



## **FINANCE COMMITTEE MEETING**

### **Minutes**

**March 7, 2023**

1. **Call to Order:** Meeting was called to order by **Chair Zell** at 2:05 pm.
2. **Roll Call:** Present via Zoom: Chair Zell, Director Sanchez, Member Seto, CEO Fama, CFO Yee. Absent: Member Sun.
3. **Approval of Minutes** from November 30, 2022, and January 4, 2023  
*It was moved by Member Seto and seconded by Director Sanchez to approve the Minutes from November 30, 2022, and January 4, 2023. The motion passed 5/0/0.*

#### 4. **EARTHQUAKE INSURANCE PROPOSAL:**

Tim Mooney, Eskaton’s broker from The Liberty Company Insurance, provided an overview of the earthquake insurance proposal. Mr. Mooney provided two proposals: Option 1 – OBE Specialty Insurance Annual Premium \$81,243.12 and Option 2 – Lloyd’s London & Summit Specialty Insurance \$90,384.01. He recommends option 1, which is the cheaper option. Earthquake insurance carries a high deductible – 15% of the total insured value (\$60M) or \$9,000,000 and a limit of \$25M in coverage. It includes building ordinance code updates and damages to the building. There are property engineers who can assess the building’s risk for an earthquake and have provided two proposals. Mr. Mooney recommends at least conducting a desktop property assessment for \$1,800 before making a decision. Zurich would review construction documents, internet research, and natural hazard exposures focused on earthquake exposure. The Committee will revisit the earthquake insurance proposal after the assessment.

**Member Seto** asked about the percentage of clients who purchase earthquake insurance. Mr. Mooney replied that about 50%-55% of his clients have earthquake insurance, most of whom are in health care. **Director Sanchez** commented that he is interested in finding out what type of material is underneath the building and would be in favor of an assessment for \$1,800.

*It was moved by Director Sanchez and seconded by CEO Fama to conduct the desktop earthquake assessment with Zurich for \$1,800 and will table the earthquake proposal until after the study. The motion passed 4/1/0.*

**Potential New Finance Committee Member – CFO Yee** introduced Don Revelo, a retired Millbrae school board member of 13 years with an extensive finance background. Mr. Revelo is interested in serving on the Finance Committee and was present as a member of the public. He has 30 years of mid-level management experience working with budgets, loss mitigation, and risk management. In addition, he served multiple terms on the Millbrae District Budget Committee and was the Lomita Park school PTA auditor for five years.

## 5. BUSINESS ARISING FROM MINUTES:

- **WAB Payoff Report** - The Committee discussed whether to pay down the \$40M Trousdale Construction loan. The interest rate has risen enough that the bank will pay the District to reduce or eliminate the debt. The decision was to wait until the 3-year strategic plan is completed to see if cash flow permits.

**A public member, Ms. Sun**, commented that the District's investment portfolio should be paying more than the interest on the debt. Hence, this is another reason to keep the liquidity. **Chair Zell** asked Ms. Sun about the Fed's interest rate trend. **Ms. Sun** projects that rate height should happen in the next 3-5 months and stabilize for at least six months, so the earliest would be next year for any rate decreases. **Chair Zell** asked to table this item to the May meeting.

- **Eskaton contribution to TT Rent Assistance Fund** – The Eskaton Foundation does not contribute to any individual facilities but will provide assistance to fundraise, such as marketing, collecting, and setting up the structure for donations.

## 6. PHCD HEALTH & FITNESS CENTER UPDATE:

Michelle and CFO Yee are currently working with Active Wellness on a 3-year business plan for the fitness center. They discussed two options. One is to bring in the Activate model from Active Wellness, which would include an investment in the space and equipment. This option would allow the District to incorporate a medical component and attract people of all ages. The second option is to work with what the Center currently has and try to attract more members by providing different programs and focusing on the unutilized hours. With either option, Michelle will explore accepting insurance for the center. More details to come as the plan is finalized for both options. Michelle will report back at a future Finance Committee meeting.

**Chair Zell** commented that he wants to see more members, increase visibility, and understand the Center's niche. He is open to exploring medical-related fitness and therapy. **CEO Fama** replied that the staff is currently looking at the Activate program from Active Wellness, which would address the medical component piece. This option would allow the Center to test the model before moving this to the PWC.

## 7. PWC HUB SERVICES – THERAPY POOL & ACTIVE WELLNESS:

CEO Fama provided a brief update on the PWC hub services. She hopes to have a business proforma and a master plan that defines the hub services in the next three months. She was finally able to schedule a meeting with Janet Wagner and her team to update them on the plans for the PWC. The hub is around 35,000 SQFT. The current plan is to add the therapy pool and the Active Wellness fitness center. CEO Fama also contacted Janet Wagner and the YMCA to look at the possibility of saving the pool at the hospital. The CEO of the YMCA will not own or fix the pool but is willing to run the pool with their staff and therapist. The benefit of that would be to lower the operating costs because hospital staff are expensive. The District's Board, with Chair Zell's leadership and staff, is committed to seeing that there is a therapy pool in the County.

**8. Q2 Consolidated Financials** – CFO Yee provided a brief overview of the financial performance for Q2 FY 22-23. Some items to note:

- allcove has not been launched; State grant income is lower than budget due to State extending the grant from 4 to 5 years. Expense budget surplus since the program is not active. Capital expenditure will be higher than budgeted: TI's \$950K and Furniture \$200K (originally budgeted \$500K for all capital improvements & purchases).
- Interest income of \$1M due to a new accounting rule (GASB 87) on leases. Book entry (does not increase cash)
- Health & Fitness: On budget, but looking at ways to increase membership. Currently at 185 members and looking to accept insurance to increase membership and visibility.
- The Trousdale is behind on revenue due to occupancy being 11 units behind budget (77% vs. 85%) but was four units short coming into the new year. Assumptions for the budget were that COVID would be over and operations would be normal, but COVID continued with many restrictions. Food costs have gone up, and the biggest challenge is staffing. The registry has been used to fill staffing gaps.
- Sonrisas Dental Health: \$92K better than budget, mainly due to savings in direct program costs. They lost two dentists two months ago and just hired their replacements this month. YTD visits = 6,744
- Unrealized loss is higher than budget but will disappear once the bond matures.

Some budget differences are the result of timing differences. All other income and expenses are consistent with the general operations. **Chair Zell** would like Sonrisas to commit to being an FQHC by a specific timeframe or have them explain what the hold is back.

**CEO Fama** asked if the schedule still works now that all standing committee meetings need to be in person according to new legislation. **CFO Yee** will send out a poll to the members.

**9. Future agenda**

- FY 23-24 Draft Budget
- WAB Payoff Update
- PHCD Health & Fitness Center Business Plan

**Adjournment:** Chair Zell Adjourned the meeting at 3:34 pm.

*Written by Vickie Yee, CFO*

**Approved by:**

---

**Dennis Zell, Chair**

**Vickie Yee**

---

**From:** Regina Curtis <rcurtis@westernalliancebank.com>  
**Sent:** Thursday, May 11, 2023 10:14 AM  
**To:** Vickie Yee; Monika Suarez  
**Subject:** RE: Payoff Numbers

**EXTERNAL SENDER WARNING:** This email originated from outside of PHCD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hello Vickie  
 Below are the updates:

The indicative pre-payment amounts to terminate the Peninsula swap are listed below:

- Full Termination: Bank receives \$1.17MM from borrower
- Terminate \$10MM: Bank receives \$465K from borrower
- Terminate \$20MM: Bank receives \$735K from borrower

Please note this is only an indication as of now and could change due to market volatility.

Thank you,



Regina Curtis

VICE PRESIDENT, PORTFOLIO MANAGEMENT  
 WESTERN ALLIANCE PUBLIC AND NONPROFIT FINANCE  
 A DIVISION OF WESTERN ALLIANCE BANK. MEMBER FDIC.  
 T (602) 952-5425 | F (602) 889-1511 | [rcurtis@westernalliancebank.com](mailto:rcurtis@westernalliancebank.com)  
 ONE EAST WASHINGTON STREET, SUITE 1400 | PHOENIX, ARIZONA 85004  
*Also representing Western Alliance Business Trust, as a wholly owned affiliate of Western Alliance Bank*

---

**From:** Vickie Yee <[vickie.yee@peninsulahealthcaredistrict.org](mailto:vickie.yee@peninsulahealthcaredistrict.org)>  
**Sent:** Tuesday, May 9, 2023 10:55 AM  
**To:** Regina Curtis <[rcurtis@westernalliancebank.com](mailto:rcurtis@westernalliancebank.com)>; Monika Suarez <[MSuarez@westernalliancebank.com](mailto:MSuarez@westernalliancebank.com)>  
**Subject:** \*\*\* EXTERNAL \*\*\* RE: Payoff Numbers

**CAUTION EXTERNAL EMAIL: Do not click on any links or open attachments if sender is unknown!**

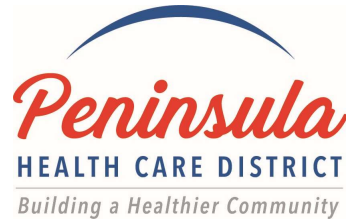
---

Hi Regina,

Can you provide payoff numbers again?  
 Full, \$20M, and \$10M?

Thanks for your help.

Vickie



## THE TROUSDALE ASSISTED LIVING/MEMORY CARE COMMUNITY

PROPOSED BUDGET FY 2024

DRIVERS AND ASSUMPTIONS

- **The Trousdale** is budgeted at a net loss of \$1.1M, which includes interest expense of \$1.6M, depreciation of \$2.6M, and \$240K from PHCD for TT Rent Assistance Fund. Expected cashflow is a negative \$147K after principle payments and capital expenditures.
  - **Revenue:**
    - a) July 1 AL occupancy - modest increase from March 31 actual (from 78 on 3/31 to 80 on 7/1)
    - b) July 1 MC occupancy: increase from March 31 actual (from 21 on 3/31 to 23 on 7/1)
    - c) AL occupancy growth: +1 per month for all 12 months, to end at 91%
    - d) MC occupancy growth: about +1 every other month, to end at 93%
    - e) AL avg level of care increases gradually from 1.85 @ 7/1 to 2.00 at 6/30 (1.77 in Feb.)
    - f) MC average level of care is 3.00 for entire year (actual was 2.73 in Feb.)
    - g) 7% rate increase for all residents, effective January 1
    - h) Community Fees remain at \$5,000.
    - i) Other Operating Revenue: Barber/Beauty, Guest Meals, and Bistro Sales as estimated by Sylvia; Other revenues similar to past 12 months experience.
    - j) PHCD Rent Assistance at a fixed rate of \$20,000 per month.
  - **Labor Expenses:**
    - a) Added 8.4FTE Shift Leads in AL and MC, at \$2 per hour higher pay rate (moved from RCA/RMA, no increase in staffing); Eliminated Unit Clerk 1 FTE and replaced with RCC/MCC Assistant; Increased Laundry Worker from 1 FTE to 2 FTE, Increased Barista from 2.5 FTE to 3 FTE - No other FTE increases from 2022-23 budget.
    - b) 5% increase in salaries for most staff from 2022-23 rates (to account for min. wage/compression/market increases)
    - c) Wage % increases smoothed over entire year for hourly employees; applied on July 1 for salaried employees.
    - d) 4% increase in Executive Director salary, applied on January 1, 4% rate for ED 401(k)
    - e) Registry at \$140K, with an offset to Salaries and Benefits
    - f) Commissions at \$1,100/move-in (\$1,000 for RLA and \$100 for Move-In Coordinator)
    - g) Used historical trend for PTO estimate (5.25% of productive salaries)
    - h) Overtime \$ budgeted at 3% of regular wages.
    - i) 16.75% rate for Eskaton Benefits
    - j) 4% rate for Workers' Compensation
  - **Other Expenses:**
    - a) Registry: Start at \$25,000 in July, tapering down to a steady \$5,000 per month (Dec. is higher due to Vacations/Holidays)
    - b) Carried over from 2023 budget: \$2,600/mo. for sign-on bonuses.
    - c) Food calculated per resident day (including add'l factor for guest meals), with a 6% increase over actual average 2022-23 rates.
    - d) Gas/Elec. (PG&E): Seasonally adjusted estimates based on current rates (10% inflation)
    - e) Referral fees: \$7,000 per month
    - f) Business Insurance: Property 11%, Liability 6%, Auto 5%
    - g) General inflation rate of 3%-5%

**THE TROUSDALE**  
**2023-24 Budget-Input File**

	July '23	August	September	October	November	December	January	February	March	April	May	June '24	Total
<b>Operating Revenues</b>													
Routine Revenues	\$950,683	\$982,524	\$987,795	\$1,009,970	\$1,030,255	\$1,027,861	\$1,106,539	\$1,128,198	\$1,125,617	\$1,139,151	\$1,160,854	\$1,158,318	\$12,807,765
Ancillary Revenues	589	589	589	589	589	589	589	589	589	589	589	589	7,068
Discounts & Concessions	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(240,000)
Other Operating Revenues	27,995	27,995	27,995	27,995	22,995	27,995	27,995	22,995	22,995	27,995	27,995	27,995	320,940
<b>Net Operating Revenues</b>	<b>959,267</b>	<b>991,108</b>	<b>996,379</b>	<b>1,018,554</b>	<b>1,033,839</b>	<b>1,036,445</b>	<b>1,115,123</b>	<b>1,131,782</b>	<b>1,129,201</b>	<b>1,147,735</b>	<b>1,169,438</b>	<b>1,166,902</b>	<b>12,895,773</b>
<b>Operating Expenses</b>													
Salaries	427,939	432,139	427,329	444,038	434,516	450,777	460,891	422,520	462,973	452,698	467,365	458,897	5,342,082
Employee Benefits	121,169	122,354	120,992	125,703	123,021	126,864	144,396	128,932	133,193	128,873	133,035	130,803	1,539,335
Registry	25,000	20,000	20,000	15,000	10,000	20,000	5,000	5,000	5,000	5,000	5,000	5,000	140,000
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies	76,361	77,840	76,660	79,292	78,383	80,555	80,609	76,198	81,464	80,080	82,699	80,894	951,035
Purchased Services	42,554	42,554	42,554	42,554	42,554	42,554	42,554	42,554	42,554	42,554	42,554	42,554	510,648
Ancillary Costs	512	512	512	512	512	512	512	512	512	512	512	512	6,144
Utilities	47,907	48,115	51,087	51,247	44,872	47,889	44,619	47,688	44,672	39,221	50,897	45,880	564,094
Insurance & Other	41,081	41,081	41,081	41,081	41,081	46,581	43,495	42,131	42,131	42,131	42,131	42,131	506,136
Bad Debts													0
Management Fees	38,371	39,644	39,855	40,742	41,354	41,458	44,605	45,271	45,168	45,909	46,778	46,676	515,831
<b>Total Operating Expenses</b>	<b>820,894</b>	<b>824,239</b>	<b>820,070</b>	<b>840,169</b>	<b>816,293</b>	<b>857,190</b>	<b>866,681</b>	<b>810,806</b>	<b>857,667</b>	<b>836,978</b>	<b>870,971</b>	<b>853,347</b>	<b>10,075,305</b>
<b>Operating Margin</b>	<b>138,373</b>	<b>166,869</b>	<b>176,309</b>	<b>178,385</b>	<b>217,546</b>	<b>179,255</b>	<b>248,442</b>	<b>320,976</b>	<b>271,534</b>	<b>310,757</b>	<b>298,467</b>	<b>313,555</b>	<b>2,820,468</b>
									<b>April-June EBITDA (3 months)</b>				
													<b>26.5%</b>
<b>Fixed Expenses</b>													
Leases - Building	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	212,907	212,944	212,981	213,017	213,055	213,091	213,128	213,165	213,202	213,237	213,275	213,311	2,557,313
Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	132,310	132,311	132,311	132,311	132,311	132,312	132,310	127,202	127,203	127,202	127,203	127,202	1,562,188
Other Financing Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fixed Expenses</b>	<b>345,217</b>	<b>345,255</b>	<b>345,292</b>	<b>345,328</b>	<b>345,366</b>	<b>345,403</b>	<b>345,438</b>	<b>340,367</b>	<b>340,405</b>	<b>340,439</b>	<b>340,478</b>	<b>340,513</b>	<b>4,119,501</b>
<b>Net Operating Income</b>	<b>(206,844)</b>	<b>(178,386)</b>	<b>(168,983)</b>	<b>(166,943)</b>	<b>(127,820)</b>	<b>(166,148)</b>	<b>(96,996)</b>	<b>(19,391)</b>	<b>(68,871)</b>	<b>(29,682)</b>	<b>(42,011)</b>	<b>(26,958)</b>	<b>(1,299,033)</b>
<b>Nonoperating:</b>													
Investment Income													0
<b>Total Nonoperating</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET INCOME</b>	<b>(206,844)</b>	<b>(178,386)</b>	<b>(168,983)</b>	<b>(166,943)</b>	<b>(127,820)</b>	<b>(166,148)</b>	<b>(96,996)</b>	<b>(19,391)</b>	<b>(68,871)</b>	<b>(29,682)</b>	<b>(42,011)</b>	<b>(26,958)</b>	<b>(1,299,033)</b>
<b>Net Income</b>	<b>(206,844)</b>	<b>(178,386)</b>	<b>(168,983)</b>	<b>(166,943)</b>	<b>(127,820)</b>	<b>(166,148)</b>	<b>(96,996)</b>	<b>(19,391)</b>	<b>(68,871)</b>	<b>(29,682)</b>	<b>(42,011)</b>	<b>(26,958)</b>	<b>(1,299,033)</b>
Add: Depreciation	212,907	212,944	212,981	213,017	213,055	213,091	213,128	213,165	213,202	213,237	213,275	213,311	2,557,313
Less: Bonds Principal Pmts	(133,750)	(133,750)	(133,750)	(133,750)	(133,750)	(133,750)	(133,750)	(133,750)	(139,167)	(139,167)	(139,167)	(139,167)	(1,626,667)
<b>NET CASH FLOW</b>	<b>(127,687)</b>	<b>(99,192)</b>	<b>(89,752)</b>	<b>(87,676)</b>	<b>(48,515)</b>	<b>(86,807)</b>	<b>(17,618)</b>	<b>60,024</b>	<b>5,164</b>	<b>44,388</b>	<b>32,097</b>	<b>47,186</b>	<b>(368,387)</b>
Units Available	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0	124.0
EOM Units Occupied	101.5	103.0	104.5	105.5	106.5	107.5	108.5	109.5	110.5	111.5	112.5	113.5	113.5
EOM Occupancy %	81.9%	83.1%	84.3%	85.1%	85.9%	86.7%	87.5%	88.3%	89.1%	89.9%	90.7%	91.5%	91.5%



**DATE:** April 17, 2023  
**TO:** PHCD Finance Committee  
**FROM:** Eddie Flores, Director Youth Behavioral Health Programs  
**RE:** allcove San Mateo Youth Drop-In Center FY24 Budget Update

---

**Title:** *allcove*™ San Mateo Budget Update to PHCD Finance Committee

**RECOMMENDATION:** Staff recommends that the Finance Committee receive an update on the *allcove*™ San Mateo Youth Drop-in Center FY24 budget and the committee provide feedback.

**BACKGROUND/DISCUSSION:**

On November 15, 2022, the Board of Directors of PHCD approved and awarded via a Request for Proposal process and based on the recommendation of a 7-panel evaluation/selection committee, a service contract to Caminar Inc., to move forward as the coordinating agency and main contractor to coordinate the delivery of services that align with the *allcove*™ fidelity model. In conjunction and working with Caminar are three additional subcontractors: Edgewood Children and Family Services for the provision of Supported Education and Employment Services (SEE); StarVista to provide supplemental Youth & Family Support; and One Life Counseling Services, to provide behavioral and mental health services.

These three agencies will be subcontracted under Caminar who is tasked as not only as the coordinating agency but will also deliver and cover administrative duties, supplemental behavioral health, physical medical health, and substance use treatment services. All of these services adhere to the recommended model adopted and owned by the State of California Mental Health Services Oversight & Accountability Commission (MHSOAC), which PHCD has received a 4-year \$2M grant, starting in 2021 and concluding in 2026 with an approximate annual award disbursement amount of \$500,000 per year.

As previously shared, these services will be delivered at the future location: 2600 El Camino Real, San Mateo, future home of the *allcove* San Mateo Youth Drop-In Center.

**Facilities Update:** 2600 El Camino Real, San Mateo:

In March 2023, PHCD Board of Directors approved via a public bidding process the award of general contractor services to Zone 4 Construction Inc. The contractor is tasked with completing a 90-day tenant improvement/remodeling on the 3<sup>rd</sup> floor of the 2600 ECR location. The contractor has been preparing for mobilization and demolition phases of the project and will move forward with the completion of work upon official receipt of City of San Mateo planning department permits. The City of San Mateo planning department will be issuing these documents this month and upon receipt PHCD will issue a certificate to proceed with an estimated completion date of late summer 2023. The approved amount of the contract is **\$948,087.35**.

It is anticipated that facilities completion will occur in August 2023. At this time, we will have installation of furniture and additional pieces to prepare the space for a model required 4-week "soft opening" period. Following this pre-opening period, a full community grand opening will be in September 2023.

The provision of services to furnish and deliver all instrumental key environmental pieces of the center were awarded also via a public bidding process to KBM Hogue Inc. This vendor was also utilized in furnishing the *allcove* Palo Alto and *allcove* San Jose sites. The PHCD Board approved a proposal for an amount of **\$200,000** to cover furniture in all counseling rooms, common amenity areas, staff workspaces and reception/billing areas. The Youth Advisory Group (YAG) was instrumental along with guidance from staff in selecting the pieces with oversight and recommendations provided also by Stanford Central *allcove* Team (CaT).



### **Service Provider/partnering agency Service Agreement Discussions:**

Staff have continued to diligently work on the revision and service provider agreement with Caminar as well as a memorandum of understanding (MOU) of service terms. We have continued to have numerous discussion meetings on various aspects of the contract and service components. As discussions have continued to take place in a very positive and productive direction, and item that was identified was the IP/Sublicensing agreement with Caminar, as our contracted service provided. Being that the MHSOAC is the sole proprietor of the logo, brand, and IP of allcove, the legal team from Caminar requested additional information to confirm usage of such during the grant period. Staff held meetings with the MHSOAC legal team and have now understood that this will need to be a separate direct contract between Caminar and MHSOAC to ensure smooth IP rights and usage. PHCD legal counsel has been guiding and directing these conversations and we are currently finalizing those details in order to ensure that a fully agreeable document is produced and brought before the PHCD Board of Directors for approval.

The contract agreement between PHCD and Caminar will be a comprehensive legal document to be reviewed and approved by both PHCD Board of Directors and Caminar. This Service Agreement Contract will delineate the Service Providers within allcove™ San Mateo and will cover all the legalities related to the MHSOAC grant compliance, insurance requirements, HIPPA compliance and additional criteria related to service delivery. Caminar was also provided a copy of the very extensive contract that PHCD has with MHSOAC (State). At this time, we anticipate bringing this item at an upcoming PHCD board meeting to finalize the contract with our service provider. Due to the nature of the lengthy document and review from the Caminar legal team, this has required additional time to complete the full review. Staff and management and legal teams are working diligently on this task and prioritizing getting this approved in the coming weeks.

### **Budget Discussions:**

Staff have been meeting with members of Caminar's c-suite and finance teams to discuss and set expectations of the budget for the allcove San Mateo Youth drop-in center for FY24 and for the rest of the four years of the grant. PHCD staff have stated and requested from Caminar financial projections, financial modeling and to delineate expenses and revenues as connected with base salaries and staffing projections. These numbers are provided and aligned under the model and conclusions will be included in the final version of the service agreement between PHCD and Caminar.

Also, worth noting regarding the financial projections by revenue streams, is that the MHSOAC is granting what is basically startup money, providers operate (Caminar et Al.), and Stanford CaT will analyze data collected through a specialized data/evaluation system (datacove) over time, which will then provide evidence about the model and if it is efficacious in supporting youth mental wellness. If it achieves those goals, then federal, state, and county grants could be created to support future operations. Perhaps, policy will evolve such that Medi-Cal and/or commercial payers subsidize some of the operations because they learn that prevention lowers future utilization. That is the hypothesis Stanford is testing. At this time the allcove San Mateo youth drop-in center is a demonstration project to learn, and the available data provided doesn't provide much in the way of predictive support for the development of attainable serviced delivery numbers, (service goals) markers.

**CONCLUSION:** The following assumptions and drivers presented along with this staff report highlight the FY24 budget presented for discussion and to be reviewed by Chief Financial Officer. Staff recommend that the committee review and provide questions and feedback based on the context and background provided.

Attachments –

1. Drivers & Assumptions: allcove San Mateo Youth Drop-In Center
2. allcove San Mateo Youth Drop In Center FY24 Budget





## ALLCOVE TEEN MENTAL HEALTH CENTER

PROPOSED BUDGET FY 2024

DRIVERS AND ASSUMPTIONS

- **allcove™ San Mateo Youth Drop-In Center** (budgeted at a loss of \$2.8M)
  - Opening August 2023 (Soft Opening); September 2023 (Public Opening)
  - Open Monday to Saturday (half day on Saturday); (10am-7pm/10am-3pm)
  - Clinical Partner staffing to ramp up and fully staffed by January 2024 – 10.6 FTEs
  - Billables – \$84,625
    - a) Mental Health 1,000 visits – slow ramp up to 50% billable (steady state)
      - Medi-Cal (85% of billable visits) @ \$228.90/visit
      - Commercial (15% of billable visits) @ \$241.43/visit
    - b) Medical 100 visits – slow ramp up to 40% billable (steady state)
      - Medi-Cal (85% of billable visits) @ \$150/visit
      - Commercial (15% of billable visits) @ \$250/visit
  - Non-Billables –
    - a) Mental Health 50% of visits
    - b) Medical 60% of visits
    - c) Peer Support Specialist - client engaged 37%; (potential reimbursable in 25-26)
    - d) Supported Education & Employment Specialists -client engaged 36%
  - Maximum Capacity (visits) based on staffing model: approx. 7,000 MH visits (Based on serving 1,000 unduplicated youth per year, with 6-8 visits per youth per year).
  - allcove™ Palo Alto - Year 1 utilization = 504 unduplicated visits
  - allcove™ Beach Cities – 6mo open: Utilization – 800 unduplicated visits
  - Capital Expenditure \$679K (Furniture costs, Tenant Improvements, IT Equipment)
  - Revenue: State grant \$524K/year based on submitted budget to MHSOAC
  - Expenses: 2.7M – 72% cost for staffing
    - a) 3 FTE PHCD staff – 1 Program Director, 1 Youth Outreach Specialist (YAG), & Clinical Leader
    - b) Consulting services (legal and professional) for program startup
    - c) Clinical partner contract: \$1.5M – net of billable income
    - d) Rent based on the lease agreement
    - e) Marketing/Outreach: \$60K includes public townhall meeting; significant outreach & communication: In-person presentations, flyers, targeted social media campaigns, brochures; soft opening, and opening week
    - f) YAG related expenses: \$12K
    - g) Meetings & Travel: \$13K
    - h) Overhead: \$152K includes utilities, janitorial, phone, internet, IT, building maintenance, office supplies, insurance, travel, meetings, dues, fees, printing, postage, etc.
    - i) Depreciation on improvements and equipment is estimated at \$93K for the year.

allcove - Program Cost Forecast	FY 2022-2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Utilization						
Mental Health Visits		1000	3,960	3,960	3,960	12,880
Medical Visits		100	276	276	276	928
Supported Edu & Employment Specialist Visits (est. 1hr/visit)		297	324	324	324	1,269
<b>Revenues</b>						
MHSOAC Grant	\$ 427,211	\$ 524,263	\$ 524,263	\$ 524,263		\$ 2,000,000
Fundraising					\$ 500,000	\$ 500,000
	<b>\$ 427,211</b>	<b>\$ 524,263</b>	<b>\$ 524,263</b>	<b>\$ 524,263</b>	<b>\$ 500,000</b>	<b>\$ 2,500,000</b>
<b>Operating Expense</b>						
Salary and Benefits Total	\$ 502,917	\$ 485,999	\$ 510,299	\$ 535,814	\$ 562,605	5% escalation
Consulting Services	\$ 91,838	\$ 46,000	\$ 24,000	\$ 24,720	\$ 25,462	3%
Facilities Lease	\$ 305,873	\$ 374,386	\$ 385,622	\$ 397,194	\$ 409,104	
Utilities - Overhead		\$ 30,000	\$ 30,900	\$ 31,827	\$ 32,782	3%
Insurance	\$ 5,514	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729	5%
YAG-Related	\$ 6,218	\$ 11,800	\$ 12,000	\$ 12,000	\$ 12,000	
Supplies	\$ 4,321	\$ 36,000	\$ 24,000	\$ 24,720	\$ 25,462	3%
Marketing/Outreach	\$ 8,100	\$ 60,000	\$ 24,720	\$ 25,462	\$ 26,225	3%
Janitorial		\$ 24,000	\$ 24,720	\$ 25,462	\$ 26,225	3%
Meetings and Travel	\$ 2,275	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	3%
IT Support		\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	3%
Telephone/Internet		\$ 14,400	\$ 14,832	\$ 15,277	\$ 15,735	3%
Other		\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	3%
Depreciation on Renovations		\$ 31,667	\$ 31,667	\$ 31,667	\$ 31,667	
Depreciation on Furniture		\$ 41,658	\$ 41,658	\$ 41,658	\$ 41,658	
Depreciation Equipment		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
<b>Clinical Partner Contract</b>						
Fundraising						
Contract		\$ 1,591,988	\$ 1,977,178	\$ 2,068,130	\$ 2,167,584	5%
Billable		\$ (84,625)	\$ (458,303)	\$ (462,886)	\$ (467,515)	
<b>Total Operating Expenses</b>	<b>\$ 927,056</b>	<b>\$ 2,744,273</b>	<b>\$ 2,726,723</b>	<b>\$ 2,857,007</b>	<b>\$ 2,997,597</b>	<b>\$ 12,252,655</b>
<b>Net Loss</b>	<b>\$ (499,845)</b>	<b>\$ (2,220,010)</b>	<b>\$ (2,202,460)</b>	<b>\$ (2,332,744)</b>	<b>\$ (2,497,597)</b>	<b>\$ (9,752,655)</b>
<b>Cashflow</b>						
Add Depreciation	\$ -	\$ 93,324	\$ 93,324	\$ 93,324	\$ 93,324	
Furniture	\$ (104,145)	\$ (104,145)				
Tenant Improvements	\$ (475,000)	\$ (475,000)				
Equipment		\$ (100,000)				
<b>Net Draw to Reserves</b>	<b>\$ (1,078,989)</b>	<b>\$ (2,805,830)</b>	<b>\$ (2,109,135)</b>	<b>\$ (2,239,419)</b>	<b>\$ (2,404,272)</b>	<b>\$ (10,637,646)</b>
<b>Expected Non-Operating Revenue Streams (Future Years)</b>						
County/State Grants	\$ 1,500,000	\$ 1,800,000				
Federal Grants	150,000	75,000				
Donations/Fundraising campaigns	400,000	450,000				
Other Federal grant opportunities	150,000	75,000				
<b>Total Non-Operating Revenue Streams</b>	<b>\$ 2,200,000</b>	<b>\$ 2,400,000</b>				



## Peninsula Health Care District Health & Fitness Center

### FITNESS INSURANCE PROGRAM INFORMATION

#### Program Overview

1. Programs provide free or discounted fitness memberships to eligible members
2. Facility waives initiation fees
3. Facility reimbursed based upon monthly membership packages
4. No application or start up fees/costs to facility
5. Participating facility is marketed on program websites which drives engagement via marketing materials

#### Insurance Options

##### **A. Optum**

1. **Renew Active/ One Pass Medicare & Medicaid**
  - a. Medicare plan holders (ages 65+) & Medicaid plan holders insured by United Healthcare and other insurance providers such as Blue Cross
  - b. Flat rate of \$40 per member, per month with only one check-in required per month
2. **One Pass Commercial**
  - a. Individuals (ages 18-64) who are insured through their participating employer
  - b. Flat rate of \$56 per member, per month with only one check-in required per month
3. **Program Term**
  - a. Initial term goes to 12/31/25, cancellation allowed with 4 months notice

##### **B. American Specialty Health**

1. **Silver & Fit**
  - a. Individuals (ages 65+) on contracted Medicare health plans, which includes Kaiser and Anthem Blue Cross/Blue Shield
  - b. Flat rate of \$40 per member, per month with only one check-in required per month
2. **Active & Fit**
  - a. Individuals (ages 18-64) on healthcare plans, employer groups, membership organizations and direct consumer purchase
  - b. Flat rate of \$56 per member, per month with only one check-in required per month
3. **Program Term**
  - a. Initial term goes to 12/31/23, cancellation allowed with 4 months notice

##### **C. Silver Sneakers**

1. We have been advised that this program is not optimal for the Fitness Center to begin at this time. Silver Sneakers does not offer a flat reimbursement rate per month as the two programs above, also reimbursing less per visit with a monthly cap. We have also been advised that facilities who currently have the Silver Sneakers program almost never reach their max cap amount per month.



## HEALTH & FITNESS CENTER

PROPOSED BUDGET FY 2024

DRIVERS AND ASSUMPTIONS

- **The Health & Fitness Center** budgeted at a loss of (\$266K), an increase of (\$26K) or (11%).
  - **Membership:**
    - a) July 1 Begin the year with March membership numbers (177 members)
    - b) 70% of members switch to insurance-based membership.
    - c) Existing Members to decrease by -3 members during the year (from 35 to 33)
    - d) New Members to increase by +3 during the year (from 8 to 11)
    - e) Insurance Membership - Seniors to increase by +8 per month (from 106 to 202)
    - f) Insurance Membership – Non-Seniors to increase by +5 for the year (from 5 to 10)
    - g) New Special Events Programs – 1/quarter (i.e. mommy & me, fall prevention activities, open house to invite neighbors)
    - h) No annual assessment fee as it would be part of the membership fee paid.
    - i) Only offer Yoga Classes – 3-4 classes/mo with 18 participants/mo
    - j) Massage therapy visits start at 15 to 20. 210 visits total.
  - **Revenue: \$131,620**
    - a) New member fees include discounts for packages purchased
    - b) Existing members pay \$55 seniors/\$65 non-seniors per month
    - c) New member fee \$80/mo
    - d) Insurance membership – seniors \$40/mo
    - e) Insurance membership – non-seniors \$56/mo
    - f) Classes @ \$5/session
    - g) Massage Therapy est. \$60 on average per visit (with package discount)
    - h) First year taking insurance. Revenue decreased by \$3K but will catch up in FY 25
  - **Expenses: \$398,120**
    - a) Budget based on the current cost
    - b) 5% increase in salaries (1 FTE Director, 1 FTE Member Svcs Rep, 1 FTE On-Call Mem Svc Rep)
    - c) 2 benefited employees (Director and Member Rep/Therapist)
    - d) Benefits based on current rates with 10% increase in health mid-year
    - e) Contract labor – 3-4 Yoga classes/mo \$110/class
    - f) Office supplies - Based on current usage.
    - g) Equipment Repairs \$3K – The machines are getting old and may need new part.
    - h) Marketing \$10K – increased from \$6K. Postcard Mailer 2x general Marketing. Increase visibility.
    - i) Other Purchased Services 4% increase – includes copier lease, software, laundry services, gym doctor, alarm, website, IT, AED, phone.
    - j) Utilities – Based on current rates/usage.
    - k) Depreciation - based on current and planned capital purchase for the year.

**PHCD Health & Fitness**  
**FY 23-24 DRAFT BUDGET**

	Budget 23-24	Budget 22-23	Difference
<b>Grandfathered Members @ \$55/\$65</b>	33	81	(48)
<b>New Members @ \$80</b>	11	79	(68)
<b>Insurance -Seniors @ \$40</b>	202		202
<b>Insurance - Non Seniors @ \$56</b>	10		10
<b>Per Visit Payer Members @\$15</b>	24	24	-
<b>Total Members</b>	280	184	96

<b>Revenue</b>			
Lease Income	3,090	3,090	-
Grandfathered Members	23,290	54,820	(31,530)
New Member Fee	9,120	65,280	(56,160)
Insurance Members	80,880		80,880
Per Visit members	360	360	-
On-Time Intake Fee	0	1,200	(1,200)
Special Events	1,200	-	1,200
Classes	1,080	900	180
Massage Therapy	12,600	9,000	3,600
<b>Total Income</b>	<b>131,620</b>	<b>134,650</b>	<b>(3,030)</b>
<b>Expenses</b>			
Operating Expenses			
3FTE Salaries	291,674.74	273,928	17,747
Contract Labor-Trainer	5,280	3,840	1,440
Food	0	300	(300)
Office and Admin Supplies	4,800	3,600	1,200
Equipment Repairs	3,000	6,000	(3,000)
Printing	1,200	1,200	-
Other Non-Medical Supplies (PPE)	0	600	(600)
Marketing	10,000	6,000	4,000
Other Purchased Services	30,000	28,800	1,200
Travel	1,183	2,000	(817)
Dues & Subscriptions	150	150	-
Janitorial	14,400	14,400	-
Utilities	16,800	16,802	(2)
Insurance	3,600	3,600	-
Depreciation	16,032	13,430	2,602
<b>Total Operating Expenses</b>	<b>398,120</b>	<b>374,650</b>	<b>23,470</b>
<b>Total Expenses</b>	<b>398,120</b>	<b>374,650</b>	<b>23,470</b>
<b>Net Operating Loss</b>	<b>(266,500)</b>	<b>(240,000)</b>	<b>(26,500)</b>



## PROPOSED BUDGET FY 2024 DRIVERS AND ASSUMPTIONS

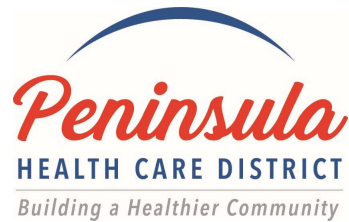
### DRIVERS:

- PHCD vision, mission, strategic objectives
- PWC development project
- The Trousdale Assisted Living/Memory Care Facility operating budget
- The Health & Fitness Center operating budget
- allcove operating budget

### ASSUMPTIONS:

#### PHCD: General Operations/CHI/Leasing

- **Income:**
  - a) Tax revenues budgeted \$8.5M, a little higher than FY 22-23 projections of \$8.4M.
  - b) Lease income is based on Sutter Health's lease agreement and current & projected occupancy at the Marco Polo properties (83% @ 1740 and 83% @ 1720) which includes free & discounted rents for two non-profits. No lease income from 430 El Camino (Sonrisas), 1875 Trousdale (The Health & Fitness Center), and 111-113 16<sup>th</sup> St. (San Mateo Homes).
  - c) Investment income is based on the expected balance at the end of FY 23 and March returns.
  - d) Miscellaneous Income \$411K from the recognition of the rental value for the use of facilities by non-profits (will be offset by the donated value in Community Health Investment)
- **Expenses:**
  - Community Health Investment (CHI) budget is \$4M (increased by \$166K from prior year's budget)
    - a) Community grants, Impact partnership grants, partners support, healthcare workforce tuition - \$2M (\$1.1M committed)
    - b) Targeted Prevention Program \$250K (no change)– Immunization, Drug Abuse, Screenings
    - c) Special Funding Initiatives \$417K (decreased by \$229K) – Board approved programs include HepB Free, Senior Services, RIP, COED, and Care Solace
    - d) Community Outreach \$50K (decreased by \$10K), includes newsletters, partner's events, memory Café, promotional items, mailings.
    - e) Community Education \$50K (no change), 3-4 townhalls, wellness classes, Parent Venture education series
    - f) New Program Research & Development \$250K (no change) for new opportunities
    - g) Donated Value for the use of Facilities \$411K – to recognize community benefit from rent-free use of facilities.
    - h) PWC Master Plan Cost \$660K – increased by \$360K due to increased activities of project.
  - CHI Support of Internal Programs
    - a) Sonrisas San Mateo Dental Center funding \$800K –Pending Board approval.
    - b) The Trousdale rent assistance fund up to \$240K – same as last year/Board approved fund.
    - c) Program Funding: Health and Fitness Center - \$266K, allcove Teen Mental Health Center - \$2.8M, The Trousdale Assisted Living/Memory Care - \$147K.
  - Administrative & Overhead budget is \$2.1M (decreased by 110K from prior year's budget)
    - a) Staff Salaries & Benefits \$1.2M (increase \$76K) - Includes salary, retirement, health benefits, life insurance, and tax liability. Assuming no leave taken by staff and includes anniversary/performance increases. Plus a full-time senior accountant (to be approved).



- b) IT/Phones/Software \$67K (increased by \$11K -reflects current expenses + increase in software cost) - Phone, Internet, Website reg, Board Docs, Intacct, Wizehive, Ipad Data, Data security features, Unplanned Issues
- c) Insurance \$72K – (increased by \$6K – expect 9-10% increase)
- d) Legal expense 360K (increased by \$40K)
- e) Consulting – Audit \$27.5K – (decreased by \$12.5K)
- f) Travel & Meetings \$59K – (increased by \$24K) Board members and staff attendance/travel. 3-6 people may attend the ACHD annual meeting & visit other allcove facilities. Plus, Board stipend.
- g) Miscellaneous - \$35K Includes recruiting fees for two positions.
- h) All other expenses – either no increase or minor adjustments

**Peninsula Health Care District  
Statement of Revenues and Expenditures  
FY 23-24 DRAFT BUDGET**

	PHCD	Leasing	Health and Fitness	The Trousdale	allcove Teen Mental Health	Sonrisas	Proposed Budget FY 23-24	Projected FY 22-23	Budget FY 22-23	Proposed Budget to Projected Difference	Proposed Budget to Budget FY22-23 Difference
<b>Revenues over Expenditures</b>											
<b>Revenues</b>											
Program Service Revenue	8,500,000	0	0	12,895,773	0	3,558,350	24,954,123	21,694,597	22,696,718	3,259,526	2,257,405
Grant Revenues	0	0	0	0	524,263	0	524,263	339,887	587,323	184,376	(63,060)
Contributions	0	0	0	0	0	1,590,000	1,590,000	1,216,368	0	373,632	1,590,000
Membership Dues	0	0	128,530	0	0	0	128,530	130,984	131,560	(2,454)	(3,030)
Investment Income											
Investment Inc - LAIF	164,308	0	0	0	0	0	164,308	127,301	16,763	37,007	147,545
Investment Inc - SMC	91,120	0	0	0	0	0	91,120	72,768	29,582	18,352	61,538
Investment Inc - CNB	0	409,916	0	0	0	0	409,916	258,912	104,526	151,005	305,390
Investment Inc - FT	72,227	0	0	0	0	0	72,227	47,401	1,475	24,826	70,752
Investment Inc - Torrey	0	0	0	14,168	0	0	14,168	13,945	14,105	223	64
Investment Inc - US Bank	0	0	0	0	0	0	0	2,299	0	(2,299)	0
Investments - Unrealized G/L	0	0	0	0	0	0	0	86,570	(600,000)	(86,570)	600,000
Interest Income	900	0	0	0	0	0	900	1,052	0	(152)	900
Interest Income - Leasing GASB 87	0	2,106,287	0	0	0	0	2,106,287	2,110,047	0	(3,760)	2,106,287
Interest Income-Heritage	0	0	0	0	0	504	504	11,417	504	(10,913)	0
Investment Income - CNB Sonrisas	0	0	0	0	0	18,504	18,504	0	18,504	18,504	0
<b>Total Investment Income</b>	<b>328,556</b>	<b>2,516,203</b>	<b>0</b>	<b>14,168</b>	<b>0</b>	<b>19,008</b>	<b>2,877,935</b>	<b>2,731,712</b>	<b>(414,541)</b>	<b>146,223</b>	<b>3,292,476</b>
Rental Income											
Lease Income - Hospital	0	1,753,354	0	0	0	0	1,753,354	1,753,354	2,174,184	0	(420,830)
Lease Income - 1720 Marco Polo	0	136,109	0	0	0	0	136,109	162,662	160,800	(26,553)	(24,691)
Lease Income - 1740 Marco Polo	0	276,631	0	0	0	0	276,631	263,512	271,200	13,120	5,431
Lease Expenses - 1764 Marco Polo	0	750,000	0	0	0	0	750,000	0	0	750,000	750,000
Lease Income - 111-113 16th St.	0	1	0	0	0	0	1	0	1	1	0
Lease Income - Health & Fitness	0	0	3,090	0	0	0	3,090	3,183	3,090	(93)	0
<b>Total Rental Income</b>	<b>0</b>	<b>2,916,096</b>	<b>3,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,919,186</b>	<b>2,182,711</b>	<b>2,609,275</b>	<b>736,475</b>	<b>309,911</b>
Other Revenue											
Nursing Grant/Loan Repayments	1,800	0	0	0	0	0	1,800	1,800	1,800	0	0
Other Program Revenue	0	0	0	0	0	0	0	0	0	0	0
<b>Total Other Revenue</b>	<b>1,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>0</b>	<b>0</b>
<b>Total Revenues</b>	<b>8,830,356</b>	<b>5,432,299</b>	<b>131,620</b>	<b>12,909,941</b>	<b>524,263</b>	<b>5,167,358</b>	<b>32,995,837</b>	<b>28,298,059</b>	<b>25,612,135</b>	<b>4,697,778</b>	<b>7,383,702</b>
<b>Expenditures</b>											
Program Expenses											
Grants	1,133,000	0	0	0	0	0	1,133,000	1,112,589	1,950,000	(20,411)	817,000
Impact Partnership Grants	742,000	0	0	0	0	0	742,000	0	0	(742,000)	(742,000)
Other Contributions & Grants	125,000	0	0	0	0	0	125,000	73,055	50,000	(51,945)	(75,000)
Targeted Prevention Program	250,000	0	0	0	0	0	250,000	10,722	250,000	(239,278)	0



	PHCD	Leasing	Health and Fitness	The Trousdale	allcove Teen Mental Health	Sonrisas	Proposed Budget FY 23-24	Projected FY 22-23	Budget FY 22-23	Proposed Budget to Projected Difference	Proposed Budget to Budget FY22-23 Difference
Special Funding Initiatives	417,218	0	0	0	0	0	417,218	264,650	646,260	(152,568)	229,042
Community Outreach	50,000	0	0	0	0	0	50,000	18,416	60,000	(31,584)	10,000
Community Education	50,000	0	0	0	0	0	50,000	30,100	50,000	(19,900)	0
New Program Research & Development	250,000	0	0	0	0	0	250,000	0	250,000	(250,000)	(0)
PWC Project Cost	0	660,000	0	0	0	0	660,000	526,351	300,000	(133,649)	(360,000)
<b>Total Program Expenses</b>	<b>3,017,218</b>	<b>660,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,677,218</b>	<b>2,035,883</b>	<b>3,556,260</b>	<b>(1,641,335)</b>	<b>(120,958)</b>
<b>Personnel</b>											
Salary and Wages	779,911	103,268	203,886	5,342,082	377,233	4,044,030	10,850,410	9,136,850	8,753,628	(1,713,560)	(2,096,782)
PR Benefits	189,849	42,265	67,694	1,539,335	74,987	251,499	2,165,629	1,846,708	1,928,402	(318,920)	(237,226)
PR Taxes	77,856	9,247	20,095	0	33,779	355,607	496,583	338,505	358,841	(158,078)	(137,742)
<b>Total Personnel</b>	<b>1,047,615</b>	<b>154,780</b>	<b>291,675</b>	<b>6,881,417</b>	<b>485,999</b>	<b>4,651,136</b>	<b>13,512,622</b>	<b>11,322,063</b>	<b>11,040,871</b>	<b>(2,190,559)</b>	<b>(2,471,751)</b>
<b>Occupancy</b>											
Lease Expenses - 1720 Marco Polo	0	36,000	0	0	0	0	36,000	31,054	36,000	(4,946)	0
Lease Expenses - 1740 Marco Polo	0	100,000	0	0	0	0	100,000	106,348	96,000	6,348	(4,000)
Lease Expenses - 1764 Marco Polo	0	12,000	0	0	0	0	12,000	0	0	(12,000)	(12,000)
Lease Expenses - 430 No. El Camino Real	0	45,000	0	0	0	0	45,000	31,960	45,000	(13,040)	0
Lease Expenses - 1875 Trousdale	0	24,000	0	0	0	0	24,000	23,796	36,000	(204)	12,000
Lease Expenses - 111-113 16th St.	0	14,400	0	0	0	0	14,400	16,049	14,400	1,649	0
Lease Expenses - PWC Land	0	12,000	0	0	0	0	12,000	12,689	12,000	689	0
Rent	0	0	0	0	0	41,808	41,808	41,808	0	0	(41,808)
Rent Expense	0	0	0	0	330,659	0	330,659	332,781	291,051	2,122	(39,608)
<b>Total Occupancy</b>	<b>0</b>	<b>243,400</b>	<b>0</b>	<b>0</b>	<b>330,659</b>	<b>41,808</b>	<b>615,867</b>	<b>596,486</b>	<b>530,451</b>	<b>(19,381)</b>	<b>(85,416)</b>
<b>Professional Fees</b>											
Consultant - Financial	5,000	0	0	0	0	0	5,000	3,716	5,000	(1,284)	0
Consultant - Communications	84,000	0	0	0	0	0	84,000	100,500	86,000	16,500	2,000
Website Expenses	4,200	0	0	0	0	0	4,200	9,806	6,000	5,606	1,800
Contract Labor - Trainer	0	0	5,280	0	0	0	5,280	3,920	3,840	(1,360)	(1,440)
Consultant - Professional Fees	0	0	0	0	0	31,200	31,200	34,819	31,200	3,619	0
Consulting Services	0	0	0	0	46,000	0	46,000	54,495	42,000	8,495	(4,000)
Clinical Partner Contract Expense	0	0	0	0	1,507,363	0	1,507,363	0	984,197	(1,507,363)	(523,166)
Dental Specialist-Claims Processing	0	0	0	0	0	62,318	62,318	52,763	62,318	(9,555)	0
Consultant - General	0	0	0	0	0	109,200	109,200	17,680	109,200	(91,520)	0
Management Fees	0	0	0	515,831	0	0	515,831	413,887	480,479	(101,944)	(35,352)
Legal - General	60,000	0	0	0	0	0	60,000	41,853	300,000	(18,148)	240,000
Legal - Real Estate	300,000	0	0	0	0	0	300,000	79,525	20,000	(220,475)	(280,000)
Consultant - Audit	27,500	0	0	0	0	0	27,500	24,925	40,000	(2,575)	12,500
<b>Total Professional Fees</b>	<b>480,700</b>	<b>0</b>	<b>5,280</b>	<b>515,831</b>	<b>1,553,363</b>	<b>202,718</b>	<b>2,757,892</b>	<b>837,889</b>	<b>2,170,234</b>	<b>(1,920,003)</b>	<b>(587,658)</b>
<b>Patient Services</b>											
Sterilization Services	0	0	0	0	0	10,098	10,098	9,607	5,610	(491)	(4,488)
Lab Fees	0	0	0	0	0	139,619	139,619	118,391	87,392	(21,228)	(52,227)
Claims Processing	0	0	0	0	0	5,640	5,640	5,388	3,840	(252)	(1,800)
Patient Notification	0	0	0	0	0	9,600	9,600	5,820	4,800	(3,780)	(4,800)
<b>Total Patient Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>164,957</b>	<b>164,957</b>	<b>139,207</b>	<b>101,642</b>	<b>(25,750)</b>	<b>(63,315)</b>
<b>General and Administrative Expenses</b>											
Office Supplies	21,600	0	4,800	951,035	36,000	393,602	1,407,037	1,248,908	1,058,810	(158,129)	(348,227)
Copying and Printing	0	0	1,200	0	0	750	1,950	700	1,200	(1,250)	(750)

	PHCD	Leasing	Health and Fitness	The Trousdale	allcove Teen Mental Health	Sonrisas	Proposed Budget FY 23-24	Projected FY 22-23	Budget FY 22-23	Proposed Budget to Projected Difference	Proposed Budget to Budget FY22-23 Difference
Postage and Delivery	0	0	0	0	0	4,608	4,608	3,670	4,608	(938)	0
Telecommunication	67,620	0	0	0	20,400	108,152	196,172	167,888	174,633	(28,284)	(21,539)
Advertising and Promotion	0	0	10,000	0	60,000	47,090	117,090	29,676	26,500	(87,414)	(90,590)
Business Licenses and Permits	0	0	0	0	0	12,000	12,000	13,590	12,000	1,590	0
Conferences, Conventions, and Meetings	0	0	0	0	11,800	1,500	13,300	7,092	15,100	(6,208)	1,800
Due and Subscriptions	121,800	0	150	0	0	0	121,950	115,989	111,150	(5,961)	(10,800)
Insurance	72,000	0	3,600	506,136	30,000	26,031	637,767	568,785	618,539	(68,982)	(19,228)
Equipment Expense	0	0	3,000	0	0	44,416	47,416	42,547	40,800	(4,869)	(6,616)
Facilities	18,000	0	14,400	0	24,000	57,226	113,626	93,800	100,141	(19,826)	(13,485)
Utilities	21,600	0	16,800	564,094	30,000	46,260	678,754	609,019	654,325	(69,735)	(24,429)
Travel Expenses	58,800	0	1,183	0	13,000	20,580	93,563	44,101	66,480	(49,462)	(27,083)
Member Benefit Expense	0	0	0	0	0	0	0	93	300	93	300
Fundraising Fees	0	0	0	0	0	200,236	200,236	172,010	0	(28,226)	(200,236)
Interest Expenses	0	0	0	1,562,189	44,103	0	1,606,293	1,677,069	1,622,150	70,776	15,857
Finance Charges	0	0	0	0	0	13,800	13,800	21,455	13,800	7,655	0
Credit Card and Other Service Charges	0	0	0	0	0	10,200	10,200	0	0	(10,200)	(10,200)
State and Local Taxes	0	0	0	0	0	250	250	307	250	57	0
Miscellaneous Expense	35,400	0	0	0	12,000	10,500	57,900	27,029	37,500	(30,871)	(20,400)
Other Expenses	7,200	0	30,000	656,792	0	18,694	712,686	1,205,250	936,094	492,564	223,408
Depreciation	29,359	350,806	16,032	2,574,603	93,324	299,672	3,363,797	3,048,102	3,188,606	(315,694)	(175,190)
Total General and Administrative Expenses	453,379	350,806	101,165	6,814,849	374,628	1,315,567	9,410,395	9,097,080	8,682,987	(313,315)	(727,408)
<b>Total Expenditures</b>	<b>4,998,912</b>	<b>1,408,986</b>	<b>398,120</b>	<b>14,212,097</b>	<b>2,744,649</b>	<b>6,376,186</b>	<b>30,138,951</b>	<b>24,028,608</b>	<b>26,082,445</b>	<b>(6,110,344)</b>	<b>(4,056,506)</b>
<b>Total Revenues over Expenditures (Before TRF)</b>	<b>3,831,443</b>	<b>4,023,313</b>	<b>(266,500)</b>	<b>(1,302,156)</b>	<b>(2,220,386)</b>	<b>(1,208,828)</b>	<b>2,856,886</b>	<b>4,269,451</b>	<b>(470,310)</b>	<b>(1,412,565)</b>	<b>3,327,196</b>
Transfers to Affiliates											
SDH San Mateo Funding	(800,000)	0	0	0	0	800,000	0	0	0	0	0
Donated Value for Use of Facilities (rent-free)	(410,916)	410,916	0	0	0	0	0	0	0	0	0
Trousdale Rent Assistance Fund	(240,000)	0	0	240,000	0	0	0	0	0	0	0
Total Transfers to Affiliates (PHCD Program Support)	(1,450,916)	410,916	0	240,000	0	800,000	0	0	0	0	0
<b>Net Income (Loss)</b>	<b>2,380,527</b>	<b>4,434,229</b>	<b>(266,500)</b>	<b>(1,062,156)</b>	<b>(2,220,386)</b>	<b>(408,828)</b>	<b>2,856,886</b>	<b>4,269,451</b>	<b>(470,310)</b>	<b>(1,412,565)</b>	<b>3,327,196</b>
<b>Cashflow Adjustments</b>											
Capital Expenditures	(7,500)	(20,000)	(15,500)	(29,000)	(679,145)	(137,159)	(888,304)				
Leasing Adj (GASB 87)		(1,555,006)			376		(1,554,630)				
1764 MPW Prepaid Rent		(750,000)					(750,000)				
WAB Loan Principal Payments				(1,630,543)			(1,630,543)				
Depreciation	29,359	350,806	16,032	2,574,603	93,324	299,672	3,363,797				
<b>Net Contribution (Draw) to Board Reserves</b>	<b>2,402,387</b>	<b>2,460,028</b>	<b>(265,968)</b>	<b>(147,096)</b>	<b>(2,805,830)</b>	<b>(246,315)</b>	<b>1,397,206</b>				

**Peninsula Health Care District  
Consolidated Ratios - Draft Budget**

	Government	Leasing	Health & Fitness	The Trousdale	allcove Teen Mental Health	Sonrisas	Total
A Revenue	11,103,159	2,916,096	131,620	12,909,941	524,263	5,167,358	32,752,437
B Operating Expenses	(5,540,933)	(243,400)	(382,088)	(10,075,305)	(2,607,221)	(6,076,514)	(24,925,462)
C Net Before Int & Dep	5,562,226	2,672,696	(250,468)	2,834,636	(2,082,958)	(909,156)	7,826,975
D Interest				(1,562,189)	(44,103)		(1,606,293)
E Depreciation	(29,359)	(350,806)	(16,032)	(2,574,603)	(93,324)	(299,672)	(3,363,797)
F Net Income from Operations	5,532,866	2,321,890	(266,500)	(1,302,156)	(2,220,386)	(1,208,828)	2,856,886
G Debt Service Pymt Adj				(1,630,543)			(1,630,543)
H Leasing Adj (GASB 87) + Prepaid Rent		(2,305,006)			376		(2,304,630)
J Capital Purchase	(7,500)	(20,000)	(15,500)	(29,000)	(679,145)	(137,159)	(888,304)
K Depreciation	29,359	350,806	16,032	2,574,603	93,324	299,672	3,363,797
L Cash Flow	5,554,726	347,689	(265,968)	(387,096)	(2,805,830)	(1,046,315)	1,397,206
M Cash at June 30,2023	30,552,288					1,850,186	32,402,474
N Cash at June 30,2024	32,201,273					2,167,131	34,368,404
O Debt at June 30, 2024				39,990,000		-	39,990,000
P Net Position at June 30, 2024	93,431,946					2,589,933	96,021,879

Ratios	FY 23-24 Budget	PHCD Ratios	
Excess Margin	8.72%	1.6%	👍
Days Cash on Hand	473	536	👍
Debt Service Coverage	2.42	1.7	👍
Cash to Debt	85.94%	64%	👍
Debt to Capitalization	29.40%	62%	👍

**PHCD - Projected Cash Flow**

No Sonrisas

Updated 05/11/23

	<b>June 30, 2023</b>	<b>FYE 2024</b>	<b>FYE 2025</b>	<b>FYE 2026</b>	<b>FYE 2027</b>
3 mos projection					
Beginning Cash (Detail below)	44,253,468	30,552,288	32,201,273	34,831,573	37,759,161
Projected PHCD - EBIDA	2,360,946	8,627,142	8,713,413	8,800,547	8,888,553
Community Grants	(300,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Targeted Prevention Programs	(219)	(250,000)	(250,000)	(250,000)	(250,000)
Special Funding Initiatives	(90,000)	(417,218)	(306,218)	0	0
New Program Research & Develop	0	(250,000)	(250,000)	(250,000)	(250,000)
Sonrisas Grant	(225,000)	(800,000)	(800,000)	(800,000)	(700,000)
Net from The Trousdale - EBIDA	117,000	3,060,468	3,121,677	3,152,894	3,184,423
Net from Health & Fitness Center	(47,811)	(250,468)	(208,508)	(213,284)	(200,745)
Net from allcove Teen Health Center	63,048	(2,127,062)	(2,109,136)	(2,239,419)	(2,404,272)
WAB Loan Principal Payments		(1,605,000)	(1,670,000)	(1,735,000)	(1,805,000)
WAB Loan Interest Payments		(1,587,733)	(1,526,429)	(1,462,650)	(1,396,374)
Leasing Adjustment					
Capital Purchase/Expenditure	(15,579,145)	(751,145)	(84,500)	(75,500)	(55,000)
<b>Ending Cash</b>	<b>30,552,288</b>	<b>32,201,273</b>	<b>34,831,573</b>	<b>37,759,161</b>	<b>40,770,747</b>
<b>Reserves - Loan Covenants</b>	<b>(7,500,000)</b>	<b>(7,500,000)</b>	<b>(7,500,000)</b>	<b>(7,500,000)</b>	<b>(7,500,000)</b>
<b>Reserves - Board Policy</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>
<b>Available Cash</b>	<b>20,552,288</b>	<b>22,201,273</b>	<b>24,831,573</b>	<b>27,759,161</b>	<b>30,770,747</b>
<b>Debt Service Balance</b>	<b>41,595,000</b>	<b>39,990,000</b>	<b>38,320,000</b>	<b>36,585,000</b>	<b>34,780,000</b>
<b>Balance as of 03/31/2023</b>					
Checking (Admin, Rent, TT, Gym, PWC)	4,174,533				
LAIF	5,805,941				
SMC	3,566,357				
CNB	25,888,034				
Fiduciary	1,668,064				
Torrey Pines	3,148,519				
US Bank Accounts	2,020				
	44,253,468				

# Risk Engineering

## Desktop Earthquake Exposure Review

Increasing insight, reducing risk



Date of Issue: 23 Mar 2023  
Confidential

**Peninsula Health Care District**  
The Trousdale  
1600 Trousdale Drive  
Burlingame, CA 94010  
United States

**Important Notice:**

Only you can make your workplace safe. Any risk management duties of your company cannot be delegated and Zurich Insurance Group Ltd or any of its subsidiaries (hereinafter "Zurich") accepts no delegation and cannot assume any of those risk management duties and/or decisions. Zurich will assist you by providing the specific risk management consulting and services for which you have contracted. Zurich makes no warranties in conjunction with those services, and it undertakes no obligations other than as set out in the contract.

All information contained in this document has been compiled and obtained from sources believed to be reliable and credible but no representation or warranty, express or implied, is made by Zurich as to their accuracy or completeness. Some of the information contained herein may be time sensitive. Thus, you should consult the most recent referenced material.

Information relating to risk services is intended as a general description of certain types of risk and/or risk mitigation services available to qualified customers. Zurich may share this document and the contents therein on a confidential basis within the Zurich Group as well as with any service provider, co-insurer, and reinsurer, for the purposes of administering your risk and insurance services and obtaining any related reinsurance. Zurich and its employees do not assume any liability of any kind whatsoever, resulting from the use, or reliance upon any information, material or procedure contained herein. Zurich and its employees do not guarantee particular outcomes and there may be conditions on your premises or within your organization which may not be apparent to us. You are in the best position to understand your business and your organization and to take steps to minimize risk, and we wish to assist you by providing the information and tools to assess your changing risk environment.

In the United States of America, risk services are available to qualified customers through Zurich Services Corporation and in Canada through Zurich Risk Services.

Cat Risk Insights hazard data is intended for Internal Use within Zurich; by Brokers mandated by Zurich (hereinafter "Broker"); and by Zurich's Customers (hereinafter "Customer"). The Broker shall only use the data when providing direct services to Zurich. The Customer shall only use the data for its own needs. The Cat Risk Insights hazard data shall not be used for any other purposes. It is not permitted for Broker or Customer to share Cat Risk Insights hazard data with third parties without prior written permission from Zurich. The Broker or Customer accepts full responsibility for the use of Cat Risk Insights hazard data. While Zurich takes every precaution to ensure that the content of Cat Risk Insights is both current and accurate, errors can occur.

Confidential: For questions related to the duplication or distribution of this document, please contact the author specified under General Information (see "Assessed by") or ask your Zurich representative.

Copyright © 2023 Zurich

**Table of contents**

**Page**

Additional services ..... 4

Your feedback ..... 4

General information ..... 5

Executive summary ..... 6

    Scope and Purpose ..... 6

Understanding the Risks - Earthquake ..... 6

    Hazard ..... 6

    Vulnerabilities ..... 6

Summary of Key Findings ..... 7

Site Information ..... 7

Natural Hazard Risk Overview ..... 8

RMS Data ..... 9

    Integrity of data and consistent modeling ..... 9

Final remarks ..... 10

Appendix ..... 11

    Construction Summary ..... 11

## Additional services

Our solutions extend beyond risk transfer. We are here to provide our customers with both traditional risk insights and new innovative services that will help mitigate risks. Our solutions cover most risk disciplines and include traditional services (Property, Business Interruption, Public & Products Liability, Marine, etc.) as well as innovative solutions around Sustainability, Climate Change Resilience, Supply Chain, Cyber, and more. In addition, we can support your journey to Net Zero, build resilience in the face of climate change, and make lasting impacts to the people, communities, and environment around us.

To learn more about our services visit our [Marketplace](#) or [Webpage](#) or reach out to your local Zurich Resilience Solutions representative.

## Your feedback

### How did we do?

Once you have fully reviewed this document, please tell us about the service you received. It will only take a minute to answer two quick questions. We value your opinion!

Simply click here:

[TNPS Survey](#)



## General information

<b>Customer Data:</b>			
Parent Company:		Peninsula Health Care District	
Parent Company NAICS Code		923120	
Parent Company NAICS Description		Administration of Public Health Programs	
Parent Company SIC Code		19431	
<b>Location Information:</b>			
Assessed Company:		The Trousdale	
Assessed Company NAICS Code:		623312	
Assessed Company NAICS Description:		Assisted Living Facilities	
Assessed Company SIC Code:		8059	
Address:		1600 Trousdale Drive, Burlingame, CA, 94010 San Mateo County, United States	
Latitude:	37.59330	Longitude:	-122.38493
<b>Scope of Assessment: Desktop Earthquake Exposure Review</b>			
Assessed by:		Nicholas Sindelar	
Reviewed by:		Chris Gibbs	
<b>Assessment Dates:</b>			
Date of Current Assessment: March 23, 2023			
<b>Distribution:</b>			
Customers:		Vickie Yee	
Zurich Risk Engineering:		Nicholas Sindelar	

## Executive summary

### Scope and Purpose

This report reflects the results of a remote, desktop earthquake exposure review for The Trousdale Senior Living Center. The review is limited to the documents reviewed as current on-site conditions are not part of this assessment.

This assessment is intended to support the customer with their renewal and decision-making process. The information provided in this report is not intended to substitute or replace a detailed engineering analysis.

Zurich's Risk Engineering methodology for determining the risk to the site from a natural hazard event is developed through an understanding of the hazard, what is exposed onsite, and the controls in place to lessen the impact of such an event. The severity of the natural hazards exposing the site were assessed using Zurich Catastrophic Risk Insights (CRI) and local hazard maps.

Local maps provide a higher level of granularity compared to global tools on the one hand (as they tend to consider local characteristics, which may influence the hazard levels) and, on the other, reflect the fact that the structures to be built at this location will be designed to national design codes, which are based on these local resources.

The following documents were reviewed to better understand the exposure:

- As-built construction drawings "conformed set" dated March 23, 2016
- Geotechnical investigation report by Rollo & Ridley dated June 3, 2013
- AFM All in One Regular Risk Evaluation dated December 14, 2022
- 2021 Multijurisdictional Local Hazard Mitigation Plan Vol. 1 &2 for the County of San Mateo Department of Emergency Management by Tetra Tech dated October 2021

## Understanding the Risks - Earthquake

### Hazard

Zurich CRI global hazard map and Applied Technology Council, ATC, were reviewed to determine relative regional hazard levels. This was further refined based on the site level studies presented by the customer.

The Design Peak Ground Acceleration for this area is ~10 m/s<sup>2</sup> during the 475-year return period (ASCE 7-16). The site lies within a strong earthquake shake potential zone with a Modified Mercalli Index of VI. There are no identified faults that run below the site. Several active faults pass by the area including the San Andreas, San Gregorio, and Hayward. Based on the geotechnical investigations, the potential for liquefaction and secondary amplification are low. The risk of lateral spreading is low due to the relatively flat topography of the site. Landslide hazard is low.

### Vulnerabilities

Earthquake forces can have varying impacts on structures with an irregular (non-square/rectangular) footprint. The Trousdale structure has a "U" shaped footprint. A review of the as-built structural drawings, the structural engineering accounts for out of plane forces applied to the building. The irregular plan of this structure is represented in the RMS Secondary characteristics (see Appendix).

The performance of the structure under lateral loading benefits from a modern construction design using specific detailing requirements for the Maximum Credible Earthquake (MCE) for the region. The seismic design loads were increased by 50% to account for the importance of life safety within this building. However, during an earthquake, property damage can include but not up to exterior building facades, architectural components, fire protection systems, and a fire following an earthquake.

Seismic bracing of the fire protection systems was not considered as part of this desktop review. The conforming set of drawings indicate the system was to be designed per NFPA 13. The AFM report from December 2022 has identified areas needing improvements with additional seismic bracing.

Fire protection system damage from earthquakes can range from minor leaks to a catastrophic failure. This not only exposes a facility to water damage, but also renders the fire protection system useless when the structure is most vulnerable to fire. Properly designed and installed bracing allows the pipes to move with the building, decreasing potential damage to the fire protection system.

The lateral forces associated with a major earthquake often damage the integrity of gas systems, allowing gas to leak out of broken piping. Escaping combustible gas provides ample fuel to support an explosion or supply a major fire. Typically, this flow of fuel is unrestricted. From the plumbing drawings, the natural gas system does not appear to have been equipped with a seismic gas shut-off valve (SGSV). It is known that gas release from systems lacking shut-off controls during an earthquake can lead to uncontrolled fires.

## Summary of Key Findings

While this site is not located on an active fault, the seismicity of the area will have an impact on the property. The site is exposed to peak ground accelerations of 0.953g or  $\sim 10.0 \text{ m/s}^2$  during a large earthquake event with strong shaking across the area. Geotechnical investigations were performed to identify the soil conditions influencing pile depth and foundation design.

The Rollo & Ridley report indicates loose sand and fines were not encountered. The boring logs show the presence of medium dense to very dense sand layers below the groundwater table that have been considered sufficient to resist liquefaction (see R&R report for additional details).

If a SGSV is not provided on the main gas line, this device should be considered to improve the risk.

RMS secondary characteristics for earthquake have been provided in the Appendix of the report.

## Site Information

The subject property located at 1600 Trousdale Drive is a six-story above ground high-rise structure used primarily for senior living. The structure has one level of underground parking. With a total area of 139,203 sq.ft., the structure resists lateral loads from earthquake and wind forces through rigid diaphragms that transfer the forces to "special" reinforced concrete shear walls (RCSW) which then transfer the loads to the building foundation. "Special" RCSW require special detailing requirements for regions with higher seismic hazards.

All the floors in the building appear to be constructed using post-tension reinforced concrete slabs.

Exterior walls are mostly an exterior insulating finishing system (EIFS) with areas around relites and patio doors comprising of a composite wood panel system over rigid insulation.

## Natural Hazard Risk Overview

The results of this natural hazards assessment are summarized in **Table 1** below

<b>HAZARD LEVEL</b>	<b>Very High</b>	Earthquake				<b>RISK RATING</b>	High – Very High
	<b>High</b>			Earthquake fire protection system leakage			High – Very High
	<b>Medium</b>						Medium
	<b>Low</b>	Liquefaction Landslide					Low
		<b>Low</b>	<b>Medium</b>	<b>High</b>	<b>Very High</b>		
<b>VULNERABILITY LEVEL (Baseline)</b>							

Table 1: Hazard-Vulnerability Matrix for Current Natural Hazards

Notes and clarifications to the above Risk Matrix:

- The matrix is a **qualitative** visualization of the current natural hazard risks
- **Hazard levels** (y-axis) are defined as: “Low”, “Medium”, “High”, or “Very High”, according to peril-specific physical parameters (intensities) AND associated probabilities of occurrence:
- **Vulnerability** (x-axis) is rated “Low”, “Medium”, “High”, “Very High” and considers the quality of the protection mechanisms (physical and organizational) for the processes and values exposed to the peril.

As an example, a «high» risk can result from a «medium» hazard level and “high” impact (vulnerability level), due to the poor quality of protection measures and the high processes/values at risk, i.e., exposures.

## RMS Data

RMS (Risk Management Solutions, Inc.) primary characteristics and secondary modifiers have been provided. This data can be used to model the natural hazard of earthquake.

The RMS risk modeling process uses four main modules:

1. The Stochastic Module determines the severity of the earthquake event at a regional level.
2. The Hazard Module generates the event information from the given natural hazard.
3. The Vulnerability Module generates the damage information in terms of Mean Damage Ratios (MDRs).
4. The Financial Module generates financial components of the loss expectancy based upon policy structure, deductibles, etc.

The vulnerability functions are determined in the vulnerability module by key building features, the Primary Characteristics:

- Occupancy type: (Residential, Commercial, Industrial)
- Construction Class
- Number of Stories (Note: This is not the actual building height in feet or meters)
- Year of construction

These factors have been determined to be representative of the main parameters, which contribute to the severity of the earthquake damage. They reflect the relative quality of the protection mechanisms against damage from earth movement.

### **Integrity of data and consistent modeling**

One of the potentially problematic issues with the RMS earthquake statistical model is that proper identification of all the secondary modifiers, requires a site visit by a technically experienced engineer who is qualified to confirm the “positive” features of a building adequately and completely, along with the negative features. The RMS data provided here was derived remotely using mapping and construction documents.

Many of these secondary modifiers can have a significant impact upon the vulnerability curve. The internal algorithms linking a selection of “unknown” to other characteristics such as primary construction code, local building codes, year of construction, etc. will give an accurate statistical analysis. When data elements are defined as “unknown” the model will infer certain weighted assumptions based upon primary construction features, year built, and local building codes.

The RMS primary characteristic for the structure is 3A4 – Reinforced concrete shear wall.

Secondary modifiers are provided here:



RMS Data

Please note, the blank cells in spreadsheet are intentional as follows:

- Frame Bolted: this only applies to wood frame residential construction
- URM Retrofit/chimney: this only applies to unreinforced masonry structures
- Anchoring: this only applies to concrete tilt-up construction
- Structural upgrade: this does not apply to the modern Trousdale

## Final remarks

This report does not substitute a detailed engineering analysis according to national design codes. The information provided in this report is indicative only and intended to be used as guidance only and not for design or detailing of structures or nonstructural elements.

We would like to thank all those who contributed to this report by helping providing information and by cooperating in a very useful and open way. We also wish to place on record our gratitude for the hospitality extended to us throughout process. Should there be any question regarding this report please do not hesitate to contact us.

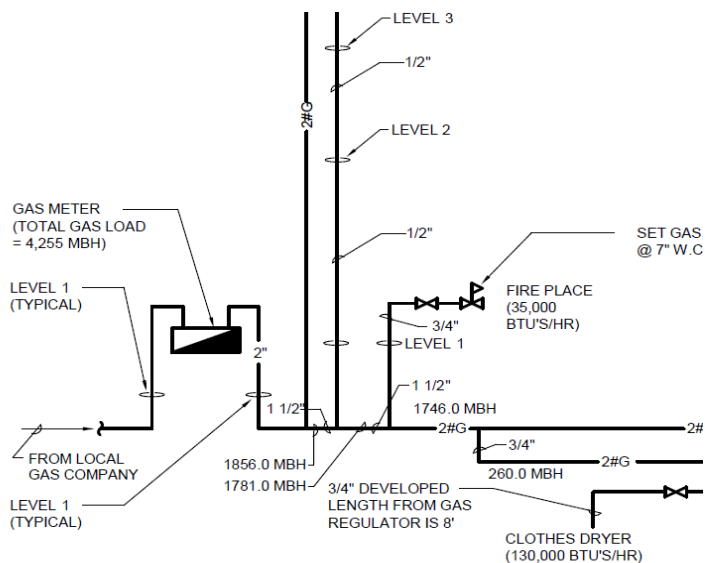
With kind regards

Author:

Nicholas Sindelar, M.Eng.  
AVP, Large Property Risk Engineering Manager  
Zurich Resilience Solutions  
[nicholas.sindelar@zurichna.com](mailto:nicholas.sindelar@zurichna.com)

## Appendix

Based on the plumbing drawings a seismic gas shut off valve is not depicted in the drawings.



**5 NATURAL GAS RISER**  
 NO SCALE

### Construction Summary

<b>Primary Construction Type</b>	FR - Fire resistive (Reinforced Concrete Frame) - ISO 6		
<b>Height / Basements</b>			
<b>Primary Number of Stories</b>	6	<b>Basements Exist</b>	Yes
<b>Critical Equipment in Basement</b>	Unk.	<b>Basement Adequately Protected</b>	Unk.

### Building Information General and Fire Protection

<b>Building</b>	Main Building				
<b>Year Built</b>	<b>#Stories/ Basements</b>	<b>% Fire Detection</b>	<b>% AS / ASN</b>	<b>Protection Adequate</b>	<b>Building Condition</b>
2016	5/1	100	100/0	Unk.	N/A
<b>Construction Type</b>					<b>Floor Area (m2)</b>
FR – Fire Resistive – ISO 6					139203
<b>Occupancy</b>	Assisted Living & Memory Care Facility				

Copyright © 2023 Zurich

SP-001112-0001 / 20230323161600

