

**MINUTES**  
**WAR MEMORIAL BOARD OF TRUSTEES**  
**BUDGET AND FINANCE COMMITTEE / SPECIAL MEETING**

**Wednesday, February 3, 2021**

The Budget and Finance Committee of the Board of Trustees of the War Memorial of San Francisco met remotely at 1:30 p.m. on Wednesday, February 3, 2021, Chair Lui presiding.

**ROLL CALL**

Committee Members Present: Chair Lui, Vice-chair Wilsey, Trustee Myatt,  
President Horn, *Ex officio*, Vice President Shultz, *Ex officio*

Committee Members Absent: Trustee Moscone

Non-Committee Members Present: Trustee Bechtle, Trustee Levin

Staff Present: John Caldon, Managing Director  
Jennifer Norris, Assistant Managing Director

**War Memorial Proposed Departmental Budget for Fiscal Years 2021-22 and 2022-23:**

Chair Lui stated that in advance of today's meeting, Committee members received staff's departmental budget presentation document and a detailed summary of staff's proposed revenues and expenditures for the next two fiscal years. Chair Lui asked John Caldon, War Memorial Managing Director, to review staff's proposed departmental Budget.

Director Caldon reviewed the Fiscal Year 2021-22 and Fiscal Year 2022-23 Budget Presentation and answered questions pertaining to the Detailed Budget. He stated that the proposed War Memorial budgets for Fiscal Years 2021-22 and 2022-23 are largely recovery budgets. Director Caldon noted that the War Memorial's budgets are designed to allow the department to return to our pre-COVID-19 operations with some mandated and projected increases and other necessary changes.

Director Caldon reviewed the War Memorial's pre-COVID Mission Statement: "The San Francisco War Memorial & Performing Arts Center manages, maintains and operates safe, accessible, world-class venues to promote cultural, educational, and entertainment opportunities in a cost-effective manner for enjoyment by the public, while best serving the purpose and beneficiaries of the War Memorial Trust." He noted the department has adopted a temporary mission statement for its work during the COVID-19 pandemic that reads: "The San Francisco War Memorial and Performing Arts Center supports the City's COVID-19 efforts by deploying staff as Disaster Service Workers (DSWs), providing use of facilities to support emergency response needs, and maintaining safe spaces for essential workers, tenants, and Trust beneficiaries, all while executing targeted maintenance and building upgrades to provide a safe environment for patrons following reopening".

Director Caldon stated that to date the department has supported the City's COVID-19 response efforts by supplying 25 Disaster Service Workers who have worked a total of more than 6,000 hours. The War Memorial has housed the Emergency Medical Services Agency and its COVID-19 medical transport vehicles, provided parking support for Homeless Outreach Team, and provided no cost space use for blood drives. He reported that the department is actively working on multiple building upgrade projects, which include the Opera House Seat Replacement and the Davies Façade Lighting Project and coordinating scheduling of those projects so that licensee video capture activities can take place on the stages and in other facility spaces.

Director Caldon reviewed budget assumptions, stating that the assumed dates of reopening, as well as the associated expenditures and revenue estimates, are conservative projections based on reopening and vaccination timelines.

- Office rentals are projected to remain at 100%.
- Performance and Event Venues are projected to reopen at reduced capacity in the second quarter of FY2021-22. With vaccines currently being distributed, these projections remain prudent.
- Concessions Revenues remain a question. Possible restrictions on the sale of food and beverage may have an impact on earned revenue.

Director Caldon reviewed the FY 2021-22 Projected Performance and Event Activity chart which is based on a percentage of FY 2018-19 activity levels:

1 <sup>st</sup> Quarter (July 2021 – Sep. 2021)	10% of FY 2018-19
2 <sup>nd</sup> Quarter (Oct. 2021 – Dec. 2021)	35% of FY 2018-19
3 <sup>rd</sup> Quarter (Jan. 2022 – Mar. 2022)	60% of FY 2018-19
4 <sup>th</sup> Quarter (Apr. 2022– Jun. 2022)	75% of FY 2018-19
Average Percent:	45% of FY 2018-19

Director Caldon noted that earned revenue from office rent is projected to remain at 100%, with lower than usual performance rent and minimal concessions revenue.

Director Caldon stated that the FY 2022-23 Budget is based on the resumption of activity levels matching FY2018-19 with a projected total of 880 performances and events and a total attendance of 1,026,000. He noted that in the current fiscal year we are outperforming our revenue projections with over \$500,000 in earned revenue already booked against a total budgeted earned revenue of \$750,000.

Director Caldon stated that salary savings are being realized in the current year’s budget by leaving vacant currently unfilled positions and that this practice will continue in FY 2021-22. He stated that the FY 2021-2022 proposed operating budget includes one position elimination effective July 2021. The recent vacancy in War Memorial’s 1404 Clerk position, due to an employee receiving a promotive offer for employment in another City department, creates the opportunity for a staffing realignment that will better serve the department’s current needs.

Director Caldon reported that for the War Memorial’s Facilities Maintenance and Capital Improvement Project budget request, projected revenues will increase to \$6.9 million in FY 2021-22 and then be reduced to \$4.9 million in FY 2022-23. This is driven primarily by funding requested from the Capital Planning Committee for replacement of Davies Hall passenger elevators and funding for replacement of the Opera House mansard roof. The proposed departmental budget assumes approval of these funds by the Capital Planning Committee.

Director Caldon noted staff is hopeful that earned revenue from rents and concessions will rebound in FY 2021-22 to a projected amount of \$1.8 million. He further stated that FY 2022-23 revenue projections represent an increase to \$3.9 million. Director Caldon further stated that War Memorial Fund Balance revenue reflects the use of unappropriated funds accrued from prior year revenue overages and expenditure savings, \$750,000 of which will be used to fund the annual budget in FY 2021-2022 and \$500,000 in FY 2022-2023.

Chair Lui stated that staff had done a great job in putting the FY 2021-2022 and FY 2022-2023 budget together without having a clue of what is going to happen in the next year or two. President Horn said that he wanted to join Chair Lui in her remarks. Trustee Myatt stated that he thinks staff has done a good job when there is so much uncertainty right now with the pandemic.

Following discussion, Chair Lui recommended to the Budget and Finance Committee of the War Memorial of San Francisco that staff’s proposed War Memorial Departmental Budget Requests for Fiscal Years 2021-22 and 2022-23 be carried over to the Budget and Finance Committee meeting on February 18, 2021 for consideration and approval.

**PUBLIC COMMENT**

Chair Lui called for public comment on items within the jurisdiction of the Budget & Finance Committee of the Board of Trustees, but not on the agenda. There being no public comment, Chair Lui closed public comment.

**ADJOURNMENT**

There being no further business, Chair Lui adjourned the meeting at 2:35 p.m.



Jennifer Norris  
Executive Secretary