

Eden Health District Fiscal Year 2024 Budget

Financial Highlights

The budget is prepared to meet the goal of improving financial health and to plan for services to the community by providing community grants, communications, education, and other services as needed. In FY24 Eden Healthcare District (EHD) predicts a cash gain of \$3,853,465. The cash gain is estimated to be \$1,355,421 more than the estimated cash gain of \$2,498,044 for FY23. The increase is primarily attributable to higher revenue by \$409,459, lower grants and sponsorship awards by \$890,998, and lower election expense by \$319,528 which was offset with higher repairs and maintenance expense by \$231,812 and consulting expense by \$27,416. Details are below.

Dublin Gateway

Dublin Gateway contributed \$2,596,517 to the cash gain in FY24. The gain is \$165,529 higher than the estimated cash gain of \$2,430,988 for FY23. The higher gain is primarily attributable to an increase in rental revenue by \$97,998, an increase in CAM and PAMF's building 4050 reimbursements by \$276,847 and lower interest expense for the building's loan by \$18,041. These favorable variances were primarily offset with higher repairs and maintenance expenses of \$205,420. Additional variances were higher management fees of \$6,658, higher utilities by \$5,005, higher property taxes by \$4,810 and higher garbage expense by \$3,894.

The increase in rental revenue is due to the renewal of expiring tenant leases for a higher rental rate per square foot along with annual increases from existing tenant leases. CAM and PAMF's building 4050 reimbursements are higher due to an increase in billable operating expense for FY24. Billable repairs and maintenance expense increased \$205,420 in FY24 and was primarily attributable to the rental of additional parking spaces for \$72,000 and an increase of \$25,754 for additional valet attendants to accommodate the increased demand. Additional expenses for FY24 are roof repairs of \$32,000, interior painting of \$23,500, and a new security key card system for \$16,500. Overall general repairs increased by \$20,658, maintenance personnel expense increased \$5,729, parking lot repairs increased \$5,000 and HVAC repairs increased \$4,279.

Eden Medical Building

The Eden Medical Building (EMB) contributed \$704,904 to the cash gain in FY24. The gain is \$6,550 more than the estimated cash gain of \$698,353 for FY23. The increase is due to higher revenue of \$26,008 and higher CAM reimbursements by \$11,835 which is offset with higher billable operating expenses by \$31,204.

The increase in revenue was due to annual increases from existing leases. Billable management fees increased accordingly by \$2,846. Billable repairs and maintenance expenses increased \$25,199 in FY24 and is primarily due to painting expenses for the interior walls of the building. Due to the increased cost of gas and electricity, utility expenses are also expected to increase by \$2,846.

Community Services

Community service expenses are expected to decrease by \$910,301 from \$1,056,025 in FY23 to \$145,724 in FY24. The district is predicted to award \$1,000,998 in grants and sponsorships to community service providers in FY23 compared to the budget of \$110,000 in FY24. The reduction of \$890,998 is due to the advancement of grants and sponsorships for FY24. Grant administration will also decrease \$21,000 in FY24.

District Office

The District Office expenses are budgeted to be \$939,382 in FY24 compared to estimated expenses of \$1,215,548 in FY23. The decrease of \$276,166 is primarily due to a reduction in election expenses by \$319,528, as an election will not be held in FY24. Interest expense for the Sutter Health damages award is budgeted to be lower by \$19,216 compared to FY23. The annual interest rate used to calculate the expense is based upon the 1-year treasury bill as of January 2nd. The rate is expected to be similar to the rate used in FY23. The reduction is due to the calculation being made on a lower outstanding balance for the damages awarded to Sutter Health. The final payment for the damages award settlement will be made on June 30, 2024. These favorable variances were offset with higher consulting expense by \$48,416 in FY24. Consulting expense is earmarked for a feasibility study of St. Rose hospital in FY24. The district along with other healthcare facilities will share the cost of the study. An additional variance of \$8,402 is due to higher salaries and benefits in FY24 resulting from annual increases/bonuses for staff.

Capital Improvements

In FY24 capital improvements for Dublin Gateway are budgeted for \$300,000. Of this amount, \$140,000 is the districts share of the cost to install a new HVAC system on the second floor being leased by PAMF. The expense was to occur in FY23; however, the project will not be completed until June 2023 and the expense will be paid in FY24. Dublin Gateways' main building will also have a new HVAC unit installed during FY24. The estimated cost for the HVAC system replacement is \$160,000. No capital improvements are planned for the Eden Medical Building in FY24. The 5-year capital plan is included in the budget package.

Debt Service Coverage Ratio

The required debt service coverage ratio for compliance with the Dublin building loan is 1.35. The FY24 budget, if met, will satisfy this requirement. The estimated balance of investment at the end of FY24 is \$4,824,794.

Consolidated Income Statement

	BUDGET Q1'FY24	BUDGET Q2'FY24	BUDGET Q3'FY24	BUDGET Q4'FY24	FY24 BUDGET Eden Health District	FY23 ESTIMATED ACTUALS Eden Health District	FY24 Budget vs FY23 Estimated Actual Fav/(Unfav)		
Rental income	\$ 909,799	\$ 917,754	\$ 919,478	\$ 925,642	\$ 3,672,672	\$ 3,548,666	\$ 124,006	(A)	
CAM Reimbursement	440,843	440,844	440,844	440,846	1,763,376	1,569,215	194,162	(B)	
PAMF's Bldg 4050 Reimb	116,135	116,135	116,135	116,135	464,538	370,018	94,520	(B)	
Tenant Reimbursements	15,163	14,024	13,417	12,252	54,855	54,949	(93)		
Interest Income	24,650	37,500	37,500	37,500	137,150	140,285	(3,135)		
Baywood Court	-	-	-	1,500,000	1,500,000	1,500,000	0		
Total Revenues	1,506,589	1,526,256	1,527,373	3,032,374	7,592,593	7,183,133	409,459		
Expenses									
Salaries & Benefits	156,720	156,720	156,720	149,973	620,133	611,731	(8,402)	(F)	
Consulting	14,000	15,150	14,000	14,000	57,150	29,734	(27,416)	(E)	
Legal Fees	1,125	1,125	1,125	1,125	4,500	1,677	(2,824)		
Audit/Tax Preparation Fees	5,407	5,407	5,408	5,408	21,630	20,598	(1,032)		
Public Relations	225	225	225	225	900	800	(100)		
Management Fees	80,865	81,022	82,191	83,121	327,199	318,717	(8,482)	(A)	
Community Education	8,931	8,931	8,931	8,931	35,724	34,027	(1,697)		
Utilities (Gas, Electric & Water)	99,037	88,443	88,342	71,856	347,678	339,827	(7,851)	(G)	
Repairs & Maintenance	343,087	355,211	298,835	301,980	1,299,114	1,067,301	(231,812)	(B)	
Investment Fees	3,750	5,380	5,380	5,380	19,890	19,861	(29)		
Insurance	19,433	19,433	19,855	19,858	78,579	74,403	(4,176)		
Purchased Services	10,904	10,904	10,904	14,404	47,116	49,120	2,004		
Other Direct Expense	26,988	27,007	27,423	29,591	111,010	105,817	(5,193)	(H)	
Election Expense	-	-	-	-	-	319,528	319,528		(C)
Property Taxes	61,334	61,334	61,334	61,334	245,336	240,526	(4,810)		
Interest Expense	82,549	81,346	79,268	78,056	321,219	339,260	18,041	(I)	
Sponsorships	5,000	5,000	5,000	5,000	20,000	30,998	10,998	(D)	
Grants to service providers	22,500	22,500	22,500	22,500	90,000	970,000	880,000	(D)	
Sutter Interest	22,988	22,988	22,988	22,988	91,950	111,166	19,216	(J)	
Amortization	32,078	31,696	31,696	31,696	127,167	141,152	13,985	(K)	
Depreciation	421,347	421,346	421,347	415,201	1,679,240	1,704,580	25,340	(K)	
Total Expenses	1,418,268	1,421,167	1,363,472	1,342,628	5,545,535	6,530,822	985,287		
Net Profit/(Loss)	\$88,322	\$105,088	\$163,901	1,689,746	\$2,047,058	\$652,311	\$1,394,746		
Cash Basis Gain/(Loss)	\$541,747	\$558,130	\$616,944	\$2,136,644	\$3,853,465	\$2,498,044	\$1,355,421		

- A) Revenue is higher in FY24 due to the renewal of some tenant leases at a higher rate per square foot than the expiring lease and annual increases from existing tenants. Management fees increased accordingly.
- B) CAM and PAMF's building 4050 reimbursements increased due to an increase in billable buildings operating cost for FY23.
- C) Election expense is lower in FY24 due to an election held in FY23 and not in FY24.
- D) Grant expense will be lower in FY24 due to the large amount of grants awarded in FY23.
- E) Consulting expense is higher in FY24 due to the District's participation in a feasibility study for St. Rose.
- F) Variance is due to annual increase/bonus for staff in FY24.
- G) Variance due to an estimated increase in utility cost for FY24.
- H) Variance is primarily due to an increase in garbage expense.
- I) Decrease in interest expense is due to a higher portion of the loan payment applied toward principal in FY24.
- J) Variance due to interest calculation on a lower damages awarded balance.
- K) Variance due to the retirement of fully amortized lease fees and depreciated capital assets.

	<u>BUDGET Q1'FY24</u>	<u>BUDGET Q2'FY24</u>	<u>BUDGET Q3'FY24</u>	<u>BUDGET Q4'FY24</u>	<u>FY24 BUDGET Dublin Gateway</u>	<u>ESTIMATED FY23 ACTUALS Dublin Gateway</u>	<u>FY24 Budget vs FY23 Est Actual Fav/(Unfav)</u>
Revenues							
Rental	\$720,056	\$724,104	\$725,819	\$731,563	\$2,901,543	\$2,803,545	\$97,998 (A)
CAM Reimbursement	347,859	347,859	347,859	347,859	1,391,436	1,209,109	182,327 (B)
PAMF's Bldg 4050 Reimb	116,135	116,135	116,135	116,135	464,538	370,018	94,520 (B)
Other Income/Tenant Reimb	14,113	12,974	12,367	11,202	50,655	50,671	(16)
Total Revenues	<u>\$1,198,162</u>	<u>\$1,201,072</u>	<u>\$1,202,180</u>	<u>\$1,206,759</u>	<u>\$4,808,173</u>	<u>\$4,433,343</u>	<u>\$374,829</u>
Expenses							
Management Fees	69,514	69,514	70,683	71,598	281,309	274,651	(6,658) (A)
Utilities	70,158	66,001	63,623	49,311	249,093	244,088	(5,005) (C)
Repairs & Maintenance	291,597	264,518	244,386	245,319	1,045,821	840,400	(205,420) (B)
Insurance	6,026	6,026	6,304	6,304	24,660	23,046	(1,615)
Other Direct Cost	10,606	10,612	10,587	12,413	44,218	40,384	(3,834)
Property Taxes	61,334	61,334	61,334	61,334	245,336	240,526	(4,810)
Interest Expense	82,549	81,346	79,268	78,056	321,219	339,260	18,041 (D)
Amortization	26,568	26,185	26,185	26,185	105,124	118,968	13,844 (E)
Depreciation	300,554	300,554	300,554	294,409	1,196,070	1,213,366	17,296 (E)
Total Expenses	<u>918,906</u>	<u>886,090</u>	<u>862,924</u>	<u>844,930</u>	<u>3,512,850</u>	<u>3,334,689</u>	<u>(178,161)</u>
Net Profit/(Loss)	<u>\$279,256</u>	<u>\$314,982</u>	<u>\$339,256</u>	<u>\$361,829</u>	<u>1,295,323</u>	<u>1,098,655</u>	<u>196,668</u>
Cash Basis Gain/(Loss)	<u>\$606,378</u>	<u>\$641,721</u>	<u>\$665,995</u>	<u>\$682,423</u>	<u>\$2,596,517</u>	<u>\$2,430,988</u>	<u>\$165,529</u>

- A) Income is higher due to the renewal of expiring tenant leases at a higher rental rate per square foot and annual increases from existing tenant leases. Management fees increased accordingly.
- B) Variance is primarily due to the rental of additional parking spaces for \$72K and an increase in valet attendants by \$25,754. Additional variances are roof repairs \$32,000, interior painting \$23,500, new security key card system \$16,500, salary increase for maintenance personnel \$5,729, parking lot repairs \$5,000 and HVAC repairs \$4,279. Overall general repairs and maintenance increased \$20,659. All expenses are billable through CAM.
- C) Increase is due to a 2% increase in utility cost for FY24.
- D) Decrease in interest expense is due to a higher portion of the loan payment applied toward principal in FY24.
- E) Variance due to the retirement of fully amortized lease fees and depreciated capital assets.

Budget FY2024
Trended Income Statement

EDEN MEDICAL BUILDING

	BUDGET Q1'FY24	BUDGET Q2'FY24	BUDGET Q3'FY24	BUDGET Q4'FY24	FY24 BUDGET Eden Medical Bldg	ESTIMATED FY23 ACTUALS Eden Medical Bldg	FY24 Budget vs FY23 Estimated Actual Fav/(Unfav)
Revenues							
Rental	\$189,743	\$193,650	\$193,658	\$194,079	\$771,129	\$745,121	\$26,008 (A)
CAM Reimbursement	92,985	92,985	92,985	92,987	371,941	360,106	11,835 (B)
Other Income/Tenant Reimb	1,050	1,050	1,050	1,050	4,200	4,278	(78)
Interest Income	0	0	0	0	0	10	(10)
Total Revenues	\$283,777	\$287,684	\$287,693	\$288,115	\$1,147,270	\$1,109,515	\$37,755
Expenses							
Management Fees	11,351	11,508	11,508	11,523	45,890	44,066	(1,824)
Utilities	28,879	22,442	24,719	22,545	98,585	95,739	(2,846)
Repairs & Maintenance	49,918	89,121	52,877	55,089	247,005	221,806	(25,199) (B)
Insurance	2,682	2,682	2,826	2,829	11,019	10,512	(507)
Other Direct Cost	9,726	9,739	10,180	10,222	39,867	39,039	(828)
Amortization	5,510	5,511	5,511	5,511	22,043	22,184	141
Depreciation	119,905	119,905	119,905	119,905	479,620	487,665	8,045 (C)
Total Expenses	\$227,971	\$260,908	\$227,526	\$227,624	\$944,029	\$921,010	(\$23,019)
Net Profit/(Loss)	\$55,806	\$26,776	\$60,167	\$60,491	\$203,241	\$188,505	\$14,736
Cash Gain/(Loss)	\$181,221	\$152,192	\$185,583	\$185,907	\$704,904	\$698,353	\$6,550

A) Income is higher due to annual increases from existing tenants.

B) Increase in repairs and maintenance expense is primarily due to painting the interior building walls. The expense will be billed through CAM over a 3 year period.

C) Variance due to the retirement of fully depreciated building and tenant improvements in FY24.

Budget FY2024
Trended Income Statement

COMMUNITY SERVICES

	<u>BUDGET Q1'FY24</u>	<u>BUDGET Q2'FY24</u>	<u>BUDGET Q3'FY24</u>	<u>BUDGET Q4'FY24</u>	FY24 BUDGET Community Services	ESTIMATED FY23 ACTUALS Community Services	FY24 Budget vs FY23 Estimated Actual Fav/(Unfav)
Expenses							
Consulting	0	0	0	0	0	21,000	21,000 (A)
Community Education	8,931	8,931	8,931	8,931	35,724	34,027	(1,697)
Sponsorships	5,000	5,000	5,000	5,000	20,000	30,998	10,998
Grants to service providers	22,500	22,500	22,500	22,500	90,000	970,000	880,000 (B)
Total Expenses	<u>36,431</u>	<u>36,431</u>	<u>36,431</u>	<u>36,431</u>	145,724	1,056,025	910,301
Net Profit/(Loss)	<u>(\$36,431)</u>	<u>(\$36,431)</u>	<u>(\$36,431)</u>	<u>(\$36,431)</u>	<u>(\$145,724)</u>	<u>(\$1,056,025)</u>	<u>\$910,301</u>
Cash Basis Gain/(Loss)	<u>(\$36,431)</u>	<u>(\$36,431)</u>	<u>(\$36,431)</u>	<u>(\$36,431)</u>	<u>(\$145,724)</u>	<u>(\$1,056,025)</u>	<u>\$910,301</u>

A) Expense was higher in FY23 due to grant administration provided by Diana Doyle.

B) Grant expense will be lower in FY24 due to the large amount of grants awarded in FY23.

Budget FY2024
Trended Income Statement

DISTRICT OFFICE

	BUDGET Q1'FY24	BUDGET Q2'FY24	BUDGET Q3'FY24	BUDGET Q4'FY24	FY24 BUDGET District Office	ESTIMATED FY23 ACTUALS District Office	FY24 Budget vs FY23 Estimated Actual Fav/(Unfav)
Revenue							
Interest Income	\$24,650	\$37,500	\$37,500	\$37,500	\$137,150	\$140,275	(\$3,125)
Baywood Court	0	0	0	1,500,000	1,500,000	1,500,000	0
Total Revenue	\$24,650	\$37,500	\$37,500	\$1,537,500	\$1,637,150	\$1,640,275	(\$3,125)
Expenses							
Salaries & Benefits	156,720	156,720	156,720	149,973	620,133	611,731	(8,402) (A)
Consulting	14,000	15,150	14,000	14,000	57,150	8,734	(48,416) (B)
Legal Fees	1,125	1,125	1,125	1,125	4,500	1,677	(2,824)
Audit Fees/Tax preparation	5,407	5,407	5,408	5,408	21,630	20,598	(1,032)
Public Relations	225	225	225	225	900	800	(100)
Repairs & Maintenance	1,572	1,572	1,572	1,572	6,288	5,096	(1,193)
Investment Fees	3,750	5,380	5,380	5,380	19,890	19,861	(29)
Directors and Officers Ins	10,725	10,725	10,725	10,725	42,900	40,846	(2,054)
Purchased Services	10,904	10,904	10,904	14,404	47,116	49,120	2,004
Other Direct Cost	6,656	6,656	6,656	6,956	26,925	26,394	(531)
Election Expense	0	0	0	0	0	319,528	319,528 (C)
Sutter Interest	22,988	22,988	22,988	22,988	91,950	111,166	19,216 (D)
Depreciation	888	887	888	887	3,550	3,550	(0)
Total Expenses	234,960	237,739	236,591	233,643	942,932	1,219,098	276,166
Cash Basis Gain/(Loss)	<u>(\$209,422)</u>	<u>(\$199,352)</u>	<u>(\$198,203)</u>	<u>\$1,304,744</u>	<u>\$697,768</u>	<u>\$424,727</u>	<u>(279,291)</u>

- A) Variance is due to annual increase/bonus for staff in FY24.
- B) Consulting expense is higher in FY24 due to the St. Rose sustainability study.
- C) Variance due to an election held in FY23 and not in FY24.
- D) Variance due to interest calculation on a lower damages awarded balance.