

**SAN DIEGO CONVENTION CENTER CORPORATION
BOARD OF DIRECTORS MEETING**

**WEDNESDAY, SEPTEMBER 27, 2023, NOON
111 W. Harbor Drive, 2nd Floor, Executive Boardroom
San Diego, California 92101**

AGENDA

**Telephone number for members of the public
to observe, listen, and address the meeting telephonically:
1(888) 251-2909 – Access code is 6724115#**

1. Call to Order – Carlos Cota, Chair

2. Non-Agenda Public Comments

This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that are not on the posted agenda. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.

3. Board Committee Reports and Board Action Items

Consent Agenda:

A. Approval of Minutes of Board Meeting of August 23, 2023

Action Item(s):

B. Budget Committee (Shawn VanDiver)

(1) Acceptance of Financial Report from Chief Financial Officer

(2) Authorize Approval of Change Order to Window Sealant Replacement Contract

C. Sales & Marketing Committee (Jeff Gattas)

4. President's Report (Rip Rippetoe)

5. Chair's Report (Carlos Cota)

6. Board Comment [Govt. Code § 54954.2(a)(2)]

7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2)

8. **Closed Session**

A. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): (1 case)

Facts and circumstances pursuant to Government Code Section 54956.9(e)(1)

Adjournment

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In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting online at visitsandiego.com. Materials distributed to the board after the posting of this agenda also will be available. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com if you would like to receive a copy of any material related to an item on this agenda.

Action items on this agenda may be consolidated for voting purposes into a single vote of the Board, to the extent they are routine or otherwise do not require further deliberation. A Board member may comment on an action item before it is voted upon as part of the consolidated vote; however, if a Board member wishes to discuss an action item, that item will not be included in the consolidated vote. If a member of the public wishes to comment upon an action item, they should so advise the Board chair at or before the public comment portion of the meeting, in which case that item will not be included in any consolidated vote.

Agenda Item 3.A

MINUTES*
SAN DIEGO CONVENTION CENTER CORPORATION
THE BOARD OF DIRECTORS

BOARD MEETING OF AUGUST 23, 2023

BOARD MEMBERS PRESENT: Chair Carlos Cota and Directors Shawn VanDiver, Jaymie Bradford and Alyssa Turowski
BOARD MEMBER(S) ABSENT: Directors Jeff Gattas, Will Rodriguez-Kennedy and Carol Kim

STAFF PRESENT: Rip Rippetoe, Mardeen Mattix, Corey Albright, Andy Mikschl, Michael Milligan, Victoria Mitchell, and Pat Evans (Recorder)

ALSO PRESENT: Jennifer Lyon, General Counsel

*Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com to request a copy.

1. Call to Order

Chair Carlos Cota called the Board Meeting to order at 12:11 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101.

Chair Cota then called roll to determine which Directors were present:

Director Cota – Present
Director Gattas – Absent
Director VanDiver - Present
Director Bradford – Present
Director Rodriguez-Kennedy – Absent
Director Turowski– Present
Director Kim – Absent

All Directors were recorded as present except Director Jeff Gattas, Director Will Rodriguez-Kennedy and Director Carol Kim. Chair Cota noted that all votes taken during this meeting would be recorded via roll call vote.

2. **Non-Agenda Public Comment** – Chair Cota inquired if any member of the public wished to comment on any non-Agenda items. No members of the public responded to the request for comment.

3. **Board Committee Reports and Board Action Items:**

Consent Agenda:

A. Approval of Minutes of Board Meetings of June 28, 2023, and July 12, 2023.

Chair Cota inquired if any Director would like to pull a Consent Agenda item for discussion. Hearing no request to pull a Consent Agenda item, Chair Cota then inquired if any member of the public wished to comment on Agenda Item (3.A). No members of the public responded to the request for comment.

Director Will Rodriguez-Kennedy arrived at the meeting at 12:13 p.m. and Director Carol Kim arrived at the meeting at 12:14 p.m.

After request for Director discussion and for public comment, Directors Bradford and Turowski moved and seconded, respectively, to approve the Consent Agenda as set forth hereinabove.

**Director Cota – Aye
Director Gattas – Absent
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Aye**

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

Action Item(s):

B. Budget Committee (Shawn VanDiver)

(1) Acceptance of Financial Report from Chief Financial Officer

- Ms. Mattix reported that the written financial reports are still in draft form as they are in the process of being reformatted. She would like to schedule meetings with Directors to review the new format prior to the next Board meeting. The new format is more aligned with the City’s manner of reviewing financial reports.
- The Corporation has also begun the audit process.
- The Corporation’s year-end budget was fantastic. The Corporation earned \$4 million more in revenue than budgeted and forecasted.

- Thanks to the Corporation’s partners’ ancillary services revenues, the Corporation stayed right on track with events and rents. The Corporation’s partners did an outstanding job of selling the building and providing services to the clients.
- The “tweaks” implemented by the Corporation’s Sales team for near term business (within 5 years) and focusing on tech shows and corporate business, has made a huge impact not only on the Corporation, and the City in general, but also for our partners. Ms. Mattix is proud of the Sales team for implementing the changes and, projections are that fiscal year 2024 will be stronger than FY 2023 and FY 2025 also looks amazing.
- The downside of the improved business climate is the Corporation is experiencing excess utility costs of approximately \$1 million more than anticipated. By comparison, in 2019, during a peak business year, the Corporation spent a total of \$4.4 million in utilities compared to almost \$6 million this year. Staff will continue to monitor utility costs closely.
- The Corporation made its debt payments and invested \$2 million in capital improvements. The overall net effect means the Corporation only pulled \$125,000 from its reserves instead of \$5 million it had anticipated spending from reserves (including funds saved by delay of the roof project).
- The net position for reserves will remain at \$40 million. For the first month of FY 2024, the Corporation is on track.
- Ms. Mattix will forward updated financial statements to the Board along with a capital summary of where FY 2023 ended and an overview of fiscal outcomes for FY 2024.

After Ms. Mattix submitted her report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.B.1. No members of the public responded to the request for comment.

After presentation by Staff, Directors Kim and VanDiver moved and seconded, respectively, to Accept the CFO Financial Report from the Chief Financial Officer.

**Director Cota – Aye
 Director Gattas – Absent
 Director VanDiver – Aye
 Director Bradford – Aye
 Director Rodriguez-Kennedy – Aye
 Director Turowski – Aye
 Director Kim – Aye**

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

(2) Authorize Purchase of Kitchen Equipment

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.B.2.

(4) Authorize Contract for Central Plant Design

Chair Cota called for a staff report regarding this item. After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item 3.B.4.

Ms. Lori Saldaña submitted a speaker's slip requesting an opportunity to address the Board regarding Agenda Item (3.B.4), and she was granted an opportunity to address her comments to the Board. Ms. Saldaña requested that the record reflect that she specifically expressed concerns about whether this project will comply with the "City's Climate Action Plan and the decarbonization framework to ensure that taxpayers are not paying higher rates, already we're highest in the nation, without them being forced to pay higher rates to keep lights on in the convention center that doesn't have the most efficient and decarbonized energy generation and HAVC systems possible."

After presentations by Staff and public comment, Directors VanDiver and Bradford moved and seconded, respectively, to award a Contract to SC Engineers for Central Plant redesign with a not-to-exceed budget of \$1,161,105.

**Director Cota – Aye
Director Gattas – Absent
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Turowski – Aye
Director Kim – Aye**

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

C. Sales & Marketing Committee (Jeff Gattas)

Andy Mikschl presented the following report in Director Gattas' absence:

- The Sales team continues to take a very selective approach regarding the short-term events they are booking. The team has noted that there is a lot of activity happening in the building and the team needs to ensure that events booked are driving incremental revenue to the building, incremental hotel revenue and also helping the Center stay relevant within the community by getting local constituencies into the building when possible.
- The Auto Show has contracted again for later this year.
- Four events were booked by the short-term Sales team.
- Mr. Mikschl invited SDTA President & CEO, Julie Coker, to report on long-term sales results.

- Ms. Coker lauded Mr. Rippetoe for the SDCCC’s team response to building oversight during the recent tropical storm.
- Ms. Coker reported that the long-term team exceeded their room night booking goal. The team booked 658,395 room nights and their goal was 650,000 room nights (101% of goal). From a hotel perspective, the goal was 450,000 and they booked 471,992 (105% of goal). The team booked 103% of goal into San Diego for future years.
- The long-term team is also booking smarter – 157,000 room nights booked will fall within the next two years.
- From a city-wide perspective, 63% of events booked fell within the next five years. That percentage is key because when SDTA and SDCCC were participating in contract negotiations, one of the goals was to put more business sooner (as opposed to ten to fifteen years out). By comparison, in 2019, 54% of booked business was within five years and in 2018 33% of booked business fell within five years.
- In terms of July, the July occupancy for San Diego was fifth in the country but it was number one in California. The only other western city that beat out California was Denver.
- From an ADR perspective, San Diego was third in the country and number one in California (Denver was below San Diego).
- With REVPAR (revenue for available rooms), San Diego was second in the country only behind New York.
- Ms. Coker also reported that Theresa Cunningham, SDTA’s new Director of EDI and Community Engagement, started yesterday. Ms. Coker and Ms. Cunningham will be meeting on Friday to establish KPIs for the position. For the first six months, Ms. Cunningham will focus on SDTA’s Tourism Accelerator Program and on executing SDTA’s “Tourism Diversity Matters” strategy. SDCC’s Executive Team will schedule an introductory meeting with Ms. Cunningham.
- SDTA received a very strong budget for FY 2024 - \$50,000,000 was awarded from the T.M.D. \$30,000,000 of those funds are specifically designated from marketing and advertising. San Diego will continue to be top-of-mind not only in the United States, but also from an international perspective.

After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item (3.C). No members of the public responded to the request for comment. No vote was required on this item as it is a Sales & Marketing Committee update.

4. President’s Report (Rip Rippetoe) – Mr. Rippetoe reported:

- Mr. Rippetoe thanked the SDCCC team for its response to Tropical Storm Hilary. The team established an emergency response plan and there was no substantial flooding or damage to the building.
- The team received great cooperation from clients who were on site. Two out of the three shows on site went out of their way to work with staff on timing and scheduling to ensure safety of their guests and the third show worked closely with staff to ensure their event moved forward successfully.
- SPIE, a thirty-year client, was able to hold their opening reception on the outdoor terraces on Monday evening after the storm. SPIE was thrilled with our staff and Sodexo Live!’s planning and execution of their reception.

- Since the last Board meeting, staff attended the IAVM annual meeting and staff was also a part of the Pride Parade and festival. The Center also hosted a myriad of high-profile events in July and hosted employee Town Halls for all three shifts.
- The Center has also completed its interviews for the General Manager position. Additional details will be reported once candidate evaluations have been completed.

After staff submitted its report, Chair Cota inquired if any member of the public wished to comment on Agenda Item (4). No members of the public responded to the request for comment.

5. Chair’s Report (Carlos Cota) – Chair Cota reported:

- The SDCCC Summer Picnic for employees and their families is scheduled for Saturday, September 9, 2023, from 11:00 a.m. until 2:00 p.m. Directors and their families are invited to attend. Please contact Pat with your r.s.v.p.
- The next Board meeting is scheduled for September 27, 2023, at Noon.

6. Board Comment [Govt. Code § 54954.2(a) (2)] – Director Rodriguez-Kennedy requested additional information regarding the City’s Climate Action Plan and its applicability to pending and future SDCCC projects. General Counsel Lyon requested that the issue be referred to staff for further action since discussion regarding this item was not included on the agenda.

7. Urgent non-agenda items (must meet the requirements of Government Code, Section 54954.2): **None**

8. Closed Session: The Board entered into closed session at 12:58 p.m. to discuss the items set forth herein below.

A. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): (1 case)

Facts and circumstances pursuant to Government Code Section 54956.9(e)(1)

The Board returned to open session at 1:22 p.m.

Reporting out of closed session, General Counsel Lyon stated that the Board discussed item “8.A,” and direction was given but no reportable action was taken.

There being no further business, the meeting adjourned at 1:23 p.m.

I, Will Rodriguez-Kennedy, Secretary of the Board of Directors of the San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Board of Directors of the San Diego Convention Center Corporation, Inc., at a duly noticed meeting held on August 23, 2023, and that said minutes were approved by the Board of Directors on September 27, 2023.

Will Rodriguez-Kennedy, Secretary

DRAFT

Agenda Item 3.B.2

SAN DIEGO CONVENTION CENTER CORPORATION
M E M O R A N D U M

TO: Board of Directors

FROM: Shawn VanDiver, Budget Committee Chair

DATE: For the Agenda of September 27, 2023

RE: Authorize Approval of Change Order to Window Sealant Replacement Contract

BACKGROUND

The San Diego Convention Center features a substantial amount of overhead, angled, and rounded glass primarily covering lobby spaces on the front city side of the building and around the perimeter of the upper level. The existing sealant that acts as a waterproof barrier is past its useful life and degraded to the point where significant leaks occur. This project was budgeted in FY23 and FY24 with adequate funding to cover the anticipated costs.

DISCUSSION

Staff issued a request for proposals from qualified contractors to provide glass sealant services in September 2022. After conducting evaluations based on best value determination, Staff recommended award to Coast Waterproofing and received Board approval in January 2023 with an original project budget of \$290,000. The original scope of this contract addressed the perimeter glass sealant, primarily in the lobbies. Staff anticipated and budgeted for future waterproofing phases separately.

Upon further investigation of the sealant conditions after recent inclement weather, Staff is recommending approving a change order to the Coast Waterproofing contract expediting additional funds to address water intrusion in the Sails Pavilion. Staff recommends a revised project budget of \$400,000 for the existing scope and expedited Sails Pavilion improvements.

STAFF RECOMMENDATION

Approve authorization to issue a change order to the Coast Waterproofing contract with a revised project budget of \$400,000.

/s/
Shawn VanDiver,
Budget Committee Chair

Agenda Item 3.C



CONTACT: **Andy Mikschl**, *Executive Vice President, Sales, San Diego Convention Center*
 Andy.mikschl@visitsandiego.com | 111 West Harbor Dr., San Diego, CA 92101
 619.525.5282

SHORT TERM BOOKING ACTIVITY

Conventions, Corporate Events, Consumer Shows, Community Events, & Local Meetings

	FY24 JULY 23	FY23 JULY 22	CUMULATIVE FYTD 2024	CUMULATIVE FYTD 2023
DEFINITE	EVENTS	2	6	11
	ATTENDANCE	14,000	117,200	25,114
	ROOM NIGHTS	312	2,212	4,935
	RENTAL REVENUE	\$142,890	\$375,080	\$325,850

FY24 PERCENT TO GOAL

Convention Center Rental Revenue

	GOAL	YTD	PERCENT TO GOAL
CONTRACTED RENTAL REVENUE	\$1,500,000	\$375,080	25%

San Diego Convention Center Short Term Sales August 2023 Sales Activity Report

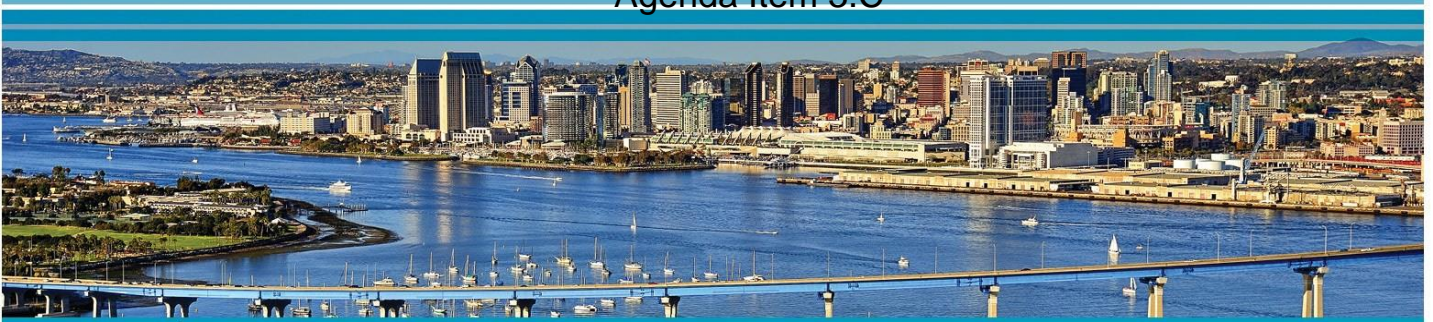
CONTRACTED SHORT TERM EVENTS/ AUG 2023

EVENT NAME	EVENT DATES	PROJECTED ATTENDANCE	PEAK ROOMS	ROOM NIGHTS	RENTAL
Sharp Healthcare All-Staff Assembly	11/19/24	12,000	0	0	\$76,250
JOGS San Diego Gem & Jewelry Show	10/28/24	2,000	80	312	\$66,640
TOTAL		14,000		312	\$142,890

San Diego Convention Center Short Term Sales August 2023 Sales Activity Report

CONTRACTED SHORT TERM EVENTS/ FY24 YTD

EVENT NAME	EVENT DATES	PROJECTED ATTENDANCE	PEAK ROOMS	ROOM NIGHTS	RENTAL
San Diego International Auto Show 2023	12/29/23	100,000	200	800	\$194,400
West Coast Conference Cheer & Dance 2023	10/29/23	2,500	0	0	\$10,400
AGWest Board Meeting & LAC Orientation	02/07/24	100	350	800	\$6,600
LSX RNA Leaders USA Congress 2024	09/04/24	600	150	300	\$20,790
Sharp Healthcare All-Staff Assembly	11/19/24	12,000	0	0	\$76,250
JOGS San Diego Gem & Jewelry Show	10/28/24	2,000	80	312	\$66,640
TOTAL		117,200		2,212	\$375,080



SAN DIEGO CITYWIDE SALES AUGUST 2023 SALES ACTIVITY REPORT

CITYWIDE PRIMARY MARKET

Conventions, Trade Shows, Corporate & Incentive Events

DEFINITE	FUTURE YR BOOKINGS	AUGUST 2023	AUGUST 2022	AUGUST 2018	CUMULATIVE FY2024	CUMULATIVE FY2023	CUMULATIVE FY2019
	CONVENTIONS	1	3	0	2	4	7
ATTENDANCE	13,000	17,000	0	18,800	21,000	42,200	
ROOM NIGHTS	34,720	10,680	0	39,093	26,730	66,382	

TENTATIVE	FUTURE YR BOOKINGS	AUGUST 2023	AUGUST 2022	AUGUST 2018	CUMULATIVE FY2024	CUMULATIVE FY2023	CUMULATIVE FY2019
	BOOKINGS	14	5	9	41	9	17
ATTENDANCE	111,000	20,900	91,650	435,800	68,900	136,350	
ROOM NIGHTS	177,192	51,652	182,952	734,420	132,645	266,784	

	CUMULATIVE FY2024	CUMULATIVE FY2023	CUMULATIVE FY2019
DEFINITE TOTAL ROOM NIGHTS	39,093	26,730	66,382
VARIANCE COMPARED TO FY2019	-41%	-60%	*UBM multiyear 24K Total RNs crossed over FYE
TENTATIVE TOTAL ROOM NIGHTS	734,420	132,645	266,784
VARIANCE COMPARED TO FY2019	+175	-50%	

DEFINITE EVENTS BREAKDOWN

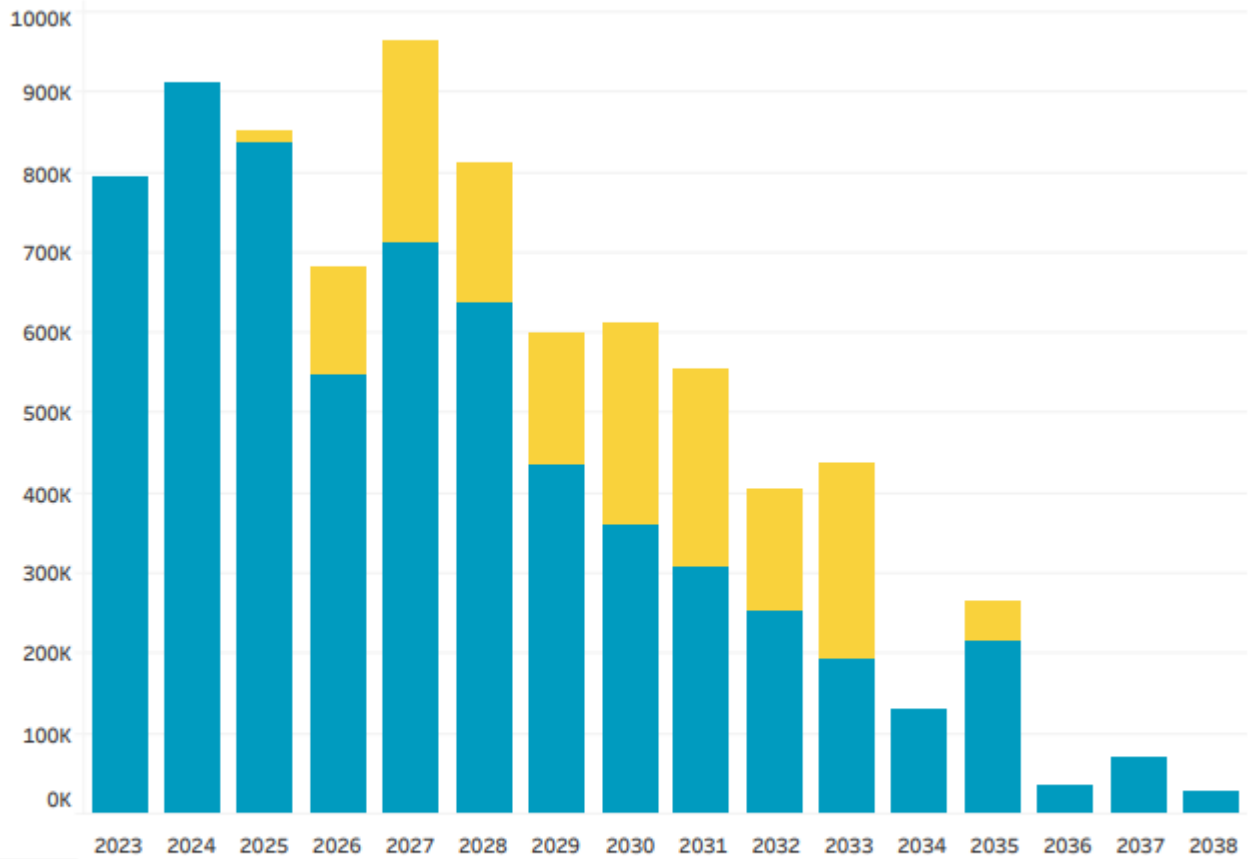
Conventions, Trade Shows, Corporate & Incentive Events booked in August 2023

Account Name	National Sales Director	Event Begin Date	Event End Date	Room Nights	Peak Room Nights	Estimated Attendance	SDCCC ID #	SDTA ID #
Biotechnology Innovation Organization	Angie Ranalli	6/9/2032	6/18/2032	34,720	8000	17,000	3206003	1224725
Total				34,720	8,000	1,800		

ROOM NIGHT SUMMARY

Figures based on calendar year of event begin date

Lead
Definite



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Definite Bookings	50	49	44	34	30	24	18	12	13	8	7	3	6	1	3	1
Definite Room Nights	794K	910K	837K	551K	712K	638K	436K	362K	309K	253K	194K	132K	216K	36K	71K	30K
Tentative Room Nights			14K	131K	253K	173K	161K	250K	244K	152K	243K		48K			

NOTE:

- 2024 Definite Total Room Night Changes: -21,080 impacted by -11,812 (PittCon definite decrease)
- 2025 Definite Total Room Night Changes: -16,000
- 2026 Definite Total Room Night Changes: -23,000
- 2032 Definite Total Room Night Changes: +34,720 (BIO – New Definite)