

# **Proposed Consolidated Management Plan**

**Santa Barbara Veterans Memorial Building**

**Lompoc Veterans Memorial Building**

**Santa Barbara County Courthouse Venue Rentals**



**General Services Department**

**County of Santa Barbara**

**May 6, 2014**

## **Executive Summary**

On December 3, 2013, your Board voted unanimously in directing General Services to develop and present to your Board a plan that seeks to consolidate the management responsibility of the Santa Barbara Veterans Memorial Building (SBVMB), located at 112 West Cabrillo Blvd. in Santa Barbara, with the Lompoc Veterans Memorial Building (LVMB) located in Lompoc, and the Santa Barbara County Courthouse (SBCC) located in Santa Barbara. County management of the SBVMB would commence on July 1, 2014, upon expiration of the current Management Agreement with the Veterans Coordinating Council (VCC). This proposed Management Plan (The Plan) includes background information regarding the SBVMB and provides details on the operational, fiscal, and staffing component required to implement The Plan.

The fundamental goal of the Plan is to consolidate the management of the three facilities in an effort to increase efficiencies, generate additional revenue through increased rentals and provide a higher level of stewardship for these historic resources. The Plan calls for two new full time positions and additional hours of part time help. A full time Event Manager will have overall fiscal and administrative responsibility for the consolidated operations, including supervising other staff. All staff will work primarily out of the SBVMB, which has a current use pattern that requires staff presence 7 days a week. The proposed staffing levels would ensure adequate staff coverage of the building through a management transition, minimize disruption to the current user groups, while giving staff an opportunity to familiarize themselves with the facility and time to gather the information necessary to make future operational decisions.

General Services currently estimates the combined income from SBCC and the LVMB at \$40,000. With combined expenses of \$75,455, leaving an operating deficit Of \$35,455. If The Plan were implemented as proposed, estimated combined first year income would rise to \$182,500 and estimated combined first year expenses would raise to \$332,649, leaving an estimated operating deficit of \$150,149, an increase of \$114,694. Staff would actively pursue new revenue sources, as well as seek opportunities for streamlining operations, with a goal of eliminating the operating deficit in future budget years.

## **Background**

### **Santa Barbara Veterans Memorial Building**

The Military & Veterans Code Section 1262 enables the County *“To provide, maintain or provide and maintain buildings, memorial halls, meeting places, memorial parks or recreation centers for the use or benefit of one or more veterans’ associations”*. Pursuant to this code section, the County established the SBVMB at its present location in 1935. In January 1998, The County entered into a Management Agreement (Agreement) with the VCC for management of the SBVMB. The Agreement was then revised and extended for a five year period commencing July

1, 2004 and extended again in 2009 for an additional five year period. The current Agreement is set to expire on June 30, 2014, but includes a provision whereby the VCC may request renewal of the Agreement for an additional five year period, if the parties agree the VCC has met its responsibilities under the Agreement. The request for renewal must be in writing and be received by the County at least ninety days prior to the expiration date of the current lease term. These provisions do not preclude the County from otherwise agreeing to modify or renew the Agreement. On March 26, 2014, the County received a written request from the VCC, asking the Board of Supervisors to extend the current agreement for one year.

Under the terms of the current Agreement, the VCC assumes responsibility for the overall management of the SBVMB, including coordinating space rentals to the general public and other groups and organizations. The VCC is responsible for paying expenses related to utilities, janitorial services and routine maintenance. In addition, for the first five years of the Agreement, the VCC was required to make a monthly payment for Capital Improvements in the amount of \$500.00. The agreement also stated that both the payment of utility expenses as well as the monthly contribution for Capital Improvements are only required if the combined cost of these items do not exceed the available revenue. Since the execution of the original agreement in 1998, these costs have exceeded available revenue and therefore the County has paid for utilities and the cost of larger capital improvements for the facility. Over the past 15 years, the revenue generated at the building has been used to cover only a portion of the day to day costs of operating the building, leaving little or no funding available to perform significant repairs or to set aside for future improvements to the facility. As a result of a lack of performing routine maintenance over the years, the facility's overall condition is poor. Virtually every element of the building systems is beyond its expected useful life. Significant future investments into the facility will be required to improve the condition of this historic building.

On January 12, 2012, the Auditor/Controller released a *Management Agreement Audit Report* on the VCC management of the SBVMB. This report identified numerous deficiencies in controls by the VCC over policies and procedures that impact the accurate recording and reporting of financial transactions. The executive summary of the Audit Report noted that there were issues of non-compliance with the Agreement, and various laws were identified, as well as suggesting areas for improvement.

In 2013 and 2014, the VCC experienced several changes in leadership, resulting in numerous personnel changes at the SBVMB. The lack of stable management, coupled with changes to SBVMB programs and practices, has necessitated the frequent engagement of General Services' staff and Second District office staff to respond to, and assist in resolving conflicts.

Other factors for the Board to consider are the historic significance of both the SBVMB and the site on which it is built. On January 19, 2013, the Historic Landmark Commission adopted Resolution No. 2001-2, which recommended the Santa Barbara City Council designate the SBVMB as a City Landmark. The 1927 building's overall design and architectural detail exemplifies the Spanish Colonial Revival architectural style that is important to the unique character of Santa Barbara. On April 9, 2013, the City Council of Santa Barbara followed this recommendation and adopted Resolution No. 13-020, designating the SBVMB as a City Landmark. The SBVMB also has a pending nomination for placement on the National Register of Historic Places (NRHP). In addition to the historic nature of the structure; the SBVMB is situated on a recorded archaeological deposit (CA-SBA-27). As a result of both the building and the site being eligible for this important designation, a higher degree of stewardship and a more careful approach to the management of the building is warranted. Any alterations to the building will be reviewed by the General Services and an evaluation of the proposed projects within the framework of the requirements of the U.S. Department of the Interior.

### **Overview of Proposed Management Plan**

General Services proposes to combine the management of the SBVMB with our current management of the LVMB, as well as our current responsibility for managing the rentals of the interior rooms at the SBCC. Currently, facility rental revenue from the LVMB and SBCC, as well as the expenses related to these rentals, are managed by General Services, with an existing accounting code structure established in FIN (Department 063, Program 1207, Property Management). General Services would utilize this existing account code structure and work with Auditor Controller in adapting it to facilitate accurate financial management of all three facilities. This management consolidation will provide an opportunity to centralize and improve the reservation system for these facilities. GS staff will work with staff from the Community Services Department and Clerk/Recorder/Assessor Department to determine whether it is possible, and cost effective, to integrate the scheduling of events at the three facilities into the existing reservation systems utilized by these departments. If this is not feasible, or the cost is prohibitive, there are numerous low cost scheduling software packages available which staff would evaluate for use.

The addition of management responsibility at the SBVMB presents unique challenges which significantly increase the staffing resources necessary to effectively manage all three properties. Under current management, the building is typically utilized 7 days a week. The VCC has ongoing agreements with various groups that utilize the building on a daily basis, requiring the building to be opened by 7:30 a.m. and kept open into the early evenings. In addition, the building is also currently open to the public, and given the SBVMB's prime beachfront location, it attracts a diverse group of visitors throughout the day. This

combination of scheduled activities and transient public use requires a significant staff presence at the facility to ensure the safety and security of both the facility and its users.

The Plan calls for two new full time equivalent (FTE) positions as well as funding for part time staff. Currently, there are no dedicated staff members to complete these activities at the LVMB and the SBCC. In Lompoc, management of the LVMB, including the scheduling and coordination of the various rental events, is handled on an as needed basis by administrative personnel working in General Services. In Santa Barbara, at the SBCC, scheduling and coordinating the numerous rental events is directed primarily by other administrative staff working in the General Services. In both cases, responsibility for these activities is secondary to the primary duties and responsibilities of the staff member's positions. Although staff has done a good job in managing the LVMB and events at the SBCC, the ancillary nature of these duties limits our ability to develop a strategy to encourage increased usage at the facilities in order to generate additional revenues.

Consolidation of management will allow for improved marketing and coordination of the facility space rentals associated with these three facilities. Under The Plan, a full time manager will lead a small team focused on the management of these three facilities. They will be responsible for researching and understanding the market for event space rentals and for developing a marketing and advertising strategy for the facilities. In addition, they will seek opportunities to develop partnerships which encourage streamlined, efficient operations and provide for veterans services at the SBVMB. Facilities Maintenance staff currently provide maintenance services to the LVMB and the SBCC. The Event Manager will be responsible for working with their team and the Facilities Manager to coordinate routine and preventative maintenance activities at the SBVMB, as well as developing a protocol for hiring outside contractors when necessary. Providing staff dedicated the management of these facilities will result in;

- A higher level of service provided to the public.
- The potential for developing increased revenue from the facilities
- Improved oversight and management of historic resources owned by the County

### **Staffing Plan**

As mentioned previously, The Plan calls for two additional FTE's and additional funding allocated for part time staff. This staffing plan is crucial for the effective management of the facilities as it will provide the necessary staff presence at the SBVMB and allow staff to focus on developing and implementing a sound, efficient operational strategy. The following is a brief summary of the roles and responsibilities of each of these position types;

### ***FTE 1: Events Manager***

This position will have overall responsibility for event management at all three facilities. In addition, they will have overall management responsibility for all operations at the SBVMB. Specific duties include, but will not be limited to the following;

- Research, develop and report on an event rental rate schedule for all three facilities with a goal of increasing rental revenue and ensuring rates are competitive with similar facilities.
- Direct and coordinate all marketing, advertising and promotional activities associated with event rentals at all three facilities
- Work with GS Admin/Finance staff to develop and implement a plan that ensures proper financial accounting for all event rental activity
- Ensure all events are staffed with the appropriate security and janitorial personnel.
- Provide direct supervision to all staff working at the SBVMB
- Collaborate with VCC , other veterans organizations and non-veteran groups and individuals in providing enhanced veterans services at the SBVMB and LVMB
- Coordinate with GS Facilities Maintenance staff to provide routine maintenance at both the LVMB and SBVMB.
- Develop consistent Rental Use Agreement for all types of rentals at all three facilities

### ***FTE 2: Administrative Support***

This position will report directly to the Events Manager, performing a wide range of administrative duties in support of event rental activities at all three facilities. Duties will include, but not be limited to:

- Respond to requests for facility rental information via phone, internet and mail.
- Process all requests for facility rentals, ensuring all required documentation is completed efficiently and accurately
- Ensure accurate and timely billing for all scheduled facility rentals
- Provide staff presence at the SBVMB monitoring various events and activities

### ***Part Time Staff***

Part time staff will report directly to the Events Manager, and will be utilized primarily to provide a staff presence at the SBVMB on weekends, but will be available to work at the two other venues as well. As General Services fully implements a strategy for managing the building, we will explore options for developing partnerships and streamlining scheduled activities in an effort to minimize the need for unreimbursed staff time.

## **Budget Analysis**

The attached 'Budget Analysis for The Proposed Consolidated Management Plan' (Appendix A) summarizes our estimates for managing the three facilities (Shaded portion) and compares that to our estimate for current fiscal year expenditures related to the activities (Unshaded portion). The following is a brief discussion of the Revenue and Expense components of the proposed budget. Based on this analysis, adoption of The Plan will require an additional annual appropriation of approximately \$115,000.

### **Revenue**

In the current budget (FY 13/14), General Services budgets for \$40,000 of revenue from the LVMB and the SBCC combined, with year to date actual figures exceeding that projection. The proposed FY 14/15 budget includes a combined total of \$62,500 from these two facilities. Financial statements provided by the VCC indicate the SBVMB brought in approximately \$125,000 in calendar year 2013, a year in which the facility experienced significant management/financial turmoil. The proposed budget includes \$120,000 of revenue from the SBVMB, bringing the total amount of projected revenue from the three facilities to \$182,500.

### **Expenses**

Currently, expenses associated with managing the 3 facilities include utility from both the LVMB and the SBVMB as well as miscellaneous maintenance expenses from the LVMB and SBCC. Also included are expenses for contractual janitorial and security services associated with events at the LVMB and the SBCC. As mentioned previously, assuming management responsibility at the SBVMB presents unique staffing challenges, which increase the resources necessary to effectively manage the facilities. This is reflected in the budget estimate, which indicates staffing costs represent 83% of the proposed increase in expenses. The remaining increase in expenses is made up of several items including, a projected 3% increase in utility costs, estimated maintenance, janitorial and security costs at the SBVMB, funding for advertising/marketing efforts and funding for event scheduling software.

## **Veterans Services**

The original purpose for establishment of the Veterans Memorial Buildings, under the Military and Veterans Code 1262, was *"To provide, maintain or provide and maintain buildings, memorial halls, meeting places, memorial parks or recreation centers for the use or benefit of one or more veterans' associations"*. Currently, there are a number of Veterans Associations maintaining office space at both the LVMB and the SBVMB, providing various levels of service to veterans.

If the proposed Plan is adopted, staff will work with the VCC, as well as individual veteran organizations associated with the SBVMB, in developing a fair and balanced space allocation plan along with a set of operational rules for the SBVMB. In May 2013, the County assumed management of the LVMB, and as part of that process, developed a space allocation plan and a set of Board approved Operational Rules for that facility. That document will be used as a template for the development of the Operational Rules specific to SBVMB and brought back to the Board of Supervisors for consideration.

At the December 3, 2013 BOS meeting, your Board, as well as members of the public and numerous representatives of Veterans Organizations, spoke about the need to provide additional services to our veterans. There is a shared vision of both the SBVMB and LVMB as not only places for veterans to meet and spend time with other veterans, but also as a valuable resource for information, assistance or services they may be seeking. Since its inception, the VCC has been primarily focused on providing administrative oversight of the SBVMB. With adoption of the plan for County management of the building, the VCC will have an opportunity to refocus its energy on providing much needed services to veterans. County staff will work actively with the VCC, County Veterans Services Office, and its members, as well as other interested organizations and individuals in identifying, developing and implementing ideas which will utilize the SBVMB and LVMB to enhance services for our local veterans. Preliminary discussions with the County Veterans Services Office have resulted in some potential opportunities for providing additional outreach to Veterans at these facilities

### **Transitional Challenges at SBVMB**

If the Board adopts the proposed plan, General Services will assume management responsibility for the SBVMB on July 1, 2014. Staff will immediately begin working with the members and staff of the VCC in planning and executing an orderly transition from current VCC management to County management. We have identified the following issues as critical to the success of that transition;

#### **Transfer of Financial Responsibility and Assets**

Staff will work closely with VCC staff to identify, and transfer to County responsibility, all utility and vendor accounts associated with the building. Staff will also identify and acquire information regarding all events and programs that have been scheduled. Funds associated with these scheduled events, including pre-payments, event deposits and security deposits will be identified and if scheduled past July 1, 2014, transferred to appropriate County accounts.

**Facility Assets**

The SBVMB contains numerous non-fixed assets including furniture, fixtures, equipment and various items on display. Staff will work with the VCC and other organizations to identify and determine ownership of these items. Once we have determined appropriate ownership of these items, they will be incorporated into the Operational Rules for the SBVMB as needed.

**Information and Communication Technology**

Currently, the SBVMB is not connected to County networks. General Services staff will work to identify and implement a cost effective approach to connect the SBVMB with existing County networks, phone systems and eventually, WinDSX, a software program providing access controls for County buildings and parking lots.

**Allocation of Exclusive Space and Development of Operational Rules**

As mentioned in the Veterans Services section above, the VCC is currently comprised of 11 veteran's organizations, many of which maintain office or storage space in the SBVMB. Staff will work with the member organizations to craft a plan which identifies the organizations that will continue to have exclusive space in the building and determines where the space will be located. Staff will then work with these organizations to develop, for Board approval, a set of Operational Rules which guides the operation of the SBVMB.

**Recruitment, Hiring and Training staff**

Adoption of the Plan by the Board will require recruiting, hiring and training several new staff members, a process which will continue into FY 14/15. In the interim, existing General Service's staff will begin the initial work of transitioning the SBVMB to County management

**Continuity of Operations**

General Services will work with the VCC to communicate information regarding the transfer of management responsibilities to building users, the general public and media contacts. Staff will also assess the phone and web presence of the SBVMB and make appropriate changes.