b>-\$2,442,860</b>  | <b>\$1,221,843</b>   | <b>27.2%</b>  |
| <b>EXTRAORDINARY GAIN ON DEBT FORGIVENESS</b> | <b>\$0</b>          | <b>\$4,387,000</b>  | <b>\$4,387,000</b>  | <b>\$2,000,000</b>           | <b>\$0</b>           | <b>\$2,000,000</b>   | <b>100.0%</b> |
| <b>DEBT SERVICE EXPENSES</b>                  |                     |                     |                     |                              |                      |  |               |
| Interest Expense                              | \$891,362           | \$864,220           | \$864,220           | \$836,100                    | \$806,980            | \$55,262   | 6.2%          |
| Loan Admin Fee                                | 74,487              | 72,220              | 74,300              | 72,030                       | 69,670               | 2,457  | 3.3%          |
| Principal: Warehouse Lease                    | 2,197               | 2,200               | 2,200               | 2,200                        | 1,650                | -3   | -0.1%         |
| Principal: IBank Loan                         | 731,973             | 783,200             | 758,250             | 783,200                      | 811,320              | -51,227  | -7.0%         |
| <b>TOTAL DEBT SERVICE EXPENSES</b>            | <b>\$1,700,019</b>  | <b>\$1,721,840</b>  | <b>\$1,698,970</b>  | <b>\$1,693,530</b>           | <b>\$1,689,620</b>   | <b>\$6,489</b>   | <b>0.4%</b>   |
| <b>NET OPERATING RESERVE IMPACT</b>           | <b>-\$6,193,742</b> | <b>-\$6,524,810</b> | <b>\$1,331,620</b>  | <b>-\$2,965,410</b>          | <b>-\$4,132,480</b>  | <b>\$3,228,332</b>   | <b>52.1%</b>  |

|  | FY2020<br>ACTUALS  | FY2021<br>BUDGET    | FY2021<br>FORECAST | FY2022<br>PROPOSED<br>BUDGET | FY2023<br>PROJECTION | FAVORABLE / (UNFAV)<br>FY2022 BUDGET to<br>FY2020 ACTUALS |                |
|--|--------------------|---------------------|--------------------|------------------------------|----------------------|---|----------------|
|  |                    |                     |                    |                              |                      | \$  | %              |
| <b>OPERATING RESERVE ACTIVITY</b>      |                    |                     |                    |                              |                      |   |                |
| Beginning Operating Reserve            | \$13,674,080       | \$3,464,820         | \$3,464,820        | \$4,179,660                  | \$0                  | -\$9,494,420  | -69.4%         |
| + Net Operating Revenues / (Expenses)  | -4,493,720         | -9,189,970          | -1,356,410         | -3,271,880                   | -2,442,860           | 1,221,840   | 27.2%          |
| + PPP Loan Forgiveness                 | 0                  | 4,387,000           | 4,387,000          | 2,000,000                    | 0                    | 2,000,000   | 100.0%         |
| - Debt Service Obligation              | -1,700,020         | -1,721,840          | -1,698,970         | -1,693,530                   | -1,689,620           | 6,490   | 0.4%           |
| - Capital Outlay:                      |                    |                     |                    |                              |                      |   |                |
| Capital Infrastructure Projects        | -2,396,840         | -325,000            | -100,000           | -3,500,000                   | -4,125,000           | -1,103,160  | -46.0%         |
| Operating Capital                      | -1,618,680         | -757,790            | -516,780           | -464,250                     | -469,500             | 1,154,430   | 71.3%          |
| + Debt Finance Capital                 | 0                  | 0                   | 0                  | 2,750,000                    | 4,050,000            | 2,750,000   | 100.0%         |
| <b>Ending Reserve Balance</b>          | <b>\$3,464,820</b> | <b>-\$4,142,780</b> | <b>\$4,179,660</b> | <b>\$0</b>                   | <b>-\$4,676,980</b>  | <b>-\$3,464,820</b>                                       | <b>-100.0%</b> |
| Reserve Minimum Balance (8%)           | \$3,003,000        | \$3,003,000         | \$3,003,000        | \$3,003,000                  | \$3,003,000          | \$0   | 0.0%           |
| Over / (Under) Reserve Minimum Balance | \$461,820          | -\$7,145,780        | \$1,176,660        | -\$3,003,000                 | -\$7,679,980         | -\$3,464,820  | -750.3%        |



## FY2022 and FY2023 CIP/O&amp;M: Critical Capital Infrastructure and Equipment replacement plan

## CIP (Capital Infrastructure Projects)

| Capital Type          | Year      | PRIORITY | PROJECT DESCRIPTION                    | Account Type                          | (Carryover) | FY 2022     | FY 2023     |
|-----------------------|-----------|----------|--|---------------------------------------|-------------|-------------|-------------|
| CIP                   | FY21      | 1        | Cast iron drain pipe replacement       | Capital - Leasehold Improvements (30) | 75,000      | -           | -           |
| CIP                   | FY22-FY23 | 1        | West Building Roof                     | Capital - Leasehold Improvements (30) |             | 2,750,000   | 4,050,000   |
| CIP                   | FY22      | 2        | Modernization (Carpet) - Meeting Rooms | Capital - Leasehold Improvements (10) |             | 750,000     |             |
| CIP                   | FY23      | 2        | Digital Conventions phase III wiring   | Capital - Telecomm (5)                |             |             | 75,000      |
| Total                 |           |          |  |                                       |             | 3,500,000   | 4,125,000   |
| Covered by IBank Debt |           |          |  |                                       |             | (2,750,000) | (4,050,000) |
| Funded from Reserves  |           |          |  |                                       |             | 750,000     | 75,000      |

## O&amp;M (Capital Operating &amp; Major Maintenance)

| Capital Type         | Year      | PRIORITY | PROJECT DESCRIPTION   | Account Type                       | (Carryover) | FY 2022 | FY 2023 |
|----------------------|-----------|----------|---|------------------------------------|-------------|---------|---------|
| Cap O&M              | FY22      | 1        | Glassware Dish Machine  | Capital - Operating Equipment (15) |             | 45,000  |         |
| Cap O&M              | FY22      | 1        | Broiler - Kitchen Equipment   | Capital - Operating Equipment (15) |             | 30,000  |         |
| Cap O&M              | FY21-FY22 | 2        | ERP Conversion (Event MGT. / Finance software system)               | Capital - Information Systems (10) | 250,000     | 100,000 |         |
| Cap O&M              | FY22      | 2        | Injector Pumps, Controls & Alarms: Replace - P2 South               | Capital - Operating Equipment (15) |             | 150,000 |         |
| Cap O&M              | FY22      | 2        | Barometric Damper controls (Albireo)                                | Capital - Operating Equipment (15) |             | 58,000  |         |
| Cap O&M              | FY22      | 2        | Ansul (fire hood) - West Kitchen                                    | Capital - Operating Equipment (15) |             | 81,250  |         |
| Cap O&M              | FY23      | 3        | Bobcat SkidSteer S590 with grapple bucket, excavator, stump grinder | Capital - Operating Equipment (15) |             |         | 95,000  |
| Cap O&M              | FY23      | 3        | Trash Can cleaning machine  | Capital - Operating Equipment (15) |             |         | 90,000  |
| Cap O&M              | FY23      | 3        | File server replacements (Security video)                           | Capital - Information Systems (10) |             |         | 38,000  |
| Cap O&M              | FY23      | 3        | 19' Scissor Lifts: Replace  | Capital - Operating Equipment (7)  |             |         | 18,000  |
| Cap O&M              | FY23      | 3        | Carpet Vacuum (to replace sweeper) x 2                              | Capital - Operating Equipment (7)  |             |         | 50,000  |
| Cap O&M              | FY23      | 3        | Robotic Vacuum 1 - Manufacturer/model TBD                           | Capital - Operating Equipment (7)  |             |         | 50,000  |
| Cap O&M              | FY23      | 3        | Sweeper, Large ride on, Tennant S30                                 | Capital - Operating Equipment (7)  |             |         | 39,000  |
| Cap O&M              | FY23      | 3        | 32' Boom Lift: Replace  | Capital - Operating Equipment (7)  |             |         | 38,000  |
| Cap O&M              | FY23      | 3        | Electric Tow Tractor (Mule) - 2                                     | Capital - Operating Equipment (7)  |             |         | 16,500  |
| Cap O&M              | FY23      | 3        | Yale Electric Forklift with Charger                                 | Capital - Operating Equipment (7)  |             |         | 35,000  |
| Funded from Reserves |           |          |   |                                    |             | 464,250 | 469,500 |

## Priority Ranking (definitions):

## Score Considerations for ranking includes:

- 1 HEALTH; PUBLIC SAFETY; MANDATES
- 2 Frequent Problems, aging infrastructure/equipment (w/ a direct impact to P&L)
- 3 Public Demand; Benefits to the Community; Synergy w/ other projects
- 4 Dependent on available funding and planned replacements