



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: DA Date: 1/15/21
General Manager

DATE: January 22, 2021
TO: General Manager
FROM: Last Chance Mercantile (LCM) Task Force
SUBJECT: LCM Operations Plan Update

RECOMMENDATION:
Information Only – No Actions Required

BACKGROUND

With the onset of the Monterey County Shelter-in-Place order in March of 2020, the District temporarily closed the Last Chance Mercantile (LCM) as it was determined that it was not an essential service that would be allowed to stay open during the County's order. Additionally, the District had to re-examine and forecast a new budget for the Fiscal Year 2020/2021 that began in July 2020 that had to anticipate the impacts of COVID-19 on the business activities of the District and the priorities of our operations. Due to concerns over decreasing volumes, and a lack of an ability to reach an agreement with the OE3 on wage concessions, the District choose to maintain the temporary closure of the LCM and lay-off the staff instead of re-opening the facility. Staff has used this closure as an opportunity to examine our options for re-opening the facility in a more financially sustainable manner, while also adapting to a new operational challenge of keeping staff and customers safe during a pandemic.

From 2010 to 2020, the LCM had expanded the scope of its operations to include the operations of the CRV Buy-back program, the handling of electronic wastes, and the sale of landscaping products. The facility had maintained a consistent revenue stream during that time of approximately \$800,000 per year, however annual staff costs and other operating expenses increased to approximately \$1.5 million. The District Leadership Team established a LCM Task Force to explore ways to re-open the facility that would meet the desires of the public to maintain this valuable and popular diversion program, while doing so in a more financially sustainable manner.

The Task Force, consisting of Tim Brownell (Director of Operations), Zoe Shoats (Director of Communications), and Peter Skinner (Director of Finance and Administration), has moved the process forward a couple of fronts. The first has been through the issuance of a Request for Qualifications (RFQ) to ascertain the interest in and capabilities of potential 3rd party operators to take on the LCM program. The RFQ was issued at the end of October 2021, with responses due by the end of November. Two entities responded to the RFQ, expressing interest in taking on the operations: The Veterans Transition Center of Monterey County (VTC) based out of Marina and the Second Chance Thrift Stores (Second Chance), a program of The Bridge Restoration Ministries out of Pacific Grove.

Both of these organizations are non-profits based here on the Monterey Peninsula and are providing services to at-risk individuals in the community. Both have provided proposals that anticipate that the District would not need to provide continuing funding to operate the LCM other than for the maintenance of the site and facilities. There is the possibility of either revenue sharing or occupancy fees depending on the performance of the facility under their planned operation plans.

As part of this process, the District has asked both the VTC and Second Chance to attend this upcoming Board meeting and to provide brief introductory presentations about their organizations, how they see this program fits their mission, and what they see as the benefits that their operations would bring to the District. Each presentation will be approximately 10 minutes, with an additional 10 minutes or so for Board members to ask questions. The RFQ responses from these two organizations, together with their responses to follow-up questions asked by the District, are provided as attachments to this memo.

On a second front, the Task Force has been developing a plan for a District staff-operated model that would include rehiring former LCM staff members who were laid off in July 2020. This process has reviewed various aspects of the LCM operations to determine if some activities could be transferred to other departments or other vendors, or the stopping some activities completely. It has also looked at operating with different staffing levels, store hours, and pricing strategies. The Task Force has invited and included the former staff members to participate in the redesign process and solicited their feedback on ideas and concepts.

DISCUSSION

The LCM Task Force is currently working to present up to three options for the resumption of operations at the LCM for the MRWMD Board of Directors to consider and ultimately to give direction to staff as to the Board's preference of how and with whom to do so. This will allow the Task Force to be able to develop a comparative analysis and assessment of their proposals, and to be able to compare those options to the option of the resumption of a revised District-staffed operation.

The Task Force is continuing to work on a District staff-operated model as well. As most of the Board members are aware, many of the former staff members have communicated their desire to return to the District and facility to resume their employment and to improve the operations of the facility. Prior to the closure of the LCM, the staff that was not aware of or provided the financial performance of the program. The guidance that they received and were measured on was for the continuous movement of materials through the facility for reuse, and to provide good customer service that enhanced the LCM in particular, and the District in general. The former staff was successful in those efforts as demonstrated by being awarded the "Best Eco-Friendly Business" by the Monterey County Weekly for the past five years straight.

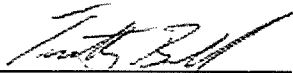
The Task Force has met with the several of the former staff members on four occasions and have discussed cost savings ideas, revenue and price enhancement options, staffing changes, and COVID-19 protocols. A preliminary summary of current ideas on how the District might run a sustainable, cost-effective operation is included as an attachment to this memo. (Last Chance Mercantile Re-opening: MRWMD Staffed Operations)

The Task Force intends to bring back to the District's Board a full analysis of all three of options at the February Board meeting for further review and potentially for a Board decision on the preferred option to move forward with. This analysis will include an assessment of each option based on the following criteria:

1. Organizational capacity to support and ensure the performance of the program
2. Financial resources to ensure stability and continued, uninterrupted operations of the facility going forward
3. Financial impact on/benefit for the District
4. Impact on the customer base
5. Programmatic opportunities/benefits for the community
6. Fit of the program operations and operator with District's goals and objectives
7. Staffing and financial proformas
8. Retail experience

CONCLUSION

It is the Task Force's intention to bring forward a recommendation to the Board as an outcome of this assessment. The Task Force and Leadership Team would welcome further feedback and input from the Board members as to the assessment criteria and process. It is possible that the Task Force and Leadership Team will not be able to find full agreement on providing a recommendation of a preferred operator to provide to the Board. If this circumstance arises, the GM will discuss with the Board Chair and the Finance and Personnel Committee Chairs to discuss if it should be brought to the Board without a staff recommendation for a decision, or be further discussed by staff to reach a consensus recommendation.



Tim Brownell



Zoe Shoats



Peter Skinner

Attachments:

Staff is providing the submittals and any follow-up information provided by the respondents to the RFQ and the current District staff operations plan model assumptions and anticipated proforma. This is provided as information only. The attachments will include the following:

1. VTC Submittal to RFQ and follow-up questions
2. Second Chance/The Bridge Submittal to RFQ and follow-up questions
3. Staff document: Last Chance Mercantile Re-opening: MRWMD Staffed Operations

Request for Qualifications

for

Operation of the Last Chance Mercantile

**In Partnership with the
Monterey Regional Waste Management District**



Issue Date: October 21, 2020

Submission Deadline: November 30, 2020 1pm

MRWMD Contact: LCMRFQ@MRWMD.org

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1. Overview of the Requirement

Monterey Regional Waste Management District - Description and History

The Monterey Regional Waste Management District (“District”, “MRWMD”) was formed in 1951 as the “Monterey Peninsula Garbage and Refuse Disposal District” under the California Health and Safety Code. From 1953 to 1966, the District operated a disposal site on a leased portion of the Laguna Seca Ranch off of Highway 68. From 1966 to the present, the District has operated a sanitary landfill on 470 acres of District-owned property in northwest Monterey County, adjacent to the Salinas River. Effective January 6, 1987, the District’s name was changed to Monterey Regional Waste Management District.

The District’s primary purpose is to provide solid waste recycling, processing, and disposal service in the western Monterey County region. Over time, the District’s role has expanded to include the recovery of recyclable materials in the waste stream (including cardboard, newspaper, glass, wood waste, plastics, metals, concrete, asphalt, reusable building materials and resale items), composting of green (yard) waste and food waste, receipt of non-hazardous liquid wastes, acceptance of household hazardous waste, and disposal of municipal solid waste. In addition, the District operates a landfill gas to electrical energy system, with capacity to generate about 5,000 kilowatts of continuous power. Finally, the District operates the Last Chance Mercantile (LCM), a re-use store located on the premises where material diverted from the waste stream — directly by MRWMD staff or through donation by residents — is resold to the public.

The District is governed by a nine-member Board of Directors made up of representatives from the following entities: City of Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, City of Pacific Grove, City of Sand City and City of Seaside, the Pebble Beach Community Services District, and Monterey County on behalf of the unincorporated area in the western portion of Monterey County.

Last Chance Mercantile

In 1991, the District created the Last Chance Mercantile which operated a monthly flea market and auction at a building located on the District’s site. Items sold included bicycles, toys, antiques, construction materials, collectibles, paintings, books, furniture, garden accessories, tools, and virtually hundreds of household items that still had a useful purpose. Construction materials included bricks, concrete blocks, lumber, doors, windows, sinks, and miscellaneous hardware. By 1994, the store was open every Friday and Saturday, due to the increased accumulation of saleable materials.

In 1996, the Last Chance Mercantile was moved to its current location, a purpose-built facility that includes an 8,000 square-foot building and a paved two-acre yard. The building has a room for processing materials prior to sale, office space for the store manager, restrooms, and more indoor space for displaying items. The new site also includes a larger yard that enables the District to handle customer donations and manage a larger inventory. The yard enabled the District to begin selling landscape materials produced from the District’s compost operations. The store operations were expanded to Monday through Saturday, and later shortened to Tuesday through Saturday. The facility has 74 customer parking spaces, including 2 handicap spaces, contiguous to the LCM building and yard.

Over the past several years the Last Chance Mercantile has operated with a staff of 15, and, in addition to the LCM retail activities, the facility and staff have also processed/packaged electronic waste, operated the California Refund Value (CRV) Buy-Back program, and sold landscape products. As the breadth of activities have expanded over the past 10 years, so too have the costs of operations. During

this period operating costs (primarily personnel-related) have doubled while revenues have remained flat. The result has been an evolution from operating at near breakeven to operating at an unsupportable financial deficit.

In response to the safety concerns caused by the COVID-19 pandemic, and the resultant impacts on the District's Fiscal Year 2020-21 budget, the Last Chance Mercantile has been closed since mid-March of 2020.

Purpose of this RFQ

The District's Board of Directors has directed staff to explore ways to reopen the LCM as quickly as possible. This Request for Qualifications is designed to ascertain whether there are non-District organizations that would be interested, qualified, and have a viable plan to operate the Last Chance Mercantile in a manner that meets the MRWMD's mission of "turning waste into resources" while doing so in a financially sustainable way.

2. Services Sought from Partners

The District seeks long-term partners qualified to operate the Last Chance Mercantile store. Partners will be expected to handle and sell material diverted by District staff from the active waste stream and accept donations from the general public. Recovered material will be made available for resale at the existing Last Chance Mercantile store and at other locations if desired by the partner. Landscape products may be provided by the District to the store ready for resale, subject to a resale agreement. Partners will not be asked to handle electronic waste or operate a California Refund Value program (CRV Buy-Back program).

Partners must be committed to supporting the District's waste diversion mission but may serve additional objectives beyond this purpose. Furthermore, the District will entertain operating models that differ from historical practices, including staffing, hours of operation, retail strategies, service mix, or other aspects that may be of interest to partners. All operations must conform with best practices related to COVID-19 safety. Business practices must conform with all local and federal laws and be compatible with operations on a governmental agency's property.

3. Services Provided by the District

The District will make available the current LCM facility, including the building, operations yard and parking areas described in Section 1 above. The District will maintain these facilities in safe and legally compliant working conditions and make infrastructure improvements that are deemed necessary by District staff, in consultation with Partner(s). The District is open to discussion regarding Partner's use of other District assets, such as forklifts or other equipment, when used in the delivery of services.

4. Request for Qualifications

4.1 Enquiries

All enquiries related to this RFQ are to be directed, in writing, to the email address on the front cover of this RFQ.

4.2 Closing Date

Qualified organizations have the option of submitting responses via email, standard mail or personal delivery. All submittals must be received by the District by no later than 1 p.m. Pacific Time, on Monday November 30, 2020. If hardcopies are provided, please include one unbound original and three copies and one electronic copy on a USB Flash drive.

4.3 Late Responses

Late responses will only be accepted if a written extension is provided by the District no later than 24 hours in advance of the Closing Date.

4.4 Review Committee

RFQ submissions will be reviewed by the District's senior Leadership Team.

4.5 Review and Selection

This RFQ is being used for pre-qualification purposes. The District anticipates engaging in follow-up discussions with qualified Partners about the details outlined in the RFQ responses. The District may choose to issue a Request for Proposals (RFP) to finalize terms and conditions. Qualified respondents will be provided with a copy of the RFP if one is issued. Alternatively, the District may choose to negotiate directly with qualified Partners in order to achieve the District's desired outcome. District staff expects to present to the District's Board of Directors a range of options for achieving the resumption of LCM operations.

4.6 Signed Responses

Responses must be signed by the organization's Chief Executive Officer or equivalent, or by the Chair of the organization's Board of Directors.

5. Evaluation Criteria

Submittals will be evaluated based on the following criteria:

1. Understanding of and commitment to the requirements and business objectives described in this RFQ.
2. Experience providing the types of services outlined in the RFQ response.
3. Proven ability to develop and sustain new programs and/or services.
4. Evidence of financial stability; evidence of ability to sustain a long-term program.
5. Evidence of fit of proposed approaches with MRWMD objectives, including any ability to utilize some or all of MRWMD's former LCM employees.
6. Reputation in the community.

6. Submission Requirements

Please provide responses to the following topics:

1. Description of organization – please provide information on the following topics:
 - Organization's contact information, including project point person and title
 - Organization's mission
 - Organization's history
 - Sources of funding and description of organization's financial position; financial statements for the past three years

- Description of organization's current operations
 - Description of organization's strategic plan and/or priorities
2. Statement of interest – Please describe why your organization is interested in partnering with MRWMD on this project. What positive outcome do you anticipate from this arrangement for your organization or for the community you serve?
 3. Description of vision for this partnership – Please describe your organization's vision for participating in this project. Include information on how you propose to operate the LCM store, including staffing, hours of operation, integration with other aspects of your organization's operations, and safety practices. Also describe what kind of support you will expect from MRWMD in the form of staffing, operational support or financial support. If you have preliminary financial projections on the operations, please provide those for additional clarity. We recognize that this vision may change over the course of further discussions, however, we are seeking to understand your current thinking on this topic.
 4. Description of relevant projects or partnering experiences – Please describe your organization's past experiences that are relevant to this project. This may include expansion of your mission or operations, or development of partnership arrangements with other organizations. Provide up to 3 references relevant to this history.
 5. Description of what failure might look like – Imagine that in 5 years your organization has concluded that this partnership has been a failure. Describe the conditions that might have contributed to this failure.

7. Conflicts of Interest

The respondent should disclose conflicts of interest, in writing, to the review committee who will consider the nature of the respondent's responsibilities and the degree of potential or apparent conflict in deciding the course of action that the respondent needs to take to remedy the conflict of interest.

8. Limitations

This RFQ is neither a formal request for bids, nor an offer by the District to contract with any party responding to this RFQ. This RFQ does not commit the District to award a contract or to reimburse any applicant for costs incurred in submitting a response to this RFQ. The District, in its sole discretion, reserves the right to reject any or all responses submitted; to interview any, all, or none of the respondents; to negotiate with any respondent; to extend the deadline to submit a response; or to amend or cancel in part or in its entirety this RFQ.



November 25, 2020

The Bridge Restoration Ministry is responding to the Request for Qualifications for Operation of the Last Chance Mercantile in Partnership with the Monterey Regional Waste Management District dated 31 October, 2020. The contact information for this response to the RFQ is as follows:

Michael Casey – Executive Director, mikec@tbrm.org, 831-917-7368

Michele Casey – Program Manager and Second Chance Thrift Store Manager,
michelec@tbrm.org, 831-717-4479 / 831-402-8702

Daniel Chisholm – Director of Operations and RFQ point person, danc@tbrm.org, 831-392-6243

Please see the attached file for the information on the Bridge Restoration Ministry and our Second Chance Thrift Store operations requested by the RFQ.

If you have any other questions or concerns please contact me. Thank you for your time.

A handwritten signature in black ink, appearing to read "Mike Casey". The signature is stylized with several loops and a long horizontal stroke at the end.

Mike Casey
Executive Director
The Bridge Restoration Ministry
831-917-7368
mikec@tbrm.org

The Bridge Restoration Ministry's Mission Statement is "We exist to provide a residential setting for those struggling with addictions, providing safety, structure, discipleship and supervision for the purpose of restoring them back to God, family, work and community." The Bridge is a Christian program. The purpose of The Bridge is to help people be restored to faith, their family and or community, as well as provide job training. We have residents who come from various backgrounds and places, jail, prison, hospital, the streets or their homes. The skills that people have vary. Some people have no job skills and very little work ethic. To help residents overcome this they take part in one of our vocational programs, the culinary program or our thrift stores. Residents build self-esteem and work ethic as well as receive training to provide job skills and stability for themselves and their families when they graduate.

The Bridge Restoration Ministry was founded by Mike Casey and his wife Michele. The calling to open a program like The Bridge came following Mike's long term struggle with addiction. Mike's former career was in Emergency Services as Firefighter/Paramedic. Michele's background is varied with a mix of administrative and management positions. Starting in 2006 with two residents it grew to six men by 2007 and reached twenty-two men by 2010. A six person women's program was added in 2014 and a men's second phase program, for those who want to stay connected to the program after graduation, was started in 2015. The latest addition is a six person women's second phase program begun this year, 2020. Although the vocational program has always been a part of The Bridge, the Second Chance Thrift Store in Pacific Grove, CA was added in 2012. A second store, located in Monterey, CA, was opened in 2015. First and foremost these stores are seen as an integral part of the ministry fulfilling the need for vocational training. However, they are run as businesses and are expected to be at least self-sufficient financially.

The residential program portion of The Bridge is funded entirely by private donations. Since the thrift stores are part of the overall ministry these donations can be utilized to fund Second Chance but to date this has not been necessary. All Second Chance operations are funded by Second Chance sales and the amount over and above operational costs are used to help fund the residential program. The Bridge did provide the seed money to start the PG store based on a donation that was received to help start a vocational program. The initial layout for the Pacific Grove location was \$172,000 and the cost to open Monterey was \$70,000. The total cost of \$242,000 has been repaid to The Bridge by Second Chance. Specifics of the financial position of the overall Bridge program and the Second Chance Thrift Stores can be seen in the financial statements provided as attachments. Financial information for 2017, 2018, 2019 and January through October of 2020 has been provided. In summary, for 2019 Second Chance gross sales were approximately \$564,000 with net income of \$44,000. The 2020 financial statements do show that, due to COVID-19, \$70,000 has been provided to Second Chance from general Bridge funds. At the beginning of the lockdowns in March 2020 the program made a decision to keep all employees fully employed for as long as possible. The \$70,000 was necessary to keep all Second Chance employees on the payroll during the shutdown. To date, no one has been laid off or fired due to COVID-19 related changes in operations, and the thrift stores have returned to operations and are again self-sufficient financially.

Rather than describe overall Bridge operations we focus below on the thrift store operations. The following is a description of pre-COVID-19 operations. One store is located at 105 Central Ave in Pacific Grove, CA, and the other is located at 2311 Fremont St. in Monterey, CA. Both stores followed essentially the same operational flow with some differences due to size. The total footprint for the Pacific Grove store is approximately 6300 sq. ft. with 2800 sq. ft. devoted to processing of goods, and 3500 sq. ft. devoted to sales floor. The Monterey store is approximately 3800 sq. ft. with 1550 sq. ft. devoted to processing of goods and 2250 sq. ft. devoted to sales floor. Pre COVID-19 both stores were open eight hours a day, six days a week

and closed on Sunday. Michele Casey, co-founder of the Bridge, acts as overall Program/Store manager for both stores. Second Chance has nine employees, including the manager, that operate both stores and online sales. The Monterey store is budgeted to be run with two full time equivalent employees while the Pacific Grove is budgeted to be run with 3.25 full time equivalent employees. Online sales are budgeted for one full time equivalent employee. The employees themselves are not only workers in the traditional sense but because of vocational aspects of the stores they are also part of the training program for the residents. This means that they not only are they retail workers they also have a training aspect to their positions. To date, almost all of our employees have come through the Bridge residential program, giving them the unique perspective to work at Second Chance with the residents in the vocational program. It is not necessary to come through the program to be a successful employee but it does give a baseline of knowledge that is helpful.

The major costs in running Second Chance are labor and rent; almost all of the items sold at Second Chance are donations. The donations are either dropped off at either store or picked up by our store truck. Donations are processed at both stores and broken into four major areas: soft goods, hard goods large and small, and electronics. They are stored until they are put out for sale and a color price tag system is used to facilitate rotating inventory. There is an also online sales operation. A portion of the inventory is set aside for sale online, the majority of the items being books but other items are sold as well.

Changes to operations due to COVID-19 operations are summarized below. Both stores were shutdown following the state mandate in March and remained closed until 01 June. The decision was made to pay all employees at their full salary for as long as possible. In order to keep operations going in some form, the online presence was increased and the thrift store employees were given tasks in that area. Donations were not accepted during this time due to lack of storage space. Once the retail stores were allowed to reopen the decision was made to

open the Pacific Grove location and use the Monterey location as storage and quarantine space for the overall operation. At house pick-ups using the store truck were suspended to limit employee and resident exposure at donors' residences. In November our Saturday "Super Sales" were begun at the Monterey location to help alleviate inventory buildup.

Our strategic priorities fall into two areas. First, we are looking to expand vocational opportunities. One aspect of any vocational program is to give the participants the ability to develop a work ethic and understand what it is to be a "good employee." Many of the participants in our program don't know what it is to work eight hours a day, five days a week. Some of our resident participants have never worked at a job at all. Some on the other hand have quite a lot of vocational skills but lack life skills and need consistent structure. Beyond this we try and develop specific skill sets. We are looking for ways to expand the vocational program in two ways, in the numbers of participants in the program and in the skill sets that can be imparted to those participants. To date we have focused on retail sales and culinary however we are always looking to expand the skill sets offered. Two possibilities would be computer training and equipment operations. One of the limiting factors has always been the limited operational space at both stores.

Our second strategic priority has grown out of the time that we have been operating Second Chance; increased reutilization of used goods. Goods are rotated through inventory on a monthly basis and at the end of the cycle there are always goods that have to be disposed or passed on in some way. As a small thrift store operation, we are always looking for alternate ways to re-use, pass along, upcycle, recycle or dispose of items we are not selling. There are limited opportunities for smaller operations like ours. Through contacts with other small thrift stores in the area we know that this is an issue that they deal with as well. This has led to research into what can be done to reduce the waste stream. Developing these ideas into viable business opportunities is Second Chance's second strategic priority. For instance in Sacramento,

CA there is a business that collects the unwanted goods from small thrift stores in that area. So there are possibilities for reducing the waste stream for not only Second Chance but potentially for other small thrift stores as well. In order to expand our efforts in this area we have been exploring additional operational space even before the Last Chance RFQ was released.

The Bridge Restoration Ministry is interested in partnering with MRWMD on this project due to its ability to allow us to pursue both of our strategic priorities. The Last Chance Mercantile has the space that is necessary to pursue both objectives and the MRWMD has unique capabilities, especially in the area of reutilization, which could potentially open avenues that are not available without that partnership. We would envision running Last Chance Mercantile as part of Second Chance Thrift Store in collaboration with MRWMD. Finding a way to utilize the Last Chance and Second Chance names together rather than a replacement for either, since both entities have a good reputation in the community, would help the community view it more as a positive partnership rather than take over. We would envision working toward centralizing the current Second Chance processing flow, eventually move all processing to Marina where there is more room. POS systems would be integrated with the existing Second Chance system which is Light Speed. The store layout and sales merchandising visual design would be set by Second Chance giving Last Chance a bit of a facelift. Staff would be employees of Second Chance. Former Last Chance employees would certainly be considered for positions under our management should they choose to apply with us.

The relationship with MRWMD would be a positive partnership. An agreement with MRWMD would be signed to cover the use of the building, maintenance, utilities etc. A working group/liason would be established between MRWMD and Second Chance members to facilitate developing reutilization projects that meet and enhance the goals of both entities. We would also be pursuing grants for our vocational program as well as expanded reutilization projects and would be looking for input on MRWMD on these activities.

There have been multiple projects that Second Chance has undertaken in support of our strategic priorities; three are listed here. An online presence has become more and more vital in the retail sales space; even thrift customers are beginning to expect to be able to purchase online. Second Chance has an established presence on Amazon, Shopify, Poshmark, Mercari and Offer Up. This has broadened our customer base but has also opened up vocational opportunities for our residents in the use of computers. This has been a good beginning but since computer literacy is such a vital skill set we are always looking to expand in this area. A second project that has been established in Second Chance is Community Corner. This currently gives members of the community an area in the store where they can sell handmade and or up-cycled goods, and we receive a percentage of the sales. This has been outreach into the community, and it gives them a place to showcase and sell their projects. It also inspires shoppers to look at how people have upcycled common goods into other things, involving the reutilization of goods. It is a small program, limited by the space available but would be one area we would be looking to expand. A third project is expanding our textile recycling/upcycling. We currently upcycle a small portion of our unusable textiles and sell them as rags and yarn balls. Rags that can be sold for wiping things down and yarn balls are sold for people to make rag rugs, tapestries or other upcycled projects.

Failure of this project would come in one of two broad areas, financial failure or failure to meet our strategic priorities. The Last Chance Mercantile is a large undertaking both in terms of operations and finances. If we are not able to integrate Last Chance Mercantile into our operations and increase sales and control costs so that it breaks even this would translate to failure. Our ability to absorb losses at the level that Last Chance has had over the last few years is non-existent. A second failure scenario would be a failure to advance our strategic priorities. Expanding our operations must be done to not only be financially successful but also help expand our vocational programs and our ability to reutilize goods. If either of these does not show improvement then this would be considered a failure.

Our only potential conflict of interest would be The Bridge Restoration Ministry's, relationship with Gary Bales, a MRWMD Director. Gary has been a longtime supporter of the Bridge, a former Board member and a continuing donor to the ministry.

The Bridge Restoration Ministry
Profit & Loss
 January through October 2020

11/25/20

Accrual Basis

	Jan - Oct 20
Ordinary Income/Expense	
Income	
43000 · Fundraising Income	
43100 · Direct Public Grants	88,981.00
43200 · Direct Public Support	233,776.43
43300 · Annual Dinner Income	46,577.18
43400 · Sale of Donated Items	
43450 · Sale of Donated Autos	49,700.00
	49,700.00
Total 43400 · Sale of Donated Items	49,700.00
43600 · Fundraising Event Income	5,291.11
43000 · Fundraising Income - Other	183.37
	424,509.09
Total 43000 · Fundraising Income	424,509.09
44000 · Interest Earned	4,247.71
47000 · Program Income	
47100 · Program Operations Income	12,065.87
47200 · Catering Income	1,689.92
47300 · Phase I Fees	7,675.00
47400 · Phase II Rent	30,575.19
	52,005.98
Total 47000 · Program Income	52,005.98
Total Income	480,762.78
Gross Profit	480,762.78
Expense	
60000 · Business Expenses	5,374.45
62000 · Contract Services	
62200 · Legal & Accounting Fees	7,715.00
62300 · Administrative	3,287.00
62400 · Information Technology Expenses	300.00
	11,302.00
Total 62000 · Contract Services	11,302.00
63000 · Benevolence	1,200.00
64000 · Fund Raising Expenses	15,011.33
65000 · Program Expense	
65100 · Payroll Expenses	168,403.22
65150 · Insurance	13,993.06
65180 · Travel and Meetings	840.30
65250 · Annual Banquet Expenses	8,057.71
65280 · Information Technology Expense	4,491.84
65300 · Resident Expenses	
65310 · Drug Testing Expenses	1,343.11
65320 · Food Expenses	12,670.72
65300 · Resident Expenses - Other	1,492.42
	15,506.25
Total 65300 · Resident Expenses	15,506.25
65500 · Program Operations Expenses	
65520 · Catering Expenses	786.20
65530 · Education/Classes Expenses	4,729.71
65540 · Counseling Meeting Expenses	1,800.00
65500 · Program Operations Expenses - Other	691.58
	8,007.49
Total 65500 · Program Operations Expenses	8,007.49
65700 · House Operations Expenses	
65701 · House Repairs & Maintenance	5,625.74
65702 · Rent	126,308.33
65703 · Small Appliances & Furniture Ex	1,093.78
65704 · House Supplies	7,348.94

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11/25/20
Accrual Basis

The Bridge Restoration Ministry
Profit & Loss
January through October 2020

	Jan - Oct 20
65700 · House Operations Expenses - Other	1,006.74
Total 65700 · House Operations Expenses	141,383.53
65750 · Utilities	
65751 · Phone-Mobility	2,312.05
65752 · Water	16,802.53
65753 · PG&E	13,703.73
65755 · Garbage	5,480.35
65756 · Cable & Internet	3,954.98
Total 65750 · Utilities	42,253.64
65800 · Vehicle Expenses	
65810 · Vehicle Fuel Expenses	7,450.64
65820 · Vehicle Maintenance Expenses	4,540.92
65800 · Vehicle Expenses - Other	389.97
Total 65800 · Vehicle Expenses	12,381.53
65900 · Volunteer Appreciation Expenses	776.74
Total 65000 · Program Expense	416,095.31
Total Expense	448,983.09
Net Ordinary Income	31,779.69
Net Income	31,779.69

Second Chance Thrift Store
Profit & Loss
 January through October 2020

	<u>Jan - Oct 20</u>
Ordinary Income/Expense	
Income	
40000 · Gross Sales	
40130 · Amazon Sales	31,383.54
40000 · Gross Sales - Other	304,027.13
	<hr/>
Total 40000 · Gross Sales	335,410.67
40100 · Consignment Sales	0.00
40500 · Discounts	
40520 · Store Coupons	-2,703.59
40530 · Green Card Coupon	-953.78
	<hr/>
Total 40500 · Discounts	-3,657.37
40650 · Misc Income	42.90
43455 · Donations Recd thru SC for Brdg	0.00
	<hr/>
Total Income	331,796.20
Cost of Goods Sold	
50000 · Cost of Goods Sold	
50070 · Due to Consign Vendors	2,084.36
50000 · Cost of Goods Sold - Other	2,379.73
	<hr/>
Total 50000 · Cost of Goods Sold	4,464.09
	<hr/>
Total COGS	4,464.09
Gross Profit	327,332.11
Expense	
60000 · Store Operations Expenses	
60100 · Accounting	2,828.33
60200 · Advertising/Promo	4,456.01
60300 · Auto Expense	
60320 · Auto Fuel	1,319.32
60330 · Maint and Repairs	1,156.46
60300 · Auto Expense - Other	855.00
	<hr/>
Total 60300 · Auto Expense	3,330.78
60400 · Bank Charges/Fees	28.08
60500 · Building & Grounds Improv	93.62
60600 · Financial Processing Fees	22,707.53
60800 · Dues & Subscriptions	3,738.88
60900 · Insurance	9,673.37
61200 · Licenses & Fees	25.00
61300 · Staff Meals and Rewards	332.61
61500 · Office Expenses	1,127.65
61600 · Payroll Expense	
61610 · Cost of Labor MGR	33,846.34
61620 · Hourly Labor	
61622 · Payroll Reimbursement	-624.38
61620 · Hourly Labor - Other	165,824.47
	<hr/>
Total 61620 · Hourly Labor	165,200.09
61630 · Employer Taxes	17,961.95
61670 · Benefits Premium	2,918.35
61600 · Payroll Expense - Other	172.30
	<hr/>
Total 61600 · Payroll Expense	220,099.03
61800 · Rent	97,702.26
61900 · Repairs/ Maintainance	982.80
62000 · Shipping/Delivery Expense	7,109.60
62100 · Store Consumables	9,182.12

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Accrual Basis

Second Chance Thrift Store
Profit & Loss
January through October 2020

	<u>Jan - Oct 20</u>
62200 · Support Fixtures	341.97
62300 · Utilities	30,724.46
60000 · Store Operations Expenses - Other	<u>122.95</u>
Total 60000 · Store Operations Expenses	414,607.05
70100 · Cash-over/short-SCTS	<u>-252.09</u>
Total Expense	<u>414,354.96</u>
Net Ordinary Income	<u>-87,022.85</u>
Net Income	<u><u>-87,022.85</u></u>

The Bridge Restoration Ministry
Balance Sheet
 As of October 31, 2020

	<u>Oct 31, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · Pinnacle Bank Checking 0402	150,171.38
10010 · Pinnacle Bank Money Market 0724	568,170.47
10020 · Pinnacle Bank Lt Checking 1938	1,000.00
10075 · LPL Financial - Investment Acct	0.03
11000 · PayPal	24,953.70
Total Checking/Savings	<u>744,295.58</u>
Other Current Assets	
11400 · Due from Second Chance	77,385.71
12000 · Transfers to/from Second Chance	-86,393.54
12001 · Undeposited Funds	9,347.94
Total Other Current Assets	<u>340.11</u>
Total Current Assets	<u>744,635.69</u>
Fixed Assets	
15000 · Furniture and Equipment	33,414.47
15100 · Automobiles	5,573.15
15400 · Accumulated Depreciation	-27,282.00
Total Fixed Assets	<u>11,705.62</u>
Other Assets	
13900 · Note Receivable	1,600.00
14000 · Kelso Educational Schlrship	3,509.08
14010 · Van Funds	2,178.27
14015 · Culinary Training Program Fund	3,259.55
18600 · Assets	
18700 · Security Deposits	2,640.00
Total 18600 · Assets	<u>2,640.00</u>
Total Other Assets	<u>13,186.90</u>
TOTAL ASSETS	<u>769,528.21</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
20000 · Pinnacle Credit Card	5,819.34
Total Credit Cards	<u>5,819.34</u>
Other Current Liabilities	
20010 · Kelso Educational Scholarship	3,509.08
20020 · Van Fund	2,178.27
20025 · Culinary Training Program Fund	3,259.55
25000 · SBA PPP & EIDL Loan	59,668.00
Total Other Current Liabilities	<u>68,614.90</u>
Total Current Liabilities	<u>74,434.24</u>
Total Liabilities	<u>74,434.24</u>
Equity	
31500 · Temp. Restricted Net Assets	8,946.90
32000 · Unrestricted Net Assets	654,367.38
Net Income	31,779.69
Total Equity	<u>695,093.97</u>
TOTAL LIABILITIES & EQUITY	<u>769,528.21</u>

Second Chance Thrift Store
Balance Sheet
 As of October 31, 2020

	Oct 31, 20
ASSETS	
Current Assets	
Checking/Savings	
10001 · Rabo Ops Checking - PG 8820	44,699.65
11000 · Cash Register Drawers	900.00
11010 · Cash Register Drawers Monterey	800.00
11500 · PayPal	2,565.00
Total Checking/Savings	48,964.65
Other Current Assets	
12400 · Transfers to/from Bridge	86,393.54
12700 · Reimbursement Receivable	10.58
Total Other Current Assets	86,404.12
Total Current Assets	135,368.77
Fixed Assets	
16000 · Leasehold Improvements	75,589.82
16010 · Leasehold Improvements Monterey	47,977.07
16100 · Furniture and Fixtures	19,385.28
16110 · Furniture and Fixtures Monterey	17,329.62
16200 · Vehicles	5,977.66
16300 · Computers	3,906.09
16400 · Software	152.06
16900 · Accumulated Depreciation	-46,564.00
Total Fixed Assets	123,753.60
Other Assets	
14000 · Security Deposits	8,800.00
Total Other Assets	8,800.00
TOTAL ASSETS	267,922.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
22500 · Master Card -SCPG	1,183.69
Total Credit Cards	1,183.69
Other Current Liabilities	
21000 · Sales tax payable	1,783.36
21100 · Gift Cards/Store Credit Issued	466.06
23000 · Due to the Bridge	77,385.71
25000 · SBA PPP & EIDL Loan	50,000.00
Total Other Current Liabilities	129,635.13
Total Current Liabilities	130,818.82
Total Liabilities	130,818.82
Equity	
32000 · Retained Earnings	224,126.40
Net Income	-87,022.85
Total Equity	137,103.55
TOTAL LIABILITIES & EQUITY	267,922.37

Second Chance Thrift Store
Profit & Loss
 January through December 2019

	Jan - Dec 19
Ordinary Income/Expense	
Income	
40000 · Gross Sales	
40130 · Amazon Sales	45,423.36
40000 · Gross Sales - Other	518,690.87
Total 40000 · Gross Sales	564,114.23
40100 · Consignment Sales	347.50
40500 · Discounts	
40520 · Store Coupons	-2,461.04
40530 · Green Card Coupon	-4,122.41
Total 40500 · Discounts	-6,583.45
40650 · Misc Income	301.60
Total Income	558,179.88
Cost of Goods Sold	
50000 · Cost of Goods Sold	
50070 · Due to Consign Vendors	682.05
50000 · Cost of Goods Sold - Other	4,340.84
Total 50000 · Cost of Goods Sold	5,022.89
Total COGS	5,022.89
Gross Profit	553,156.99
Expense	
60000 · Store Operations Expenses	
60100 · Accounting	3,466.77
60200 · Advertising/Promo	16,470.04
60300 · Auto Expense	
60320 · Auto Fuel	2,692.74
60330 · Maint and Repairs	1,188.47
60300 · Auto Expense - Other	516.00
Total 60300 · Auto Expense	4,397.21
60500 · Building & Grounds Improv	1,666.51
60600 · Financial Processing Fees	31,564.57
60800 · Dues & Subscriptions	310.98
60900 · Insurance	16,163.69
61200 · Licenses & Fees	673.54
61300 · Staff Meals and Rewards	1,476.24
61400 · Meeting & Travel Expenses	112.36
61500 · Office Expenses	376.13
61600 · Payroll Expense	
61610 · Cost of Labor MGR	43,538.64
61620 · Hourly Labor	182,170.07
61630 · Employer Taxes	22,868.98
61670 · Benefits Premium	179.98
61600 · Payroll Expense - Other	100.00
Total 61600 · Payroll Expense	248,857.67
61700 · Staff Training	407.36
61800 · Rent	116,986.12
61900 · Repairs/ Maintainance	653.52
62000 · Shipping/Delivery Expense	10,287.60
62100 · Store Consumables	15,519.89
62200 · Support Fixtures	68.03
62300 · Utilities	38,484.11

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Accrual Basis

Second Chance Thrift Store
Profit & Loss
January through December 2019

	<u>Jan - Dec 19</u>
60000 · Store Operations Expenses - Other	<u>921.35</u>
Total 60000 · Store Operations Expenses	508,863.69
70100 · Cash-over/short-SCTS	<u>-44.31</u>
Total Expense	<u>508,819.38</u>
Net Ordinary Income	<u>44,337.61</u>
Net Income	<u><u>44,337.61</u></u>

The Bridge Restoration Ministry
Balance Sheet
 As of December 31, 2019

	<u>Dec 31, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · Pinnacle Bank Checking 0402	114,793.43
10010 · Pinnacle Bank Money Market 0724	509,922.96
10020 · Pinnacle Bank Lt Checking 1938	1,000.00
10075 · LPL Financial - Investment Acct	12,123.41
11000 · PayPal	38,299.32
Total Checking/Savings	<u>676,139.12</u>
Other Current Assets	
11400 · Due from Second Chance	14,320.10
11500 · Reimbursements Receivable	187.31
12000 · Transfers to/from Second Chance	-86,393.54
12001 · Undeposited Funds	51,514.87
Total Other Current Assets	<u>-20,371.26</u>
Total Current Assets	<u>655,767.86</u>
Fixed Assets	
15000 · Furniture and Equipment	33,414.47
15100 · Automobiles	5,573.15
15400 · Accumulated Depreciation	-27,282.00
Total Fixed Assets	<u>11,705.62</u>
Other Assets	
13900 · Note Receivable	1,600.00
14000 · Kelso Educational Schlrship	3,695.75
14010 · Van Funds	2,178.27
14015 · Culinary Training Program Fund	3,259.55
18600 · Assets	
18700 · Security Deposits	<u>2,640.00</u>
Total 18600 · Assets	<u>2,640.00</u>
Total Other Assets	<u>13,373.57</u>
TOTAL ASSETS	<u><u>680,847.05</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
20000 · Pinnacle Credit Card	8,342.68
Total Credit Cards	<u>8,342.68</u>
Other Current Liabilities	
20010 · Kelso Educational Scholarship	3,695.75
20020 · Van Fund	2,178.27
20025 · Culinary Training Progam Fund	3,259.55
25500 · Sales Tax Payable	56.52
Total Other Current Liabilities	<u>9,190.09</u>
Total Current Liabilities	<u>17,532.77</u>
Total Liabilities	<u>17,532.77</u>
Equity	
31500 · Temp. Restrcted Net Assets	9,133.57
32000 · Unrestricted Net Assets	604,976.43
Net Income	49,204.28
Total Equity	<u>663,314.28</u>
TOTAL LIABILITIES & EQUITY	<u><u>680,847.05</u></u>

Second Chance Thrift Store

Balance Sheet

10/30/20

As of December 31, 2019

Accrual Basis

	<u>Dec 31, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
10001 · Rabo Ops Checking - PG 8820	25,722.38
11000 · Cash Register Drawers	900.00
11010 · Cash Register Drawers Monterey	800.00
11500 · PayPal	47.37
Total Checking/Savings	<u>27,469.75</u>
Other Current Assets	
12400 · Transfers to/from Bridge	86,393.54
Total Other Current Assets	<u>86,393.54</u>
Total Current Assets	113,863.29
Fixed Assets	
16000 · Leasehold Improvements	75,589.82
16010 · Leasehold Improvements Monterey	47,977.07
16100 · Furniture and Fixtures	19,385.28
16110 · Furniture and Fixtures Monterey	17,329.62
16200 · Vehicles	5,977.66
16300 · Computers	3,906.09
16400 · Software	152.06
16900 · Accumulated Depreciation	-46,564.00
Total Fixed Assets	<u>123,753.60</u>
Other Assets	
14000 · Security Deposits	8,800.00
Total Other Assets	<u>8,800.00</u>
TOTAL ASSETS	<u><u>246,416.89</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
22500 · Master Card -SCPG	3,220.36
Total Credit Cards	<u>3,220.36</u>
Other Current Liabilities	
21000 · Sales tax payable	4,283.97
21100 · Gift Cards/Store Credit Issued	466.06
23000 · Due to the Bridge	14,320.10
Total Other Current Liabilities	<u>19,070.13</u>
Total Current Liabilities	<u>22,290.49</u>
Total Liabilities	22,290.49
Equity	
32000 · Retained Earnings	179,788.79
Net Income	44,337.61
Total Equity	<u>224,126.40</u>
TOTAL LIABILITIES & EQUITY	<u><u>246,416.89</u></u>

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 10/30/20
 Accrual Basis

The Bridge Restoration Ministry
Profit & Loss
 January through December 2019

	<u>Jan - Dec 19</u>
Ordinary Income/Expense	
Income	
43000 · Fundraising Income	
43100 · Direct Public Grants	93,000.01
43200 · Direct Public Support	275,407.45
43300 · Annual Dinner Income	111,823.34
43400 · Sale of Donated Items	
43450 · Sale of Donated Autos	2,740.00
	<hr/>
Total 43400 · Sale of Donated Items	2,740.00
43600 · Fundraising Event Income	6,116.35
43000 · Fundraising Income - Other	470.57
	<hr/>
Total 43000 · Fundraising Income	489,557.72
43500 · Benevolence Received	100.00
44000 · Interest Earned	5,147.75
47000 · Program Income	
47100 · Program Operations Income	11,458.00
47200 · Catering Income	100,137.68
47300 · Phase I Fees	12,322.00
47400 · Phase II Rent	28,012.00
	<hr/>
Total 47000 · Program Income	151,929.68
	<hr/>
Total Income	646,735.15
Gross Profit	646,735.15
Expense	
60000 · Business Expenses	8,576.07
62000 · Contract Services	
62100 · Human Resources	99.00
62200 · Legal & Accounting Fees	9,387.27
62300 · Administrative	5,104.75
62400 · Information Technology Expenses	360.00
62000 · Contract Services - Other	998.75
	<hr/>
Total 62000 · Contract Services	15,949.77
63000 · Benevolence	2,346.01
64000 · Fund Raising Expenses	13,452.30
65000 · Program Expense	
65100 · Payroll Expenses	233,896.57
65150 · Insurance	20,571.55
65180 · Travel and Meetings	1,673.69
65250 · Annual Banquet Expenses	12,945.57
65280 · Information Technology Expense	3,038.82
65300 · Resident Expenses	
65310 · Drug Testing Expenses	2,809.66
65320 · Food Expenses	11,009.99
65330 · Gifts/Gift Certificates/Rewards	21.74
65340 · Resident Reimbursable Expenses	-570.00
65300 · Resident Expenses - Other	3,370.17
	<hr/>
Total 65300 · Resident Expenses	16,641.56
65500 · Program Operations Expenses	
65520 · Catering Expenses	59,914.43
65530 · Education/Classes Expenses	8,263.57
65540 · Counseling Meeting Expenses	11.00
65500 · Program Operations Expenses - Other	-328.32
	<hr/>
Total 65500 · Program Operations Expenses	67,860.68

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Accrual Basis

The Bridge Restoration Ministry
Profit & Loss
January through December 2019

	<u>Jan - Dec 19</u>
65700 · House Operations Expenses	
65701 · House Repairs & Maintenance	8,516.01
65702 · Rent	115,166.26
65703 · Small Appliances & Furniture Ex	436.10
65704 · House Supplies	5,394.55
65700 · House Operations Expenses - Other	<u>1,511.20</u>
Total 65700 · House Operations Expenses	131,024.12
65750 · Utilities	46,360.88
65800 · Vehicle Expenses	
65810 · Vehicle Fuel Expenses	11,831.36
65820 · Vehicle Maintenance Expenses	2,860.06
65800 · Vehicle Expenses - Other	<u>4,317.08</u>
Total 65800 · Vehicle Expenses	19,008.50
65900 · Volunteer Appreciation Expenses	<u>4,184.78</u>
Total 65000 · Program Expense	<u>557,206.72</u>
Total Expense	<u>597,530.87</u>
Net Ordinary Income	<u>49,204.28</u>
Net Income	<u><u>49,204.28</u></u>

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Cash Basis

The Bridge Restoration Ministry
Profit & Loss
January through December 2018

	<u>Jan - Dec 18</u>
65500 · Program Operations Expenses	
65520 · Catering Expenses	41,602.18
65530 · Education/Classes Expenses	5,339.86
65540 · Counseling Meeting Expenses	150.00
65500 · Program Operations Expenses - Other	21.13
	<hr/>
Total 65500 · Program Operations Expenses	47,113.17
65700 · House Operations Expenses	
65701 · House Repairs & Maintenance	13,798.72
65702 · Rent	109,800.00
65703 · Small Appliances & Furniture Ex	197.00
65704 · House Supplies	5,105.14
65700 · House Operations Expenses - Other	1,554.09
	<hr/>
Total 65700 · House Operations Expenses	130,454.95
65750 · Utilities	37,475.08
65800 · Vehicle Expenses	
65810 · Vehicle Fuel Expenses	9,499.98
65820 · Vehicle Maintenance Expenses	2,622.53
65800 · Vehicle Expenses - Other	4,784.60
	<hr/>
Total 65800 · Vehicle Expenses	16,907.11
65900 · Volunteer Appreciation Expenses	4,399.38
65000 · Program Expense - Other	101.13
	<hr/>
Total 65000 · Program Expense	471,802.44
	<hr/>
Total Expense	526,034.78
	<hr/>
Net Ordinary Income	115,368.90
	<hr/>
Net Income	<u>115,368.90</u>

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Accrual Basis

Second Chance Thrift Store
Profit & Loss
 January through December 2018

	Jan - Dec 18
Ordinary Income/Expense	
Income	
40000 · Gross Sales	
40120 · Ebay Sales	4.11
40130 · Amazon Sales	14,277.96
40000 · Gross Sales - Other	502,088.13
Total 40000 · Gross Sales	516,370.20
40500 · Discounts	
40520 · Store Coupons	-4,901.14
40530 · Green Card Coupon	-2,309.40
Total 40500 · Discounts	-7,210.54
40650 · Misc Income	489.12
Total Income	509,648.78
Cost of Goods Sold	
50000 · Cost of Goods Sold	3,327.90
Total COGS	3,327.90
Gross Profit	506,320.88
Expense	
60000 · Store Operations Expenses	
60100 · Accounting	3,149.25
60200 · Advertising/Promo	14,115.04
60300 · Auto Expense	
60320 · Auto Fuel	4,996.41
60330 · Maint and Repairs	2,841.70
60300 · Auto Expense - Other	516.00
Total 60300 · Auto Expense	8,354.11
60600 · Financial Processing Fees	15,114.85
60800 · Dues & Subscriptions	3,338.77
60900 · Insurance	20,512.92
61200 · Licenses & Fees	1,223.13
61300 · Staff Meals and Rewards	1,074.14
61500 · Office Expenses	1,369.48
61600 · Payroll Expense	
61610 · Cost of Labor MGR	38,000.04
61620 · Hourly Labor	173,200.45
61630 · Employer Taxes	22,157.17
61660 · Employee Misc Pay/Bonuses	375.45
61600 · Payroll Expense - Other	310.00
Total 61600 · Payroll Expense	234,043.11
61800 · Rent	116,597.62
61900 · Repairs/ Maintainance	2,483.94
62000 · Shipping/Delivery Expense	3,117.90
62100 · Store Consumables	13,963.05
62200 · Support Fixtures	734.81
62300 · Utilities	34,161.98
60000 · Store Operations Expenses - Other	3,363.77
Total 60000 · Store Operations Expenses	476,717.87

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Accrual Basis

Second Chance Thrift Store
Profit & Loss
January through December 2018

	Jan - Dec 18
68900 · Depreciation Expense	9,472.00
70100 · Cash-over/short-SCTS	4.16
Total Expense	486,194.03
Net Ordinary Income	20,126.85
Other Income/Expense	
Other Income	
40900 · Other Income	150.00
Total Other Income	150.00
Net Other Income	150.00
Net Income	20,276.85

Second Chance Thrift Store
Balance Sheet
As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
11500 PayPal	498.46
10001 - Rabo Ops Checking - PG 8820	13,308.58
10010 - Rabo Ops Checking - Mry 5995	20,605.18
11000 - Cash Register Drawers	900.00
11010 - Cash Register Drawers Monterey	800.00
Total Checking/Savings	36,112.22
Other Current Assets	
12400 - Transfers to/from Bridge	70,000.00
Total Other Current Assets	70,000.00
Total Current Assets	106,112.22
Fixed Assets	
16000 - Leasehold Improvements	75,589.82
16010 - Leasehold Improvements Monterey	47,977.07
16100 - Furniture and Fixtures	19,385.28
16110 - Furniture and Fixtures Monterey	17,329.62
16200 - Vehicles	5,977.66
16300 - Computers	3,906.09
16400 - Software	152.06
16900 - Accumulated Depreciation	-46,564.00
Total Fixed Assets	123,753.60
Other Assets	
14000 - Security Deposits	8,800.00
Total Other Assets	8,800.00
TOTAL ASSETS	238,665.82
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
22500 - Master Card -SCPG	303.67
Total Credit Cards	303.67
Other Current Liabilities	
21000 - Sales tax payable	4,284.88
21100 - Gift Cards/Store Credit Issued	466.06
23000 - Due to the Bridge	-1.57
Total Other Current Liabilities	4,749.37
Total Current Liabilities	5,053.04
Long Term Liabilities	
29000 - Investment by Bridge	55,306.26
Total Long Term Liabilities	55,306.26
Total Liabilities	60,359.30
Equity	
32000 - Retained Earnings	158,029.67
Net Income	20,276.85
Total Equity	178,306.52
TOTAL LIABILITIES & EQUITY	238,665.82

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 10/31/19
 Cash Basis

The Bridge Restoration Ministry
Profit & Loss
 January through December 2018

	<u>Jan - Dec 18</u>
Ordinary Income/Expense	
Income	
43000 · Fundraising Income	
43100 · Direct Public Grants	106,250.00
43200 · Direct Public Support	283,468.75
43300 · Annual Dinner Income	102,653.19
43400 · Sale of Donated Items	
43450 · Sale of Donated Autos	<u>3,170.00</u>
Total 43400 · Sale of Donated Items	3,170.00
43600 · Fundraising Event Income	1,019.56
43000 · Fundraising Income - Other	<u>259.79</u>
Total 43000 · Fundraising Income	496,821.29
43600 · Benevolence Received	0.00
44000 · Interest Earned	1,253.02
47000 · Program Income	
47100 · Program Operations Income	20,384.00
47200 · Catering Income	94,104.87
47300 · Phase I Fees	3,640.00
47400 · Phase II Rent	25,082.50
47000 · Program Income - Other	<u>118.00</u>
Total 47000 · Program Income	<u>143,329.37</u>
Total Income	<u>641,403.68</u>
Gross Profit	641,403.68
Expense	
60000 · Business Expenses	5,927.49
62000 · Contract Services	
62100 · Human Resources	99.00
62200 · Legal & Accounting Fees	7,529.40
62300 · Administrative	7,800.00
62400 · Information Technology Expenses	330.00
62000 · Contract Services - Other	<u>14,249.00</u>
Total 62000 · Contract Services	30,007.40
62800 · Facilities and Equipment	3,828.00
63000 · Benevolence	43.49
64000 · Fund Raising Expenses	14,425.96
65000 · Program Expense	
65100 · Payroll Expenses	185,656.36
65150 · Insurance	20,831.27
65180 · Travel and Meetings	2,087.46
65250 · Annual Banquet Expenses	9,942.90
65280 · Information Technology Expense	1,460.55
65300 · Resident Expenses	
65310 · Drug Testing Expenses	3,697.61
65320 · Food Expenses	8,173.58
65340 · Resident Reimbursable Expenses	-788.64
65300 · Resident Expenses - Other	<u>4,290.53</u>
Total 65300 · Resident Expenses	15,373.08

10:08 PM
10/31/19
Cash Basis

The Bridge Restoration Ministry
Balance Sheet
As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
10000 · Pinnacle Bank Checking 0402	178,587.30
10010 · Pinnacle Bank Money Market 0724	381,780.77
10020 · Pinnacle Bank Lt Checking 1938	750.80
10075 · LPL Financial - Investment Acct	9,615.93
11000 · PayPal	24,874.27
Total Checking/Savings	595,609.07
Accounts Receivable	
11200 · Accounts Receivable	0.68
Total Accounts Receivable	0.68
Other Current Assets	
11500 · Reimbursements Receivable	31.36
12000 · Transfers to/from Second Chance	-70,000.00
12001 · Undeposited Funds	18,840.38
Total Other Current Assets	-51,128.26
Total Current Assets	544,481.49
Fixed Assets	
15000 · Furniture and Equipment	33,414.47
15100 · Automobiles	5,573.15
15400 · Accumulated Depreciation	-27,282.00
Total Fixed Assets	11,705.62
Other Assets	
13100 · Thrift Store Invstmt Fremont St	55,306.26
13900 · Note Receivable	1,600.00
14000 · Kelso Educational Schlrship	3,075.75
14010 · Van Funds	2,178.27
14015 · Culinary Training Program Fund	5,000.00
18600 · Assets	
18700 · Security Deposits	2,640.00
Total 18600 · Assets	2,640.00
Total Other Assets	69,800.28
TOTAL ASSETS	625,987.39
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20001 · Accounts Payable	-0.02
Total Accounts Payable	-0.02
Credit Cards	
20000 · Pinnacle Credit Card	252.73
Total Credit Cards	252.73

10:08 PM
10/31/19
Cash Basis

The Bridge Restoration Ministry
Balance Sheet
As of December 31, 2018

	<u>Dec 31, 18</u>
Other Current Liabilities	
20010 · Kelso Educational Scholarship	3,075.75
20020 · Van Fund	2,178.27
20025 · Culinary Training Progam Fund	5,000.00
20030 · Sales Tax	-188.19
25500 · Sales Tax Payable	1,158.83
	<hr/>
Total Other Current Liabilities	11,224.66
	<hr/>
Total Current Liabilities	11,477.37
	<hr/>
Total Liabilities	11,477.37
	<hr/>
Equity	
31500 · Temp. Restricted Net Assets	10,254.02
32000 · Unrestricted Net Assets	488,887.10
Net Income	115,368.90
	<hr/>
Total Equity	614,510.02
	<hr/>
TOTAL LIABILITIES & EQUITY	<u>625,987.39</u>

The Bridge Restoration Ministry
Balance Sheet
 As of December 31, 2017

	Dec 31, 17
ASSETS	
Current Assets	
Checking/Savings	
10000 · Pinnacle Bank Checking 0402	72,521.74
10010 · Pinnacle Bank Money Market 0724	330,532.87
10020 · Pinnacle Bank Lt Checking 1938	412.43
10075 · LPL Financial - Investment Acct	100.00
11000 · PayPal	8,370.86
Total Checking/Savings	411,937.90
Other Current Assets	
11400 · Due from Second Chance	21,608.77
11500 · Reimbursements Receivable	788.44
12000 · Transfers to/from Second Chance	-70,000.00
12001 · Undeposited Funds	51,609.27
Total Other Current Assets	4,006.48
Total Current Assets	415,944.38
Fixed Assets	
15000 · Furniture and Equipment	33,414.47
15100 · Automobiles	5,573.15
15400 · Accumulated Depreciation	-19,374.00
Total Fixed Assets	19,613.62
Other Assets	
13100 · Thrift Store Invstmt Fremont St	70,000.00
13900 · Note Receivable	1,600.00
14000 · Kelso Educational Schlrship	2,375.75
14005 · Training Funds	4,200.89
14010 · Van Funds	2,178.27
14015 · Culinary Training Program Fund	6,575.09
18600 · Assets	
18700 · Security Deposits	2,640.00
Total 18600 · Assets	2,640.00
Total Other Assets	89,570.00
TOTAL ASSETS	525,128.00
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20001 · Accounts Payable	-0.02
Total Accounts Payable	-0.02
Credit Cards	
20000 · Pinnacle Credit Card	6,576.90
Total Credit Cards	6,576.90
Other Current Liabilities	
20010 · Kelso Educational Scholarship	2,375.75
20015 · Training Fund	4,200.89
20020 · Van Fund	2,178.27
20025 · Culinary Training Progam Fund	6,575.09
Total Other Current Liabilities	15,330.00
Total Current Liabilities	21,906.88
Total Liabilities	21,906.88

12:03 PM
10/29/18
Cash Basis

The Bridge Restoration Ministry
Balance Sheet
As of December 31, 2017

	<u>Dec 31, 17</u>
Equity	
31500 · Temp. Restricted Net Assets	15,330.00
32000 · Unrestricted Net Assets	302,190.66
Net Income	<u>185,700.46</u>
Total Equity	<u>503,221.12</u>
TOTAL LIABILITIES & EQUITY	<u><u>525,128.00</u></u>

Second Chance Thrift Store
Balance Sheet
As of December 31, 2017

	<u>Dec 31, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
11500 PayPal	3,498.46
10001 · Rabo Ops Checking - PG 8820	26,192.29
10010 · Rabo Ops Checking - Mry 5995	14,021.68
11000 · Cash Register Drawers	900.00
11010 · Cash Register Drawers Monterey	800.00
Total Checking/Savings	<u>45,412.43</u>
Other Current Assets	
12400 · Transfers to/from Bridge	70,000.00
12700 · Reimbursement Receivable	937.50
Total Other Current Assets	<u>70,937.50</u>
Total Current Assets	116,349.93
Fixed Assets	
16000 · Leasehold Improvements	75,589.82
16010 · Leasehold Improvements Monterey	47,977.07
16100 · Furniture and Fixtures	19,385.28
16110 · Furniture and Fixtures Monterey	17,329.62
16200 · Vehicles	5,977.66
16300 · Computers	3,906.09
16400 · Software	152.06
16900 · Accumulated Depreciation	-26,786.00
Total Fixed Assets	<u>143,531.60</u>
Other Assets	
14000 · Security Deposits	8,800.00
Total Other Assets	<u>8,800.00</u>
TOTAL ASSETS	<u><u>268,681.53</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
22500 · Master Card -SCPG	4,353.85
Total Credit Cards	<u>4,353.85</u>
Other Current Liabilities	
21000 · Sales tax payable	3,917.18
21100 · Gift Cards/Store Credit Issued	466.06
23000 · Due to the Bridge	21,608.77
Total Other Current Liabilities	<u>25,992.01</u>
Total Current Liabilities	30,345.86
Long Term Liabilities	
29000 · Investment by Bridge	70,000.00
Total Long Term Liabilities	<u>70,000.00</u>
Total Liabilities	100,345.86
Equity	
32000 · Retained Earnings	145,547.33
Net Income	22,788.34
Total Equity	<u>168,335.67</u>
TOTAL LIABILITIES & EQUITY	<u><u>268,681.53</u></u>

The Bridge Restoration Ministry
Profit & Loss
 January through December 2017

	Jan - Dec 17
Ordinary Income/Expense	
Income	
43000 · Fundraising Income	
43100 · Direct Public Grants	66,170.95
43200 · Direct Public Support	401,396.20
43300 · Annual Dinner Income	85,278.00
43400 · Sale of Donated Items	933.00
43600 · Fundraising Event Income	360.00
43000 · Fundraising Income - Other	6,321.58
	560,459.73
Total 43000 · Fundraising Income	560,459.73
43500 · Benevolence Received	5,256.00
44000 · Interest Earned	559.79
47000 · Program Income	
47100 · Program Operations Income	25,012.00
47200 · Catering Income	12,962.94
47300 · Phase I Fees	8,785.00
47400 · Phase II Rent	23,302.25
	70,062.19
Total 47000 · Program Income	70,062.19
Total Income	636,337.71
Gross Profit	636,337.71
Expense	
60000 · Business Expenses	5,728.94
62000 · Contract Services	
62100 · Human Resources	2,687.08
62200 · Legal & Accounting Fees	8,066.25
62300 · Administrative	7,800.00
62400 · Information Technology Expenses	390.00
	18,943.33
Total 62000 · Contract Services	18,943.33
63000 · Benevolence	8,131.39
64000 · Fund Raising Expenses	13,873.07
65000 · Program Expense	
65100 · Payroll Expenses	157,120.51
65150 · Insurance	24,025.74
65180 · Travel and Meetings	581.23
65250 · Annual Banquet Expenses	10,543.57
65280 · Information Technology Expense	3,334.52
65300 · Resident Expenses	
65310 · Drug Testing Expenses	2,337.81
65320 · Food Expenses	9,954.82
65330 · Gifts/Gift Certificates/Rewards	501.77
65340 · Resident Reimbursable Expenses	2,072.00
65300 · Resident Expenses - Other	1,793.52
	16,659.92
Total 65300 · Resident Expenses	16,659.92
65500 · Program Operations Expenses	
65520 · Catering Expenses	4,478.96
65530 · Education/Classes Expenses	5,339.14
65540 · Counseling Meeting Expenses	534.80
	10,352.90
Total 65500 · Program Operations Expenses	10,352.90

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Cash Basis

The Bridge Restoration Ministry
Profit & Loss
January through December 2017

	<u>Jan - Dec 17</u>
65700 · House Operations Expenses	
65701 · House Repairs & Maintenance	7,829.66
65702 · Rent	109,800.00
65703 · Small Appliances & Furniture Ex	578.28
65704 · House Supplies	5,248.67
65700 · House Operations Expenses - O...	1,354.11
	<hr/>
Total 65700 · House Operations Expenses	124,810.72
65750 · Utilities	37,313.34
65800 · Vehicle Expenses	
65810 · Vehicle Fuel Expenses	8,792.11
65820 · Vehicle Maintenance Expenses	3,064.61
65800 · Vehicle Expenses - Other	3,972.00
	<hr/>
Total 65800 · Vehicle Expenses	15,828.72
65900 · Volunteer Appreciation Expenses	3,389.35
65000 · Program Expense - Other	0.00
	<hr/>
Total 65000 · Program Expense	403,960.52
	<hr/>
Total Expense	450,637.25
	<hr/>
Net Ordinary Income	185,700.46
	<hr/>
Net Income	185,700.46
	<hr/> <hr/>

Second Chance Thrift Store
Profit & Loss
 January through December 2017

	Jan - Dec 17
Ordinary Income/Expense	
Income	
40000 · Gross Sales	
40120 · Ebay Sales	7,708.26
40130 · Amazon Sales	6,326.72
40000 · Gross Sales - Other	517,790.08
Total 40000 · Gross Sales	531,825.06
40500 · Discounts	
40520 · Store Coupons	-25,129.11
40530 · Green Card Coupon	-1,336.70
Total 40500 · Discounts	-26,465.81
40650 · Misc Income	933.81
Total Income	506,293.06
Cost of Goods Sold	
50000 · Cost of Goods Sold	2,282.06
Total COGS	2,282.06
Gross Profit	504,011.00
Expense	
60000 · Store Operations Expenses	
60100 · Accounting	3,388.00
60200 · Advertising/Promo	37,097.46
60300 · Auto Expense	
60320 · Auto Fuel	5,136.54
60330 · Maint and Repairs	4,386.55
60300 · Auto Expense - Other	1,580.19
Total 60300 · Auto Expense	11,103.28
60400 · Bank Charges/Fees	74.00
60500 · Building & Grounds Improv	336.00
60600 · Financial Processing Fees	10,428.58
60800 · Dues & Subscriptions	7,493.60
60900 · Insurance	
60930 · Insurance - Workers Comp	17,654.05
Total 60900 · Insurance	17,654.05
61200 · Licenses & Fees	763.83
61300 · Staff Meals and Rewards	1,145.34
61400 · Meeting & Travel Expenses	18.00
61500 · Office Expenses	2,000.23
61600 · Payroll Expense	
61610 · Cost of Labor MGR	40,560.04
61620 · Hourly Labor	149,378.55
61630 · Employer Taxes	20,877.31
Total 61600 · Payroll Expense	210,815.90
61700 · Staff Training	197.00
61800 · Rent	126,673.00
61900 · Repairs/ Maintainance	1,076.78
62000 · Shipping/Delivery Expense	3,828.92
62100 · Store Consumables	12,736.68
62200 · Support Fixtures	1,215.34
62300 · Utilities	32,698.28

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10/29/18
Accrual Basis

Second Chance Thrift Store
Profit & Loss
January through December 2017

	<u>Jan - Dec 17</u>
60000 · Store Operations Expenses - O...	<u>178.97</u>
Total 60000 · Store Operations Expenses	480,923.24
70100 · Cash-over/short-SCTS	<u>299.42</u>
Total Expense	<u>481,222.66</u>
Net Ordinary Income	<u>22,788.34</u>
Net Income	<u><u>22,788.34</u></u>

FOLLOW-ON QUESTIONS – BRIDGE MISISTRY

December 21, 2020

- The Bridge is a small organization. It is currently dependent on three key leaders and the maintenance of a stable flow of funds. The interruption of either could be fatal to the LCM project. Please address the questions below.
- What plans do you have in the event any of the 3 leaders become unavailable? Is there a contingency plan to address temporary leadership absences? Do you have an organizational succession plan that addresses the permanent departure of any one of the leaders?
- What happens if sales at LCM take longer to return to historical levels? What has been your organization's experience during economic recessions (e.g., 2008)? What were the impacts on revenue/volumes and how did you respond? How might another recession affect your ability to continue operating the LCM?
- Related: What were the expectations for the Monterey site? How did things develop differently than expected? What was your organization's response and what insight does that give you into approaching the LCM project?
- Please provide a 3–5 year proforma financial projection for the LCM operation. Identify key revenue and cost elements in sufficient detail so that the District can gain a better understanding of your operating assumptions. This includes a staffing breakout and related costs and major non-personnel expense assumptions. We recognize that these are projections based on your current understanding of how you will operate the LCM and that assumptions may change once operations begin.
- Please provide further detail on your expected compensation and benefit structure for the various staffing positions that you envision for this operation? Please provide an organizational chart that represents how your entire organization will incorporate management of the LCM.
- How do you see your current customer base being the same and/or different from the customers at the LCM? How do you plan to address any differences? Specifically, how might dealing with a predominantly Spanish-speaking customer base require different customer interaction practices? Also, describe whether you anticipate the LCM customer base might require pricing strategies that differ from current your practices.
- Due to the varying customers and the facility lay-outs, how does Second Chance envision the operational relationship between the various locations?

During the past four years the Bridge has begun to put the structure and personnel in place that allows for better stability of operations. We do not have any written plans to address any short term or long-term absence of Bridge management. For the short-term case absences of up to one month have been addressed. As a small organization we are able to utilize our standing schedules and operations meetings to evaluate all duties that need to be covered during the absence. We have increased both Bridge and Second Chance employees that allow us to better continue operations during these short-term absences. We do not currently have a succession plan to address the permanent departure of the Executive Director, Program/ Store Manager, or the Director of Operations.

To address what would happen if LCM sales take longer to return to historical levels the operations of the Monterey Store are relevant. The Monterey store operations and monthly expenditures were set based on monthly income projections knowing that it was going to take months to reach those levels. Over time it became apparent that the income levels were going to be roughly 66% of projections so adjustments in expenditures were necessary. Labor costs were adjusted, hours were reduced, and a temporary reduction in rent was negotiated until the monthly loss from the store was bearable. It should be noted that although the stores are treated as businesses we run them to be a vocational program. We do try to break even on a store by store basis but first and foremost as long as the vocational aspects of the enterprise are advanced, and the financials fit within the overall budget, the entity is allowed to continue. That said, as we stated in our response to the RFQ, our ability to absorb large scale losses, hundreds of thousands of dollars, is limited. The losses at the Monterey store were much smaller but we were in the process of finding alternatives to the Monterey store that advanced the vocational aspects of the program and would be a better financial fit. The PG store was opened in 2012 so did not experience the 2008 recession but also had to go through a growth process before it became self-sufficient.

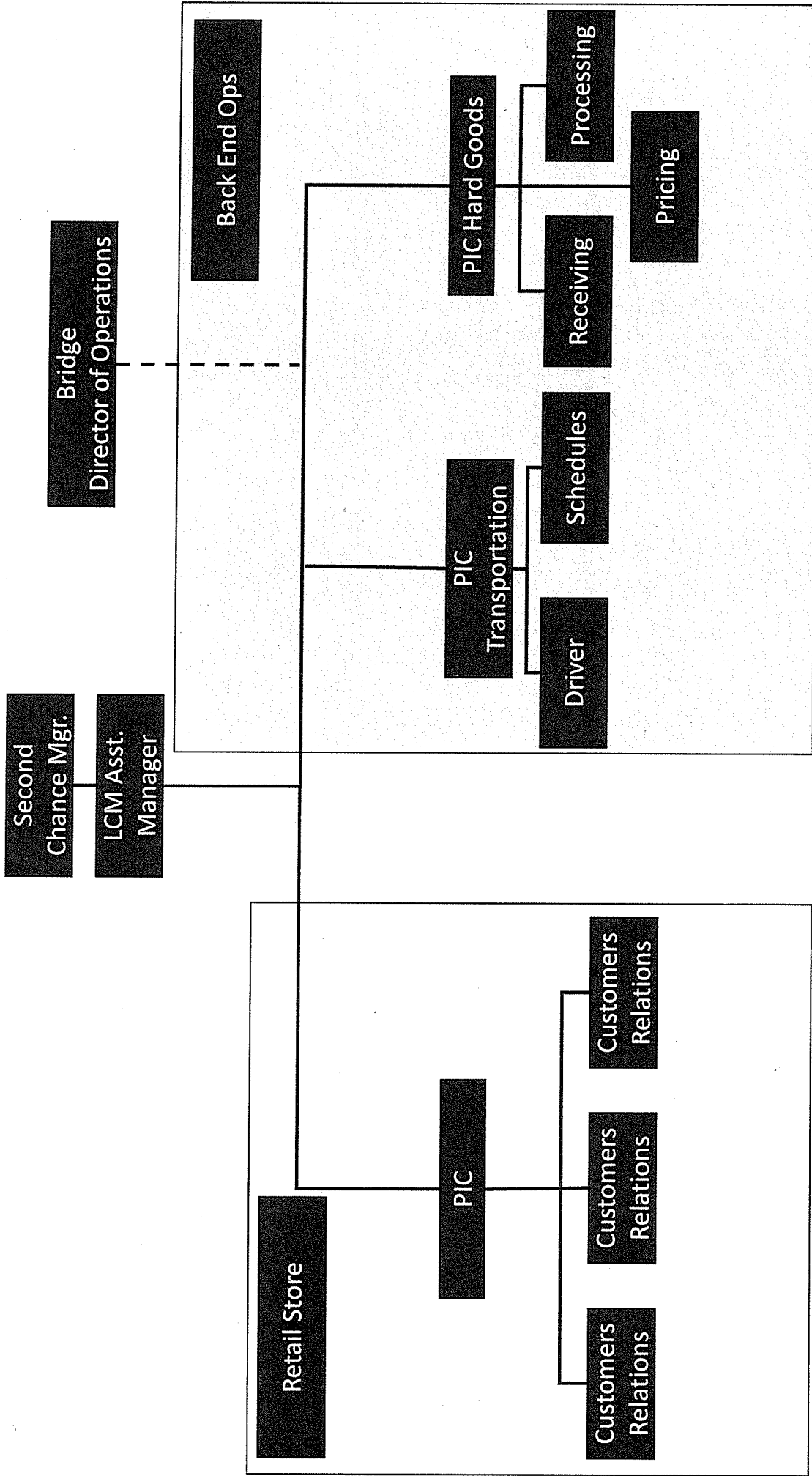
We have generated rough financial figures based on our current operations and the financials provided for LCM.

- Income estimates were set at \$800K based on the historical numbers for LCM.
- Expenditures were broken into three areas.
 - The first is fixed costs defined as costs that are a set amount regardless of location. The point of sale system and advertising would be two examples of these costs.
 - The second area are the location specific costs defined as those costs that need to be negotiated with the landlord, rent and some utilities being the major aspects.
 - The third area is labor costs.
- Based on our current store locations we are estimating costs to be:
 - Fixed costs to be \$61K
 - Location specific costs to be \$87K
 - This leaves approximately \$650K for labor costs to break even on revenue of \$800K.
 - We expect to employ 10 FTE at LCM at an average hourly rate of \$20/hr with the burdened rate being 15% higher than the hourly rate.
 - The hourly average rate for all Second Chance employees would be at increased to the same level.

- The overall labor burden increase would be \$600K due to LCM operations.
- We are projecting revenues to grow by 10% per year during the second and third years which would allow us to increase efforts in the reutilization areas primarily by increasing labor.

There will certainly be an overlap in the customer base between SC PG and LCM. Using the Monterey store as a guide we expect that there will also be some differences. The PG store has always had a fairly large percentage of tourist customers that frequent the store that helps increase the per sales amount over what was experienced in Monterey. Using this as a model we would set the item mix so the average cost per item is higher in PG than in LCM to accommodate the differences in customers. There will still be a mix of costs of items but on average PG will be skewed higher. Additionally, the mix of items is expected to be somewhat different but the mix will develop based on sales trends. The Monterey store usually has a higher percentage of Spanish speaking customers so the bi-lingual employees and vocational program participants are split between the two stores with this in mind.

Overall operations would take advantage of the large, flat, outdoor space at LCM so most hard goods product processing would be moved to LCM allowing us to increase the sales space at PG where we have historically higher per item sales. Donation drop-offs would be taken at both locations. The POS system, and employee input, would be utilized to gauge what types of items are needed in each location and these items would be moved to each location based on those demand signals. We envision that the same pricing scheme, a reduction of price based on length of time on the floor, will be utilized in both locations. This reduces the amount of on the spot bargaining while still allowing customers to "get a deal". The same POS system would be utilized at both locations which would enable customers to redeem loyalty points at either location.





Veterans Transition Center of Monterey County

November 30, 2020

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ADMINISTRATION

Chief Executive Officer

Kurt Schake, PhD

Chief Financial Officer

J. Alan Fagan

Statement of Interest, Last Chance Mercantile

In Response to the Request for Qualifications, October 21, 2020

Dear MRWMD,

Please accept this package as a formal statement of interest by the Veterans Transition Center of Monterey County (VTC) to operate the Last Change Mercantile (LCM).

VTC seeks this partnership to serve the mission of MRWMD of turning waste into resources, as well as our own mission to empower Veterans to move from crisis to self-sufficiency. This package describes our vision for LCM to become "the premier provider of resale items in Monterey County."

This submission has three parts:

- Proposed Operation of LCM.
- Pro Forma LCM Program Cash Flow
- VTC Statement of Revenue and Expenses for three years

✓ The first document follows the RFQ point by point and covers all topics requested for submission.

On behalf of the VTC's Veterans, Board of Directors, and staff, I pledge our utmost commitment to this LCM project. This formal partnership between MRWMD and VTC will serve LCM clients, local Veterans, and the Monterey regional community.

v/r,

Kurt W. Schake, PhD
Chief Executive Officer

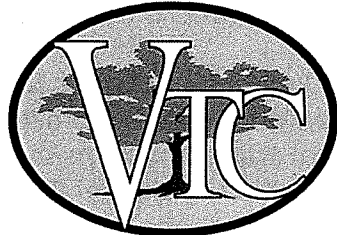
The Veterans Transition Center of Monterey County is a 501(c) (3) public charity. Tax ID # 77-0431413

Martinez Hall, 220 Twelfth Street
Marina, CA 93933-6001

www.vtcmonterey.org

Phone: (831) 883-VETS
Fax: (831) 883-3024

Veterans Transition Center
Proposed Operation of the Last Chance Mercantile
30 Nov 2020



Veterans Transition Center
of Monterey County



EXECUTIVE SUMMARY –

The Veterans Transition Center of Monterey County (VTC) seeks to operate the Last Chance Mercantile (LCM) as the best value competitor and offers the following reasons to justify our partnership:

1. **Financial Stability** – VTC has been in business for 23 years. We have a diverse federal, state, and local government revenue stream of 22 sources including contracts, grants, rental income, and donations. We have an approved lines of credit with Wells Fargo and 1st Capital Bank, controlled by our Board of Directors, to solve any short-term cash flow problems. VTC controls three federal Health & Human Services (HHS) properties in Marina, one of which HHS allows us to purchase at any time, with a current net value of \$700,000 after the purchase.
2. **Project Governance Review 2020** – The VTC Board of Directors conducted a complete Governance Review in 2020 with the help of the Stanford Law School (SLS). Under the supervision of Jay A. Mitchell, Professor of Law, (jmitchell@law.stanford.edu or (650) 724 – 0014), SLS prepared governance documents including Governance Overview, Amended and Restated Bylaws, Committee Charters, Governance Policies, and Annual Conflict of Interest forms. Using ZOOM meetings during the Corona-19 Virus Pandemic, VTC's Board of Directors reviewed and unanimously approved these documents. VTC's governance documents remain in full compliance with federal and California laws. VTC has the Gold Standard of Governance Documents.
3. **Increase Last Chance Mercantile Revenue** – If selected, VTC's goal is to increase revenue by 5% during our first year of operation through the following methods:

Supply – VTC will partner with stores in local shopping centers to pick up returned items or low-volume sales items; ask our local Veterans of Foreign Wars (VFW) Post partners to have shipping container donation stations on their property; and establish and advertise a free residential pick-up service.

Inventory – VTC will date tag donated items for real-time tracking.

Distribution – Provide our partner, Disabled American Veterans (DAV) Fresno, any items that have not sold in 60 days for sale and profit sharing in their Fresno DAV Thrift Store; provide local artists any items they have tagged that have not sold in 30 days for a donation amount of their choice.

- 4. Leverage Partnerships** – VTC has a long history of leveraging partnerships to provide additional resources to empower Veterans to move from crisis to self-sufficiency. The table below provides a few examples.

VTC Partner	Value-Added Resources
The Mattox Group	Co-located in VTC's Martinez Hall Headquarters, provides financial & human resources consulting, and jobs to clients and alumni.
VTC Alumni	Our Alumni pay forward by volunteering to teach clients computer skills, operate our Food Pantry, participate in AA and NA meetings, and help conduct our biennial Homeless Veteran Stand Down event.
Local VFW Posts	Five Local VFW Post members volunteer to fill 15 key Committee Chief roles to manage 500 volunteers providing services to 452 Homeless Veterans and their spouses, children and pets from 14 CA Counties at our 3-day Monterey County Stand Down Event.
Defense Language Institute	Provides 4-5 Active Duty Service men or women volunteers weekly to tackle any task at hand including sorting, inventory, and displaying clothing and household goods in Martinez Hall.
EAH	San Rafael, CA-based Non-Profit writing grants and obtaining funds to construct Lightfighter Village, a 3-story, 71-unit, low-income permanent housing apartment building to house Homeless Veterans on VTC's property. Estimated construction start date is 2022.
PK Consultants, Inc	Alameda, CA-based company obtaining government approvals and funding to construct a VTC Veterans Services Center of Excellence and 80 permanent housing units for Homeless Veterans and families on VTC's 32,500 sf leased building at the former VA Clinic in Seaside, CA. We have 14 local agencies requesting space to provide services and jobs including Dentistry4Vets and Meals on Wheels.
Trader Joes	Provides donated food to the VTC Food Pantry weekly.
Bimbo Bakeries USA	Provides donated bread and baked goods to the VTC Food Pantry weekly.

- 5. Support Local Community** – During the Pandemic, VTC provides drive-through food pick-up services on Wednesdays to the entire community. Approximately 20% of the recipients were Active Duty Service members. Monthly we open our parking lot to the Food Bank for Monterey County for use as one of their distribution hubs. The Food Bank provides quality food, fresh produce, and educational and nutritional resources at the VTC site where hundreds of local residents fill our parking lot to pick up and further

distribute food to families in need. We plan to offer Quarterly Clothing Issue to District residents in need of one set of clothing for their entire family for \$1.00. This LCM project will allow VTC to fulfill a long-term goal and to heighten our impact on the local community.

- 6. Revenue Sharing** – VTC’s preliminary budget for the Last Chance Mercantile Partnership includes a line for 10% of net revenue after operating expenses to be jointly controlled with the MRWMD Board and Management as may be necessary to maintain and support the continued facilities, site, operations, and mission of the LCM.
- 7. Support Homeless and Disabled Veterans** – Eight members of VTC’s Board of Directors or Staff are Service-Disabled Veterans. For over two decades, VTC has provided proven programs that help Homeless Veterans, many of whom are disabled, recover from service-related mental and physical problems and return to society as a productive citizen. Our success rate exceeds 90% of those formerly Homeless Veterans who enter our programs and graduate.

What follows is a point-by-point alignment with the RFQ to explain VTC's of our interests, qualifications, and vision for the LCM partnership with the MRWMD.

1.0 Introduction

1.1 Purpose

The Veterans Transition Center of Monterey County (VTC) is excited about forming a Partnership with WRWMD to accomplish both our missions and to benefit both partners financially. VTC is a qualified 501(c)3 organization, which can offer donors tax-deductible receipts. For several years VTC has had a goal of expanding our current donated items of clothing, furniture, and household goods operation by opening a Thrift Store. LCM would enable us to achieve this goal.

2.0 Services Sought from the Partners

The District seeks long-term partners to operate the LCM store. VTC understands that, as the District's partner, we will be expected to handle and sell material diverted by the District staff from the active waste stream and accept donations from the general public. VTC will make recovered material available for resale at the LCM and our existing operations in our headquarters in Marina. In addition, VTC has an agreement with a Fresno DAV Thrift Store, where they make a weekly truck pick-up of donated items, which we either have in excess or cannot use. We understand the District may make ready-for-resale landscape products, subject to a resale agreement. VTC understands, that if we are selected as the Partner, we will not be asked to handle electronic waste or operate a California Refund Value Program (CRV Buy-Back program).

VTC is committed to supporting the District's waste reduction mission, and we understand we may serve other objectives beyond this purpose. If we identify another objective, VTC will negotiate that objective in good faith with the District prior to implementing it. Furthermore, the District will entertain operating models that differ from historical practices including staffing, retail strategies, service mix, or other aspects in which we are interested. We discuss our proposed ideas on these topics later in this proposal. Our operations will conform with best practices related to COVID-19 safety. VTC has formal written safety procedure for staff, residents, and visitors, which comply with all health protocols of the federal, state, and county agencies. These practices have proven to be both safe and effective. With 25 staff members and more than 100 residents, who are living in housing facilities with common bath rooms, living rooms and kitchens, VTC's business practices will conform with all local and federal laws and be compatible with operations on a governmental agency's property.

3.0 Services Provided by the District

The District will make available the current LCM facility including the building, operations yard and parking areas described in Section 1 above. VTC understands that the site only has one main meter, and the District will also provide utilities. Utilities are a large percentage of VTC's current budget, and we understand our responsibility to conserve utilities. The District will maintain these facilities in a safe and legally compliant working conditions and make infrastructure improvements that are deemed necessary by District staff, in consultation with Partners. We understand that the District already has a large Capital Improvement requirement and LCM improvements will take time. VTC has developed a preliminary infrastructure project priority list to support our proposed operational concept. This preliminary priority list includes the following:

1. Heat for current building.
2. Metal Sea Shipping Container for a bike shop.
3. Metal Sea Shipping Container for donated paint.
4. Metal Sea Shipping Containers for remote site donation drop off to increase sales volume; if selected, VTC will research the possibility of Veterans of Foreign Wars organizations in Seaside, Spreckels, Hollister, and King City storing donations for pick-up by one of our trucks.

The District is open to discussion regarding Partner's use of other District assets, such as forklifts or other equipment, when used in the delivery of services. VTC does not intend to hire Forklift Operators; we view that as a Union position. Instead, we plan to establish an electronic Service Order system with the District to request a Forklift or other heavy equipment with operator and intend to pay the District for the cost of those Service Orders. If selected, we intend to negotiate with the District, using their experience to determine the historical workload data for operators and use that information to help establish our Annual LCM Budget.

4.0 VTC Intent

4.1 Enquiries

VTC will comply with the requirement to direct all RFQ enquiries, in writing, to the email LCMRfq@MRWMD.org. VTC understands the Government requirements once an RFQ or Request for Proposal (RFP) is issued to the public that we are not to attempt to get ANY information from the staff of that organization by any means other than the official Point of Contact.

4.2 Closing Date

Qualified organizations have the option of submitting responses via email, standard mail or personal delivery. The District must receive all submittals no later than 1:00 PM, Pacific Time, on Monday November 30, 2020. If hardcopies

are provided, include one unbound original and three copies, and one electronic copy on a USB Flash drive.

4.3 Late Responses

VTC understands that the District will only accept late responses if the District has provided a written extension no later than 24 hours in advance of the Closing Date.

4.4 Review Committee

The District's senior Leadership Team will review all RFQ submissions.

4.5 Review and Selection

VTC understands that this RFQ is being used for pre-qualification purposes. We look forward to engaging in follow-up discussions about the details of our RFQ response. If an RFP is issued, the District will provide qualified respondents with a copy. Alternately, the District could choose to negotiate directly with qualified Partners in order to achieve the District's outcome. VTC looks forward to these negotiations in order to re-open the LCM as quickly as possible. We understand the District staff will present a range of options to the District's Board of Directors to achieve the resumption of LCM operations. Furthermore, we understand that any proposed operational concepts in our response to this RFQ is subject to negotiation and approval by the District Board and Staff.

4.6 Signed Responses

As outlined in VTC's Board of Directors 2020 revision of Bylaws and Operations documents, prepared with the assistance of Stanford University, VTC's Chief Executive Officer, Dr. Kurt Schake, will sign our RFQ response.

5.0 Evaluation Criteria

VTC understands and accepts without any equivocation that the District will evaluate our RFQ response based on the criteria described in Paragraph 5.1 through 5.6 below.

5.1 Understanding of and Commitment to the RFQ Requirements and Business Objectives

VTC understands and is fully committed to partner with the District to achieve the RFQ requirements and business objectives. The LCM provides a vital service by minimizing the volume of material that has to be placed in the Sanitary Landfill. An effective LCM operation will not only enhance recycling and reuse of material

but will prolong the life of the existing landfill. We are excited about the prospect of hiring experienced former LCM employees who wish to return, and of the possibility of providing our formerly Homeless Veterans employment opportunities, especially Disabled Veterans, to continue their recovery and return to society through a meaningful job. We are especially interested in former LCM employees who have experience pricing items and negotiating prices with customers.

5.2 Experience Providing RFQ Types of Services

VTC has over ten years of experience receiving donated furniture, clothing, and household goods; separating and stocking those items by type and size; and issuing them to our formerly Homeless Veteran clients, their spouses and children, and any Alumni from our proven recovery programs. One value-added feature of our experience is using Volunteers to operate our store to reduce costs and improve efficiency and service. We routinely get Active-Duty Military Volunteers from the Defense Language Institute to help us run our programs.

Since 2010, VTC has been the lead organization in hosting the biennial Monterey County Homeless Veteran Stand Down, a 3-Day event conducted by approximately 500 Volunteers. We have held our Stand Downs at the Salinas Rodeo Grounds, a former Fort Ord Military Motor Pool, and lately at the Monterey County Fairgrounds. VTC's Board of Directors postponed our 2020 Stand Down until 2021 due to the COVID-19 Virus Pandemic. One of the Key Features of our Stand Down has been clothing issue, where our Volunteers set up what appears to be a COSTCO Store in a facility about the size of the LCM. Volunteers escort each client helping them find the items they want.

If selected, VTC's Operations Plan includes holding a Clothing Issue Day on the last Saturday of every Quarter, where District residents, who are struggling financially, can get a set of clothing for their entire family for \$1.00.

5.3 Proven Ability to Develop and Sustain New Programs and/or Services

When VTC began 23 years ago, our only program was a Clean and Sober, two-year recovery program. We have had, and continue to have, great success with that program. Our definition of success is that one year out of program a client is permanently housed and, if physically able, holds a job. Over this period, our maximum capacity was 58 formerly Homeless Veterans. We funded this program through a VA Grant Per Diem Grant, which had to be re-competed every year.

As mentioned above, VTC is the lead organization for the bi-annual, 3-day Monterey County Stand Down. In 2010, VTC established this program from scratch and mobilized approximately 500 volunteers to provide 452 Homeless Veterans, their spouses, children and pets a wide range of services including: clothing, food, shelter, Judges and Courts, legal assistance, veteran benefits

counseling, showers, haircuts, medical, dental, and podiatry services; eye glasses and hearing aids, and pet care services.

During the past four years, VTC has proven its ability to develop and sustain new programs and services. We now house, feed, and clothe 98 formerly homeless veterans, four spouses, 11 children and numerous pets. Basically, we have doubled our capacity.

VTC established and is sustaining the following new programs:

- VA Permanent Supportive Housing (2017)
- VA Clinical Treatment Program and Bridge Housing Program (2018)
- VA Emergency Residential Services Contract (2019)
- CA CDCR Residential Transition Program (2020)

All of these program developments required hiring new staff with different skill sets, implementing new written policies and procedures, training staff, tracking new funding stream sources, and developing new reports and reporting procedures.

5.4 Evidence

5.4.1 Evidence of Financial Stability

VTC has operated in Marina for over two decades. We have a diverse federal, state, and local government revenue stream of 22 sources including contracts, grants, and donations. We have two approved lines of credit with Wells Fargo Bank and 1st Capital Bank, both of which are controlled by our Board of Directors, to solve any unforeseen short-term cash flow problems. VTC controls Federal Health & Human Services (HHS) property in Marina, which HHS has promised we can purchase at any time, with a current net value of \$700,000 after the purchase.

During the past four years, VTC has made a significant improvement in the diversity of our revenue streams and funding sources, which now include VA and HUD federal grants, a VA federal contract, a California State agreement, County and City grant programs, and facility rental. Table 5.4-1 identifies our current revenue sources and per cent of Total Revenue.

Revenue Stream	% of Total Revenue
Contributions and Donations	2.95%
Fundraising Activities & Events	3.69%
HUD Operations & Life Skills Grant	2.54%
HUD Case Management Grant	3.41%
VA Per Diem Grant	32.44%
VA VASH Sustaining Grant	3.84%
VA Emergency Residential Services Contract	13.44%
California CDCR Housing Agreement	12.59%
Monterey County Stand Down Grant	1.54%

Corporate and Business Grants	0.15%
Foundation and Trust Grants	5.37%
VHV Innovative Program Grant Round 5	5.28%
VHV Innovative Program Grant Round 6	7.52%
VHV Other Grants	0.77%
Grant Per Diem Rents	0.23%
HUD VASH Rents	3.68%
Martinez Hall Rents	0.66%

Table 5.4-1: Revenue Stream Diversity.

VTC continually explores new Revenue Streams to improve our Financial Stability.

For the first time in 2020, we achieved a \$3.2 Million budget. For the past five years, VTC has partnered with EAH, a San Francisco-based Non-Profit, to raise funds to build a 71-unit Permanent Housing Apartment building for our Homeless Veterans on federal HHS land currently under our control. The current date of Beneficial Occupancy is 2023. In 2019, VTC was awarded an Enhanced Use Lease (EUL) to develop the former VA Clinic in Seaside, CA. We plan to develop this 35,200 sf facility into a Veterans Services Center of Excellence and build additional Permanent Housing for Homeless Veterans and Veterans at risk of becoming homeless, as well as their families. We are still in the early stages of preparing and submitting the documentation to the VA for a 75-Year Lease on this property. VTC’s new development partners in this project have stated their goal of completing this project at no cost to VTC.

5.4.2 Evidence of Ability to Sustain a Long-Term Program

VTC has demonstrated an ability to sustain a Long-Term Program. Examples include:

- Sustained a Clean & Sober Recovery Program for 23 Years.
- Sustained a community housing program for 20 years.
- Sustained the Monterey County Homeless Veterans Stand Down Event with 500 volunteers since 2010.
- Sustained a clothing and household goods issue program for 10 years.
- Sustained a Food Pantry program for 10 years.
- Our Partner, The Mattox Group, has sustained a Job Placement Program for 4 years.
- Sustained a local transportation program for 2 years.

5.5 Evidence of Proposed Approaches Fit with MRWMD Objectives

Table 5.5-1 provides a summary of VTC’s Proposed Approach and their fit with MRWMD Objectives.

MRWMD Objective	VTC’s Proposed Approach
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MRWMD Mission: <i>turn waste into resources</i> in the most cost effective and environmentally sound manner to benefit the community.	Improve upon an already outstanding LCM operation and use DOL Wage Determination and Job Descriptions and VTC client employees to improve cost effectiveness.
People – An engaged and talented workforce allows us to pursue the District’s mission.	People – An engaged, talented, disciplined, teamwork-focused and highly motivated Veteran workforce allows us to pursue the District’s mission.
Finance – Strike a balance between community needs, cost containment, and environmental protection.	Finance – Strike a balance between community needs, cost containment, and environmental protection.
Environment – The District’s environmental stewardship promotes a sustainable community.	Environment -- Follow the District’s incredible environmental stewardship example – waste methane power generation, reduce, reuse, and recycle – by establishing a Gold Standard Reuse program to promote a sustainable community.
Community – District services and programs to be responsible to the unique needs of our community.	Community – Establish a Quarterly Clothing Issue Program where District Residents, who are in need, can select a set of clothing for their entire family for \$1.00.
Innovation – Early adoption of programs and processes that best serve the needs of the District and the community.	Innovation – Establish innovative Supply, Inventory, and Distribution processes to increase revenue and revenue-sharing.

Table 5.5-1: VTC’s Fit with MRWMD

5.5.1 Ability to Utilize MRWMD’s former LCM Employees

We understand that the former LCM employees have either retired or been placed in other positions at MRWMD. We will actively seek former LCM employees who wish to return, especially those with item pricing or customer cost negotiation experience. While our goal is to employ our current formerly homeless Veteran clients or their spouses and our Alumni, VTC will consider priority placement to MRWMD’s former LCM Employees.

5.6 Reputation in the Community

VTC is the pre-eminent provider of Veteran services on California’s Central Coast and one of the largest non-profit organizations in the region. VTC received California Non-Profit of the Year in 2017 and has won Monterey County Service Provider of the Year in two of the last four years.

VTC is a proven entity with a stellar reputation, as shown by the strong and continued support from government agencies. We have multi-year government contracts from three federal agencies (VA, HHS, HUD), a state agency (California Department of Corrections and Rehabilitation), Monterey County, and three local cities (Marina, Seaside, Monterey). Our monetary awards from the state show the success of our programs: \$5.9M award for permanent housing expansion in the first round of California’s Veteran Housing and Homeless

Prevention; \$1.5M from the California State Assembly to expand transitional housing.

In addition, VTC won a national competition in 2019 as the site developer of the former VA Clinic in Seaside. The project is known as the Monterey Enhanced Use Lease project and will provide a 75-year lease on the property to provide permanent housing and a wide range of Veteran services.

6.0 Submission Requirements

6.1 Organization Description

VTC is a 501c3 non-profit, providing Veterans and their families with housing and all wrap-around services. Our headquarters is in Martinez Hall, Marina. We own twenty duplexes on Hayes Circle in Marina, which provide three models of housing for Veterans.

6.1.1 Organizations Contract Information (RFQ Paragraph 6.1.a)

Contact Information – VTC’s single point of contact for the Operation of the LCM is Dr. Kurt Schake: kschake@vtcmonterey.org or 925-818-8391.

Project Point Person and Title – VTC CEO, Dr. Kurt Schake

6.1.2 Organization’s Mission

VTC’s Mission is to “Empower Veterans in Crisis to Self-Sufficiency.” Our Motto is “Veterans fighting to help Veterans.”

6.1.3 Organization’s History

The mission of VTC is “to empower Veterans to transition from crisis to self-sufficiency.” Since 1998, this 501c3 non-profit has operated on the old Ft Ord complex to provide homeless Veterans and their families with food, clothing, case management, life skills, substance abuse counseling, benefit enrollment, medical referrals, employment training, and housing.

Under the Department of Veteran Affairs (VA) guideline of “Housing First,” VTC operates multiple housing programs through three federal agencies. Currently, VTC has the following programs on-site:

- Emergency Housing. Gets Veterans off the streets and keeps them for up to sixty days. One duplex with ten beds funded through the VA Health

Care for Homeless Veterans (HCHV). The average bed days over the past year is 249 per month. Housing

- Transitional Housing. This allows Veterans and family members to stay for up to two years. This VA Grant Per Diem contract began in 2003 and was expanded in 2007, now totaling fifty-eight beds. There are three VA specific programs as part of this housing program: Bridge, Clinical, and Service Intensive. The average number of bed days for the past year is 274, 384, and 966 per month. VTC has had an occupancy rate of 89 – 97% at any time in the past year.
- Permanent Supportive Housing. No end date to the lease. Currently, there are twelve single room occupancy beds in this program. Residents pay through Department of Housing and Urban Development Veterans Assistance for Supportive Housing (HUD-VASH) voucher program, or, if over income, with a very low percentage of income as required by the local housing authority.

In the past two years, VTC has doubled capacity for housing Veterans. In the next three years, VTC will double again. In 2019 alone, VTC spent over \$2.5M in capital funds received from city, county, and state government sources, as well as corporate grants and local donors. In 2020, VTC will break ground on a new 71-unit Permanent Housing complex for low and extremely low-income Veterans. Through measured growth and increased outreach, VTC seeks to end Veteran homelessness in Monterey County. This is possible in the next two years, as VTC will champion the drive to “Functional Zero” to make certain no Veteran is left behind.

The VTC program of care is designed to place an emphasis on Veteran accountability through a strong partnership between a client and their Case Manager. Veterans enrolled in VTC programs work to establish short-term goals that accumulate to reach larger program goals.

Case Managers evaluate the benefits a Veteran is receiving when they enter into a VTC program and make sure that all earned benefits are being collected. If there is a deficiency, the Veteran and Case Manager work together for the Veteran to start receiving all eligible benefits.

VTC Case Managers provide formerly homeless Veterans the tools necessary to achieve successful independence in society. With long-standing relationships with local social services providers, VTC is able to walk each client through the process of securing permanent housing through the Housing and Urban Development Veteran Assistance for Supportive Housing (HUD-VASH) office and referrals to Supportive Services for Veteran Families (SSVF). Clients also work with their Case Managers to address any employment barriers and have the opportunity to improve their marketable job skills at VTC’s Job Development

and Education Center (JDEC). Trained staff work one-on-one on with Veterans to prepare resumes and practice job interview skills, then work with VTC partners at multiple employment agencies.

VTC's client driven program has reached incredible levels of success in past years and we plan to continue down that path. The VTC has always strived to exceed the VA's purposed matrix. Based upon a 23-year record of success, VTC meets all of the VA's Service Intensive Model Required Minimum Performance Metrics/Targets. However, VTC goals are to exceed those targets as follows: Service-Intensive Transitional Housing Planned Performance Matrix: Discharge to permanent housing 75 percent; employment of individuals at discharge 60 percent; and negative exits will be less than 20 percent.

6.1.4 Sources of Funding and Financial Position Description

6.1.4.1 Financial Statements for the Past Three Years

See attached Statement of Revenue and Expenses.

6.2 Statement of Interest

See cover letter for VTC's specific Statement of Interest. In addition, VTC adds the following points of emphasis:

VTC's Interest – VTC has a clothing, furniture and household goods operation to receive donated items from the community. However, our space is not large, and we often get donated items that we cannot use. For the short term, we have partnered with Disabled American Veterans (DAV) in Fresno. They send a weekly truck to pick up items we cannot use to transport those items to their store for re-sale. VTC receives a small donation of their revenue from these items. For the long term, VTC has had a goal of establishing our own Thrift Store.

VTC is excited about the possibility of operating the Last Chance Mercantile to finally fulfill that long term goal of operating a Thrift Store as yet another Revenue Stream. This opportunity will further diversify our sources of revenue and reduce our dependence on the Veterans Administration (VA) and Housing and Urban Development (HUD) Grants, and their long-standing propensity to delay timely payment. While we plan to seek VA and HUD grants in the future, any new revenue stream will smooth out our cash-flow cycle and help us meet our goal of achieving Functional Zero for Monterey County. Functional Zero is a VA term that means every homeless Veteran in Monterey County, who wishes to be permanently housed, is living in Permanent Housing.

The immediate beneficiaries of this new partnership will be Veterans, who will gain meaningful and fulfilling employment. The secondary beneficiaries will include VTC spouses children, and pets. While VA provides funds to support

Homeless Veterans, Congress has restricted those funds for only helping Veterans. The VA cannot provide funds for their spouses, children, or pets. Each year, we have to find approximately \$75,000 in other funding to support our spouses, children and pets. Because of that restriction, VTC is one of the few organizations in the country that welcomes spouses, children and pets into our housing and programs.

From the Board, staff, Veterans and families, VTC is very interested in partnering with MRWMD.

Positive Outcomes – VTC envisions nothing but positive outcomes from partnering with MRWMD to operate the LCM. First, we believe VTC has the experience and capability to re-open the LCM before your current scheduled date of June 12, 2021. Retail Operations will enhance VTC operations and contributes significantly to our mission. As such, VTC is in consultation with several qualified retail managers that could serve as LCM Manager. Each has extensive retail experience will be central to our shared success. Second, this partnership will eliminate the current operating loss for MRWMD and re-establish your success with your Reuse mission.

For VTC this Partnership will make a significant increase in our operating budget and help us with the final step – Reintegrate – in our successful program of Empowering Homeless Veterans to Self-Sufficiency by providing them with meaningful, well-paying jobs. Our proposed Operations Plan will increase the amount of furniture, household goods and clothing to not only the community we serve – Homeless Veterans, and their spouses, children, and pets – but also the greater community that MRWMD serves.

6.3 Description of Vision for this Partnership (RFQ Paragraph 6.3)

VTC's Project Vision – VTC's Vision is to form a partnership with MRWMD to operate a world-class Last Chance Mercantile store. The formal definition of Partnership is a formal arrangement by two or more parties to manage and operate a business and share its profits. There are several types of partnership arrangements. In particular, in a partnership business, all partners share liabilities and profits equally, while in others, partners have limited liability. There also is the so-called "silent partner," in which one party is not involved in the day-to-day operations of the business.

Since MRWMD is established under the California Public Resources Code, Chapter 2: Garbage and Refuse Disposal Districts, Article 2, by the Monterey County Board of Supervisors and VTC is established in the State of California as a 501(c) 3 Non-Profit Organization, we believe the formal definition is not a good fit for this situation, and we will have to work together to establish our own written definition of our partnership. If selected, VTC will negotiate in good faith to establish that definition that is mutually beneficial to both parties. VTC is open to

the concept of having a Board Member from each Board of Directors serve on the other's Board of Directors or sharing Advisory, Non-Voting Board Members.

Through the LCM partnership, VTC will continue to fulfill its mission and enhance the ability to provide life skills training, household goods, housing assistance, job development training, and a host of Veteran-specific services tailored to ensure each of our Veterans is best prepared to return to full and active participation as honored Citizens in our communities. To be a Citizen requires effort, a commitment to support our shared society, and the Mission for LCM to be a steward of our environment through responsible reuse of resources, and to deliver quality goods to those in need is the natural extension of VTC's vision for our Veterans. Together, MRWMD and VTC will change lives, and change our planet for the better.

Vision statement: To be the premier provider of resale items in Monterey County.

Proposed Operation of the LCM Store - This portion of our RFQ response describes how we propose to operate the LCM store, including staffing, hours of operation, integration with other aspects of your organization's operations, and safety practices.

Revenue:

LCM has had a long history of steady and reliable revenue generation through its retail sales. We seek to build on that experience and continue to grow retail sales, while ensuring the continual flow of reuse goods, achieving the desired outcomes for the District.

With VTC's non-profit status, donations made to LCM under the umbrella of VTC would be eligible for tax deductions to the donor. We would also expect to expand our fundraising and donor efforts to support career development and training opportunities for our Veteran employees. We would partner with other local charities in need to grow clothing and household good donations, and the distribution of those goods to communities of need throughout our region.

With our partners at The Mattox Group, we will provide deliveries, pickups, and hauling services for customers and supporters of LCM and VTC. We are currently developing partnerships in the real estate and construction industries to expand these efforts. Partnering with the District through LCM will allow us to fully realize these opportunities, and to further expand our Veteran employment initiatives.

As private employers, we are also eligible for workforce opportunity grants, tax credits, and other Federal and State resources to support the personnel at LCM.

Staffing – Our overall staffing strategy encompasses Employees and Volunteers. Initially, we intend to hire a small number of employees and use volunteers to re-open the LCM as soon as possible. We will carefully monitor the LCM Cash Flow and add additional employees as soon as fiscally possible to improve customer service. Once discussions with MRWMD staff are possible, we will seek their historical perspective and lessons learned on positions and staffing numbers. The stable, efficient, and long-term operational viability of this regional asset mandates we utilize prudent cash flow and performance metrics to deliver outstanding customer success while remaining financially solvent.

Employees –

VTC exists to transition Veterans from crisis to self-sufficiency. To that end, stable employment is a vital tool to achieving the success of our mission. Further, to ensure an outstanding customer experience, and to meet the desired reuse goals of the District, our team members must be hungry, humble, mission focused, and partners in achieving our goals. We will work with District management and staff to deploy the appropriate level of staffing, across the correct mix of positions, providing opportunities for Veteran employment, career development, upward mobility, and a welcoming environment for established and new retail associates to build their careers at LCM.

Our projections consider the historical staffing levels, positions, and titles deployed at LCM, and consistent with the customary roles and responsibilities for similar operations. We envision a mix of full-time, part-time, and seasonal workers, ensuring ample opportunities for qualified applicants to make an impact for themselves, and our region, through employment at LCM.

Of note, due to VTC's unique position as a public charity, we will capitalize on our widespread volunteer network in partnership with LCM operations. This provides opportunities for training, career development, mentorships, and peak season labor support from dedicated, highly skilled, and highly motivated community members seeking opportunities to give back, and to be a part of our incredible team and mission at LCM.

All positions will be designed based on the needs of the organization, in accordance with applicable State and Federal regulations. Compensation and benefits will be competitive to market standards for the size, location, and nature of the organization.

We understand that former LCM job titles included Sales Associate I & II, Sorter I & II, and Site & Facilities Assistant 1 & II. During discussions, we will clarify titles, duties, and positions needed for future operations. We will use US Department of Labor Service Contract Act Directory of Occupations as our source for Job Titles and Position Descriptions and the local Wage Determination as the source for Wage Rates and Benefits. We will be careful to not duplicate any current

Union Job Title. Preliminarily, possible Job Titles include Accounting Clerk (01011), Bicycle Repairer (23120), Desk Clerk (99050), Fabric Worker (23260), Furniture Handler (09040), Furniture Repairer, Minor (09110), Laborer (11180), Janitor (11150), Recycling Worker (99510), Sales Clerk (99610), Shipping/Receiving Clerk (21100), Store Worker (21140), Stock Clerk (21150), and Truckdriver, Medium Truck (31362). Employees will perform the key functions of donation acceptance, issuing tax-deductible receipts, establishing item prices. and negotiating sales with customers.

Volunteers – As the lead organization for the Monterey County Homeless Veterans Stand Down, VTC has a list of 500 local volunteers, who have helped us in the past. VTC's volunteer roster is a key organizational strength for the future LCM operation. Volunteers will serve as Store Greeters, help customers find items, restock shelves, and provide customer service.

Hours of Operation – We understand that MRWMD has experimented with a 5-Day and 6-Day weekly LCM operation. During discussions, we will seek any historical information on the high-traffic and sales volume for both days and hours of operation. Our preliminary thinking is a 6-day a week, 8 hours per day operation from 8am to 4pm (closed Wednesdays) would generate the most customers. However, we need to know if your normal 4:00 pm closing time is a requirement.

Integration with Other Aspects of VTC's Operation – VTC will integrate the LCM Operation with several other aspects of our current operations in Marina. We will fully integrate our clothing and household goods collection, storage, and distribution with LCM operations with a flow of donated items going in both directions. One of the significant benefits of this partnership is that we are only 3.9 miles apart.

Our Case Managers will brief new clients on the opportunities for jobs at LCM when they finish their recovery.

Our partner, The Mattox Group, with its headquarters in VTC's Martinez Hall, currently identifies VTC clients for jobs and provides human resources services for existing jobs at MRWMD. They will continue this program for the LCM operation.

Safety Practices – VTC uses the U.S. Army Corps of Engineers Safety and Health Requirements Manual 385-1-1, see the following link https://www.publications.usace.army.mil/Portals/76/Publications/EngineerManuals/EM_385-1-1_English_2003.pdf as well as applicable OSHA regulations a basis for our Standard Operating Procedures to ensure all of our work practices encompass practical safety practices. The Corps of Engineers manual establishes safe practices for Medical and First-Aid Requirements, Temporary Facilities, Personal Protective and Safety Equipment, Hazardous Substances,

Agents, and Environments; Lighting, Accident Prevention Signs, Fire Prevention and Protection, Welding and Cutting, Electrical, Control of Hazardous Energy (Lockout/Tagout), Hand and Power Tools, Material Handling, Storage, and Disposal; Rigging, Machinery and Mechanized Equipment; Motor Vehicles, Pressurized Equipment and Systems, Safe Access and Fall Protection, Work Platforms, Hazardous Waste Operations and Emergency Response (HAZWOPER), and Appendix A – Minimum Basic Outline for Accident Prevention Plan.

MRWMD Staffing – If selected, VTC will request continued MRWMD staffing support to maintain the excellent LCM social media on your current Website and other media channels.

MRWMD Operational Support – VTC is open to establishing a Service Order system with MRWMD to provide existing Forklifts and Heavy Equipment with operators, on an as-needed basis. We consider MRF Equipment Operator I & II positions as Union positions and will not have or hire Forklift Operator positions. We will negotiate in good faith the price for this operational support.

In addition, for all of our Job Titles, we will use Department of Labor (DOL) Wage Determination Job Titles that do not match any existing MRWMD Job Titles. We will request current Job Descriptions to ensure our written Job Descriptions do not conflict with yours.

MRWMD Financial Support – VTC does not seek MRWMD Financial Support beyond what is already established in RFQ Paragraph 3: “The District will maintain these facilities in safe and legally compliant working conditions and make infrastructure improvements that are deemed necessary by District staff, in consultation with Partner(s).” VTC will partner with MRWMD to develop a priority Capital Improvement Project List for the LCM Facility. We understand that Capital Improvements are a long-term prospect. Our first Capital Improvement Project request priority will be heat for the LCM facility.

Preliminary Financial Projections

Please see attached Pro-Forma, which provides VTC’s preliminary financial projections for the LCM operation.

6.4 Description of Relevant Project or Partnering Experiences

VTC’s Relevant Past Experience – Since 2010, VTC has been the lead organization in hosting the Monterey County Homeless Veteran Stand Down. This 3-Day event involves approximately 500 Volunteers. We have held our Stand Downs at the Salinas Rodeo Grounds, a former Fort Ord Military Motor Pool, and lately at the Monterey County Fairgrounds. VTC’s Board of Directors postponed our 2020 Stand Down until 2021 due to the COVID-19 Virus

Pandemic. One of the Key Features of our Stand Down has been Clothing Issue, where our Volunteers set up what appears to be a COSCO Store in a facility about the size of the LCM. Volunteers escort each client helping them find the items they want.

If selected, VTC's Operations Plan includes holding a Clothing Issue Day on the last Saturday of every Quarter, where District residents, who are struggling financially, can get a set of clothing for their entire family for \$1.00.

Expansion of Mission or Operations – During the past four years, VTC has proven its ability to develop and sustain new programs and services to where we now house, feed, and clothe 98 formerly homeless veterans, four spouses, 11 children and numerous pets. Basically, we have doubled our capacity.

VTC established and is sustaining the following new programs:

- VA Permanent Supportive Housing (2017)
- VA Clinical Treatment Program and Bridge Housing Program (2018)
- VA Emergency Residential Services Contract (2019)
- CA CDCR Residential Transition Program (2020)

All of these program developments required hiring new staff with different skill sets, implementing new written policies and procedures, training staff, tracking new funding stream sources, and developing new reports and reporting procedures.

Development of Partnership Arrangements with Other Organizations – VTC has developed project or partnership arrangements with myriad service providers across the county and with several Veterans organizations across the state.

Monterey County Homeless Veteran Stand Down Project – For the past 10 years, VTC has partnered with the United Veterans Council and five local VFW Posts to conduct highly successful 3-Day, bi-annual Homeless Veteran Stand Down events at three different sites.

Lightfighter Village Project Experience -- For the past five years, VTC has partnered with EAH of San Rafael, a CA-based Non-Profit who is writing grants, obtaining government approvals, and obtaining funds to construct Lightfighter Village, a 3-story, 71-unit, low-income permanent housing apartment building to house Homeless Veterans on VTC's property.

VA Enhanced Use Lease Project – In 2019, the Veterans Administration (VA) awarded VTC the contract to develop the former VA Clinic in Seaside, CA site into Permanent Housing for Homeless Veterans and their families. Once the approval process is completed VTC will be granted a 75-Year Lease for this property. Recently, we partnered with PK Consultants, Inc of Alameda, a CA-based company obtaining government approvals and funding to construct a VTC

Veterans Services Center of Excellence in the 32,500 sf structure and 80 units of permanent housing on the five acres of property. PK Consultants and their partners have told us their goal is to complete this project at no cost to VTC. We have 14 local agencies requesting space in the Veterans Services Center of Excellence to provide services and jobs including Dentistry4Vets and Meals on Wheels.

The following references will be provided on request, to substantiate the issues raised above.

- Monterey County Homeless Veteran Stand Down Project Reference – Congressman Jimmy Panetta Letter, August 2018.
- Lightfighter Village Project Reference – Site Plan and Financial Stack, EAH to VTC, October 2020
- VA Enhanced Use Lease Project – Project Award Letter, VA to VTC, November 2019

6.5 Description of What Failure Might Look Like

Potential Conditions Leading to Failure –

Payroll is the largest threat to this project. MRWMD could not sustain the budget previously and VTC would not be able to succeed under similar conditions. At this time, that is the only cause of failure we can identify.

VTC intends to mitigate that Performance Risk. If we are selected, our first step will be to set up an appointment with the Union representatives. We will have a frank, open, and honest discussion with the Union. Key discussion points include:

- VTC appreciates the Union's representation of MRWMD employees and the wages and benefits they have negotiated for their members.
- We are very pleased that some of our former Homeless Veterans are now working at MRWMD and represented by your Union.
- VTC is a non-profit organization helping Homeless Veterans, not a for-profit business seeking to maximize profits.
- We would like to hire successful graduates of our programs to work at the LCM.
- What can we do for you, so you can help us?

If the Union representatives consult and cooperate with VTC, the LCM will fail.

VTC does not believe that a continued pandemic or a new health crisis will cause us to fail. We have adapted our policies and procedures to successfully operate in this Pandemic. As an Essential Service, our clients live in housing with common kitchens and bath rooms, our Food Pantry and Clothing & Household

goods Issue facility have been open continuously, our Case Management staff continues to counsel our clients weekly, and our Board of Directors continues to have monthly meetings.

7.0 Conflicts of Interest

VTC knows of no Conflict of Interest between our clients, staff, or Board Directors and MRWMD staff or Board Directors. As part of our new Governance documents, VTC's Board Members have already completed the required Conflict of Interest questionnaire. If we discover a Conflict of Interest, we will disclose that conflict in writing to the MRWMD review committee.

8.0 Limitations

VTC understands and accepts without any qualifications that this RFQ is neither a formal request for bids, nor an offer by the District to contract with any party responding to this RFQ. Further, VTC understands and accepts without any qualifications that this RFQ does not commit the District to award a contract or to reimburse any applicant for costs incurred in submitting a response to this RFQ. During this process the District, in its sole discretion, will have the right to reject any or all responses submitted; to interview any, all, or none of the respondents; to negotiate with any respondent; to extend the deadline to submit a response; or to amend or cancel in part or in its entirety this RFQ.

Veterans Transition Center of Monterey County
Statement of Revenues & Expenses
One Fiscal Year Beginning July 1, 2019 and Ended June 30, 2020
Compared Against Two Prior Fiscal Years

	FY 2020	%	FY 2019	%	FY 2018	%
Revenue						
Contributions & Donations	\$ 221,753	9.3%	\$ 250,811	9.9%	\$ 232,625	9.2%
Grants and Awards	2,056,232	86.0%	2,129,101	84.1%	1,474,033	58.3%
Program Service Revenue	98,302	4.1%	150,242	5.9%	171,940	6.8%
Interest and Other Income	14,380	0.6%	293	0.0%	89	0.0%
Gross Contributions, Earnings and Support	2,390,667	100.0%	2,530,447	100.0%	1,878,687	74.2%
Cost of Goods Sold						
Cost of Sales	-	0.0%	-	0.0%	-	0.0%
Total Cost of Goods Sold	-	0.0%	-	0.0%	-	0.0%
Gross Contributions, Earnings and Support	2,390,667	100.0%	2,530,447	100.0%	1,878,687	74.2%
Program Services						
Bus Passes	22,230	0.9%	26,985	1.1%	16,683	0.7%
Nutrition Program	34,353	1.4%	15,264	0.6%	6,205	0.3%
Grants	14,412	0.6%	8,297	0.3%	6,241	0.3%
Stand Down	12,226	0.5%	46,183	1.8%	15,136	0.6%
Program Fees	19,059	0.8%	2,643	0.1%	11,535	0.5%
Supportive Services				0.0%		0.0%
Fundraising Expense	79,641	3.3%	96,711	3.8%	55,098	2.2%
Personnel Expense	1,117,200	46.7%	801,955	31.7%	857,174	33.9%
Professional Fees	261,545	10.9%	167,627	6.6%	145,801	5.8%
Marketing & Promotion	8,609	0.4%	6,033	0.2%	12,579	0.5%
Office Expense	8,978	0.4%	9,011	0.4%	18,809	0.7%
Information Technology	43,656	1.8%	11,638	0.5%	43,981	1.7%
Insurance Expense	29,342	1.2%	23,981	1.0%	44,232	1.8%
Miscellaneous & Other Expense	12,878	0.5%	29,041	1.2%	62,350	2.5%
Travel and Meetings	23,757	1.0%	19,671	0.8%	44,542	1.8%
Interest and Fees	4,248	0.2%	7,272	0.3%	7,524	0.3%
Occupancy	251,062	10.5%	274,698	10.9%	289,690	11.5%
Total Operating Expenses	1,943,196	81.3%	1,547,010	61.1%	1,637,580	64.7%
Operating Earnings (Loss)	447,471	18.7%	983,437	38.9%	241,107	9.5%
Other Expenses						
Amortization & Depreciation Expense	153,546	6.4%	152,095	6.0%	134,699	5.3%
Total Other Expenses	153,546	6.4%	152,095	6.0%	134,699	5.3%
Net Earnings (Loss)	\$ 293,925	12.3%	\$ 831,342	32.9%	\$ 106,408	4.2%

Veterans Transition Center of Monterey County
Statement of Revenues & Expenses
One Fiscal Year Beginning July 1, 2019 and Ended June 30, 2020

	Without Restrictions	With Restrictions	Fundraising	Admin	Total
Revenues and Other Support					
Contributions & Donations	87,824	18,884	115,045	-	221,753
Grants and Awards	131,845	1,799,386	-	125,000	2,056,231
Program Service Revenue	77,683	2,218	-	18,401	98,302
Interest and Other Income	11,169	-	-	3,211	14,380
Total Revenues and Other Support	308,521	1,820,488	115,045	146,612	2,390,666
Cost of Goods Sold					
Cost of Sales	-	-	-	-	-
Total Cost of Goods Sold	-	-	-	-	-
Gross Contributions, Earnings and Support	308,521	1,820,488	115,045	146,612	2,390,666
Expenses					
Program Services					
Bus Passes	-	22,230	-	-	22,230
Nutrition Program	-	34,353	-	-	34,353
Grants	-	14,412	-	-	14,412
Stand Down	-	12,226	-	-	12,226
Program Fees	11,169	7,890	-	-	19,059
Supportive Services					
Fundraising Expense	-	-	79,641	-	79,641
Personnel Expense	167,757	841,464	30,211	77,768	1,117,200
Professional Fees	39,232	204,266	-	18,047	261,544
Marketing & Promotion	8,609	-	-	-	8,609
Office Expense	1,347	7,012	-	619	8,978
Information Technology	6,548	34,095	-	3,012	43,656
Insurance Expense	4,401	22,916	-	2,025	29,342
Miscellaneous & Other Expense	1,932	10,058	-	889	12,878
Travel and Meetings	3,564	18,554	-	1,639	23,757
Interest and Fees	-	3,821	-	427	4,248
Occupancy	37,659	196,080	-	17,323	251,063
Amortization & Depreciation	142,951	-	-	10,595	153,546
Total Expenses	425,169	1,429,377	109,852	132,344	2,096,742
Change in Net Assets	(116,648)	391,111	5,193	14,268	293,924
Net Assets					
Beginning of Year	6,688,626	880,577	1,473	671,810	8,242,486
End of Year	6,571,978	1,271,688	6,666	686,078	8,536,410

Veterans Transition Center of Monterey County
Statement of Financial Position
Period Ended June 30, 2020 Compared Against Period Ended June 30, 2019

Assets

	June 2020	June 2019	Variance
Current Assets			
Bank Accounts	\$ -	\$ -	\$ -
General Checking Account	175,570	211,020	(35,450)
Operating Reserve Account	142,447	54,877	87,570
Board Restricted Reserve Account	-	-	-
Donor Restricted Reserve Account	53,395	50,000	3,395
Accounts Receivable	1,144,033	282,870	861,163
Other Current Assets	144	(2,785)	2,929
Pre-Paid Expenses	81,098	67,434	13,664
Inventory Asset	-	344	(344)
Total Current Assets	<u>1,596,686</u>	<u>663,759</u>	<u>932,927</u>
Property and Equipment			
Land	3,782,500	3,692,500	90,000
Buildings	5,951,312	5,174,674	776,638
Vehicles	211,475	228,630	(17,155)
Furnitures, Fixtures, & Equipment	46,081	58,620	(12,539)
Construction in Progress	811,028	558,505	252,523
Accrued Amortization & Depreciation	(1,972,392)	(1,746,062)	(226,330)
Total Property and Equipment	<u>8,830,004</u>	<u>7,966,867</u>	<u>863,137</u>
 Total Assets	 <u>\$ 10,426,691</u>	 <u>\$ 8,630,627</u>	 <u>\$ 1,796,064</u>

Veterans Transition Center of Monterey County
Statement of Financial Position
Period Ended June 30, 2020 Compared Against Period Ended June 30, 2019

Liabilities and Net Assets

	June 2020	June 2018	Variance
Current Liabilities			
Accounts Payable	\$ 115,172	\$ 179,144	\$ (63,973)
Accrued Payroll Liabilities	77,569	28,243	49,326
Other Current Liabilities	976,451	76,311	900,140
Total Current Liabilities	1,169,191	283,698	885,493
Long-Term Liabilities			
Paycheck Protection Loan	178,770	-	178,770
SBA Economic Impact Disaster Loan	149,900	-	149,900
Monterey County Note Payable	98,495	104,443	(5,948)
Total Long-Term Liabilities	427,165	104,443	322,722
Total Liabilities	1,596,356	388,141	1,208,215
Net Assets			
Without Restrictions	7,264,722	7,375,632	(110,910)
With Restrictions	1,271,688	35,512	1,236,176
Unrealized Gain/Loss on Investments	-	-	-
Net Change in Net Assets	293,925	831,342	(537,417)
Total Net Assets	8,830,335	8,242,486	587,849
Total Liabilities and Net Assets	\$ 10,426,691	\$ 8,630,627	\$ 1,796,064

Veterans Transition Center of Monterey County
Consolidated Statement of Cash Flows
One Fiscal Year Beginning July 1, 2019 and Ended June 30, 2020

Cash Flows from Operating Activities	FY 2020
Net Earnings	
Net Earnings (Loss)	\$ 293,925
Total Net Earnings	293,925
Adjustments to Net Earnings	
Adjustments to reconcile Net Earnings (Loss) to net Cash:	
(Increase) Decrease in:	
Accounts Receivable	(861,163)
Pre-Paid Expenses	(13,664)
Other Current Assets	(2,585)
Fixed Assets	(610,614)
Increase (Decrease) in:	
Accounts Payable	(63,973)
Payroll Liabilities	49,326
Other Current Liabilities	900,140
Total Adjustments	(602,533)
Net Cash Provided By (Used In) Operating Activities	(308,608)
Cash Flows from Investing Activities	
Construction in Progress	(252,523)
Accumulated Depreciation	226,320
Net Cash Provided By (Used In) Investing Activities	(26,203)
Cash Flows from Financing Activities	
Notes Payable	322,722
Unrealized Gain/Loss on Investments	-
Net Cash Provided By (Used In) Financing Activities	322,722
Net Increase (Decrease) in Cash	(12,089)
Cash at Beginning of Period	
Cash at Beginning of Period	383,501
Total Cash at Beginning of Period	383,501
Cash at End of Period	\$ 371,412

Veterans Transition Center of Monterey County
Statement of Revenues & Expenses: Budget-To-Actual
One Fiscal Year Beginning July 1, 2019 and Ended June 30, 2020

	FY 2020 Actual	FY 2020 Budget	Variance	% of Budget
Revenue				
Contributions & Donations	\$ 221,753	\$ 291,500	\$ (69,747)	76.1%
Grants and Awards	2,056,232	2,019,197	37,035	101.8%
Program Service Revenue	98,302	191,370	(93,068)	51.4%
Interest and Other Income	14,380	30,639	(16,259)	46.9%
Gross Contributions, Earnings and Support	2,390,667	2,532,706	(142,039)	94.4%
Cost of Goods Sold				
Cost of Sales	-	-	-	
Total Cost of Goods Sold	-	-	-	
Gross Contributions, Earnings and Support	2,390,667	2,532,706	(142,039)	94.4%
Program Services				
Bus Passes	22,230	22,500	(270)	98.8%
Nutrition Program	34,353	26,000	8,353	132.1%
Grants	14,412	10,000	4,412	144.1%
Stand Down	12,226	20,000	(7,774)	61.1%
Program Fees	19,059	11,500	7,559	165.7%
Supportive Services				
Fundraising Expense	79,641	82,197	(2,556)	96.9%
Personnel Expense	1,117,200	1,142,965	(25,765)	97.8%
Professional Fees	261,545	248,468	13,077	105.3%
Marketing & Promotion	8,609	12,500	(3,891)	68.9%
Office Expense	8,978	20,000	(11,022)	44.9%
Information Technology	43,656	15,000	28,656	291.0%
Insurance Expense	29,342	30,000	(658)	97.8%
Miscellaneous & Other Expense	12,878	38,000	(25,122)	33.9%
Travel and Meetings	23,757	33,500	(9,743)	70.9%
Interest and Fees	4,248	7,500	(3,252)	56.6%
Occupancy	251,062	312,880	(61,818)	80.2%
Total Operating Expenses	1,943,196	2,033,010	(89,814)	80.2%
Operating Earnings (Loss)	447,471	499,696	(52,225)	89.6%
Other Expenses				
Amortization & Depreciation	153,546	152,000	1,546	101.0%
Total Other Expenses	153,546	152,000	1,546	101.0%
Net Earnings (Loss)	293,925	347,696	(53,771)	84.5%

Veterans Transition Center of Monterey County
Reconciliation of Net Assets
One Fiscal Year Beginning July 1, 2019 and Ended June 30, 2020

Net Assets Reconciliation	Without Restrictions	With Restrictions	Total Net Assets
Balance as of July 1, 2018	\$7,300,468	\$ 35,512	\$ 7,335,980
Net Earnings Ended June 30, 2019	367,995	-	367,995
Prior-Period Adjustments to Net Earnings *1	(292,831)	-	(292,831)
Net Change in Net Assets as of July 1, 2019	<u>7,375,632</u>	<u>35,512</u>	<u>7,411,144</u>
Net Earnings Ended June 30, 2020	(13,723)	845,065	831,342
Total Net Change in Net Assets as of June 30, 2019	<u>\$7,361,909</u>	<u>\$ 880,577</u>	<u>\$ 8,242,486</u>

Notes:

1. Adjustment to Fixed Assets for Disposal of Assets in the prior period and adjustments to correct original basis of booked assets.

PRO-FORMA PROGRAM CASH FLOW

Veterans Transition Center - Last Chance Mercantile Program

Starting date	7/1/2021
Cash balance alert minimum	\$ 5,000

	Beginning	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	5 Years
Cash on hand (beginning of month)	\$ 25,000	\$ 25,000	\$ 121,709	\$ 219,357	\$ 317,816	\$ 416,951	
Cash on hand (end of month)	\$ 25,000	\$ 121,709	\$ 219,357	\$ 317,816	\$ 416,951	\$ 516,627	

CASH RECEIPTS	Beginning	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	5 Years
Retail Sales		\$ 1,040,000	\$ 1,076,400	\$ 1,114,074	\$ 1,153,067	\$ 1,193,424	\$ 5,576,965
Outstanding Accounts Receivable		\$ (5,000)	\$ (5,100)	\$ (5,202)	\$ (5,306)	\$ (5,412)	\$ (26,020)
Collections on Accounts Receivable		\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412	\$ 26,020
General Donations (Est 2.5% of Gross)		\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 130,000
Logistics Sales - Hauling, Delivery, Pickups		\$ 220,000	\$ 242,000	\$ 266,200	\$ 292,820	\$ 322,102	\$ 1,343,122
Tax Credits, Foundation and Other Grants		\$ 100,000	\$ 105,000	\$ 110,250	\$ 115,763	\$ 121,551	\$ 552,563
TOTAL CASH RECEIPTS		\$ 1,386,000	\$ 1,449,400	\$ 1,516,524	\$ 1,587,649	\$ 1,663,077	\$ 7,602,650
Total cash available	\$ 25,000	\$1,411,000	\$1,571,109	\$1,735,881	\$1,905,465	\$2,080,028	

CASH PAID OUT	Beginning	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	5 Years
Outreach		\$ 3,000	\$ 3,045	\$ 3,091	\$ 3,137	\$ 3,184	\$ 15,457
Uniforms		\$ 10,000	\$ 10,200	\$ 10,404	\$ 10,612	\$ 10,824	\$ 52,040
Personnel Training & Compliance		\$ 3,000	\$ 3,045	\$ 3,091	\$ 3,137	\$ 3,184	\$ 15,457
Insurance (other than health)		\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	\$ 31,855
LCM Merchant Fees and CC Processing Equipment		\$ 52,000	\$ 52,780	\$ 53,572	\$ 54,375	\$ 55,191	\$ 267,918
Information Technology		\$ 10,000	\$ 10,150	\$ 10,302	\$ 10,457	\$ 10,614	\$ 51,523
Accounting & Compliance		\$ 40,000	\$ 40,800	\$ 41,616	\$ 42,448	\$ 43,297	\$ 208,162
Office expense		\$ 10,000	\$ 10,150	\$ 10,302	\$ 10,457	\$ 10,614	\$ 51,523
Professional Services		\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061	\$ 130,101
Vehicle Expense		\$ 24,000	\$ 24,480	\$ 24,970	\$ 25,469	\$ 25,978	\$ 124,897
Personnel Expense							
Director of Operations (.5)		\$ 46,800	\$ 48,204	\$ 49,650	\$ 51,140	\$ 52,674	\$ 248,468
Manager LCM		\$ 52,000	\$ 53,560	\$ 55,167	\$ 56,822	\$ 58,526	\$ 276,075
Assistant Manager LCM		\$ 45,760	\$ 47,133	\$ 48,547	\$ 50,003	\$ 51,503	\$ 242,946
Supervisor		\$ 41,600	\$ 42,848	\$ 44,133	\$ 45,457	\$ 46,821	\$ 220,860
Associate Operator		\$ 37,440	\$ 38,563	\$ 39,720	\$ 40,912	\$ 42,139	\$ 198,774
Sales Associate		\$ 37,440	\$ 39,312	\$ 41,278	\$ 43,341	\$ 45,509	\$ 206,880
Sales Associate		\$ 37,440	\$ 39,312	\$ 41,278	\$ 43,341	\$ 45,509	\$ 206,880
Sales Assistant		\$ 31,200	\$ 32,760	\$ 34,398	\$ 36,118	\$ 37,924	\$ 172,400
Sales Assistant		\$ 31,200	\$ 32,760	\$ 34,398	\$ 36,118	\$ 37,924	\$ 172,400
Sales Assistant		\$ 15,600	\$ 16,380	\$ 17,199	\$ 18,059	\$ 18,962	\$ 86,200
Sales Assistant		\$ 15,600	\$ 16,380	\$ 17,199	\$ 18,059	\$ 18,962	\$ 86,200
Sales Assistant		\$ 15,600	\$ 16,380	\$ 17,199	\$ 18,059	\$ 18,962	\$ 86,200
Sales Assistant		\$ 15,600	\$ 16,380	\$ 17,199	\$ 18,059	\$ 18,962	\$ 86,200
Driver Lead		\$ 45,760	\$ 48,048	\$ 50,450	\$ 52,973	\$ 55,622	\$ 252,853
Driver Laborer		\$ 41,600	\$ 43,680	\$ 45,864	\$ 48,157	\$ 50,565	\$ 229,866
Driver Laborer		\$ 41,600	\$ 43,680	\$ 45,864	\$ 48,157	\$ 50,565	\$ 229,866
Administrative Assistant		\$ 15,600	\$ 16,380	\$ 17,199	\$ 18,059	\$ 18,962	\$ 86,200
Employee benefit programs		\$ 96,700	\$ 99,601	\$ 102,589	\$ 105,666	\$ 108,836	\$ 513,392
Workers Compensation Insurance		\$ 38,011	\$ 39,151	\$ 40,325	\$ 41,535	\$ 42,781	\$ 201,804
Employer Taxes		\$ 56,589	\$ 58,287	\$ 60,036	\$ 61,837	\$ 63,692	\$ 300,441
SUBTOTAL PERSONNEL EXPENSE:		\$ 759,140	\$ 788,799	\$ 819,692	\$ 851,873	\$ 885,399	\$ 4,104,903
							\$ -
Livescan and Background Screening		\$ 651	\$ 671	\$ 691	\$ 711	\$ 733	\$ 3,456
SUBTOTAL		\$ 942,791	\$ 975,799	\$ 1,010,105	\$ 1,045,763	\$ 1,082,832	\$ 5,057,291
Loan principal payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Supportive Services Programs		\$ 138,600	\$ 148,995	\$ 160,170	\$ 172,182	\$ 185,096	\$ 805,043
Other startup costs		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To reserve and/or escrow		\$ 69,300	\$ 74,498	\$ 80,085	\$ 86,091	\$ 92,548	\$ 402,522
To VTC - MRWMD Joint Reserve Fund		\$ 138,600	\$ 152,460	\$ 167,706	\$ 184,477	\$ 202,924	\$ 846,167
TOTAL CASH PAID OUT		\$ 1,289,291	\$ 1,351,752	\$ 1,418,066	\$ 1,488,514	\$ 1,563,401	\$ 7,111,023
Cash on hand (end of month)	\$ 25,000	\$ 121,709	\$ 219,357	\$ 317,816	\$ 416,951	\$ 516,627	

OTHER OPERATING DATA		1	2	3	4	5	Total
Annual Operating Revenue Target		\$ 1,200,000	\$ 1,236,000	\$ 1,273,080	\$ 1,311,273	\$ 1,350,611	\$ 6,370,963
Accounts receivable balance (Estimate)		\$ (5,000)	\$ (5,150)	\$ (5,305)	\$ (5,464)	\$ (5,628)	\$ (5,628)
Allowance for Bad Debt		\$ -	\$ 258	\$ 265	\$ 273	\$ 281	\$ 281
		\$ -					\$ -
Accounts payable balance		\$ 30,992	\$ 31,922	\$ 32,880	\$ 33,866	\$ 34,882	\$ 34,882
Depreciation		\$ 2,302	\$ 2,371	\$ 2,442	\$ 2,515	\$ 2,591	\$ 12,220

FOLLOW-ON QUESTIONS – VETERANS TRANSITION CENTER

December 21, 2020

- The LCM is a retail thrift store, a type of program VTC has not yet operated. Long-term success will be dependent upon VTC building thrift store retail skills into its organization. Please address the questions below.
- VTC acknowledges that retail is not a core competency of the organization. How do you plan to build thrift store retail operations expertise?
- What ideas do you have now for finding those skills? What expectations do you have on providing on-going training to staff on how to operate a thrift store?
- The linkage of LCM to VTC's core mission remains unclear to us. Describe how and why operating LCM will become an essential part of meeting your mission?
- What level of investment, or loss, is VTC willing to incur prior to making it to break-even and/or a profit?
- Please provide an organizational chart that represents how this facility/operation will be conducted by VTC. In addition, please clarify where the operational management responsibilities will lie. In particular, please describe the role of the Mattox Group, especially as compared to VTC management oversight of LCM operations.
- VTC has expressed interest in collaborating with MRWMD in a number of administrative areas, including in the form of grant writing and marketing/communications. MRWMD is looking for a partner able to run a stand-alone operation. While we expect to support the LCM through District web and social media sites and through other means when possible, we expect the partner to be responsible for store promotion and development in all forms. Please describe the specific areas of collaboration or assistance from MRWMD staff that you view as essential for VTC to be successful.
- Please describe VTC's plan to address a customer base that has a largely non-English speaking and how that fits with the VTC's staffing and training expectations.



Veterans Transition Center
of Monterey County

December 29th, 2020

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TO: Peter Skinner
Director of Finance and Administration
Monterey Regional Waste Management District

SUBJECT: Response to MRWMD Questions of December 22nd

Dear Mr. Skinner,

VTC welcomes the opportunity to operate the Last Chance Mercantile (LCM) and we look forward to presenting our proposal to the MRWMD Board of Directors on January 22nd, 2021. Below are answers to your recent questions about our concept of operations for the LCM.

• **How do you plan to build thrift store retail operations expertise?**

VTC has operated an internal thrift store for twenty years and a grocery for the past five years. These are internal, to serve our residents and graduates, but allowed VTC to master principles of retail operations, site management, and logistics. Further, VTC has a public-facing retail thrift store model under development, which we plan to implement at the previous Department of Veterans Affairs clinic as part of the Enhanced Use Lease project. In addition, many of VTC's core competencies needed to successfully transition Veterans require mastery of many crossover skills: outreach, partnerships, job training, employment placement, career development, internships, volunteer coordination, case management, and work experience. All of these will have a direct and positive impact on LCM retail operations

VTC will recruit an LCM Manager and Supervisor with extensive retail operations expertise. We have been in contact with several leaders seeking Retail Store Operations Management positions. Should VTC be awarded this opportunity, we will immediately draw from this strong pool of applicants. We encourage MRWMD participation in the selection process and VTC can assure you that a solid LCM leadership team will be chosen. Upon hiring, the VTC Chief Executive Officer (CEO) will give a written LCM goals and expectations Letter, which will specifically describe monthly, quarterly, and annual metrics. The LCM Manager and Supervisor will be members of the VTC Executive Staff, integrated into our operations and oversight. To ensure high-level awareness, the LCM Manager will present monthly to the VTC Board of Directors to report on LCM progress, challenges, and resources to need to meet metrics.

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- **What ideas do you have now for finding those skills? What expectations do you have on providing on-going training to staff on how to operate a thrift store?**

VTC intends to recruit and hire local personnel for the LCM Manager and LCM Supervisor positions, whom already have an established local residence and understand the economics of living on or near the Monterey Peninsula. Due to the impacts from COVID-19 on retail workers, we are in a unique opportunity to retain outstanding talent for these roles.

VTC has strong pedigree with training due to our military experience. We will give the LCM Manager the task of establishing written Task Books for each LCM position description. On the Job Training (OJT) is a proven, powerful tool to prepare new employees on the individual and collective tasks needed to accomplish an organization's mission. During the 60-day probationary period, each employee will understand it is their responsibility to demonstrate successful performance of each Task Book item and have the supervisor certify successful completion of each task. Once an employee completes the Task Book, the LCM Manager will award them with a Certificate of Completion suitable for framing, and a Name Tag with their Name and "Certified (Job Title)."

- **Describe how and why operating LCM will become an essential part of meeting your mission?**

VTC's mission is to empower Veterans to move from crisis to self-sufficiency. The initial components of our process include giving homeless Veterans the tools they need to overcome the specific physical and mental traumas incurred as a result of serving their country. As an organization, VTC has had an enviable record of success. We have long standing contracts with federal, state, and county governments and recognized as California Non-Profit of the Year in 2017.



VTC will bring the full spectrum of its mission areas to the LCM. VTC will recruit, train, prepare, and transport the Veteran workers. Case managers will routinely be on-site to access the environment and adaptability of each person selected to operate the facility. Our executive staff will be involved in the support and success of the LCM, as the VTC name and reputation will be at stake in this operation.

Jobs are critical to the success of our program, allowing Veterans to move out of VTC housing and afford to live independently. The LCM operation is a perfect fit for our clients, including those with physical limitations, to return to the workforce. Our clients come from every state in the union. Our goal is to give them six months of successful employment experience to add to their resume, so they can move on to a location with a much lower cost of living than the Monterey Peninsula.

The LCM will allow VTC to further diversify our revenue sources, expand opportunities for our donor network, and provide additional jobs to our Veteran clients. Partnering with MRWMD at the LCM, which expands our current efforts to provide temporary and temp-to-permanent employment opportunities for our Veterans at the District, allows us to realize our public-facing



Veterans Transition Center of Monterey County

retail and employment opportunity now. It strengthens our relationships in the surrounding region and serves as a furtherance of our joint goals with the Department of Veterans Affairs to create and sustain a model for Veteran excellence here and throughout the nation.

VTC has a unique core competency -- VTC's key management staff and most of the members of the Board of Directors are Veterans. The military experience gave significant opportunities to accept new tasks, design plans, and ensure success.

- **What level of investment, or loss, is VTC willing to incur prior to making it to break-even and/or a profit?**

VTC has achieved growth and financial success and will apply the same determination to the LCM. In the past four years, VTC grew from one housing program with a budget of \$1.3M to six housing programs with a budget of \$3.2M.

We are already invested in equipment that can serve both VTC and the LCM. VTC's partner, The Mattox Group, has spent \$60K preparing for the logistics and transportation needs for operation of the LCM. We anticipate this figure to rise to \$100K by the opening of the LCM with the purchase of an additional box truck and point-of-sale equipment.

To be specific, VTC is willing to make the following commitments:

- To ensure initial operations are in the black, VTC is willing to front the first two months of LCM operations. This will show VTC's determination to reach financial targets for positive cash flow, as the site gradually resumes operations. VTC will very carefully track financials, to ensure the fixed and variable costs are moderated to achieve success.
- VTC will tailor operations to function within the LCM revenue stream. We will hire staff only when the budget allows.
- VTC is willing to hold back up to \$138,600 from the joint revenue share reserve fund, so the LCM reaches at least the break-even point for the first-year operations.

- **Please provide an organizational chart that represents how this facility/operation will be conducted by VTC.**

Attached is the planned VTC organizational. The LCM will be added in the middle of the chart, with LCM leadership under the Chief Operating Officer (COO) and reporting directly to that position. The COO's personnel costs are .5FTE dedicated to the LCM, to make certain that the LCM receives visibility and support. The COO will be the annual rater for the LCM Manager and Supervisor, with all three members of the VTC executive leadership team.

- **Clarify where the operational management responsibilities will lie. In particular, please describe the role of the Mattox Group, especially as compared to VTC management oversight of LCM operations.**

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The LCM Department will be a separate VTC organization operating under the VTC COO, who reports directly to the VTC CEO with oversight by the VTC Board of Directors. Principal daily management and oversight will transition to the role of the LCM Manager and Supervisor, as those roles are filled and fully integrated into VTC's management team.

VTC leverages the strengths of several organizations, including The Mattox Group, to provide resources and expertise to support the needs of our formerly Homeless Veteran clients. The Mattox Group provides accounting services, employment development, and recruiting support for VTC, and is the contracted owner-operator for our planned hauling and delivery services at LCM. Further, VTC maintains partnerships with Horan Lloyd for legal counsel, Property Restoration Services for publicly funded construction projects, and other contractors, consultants, and service providers as necessary to achieve mission success. The Mattox Group and Property Restoration Services are both Service-Disabled Veteran Owned Small Businesses. Whenever possible, VTC seeks and gives preference to Veteran owned and other disadvantaged businesses when making contract selections.

- **Please describe the specific areas of collaboration or assistance from MRWMD staff that you view as essential for VTC to be successful.**

VTC understands the District seeks a partner to successfully operate and execute the mission of its LCM facility. With that premise, VTC designed its operations plan to support whatever level of involvement the District wishes to maintain with LCM, from no involvement to a full partnership with revenue sharing and joint oversight. In short, VTC intends to operate a stand-alone retail store and be responsible for store promotion and development in all forms. To the extent the District would wish to expand its role now or in future, VTC is an open and willing partner; however, the success of this venture is not dependent upon, nor would VTC's operations require any involvement from the District. VTC is highly sensitive to and wishes to avoid any concerns with the District's union, personnel, and governing board.

Specifically, VTC would request the District announce VTC's Operation of the LCM on District media channels, with links to VTC's media channels.

- **Describe VTC's plan to address a customer base that is a largely non-English speaking and how that fits with the VTC's staffing and training expectations.**

One-third of VTC's current staff is fluent in Spanish. We recruit and promote bi-lingual staff to better serve our residents and the local community. We will expand this for LCM operations. VTC will recruit and maintain bi-lingual personnel for each shift. To help customers find items, VTC will utilize bi-lingual signage, promotional flyers, posters, and other visual and auditory aids to support all LCM customers to the best of our ability.

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of Monterey County

We look forward to presenting our proposal to the MRWMD Board of Directors on January 22nd, 2021. Should you have further questions between now and then, please contact me at either of the following:

kschake@vtcmonterey.org
925-818-8391

Very Respectfully,

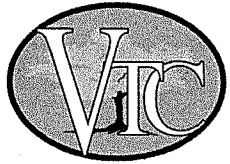
Kurt W. Schake, PhD
Chief Executive Officer

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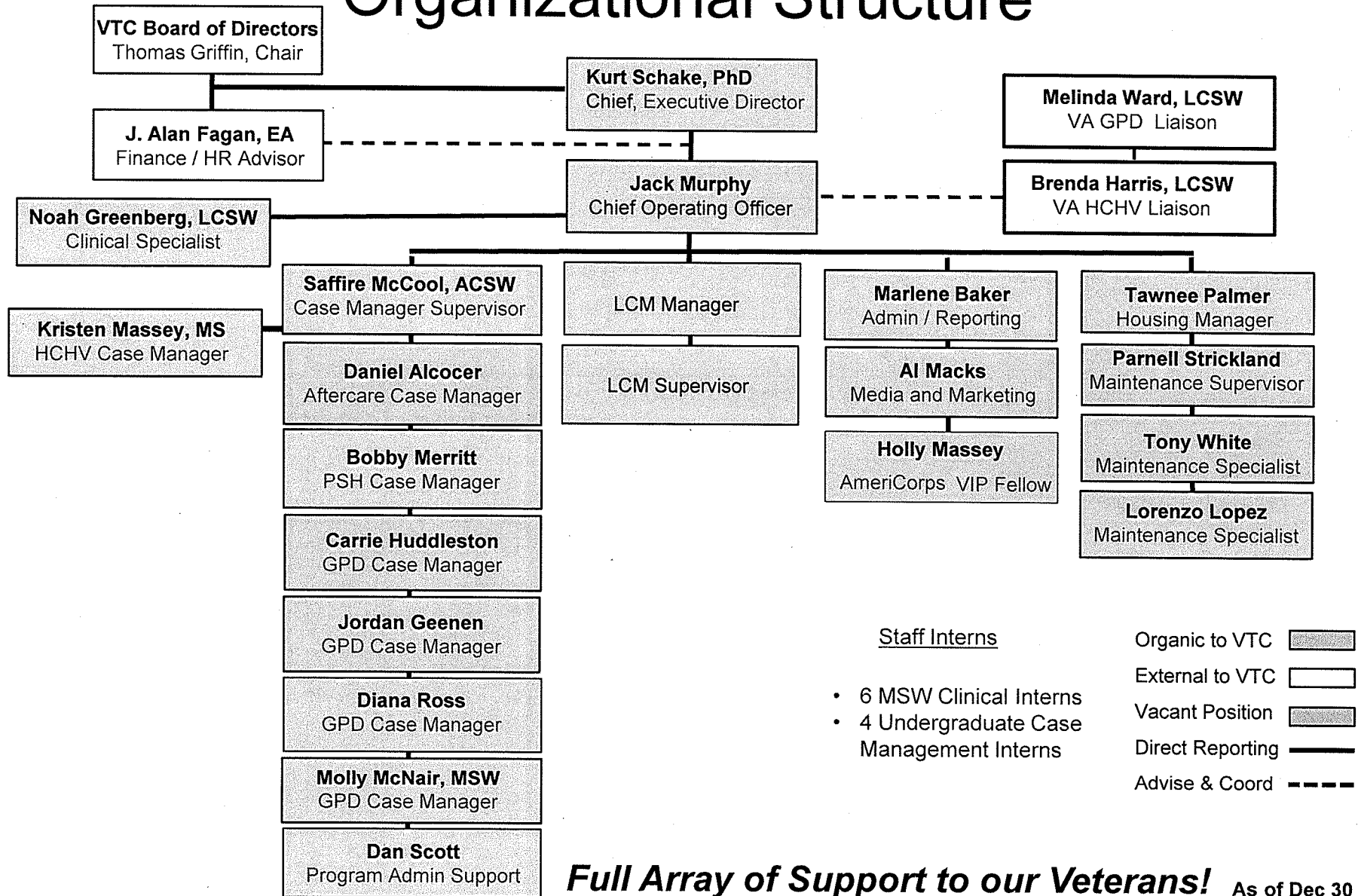
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Veterans Transition Center Organizational Structure



Staff Interns

- 6 MSW Clinical Interns
- 4 Undergraduate Case Management Interns

Organic to VTC
 External to VTC
 Vacant Position
 Direct Reporting
 Advise & Coord

Full Array of Support to our Veterans! As of Dec 30

LAST CHANCE MERCANTILE RE-OPENING: MRWMD STAFFED OPERATIONS

Summary

The LCM Task Force has been reviewing the historical operations of the Last Chance Mercantile to assess the feasibility of creating a District-run operating plan that would meet the goals of re-opening safely during and after the COVID-19 pandemic and doing so in a more financially sustainable manner. This process has included talking with other facility operators and organizations, as well as meeting with former staff members to solicit ideas and feedback.

The following is a preliminary summary of possible adjustments and assumptions that could be made to meet those objectives, as desired by the District's Leadership Team and Board of Directors. This is a working document, provided to the Board to show staff's current thinking regarding the feasibility of this option. The success of a District-run operation will be dependent upon achieving a range of conditions. The Task Force is continuing to refine these conditions and assumptions and will provide further analysis in February.

Key Program Adjustments and Assumptions

Program Reductions

The activities and responsibilities of the LCM staff would be reduced to the sole functions of:

1. Receiving and processing customer donated and MRF recovered reusable items for resale,
2. Pricing, stocking, and display of items for sale,
3. Customer assistance and service for sales and material handling, and,
4. Online sales and other customer engagement activities

The activities that would no longer be conducted by the LCM staff are as follows:

1. The Container Redemption Value (CRV) Buy Back Center was closed because of the State's Shelter in Place order in March, and due to significant safety concerns raised by pedestrian and bicycle traffic on Charlie Benson Rd. In addition, the lack of CalRecycle funding to support the operations (loss of approximately \$300k/yr.), contributed to the closure decision. A new CRV Buy-Back Center has subsequently opened in Seaside.
2. Electronic Waste (E-Waste) acceptance and processing. With the temporary closure of the LCM, this activity has been handled by the Household Hazardous Waste (HHW) facility. The HHW staff have proven to be well equipped to accept and handle these materials and this activity within the other operations of the facility. It has not required any additional staff to be hired for the HHW.
3. Staffing of the public recycling drop-off station (Z-Wall). For many years the District had positioned a staff person at the Z-Wall to direct the public to the appropriate containers and to monitor the materials that the public wanted to drop off. This was certainly needed when the District was selling and/or delivering the materials to other material processors. However, since the opening of the MRF, the District has more capacity to process marginally contaminated materials over the MRF sort lines. Staff will continue to monitor the materials to assure that there is no "illegal" dumping of materials in the containers for avoidance of paying disposal fees. If in the future the quality of the materials becomes a problem, regardless of how the LCM is

operated, either the MRF or Site Operations staff will take on the responsibility of staffing the Z-Wall operations.

4. Landscape product sales are in the process of being transferred from the MRF staff to Keith Day Company. Keith Day will have the ability to sell and load both bag sales and bulk sales of compost, topsoil, and woodchips. Additionally, they will be adding additional compost and soil options, aggregate materials (stone/rock), and various colored woodchip options for the public. This change will free up time and costs at the LCM and enhance the options for the public for landscaping products on the site.

Staffing Reductions

Due to the changes and reductions in the scope of the services and activities of the LCM staff, the Task Force believes that the staff can be reduced from 15 full-time staff members to 6 full-time and 4 to 5 part-time employees. This staffing should support maintaining retail store hours of Tuesday through Saturday and accepting donations on Mondays through Saturday.

1. Total staff reduced from 15 to 10 or 11.
2. Eliminated positions vacated due to retirement and not replaced due to reductions of LCM activities:
 - a. LCM/HHW Manager
 - b. 1 -Sales Associate
 - c. 1- Sales Assistant
 - d. 1- Z-wall attendant
 - e. Associate operator
3. Staff suggestion: Operate with a staff of 6 FTE's and 4 PT (non-benefitted) staff members. This would include the following positions:
 - a. Asst Manager
 - b. Supervisor
 - c. 1 Sales Associate
 - d. 3 Sales Assistants – Full-time
 - e. 4-5 Deputy Sales Assistants – 28 hours/wk.
4. Laid off employees called back according to needs defined by re-calibrated job descriptions. Call-back prioritization based on job requirements and seniority.
5. Compensation aligned with existing pay schedules. PT staff would receive rate of pay at existing pay schedule, including Step increases, but would not be union represented or receiving benefits unless working an average of greater than 30 hours per week on a permanent scheduled basis.
6. Will need to talk with Union representatives to get MOU on use of Temporary Sales Assistants. Would want to cap the use of FTE at 6. All other staffing needs would be met by Deputy level staffing.

Store operations

1. Store hours unchanged. Open 5 days per week – Tuesday through Saturday.
2. Store staff on site Tuesday through Saturday. Asst. LCM Manager on site Monday through Friday. Supervisor would oversee the Saturday operations.
3. Stock inventory twice per day: morning and end of day. Will eliminate need for customers to linger waiting for new goods to arrive.

COVID-related safety

1. During pandemic, safety protocols limit number of customers in facility to the percentage of facility capacity based on the Monterey County Health Department directives.
2. Implementation of the comprehensive COVID-19 safety plan and protocols developed for the LCM, with review and assistance from IN-Focus, the District's safety consultant.
3. Sanitation protocols incorporated into employees' duties.
4. Assume pandemic impact is removed by October 2021.

Operating expenses

Operating expenses have been adjusted due to the programmatic reduction of activities that the LCM will be undertaking. Operating expenses other than staffing make up approximately 15% of the overall programmatic expenses. Staff related expenses make up approximately 85% of the operations costs.

1. Investment in staff training expected during first year of operations, utilizing resources at SCORE for general retail operations training and an organization like Urban Ore, experienced in re-selling used goods.
2. Other operating expense projections tied to historical costs, increased by inflation annually.
3. Cost saving options:
 - a. Reduction of vehicles to just one. Remove P/U truck and one flat-bed
 - b. Reduction of Fuel expenses, minimal forklift use
 - c. Reduction of operating supplies with elimination of soil sales and sales receipt books for those transactions.
 - d. Eliminate Temporary staff support.

Facilities and other capital investments

1. Improve heating system. (This will be required regardless of what entity operates the facility going forward)
2. Remodel rest rooms; make available for staff only. Provide portable toilets for customers.

Revenue Increases

This is where the greatest risk exists for the creation of this operating model. The facility has not increased the prices of items in any consistent or meaningful way over the past 7 years. A price list was established in 2014 and has been unchanged since that time. Overall revenues for the LCM have been remarkably consistent for the past 10 years. The Task Force envisions a pre-opening 10-20% increase in prices (15% average). It is not known how this will be accepted by the current customer base, many of whom are resellers of the items that they purchase. The former staff has researched and presented to the task force their findings of price comparisons with multiple other thrift stores in the regions, and the LCM is significantly (25-300%) under

their pricing, depending on the items. So, there is plenty of room for price increases but the impact on sales of those increases is unknowable at this time.

Also, there will be a lag-time for the return to normal sales activity, both due to the County's COVID restrictions as well as the impacts of the year-long closure of the facility.

1. Volumes projected to begin at 65% of historical volumes due to length of current closure and COVID limitations.
2. "Return to normal" volume increase projections:
 - a. 75% after 3 months
 - b. 100% after 12 months
3. Price increase assumptions:
 - a. 15% at re-opening
 - b. 3% annually after first year
4. Other revenue enhancement strategies:
 - a. Special promotions:
 - i. Senior Days
 - ii. Student discounts time periods
 - b. On-line promotions on Facebook; hold items for pick up on Friday.
 - c. Increase Clothing prices.
 - d. Establish simplified price list.
 - e. A uniform price haggling approach. This would be accomplished through only 2 staff members being (one for inside sales and one for outdoor sales) being authorized to set prices during any shift. Eliminates the ability for public to price check with multiple staff members. [This is controversial. Many staff believe it should be continued as it is a distinguishing characteristic of store.]

Overall Impact of Changes

Initial analysis suggests that if all of the assumptions and adjustments to the costs/expenses and revenues are achieved, it may be possible to build a financially sustainable program that is breakeven after the first 12 to 18 months of operations. Reaching that breakeven point may require an additional investment of \$100,000 - \$200,000.