



## 2021 Business Plan Assumptions

Outlined below are the principal assumptions relative to our 2021 annual business plan. All comparisons are relative to the 2021 budget vs. the 2020 budget. Operationally we are not planning to do a lot differently in 2021. Our overall operating result is a loss of \$4.9M which is \$1.2M worse than 2020's planned amount. This result is divided between \$387K in more revenue being planned along with \$1.6M in higher expense as discussed below.

### Revenue and Income Summary:

- Care fee increase, assuming a +4% fee increase across all levels of care to be implemented July 1, 2021.
- Coping with the uncertainties of the COVID-19 pandemic has significantly impacted our ability to market apartments and admit new residents. Nonetheless, and with more interest in larger apartments, we are planning to have 2, two bedroom apartments, 2 one bedroom apartments and 1 vacant studio apartment occupied for 6 to 8 months of the year.
- Assisted living, 2 apartments being held vacant for possible life care resident transitions.
- Skilled nursing, assuming a total census of 20 consisting of 10 private pay residents, 3 Medicare A residents, and 7 life care residents.
- Stimulus funding distributions are assumed to be approximately 50% of what has been received this year along with a corresponding decrease in expected expense related to COVID-19 (\$150K impact).
- Other Income, we have recently received approval of our welfare exemption application for the Octavia St. property back to 2016. Property taxes paid since then will be refunded and are estimated to be \$196K.

### Expense Budget Summary:

- Total operating expenses (including depreciation) are increasing \$1.6M in 2021 vs. 2020's budget. Primary factors behind this expense increase are 1) Wages & related \$416K, 2) COVID expense \$386K, 3) Outside Services \$276K, 4) Depreciation increasing \$234K, 5) Utilities, Insurance, Security, and Unemployment \$187K, 6) Contract & Grounds Maintenance, Professional Fees, and Marketing increasing \$200K.
- 1) Wages, vacation & holidays, overall increasing \$416K from the following sources:
  - \*July 1, 2021 COLA increase \$79K impact
  - \*CEO salary increasing \$84K
  - \*2<sup>nd</sup> full-time HR position increase \$54K impact
  - \*Director of Nursing position increase \$151K impact
  - \*2 Asst. DON supplemental payments increase \$26K impact

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\*Activities Staff Lead no longer planned, reduction of \$46K

\*Vacation & holidays increasing \$84K consistent with wages

- 2) Based on COVID-19 expenses incurred this year, \$386K in such expenses are being budgeted for next year.
- 3) Outside Services, increasing \$276K with Morrison Dining Services expense increasing \$99K for FT Dietician and ONR therapy expense is increasing \$161K under Medicare based on expected patient usage.
- 4) Depreciation, increasing \$234K which tracks with this year's forecast and expected completed projects in 2020. This year's budget was understated for the depreciation of the Octavia St. project.
- 5) Utilities, Insurance, Security & Unemployment increasing \$187K. Utilities increasing \$63K as rates and usage continue to grow. This represents approximately a 5% increase over the 2020 forecasted amount. Insurance Expenses, increasing \$70K because of a significant increase in the pricing of excess liability limits. Security increasing \$27K due to change in provider and increased patrols and hours. Unemployment expense increasing \$26K due to increase incurred in 2020.
- 6) Contract & Grounds Maintenance, increasing \$96K including UMI Mechanical Services \$30K, tree trimming \$12K, additional services for more regular cleaning of kitchen exhaust hoods, added preventative maintenance to the refrigeration equipment, laundry equipment, nurse call system, Wanderguard, small appliances and some environmental compliance pieces that have not been in place to date. Professional fees increasing \$41K principally due to Exec. Search fees of \$36K. Marketing, after an off year in 2020, we are increasing the budget \$62K in order to enhance our process and attract more incoming residents.

#### **Department Staffing:**

- Our staffing budget broken out by department compared to 2020 is outlined in the table below:

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Full Time Staff Equivalents								
	2020 Budget			2021 Budget				FTE's Change
	Hours	FTE's		Hours	FTE's			2020vs.2021
Admin.	444.00	11.10		460.00	11.50			0.40
Dining Room	498.50	12.46		477.00	11.93			-0.54
Housekeeping	424.00	10.60		420.00	10.50			-0.10
Health Center								
RN's	168.00	4.20		168.00	4.20			0.00
LVN's	112.00	2.80		112.00	2.80			0.00
CNA's	525.00	13.13		518.00	12.95			-0.18
Admin.	210.00	5.25		280.00	7.00			1.75
Diet Aides	140.00	3.50		128.00	3.20			-0.30
HC Hskpg.	112.00	2.80		112.00	2.80			0.00
Subtotal Health Center		31.68			32.95			1.28
IL/AL	390.00	9.75		435.00	10.88			1.13
Maintenance	200.00	5.00		200.00	5.00			0.00
Activities	232.00	5.80		196.00	4.90			-0.90
Total		86.39			87.65			1.26

- Administration, HR Generalist position increased from 24 hours to 40 hours per week and annualized CEO position salary.
- Health Center, Admin., addition of planned FT DON, 2020 includes an unbudgeted scheduler position which is carried over to 2021.
- IL/AL staffing budgeted at 1 over 2020's budget due to replacing the nurse position role currently being performed by the ADON.
- Health Center NHPPD staffing is computed as follows:

2021 NHPPD Budget Assumptions						
Position	Hrs./Week	Census	Wks.in Ye	Days in Yr.	Hrs./Year	
RN's	168					
LVN's	112					
CNA's	518					
Total	798		52		41,496	NHPPD Work Hours Planned in Year
HC Census*		20		365	7,300	Resident Census Days in Year
					<b>5.68</b>	<b>NHPPD</b>

\*Comprised of planned 7 life care, 10 private pay, and 3 Medicare.

**Planning and Development (Non-operating expense):**

- Includes Chief of Strategy through 2Q2021 \$65K and legal fees \$30K relating to affiliation, additionally \$40K is included based on historical incurred expense.

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**Bernstein Portfolio – Management Fees:**

- Based on recent changes being made in the management of the investment portfolio, these billed fees are decreasing in 2021 and are budgeted at \$150K.

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3400 Laguna Street, San Francisco, CA 94123 | P: 415.202.0300 | F: 415.292.7080 | [heritageonthemarina.org](http://heritageonthemarina.org)