

May 22, 2020

## Chair's Remarks May 28, 2020 CA Board Meeting

<u>Date</u>	<u>Activity</u>	<u>Time</u>
Jun 1, 2020	BOC meeting (Virtual)	7:00 PM
Jun 11, 2020	CA Board work session (Virtual)	7:00 PM
Jun 25, 2020	CA Board meeting (Virtual)	7:00 PM

RR = Registration Required or there is a Cost associated with this Activity

### CA & the Coronavirus: an Update

The COVID-19 pandemic has evolved into a crisis for many of us, including CA. Like other organizations, CA has been seriously affected by the fiscal impact of the pandemic. Since mid-March, CA facilities have been closed resulting in a loss of income of over \$5,000,000. Generally, each month CA receives between \$2,500,000 and \$3,000,000 in income from Sports & Fitness and School Age Services. Not having this income has created much difficulty for CA. What has happened to address this issue?

First, CA addressed FY-2020. Remember that CA's fiscal year runs from 1 May to 30 April. For FY-2020 (which ended 30 April 2020), CA lost around \$4,600,000 in income and reduced expenses by \$2,200,000. It is difficult to quickly reduce expenses so close to the end of the fiscal year. Even with the loss of income, CA is still projecting a small positive bottom line or increase in net assets (excess of revenues over expenses); however, much less than we were projecting. CA made it through FY-2020.

Second, FY-2021 presents a difficult fiscal situation for CA which is being addressed. Income will be down and so expenses must be reduced. What has CA done to reduce expenses?

1. Almost 90% of CA's workforce has been furloughed.
2. The salaries of people not furloughed have been reduced (up to a 50% reduction for senior staff).
3. CA's share of retirement contribution has been reduced.
4. Capital projects have been delayed.
5. Only emergency/urgent capital projects and repairs are being done.
6. Strict controls on expenditures have been implemented; CA's Chief Financial Officer must approve all large expenditure requests and capital projects spending.
7. Although Open Space continues to operate, reductions have been made; among other things, grass mowing has been reduced.

In April, the CA Board reduced the FY-2021 operating and capital budgets (which had just been approved in February). The Capital budget was reduced from \$15M to \$8M. The Operating budget was reduced from \$80M to \$60M. Further reductions may be necessary. Regardless, CA's goal is to still have a small positive bottom line or increase in net assets for FY-2021. Note that CA has not had budgets like this since 2010, almost 10 years ago!

CA continues to borrow funds using its short term line of credit, but at much lower amounts than its allowable borrowing limits. The line of credit does need to be paid back, it is short term debt. CA is exploring additional borrowing to help the situation and provide some cash for unexpected events.

Having significantly less income than was projected (\$20M less) will impact CA services. The CA Board will have to make some difficult choices. Regardless, CA will still be here, but it's services will look different. CA has weathered previous fiscal crises and CA will work its way through this crisis. The income from the Annual Charge is a backstop and means CA will be able to continue core services.

Lastly, CA is focusing on reopening some of its facilities in a safe manner in line with government requirements. CA coordinates with the County and participates in County groups to address the crisis. CA consults health officials on a weekly (or more frequent) basis. Recently, CA's two golf courses (Hobbits & Fairway Hills) and two of our three outdoor tennis facilities (Owen Brown & Wilde Lake) have reopened with restrictions. Contingency plans have been developed (and will be refined) to open other CA facilities and services. There will be some facilities & services which will not reopen for a while. An example would be before and after school care service operated by CA, but located in school buildings. Schools have to be open and allow the service to operate. CA also needs to consider the restrictions which may be imposed by the State and County governments which may preclude certain services to be provided as before the crisis.

This crisis presents many challenges to CA, but CA will work through them. CA may look different, but CA will continue to uphold Columbia's vision.

I would like to thank CA Staff for their work in dealing with the effects of the state of emergency and the coronavirus. Many long hours and difficult decisions for staff!