



2022 Business Plan Assumptions v5

Overview:

Outlined below are the principal assumptions relative to our 2022 annual business plan. All comparisons are relative to the 2022 budget vs. the 2021 budget. Operationally, we will continue 2 principal initiatives begun in 2021: transitioning to an aging in place care model and focusing on a strong marketing push to fill vacant apartments. Our overall operating result is a loss of \$5.9M which is \$1.6M worse than 2021's planned amount. This result is driven almost entirely by \$1.6M in less revenue along with \$63K in increased expense. We expect to pay in excess of \$500K related to the CA Meal Premium and Healthy SF audit that we have previously discussed and a reserve will be set-up in anticipation of these payments.

Revenue and Income Summary:

- Care fee increase, assuming a +5% fee increase across all levels of care to be implemented July 1, 2022.
- Skilled nursing, assumes a total census of 13 consisting of 6 private pay residents (planned 10 in 2021), 2 Medicare A residents, and 5 life care residents. Overall, we are planning less residents and less revenue in anticipation of the skilled nursing closure.
- Planned Medicare revenue is declining as we are planning only 2 patients and at reduced reimbursement dollars.
- In 2021 we received \$163K in back property taxes related to the Octavia St. purchase. This was a one-time event which will not repeat in 2022. Having received little in stimulus funds in 2021, none have been planned for 2022.

Expense Budget Summary:

- Total operating expenses (including depreciation) are increasing \$63K in 2022 vs. 2021's budget.
- Wages & salaries, new positions + 3% COLA increase.
- Employee benefits, Kaiser medical plan increasing 6.1%, also expected increases to Healthy San Francisco program.
- Utilities, although we expect some relief from a cost savings agreement we have entered into with PG&E, rates/fees continue to increase.
- Security services, 16 hours per day at \$39.50/hour.
- Contract & grounds maintenance, increase in maintenance contracts to avoid unexpected repairs.
- Cleaning supplies/paper products, increase by \$18K for linen cleaning which has been deferred under COVID due to dining restrictions.
- Equipment & long term maintenance, budgeting for expected continued increases in these services.

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- Household/equipment replacement, 2022 budgeted increase in relation to 2021 activity.
- Legal fees, budgeted increase in relation to 2021's activity. Excludes one-time unbudgeted commitments related to CA Meal Program and Healthy San Francisco work.
- Marketing, increase in pre move-in fees and move-in coordinator services, window coverings, print advertising and website update/refresh.
- Office Supplies/Computers, increase by \$15K for ongoing computer refresh and based on 2021 activity.
- Depreciation, \$77K increase in 2022 due to 2021 in progress projects transitioning to capital accounts.

Department Staffing/Wages:

- Our staffing budget broken out by department compared to 2021 is outlined in the table below:

Full Time Staff Equivalents								
	2021 Budget		2022 Budget		FTE's Change		2021 Position Additions	
	Hours	FTE's	Hours	FTE's	2021 vs. 2022			
Admin.	460.00	11.50	516.00	12.90	1.40	Addition of HR Director 2021, Admin. Asst.		
Dining Room	477.00	11.93	497.50	12.44	0.51			
Housekeeping	360.00	9.00	360.00	9.00	0.00			
Health Center								
RN's	168.00	4.20	120.00	3.00	-1.20	Reductions due to reduced SNF census		
LVN's	112.00	2.80	48.00	1.20	-1.60	Reductions due to reduced SNF census		
CNA's	518.00	12.95	336.00	8.40	-4.55	Reductions due to reduced SNF census		
Admin.	200.00	5.00	184.00	4.60	-0.40			
Diet Aides	128.00	3.20	128.00	3.20	0.00			
HC Hskpg.	112.00	2.80	72.00	1.80	-1.00			
Subtotal Health Center		30.95		22.20	-8.75			
IL/JAL	411.00	10.28	426.00	10.65	0.38			
Maintenance	200.00	5.00	205.00	5.13	0.13			
Activities	196.00	4.90	192.00	4.80	-0.10			
Total		83.55		77.11	-6.44			

- Wages & salaries include a 3% increase effective July 1, 2022.
- Administration, Human Resources, HR Director hired October 2021, addition of Budget Analyst and Administrative Asst. position.
- Health Center NHPPD staffing is computed as follows:

2022 NHPPD Budget Assumptions						
Position	Hrs./Week	Census	Wks.in Ye	Days in Yr.	Hrs./Year	
RN's	120					
LVN's	48					
CNA's	336					
Total	504		52		26,208	NHPPD Work Hours Planned in Year
HC Census*		13		365	4,745	Resident Census Days in Year
					5.52	NHPPD

*Comprised of planned 5 life care, 6 private pay, and 2 Medicare.

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Bernstein Portfolio – Management Fees:

- Based on prior changes made in the managed portion of the investment portfolio, these billed fees are budgeted at \$150K.

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