

**SAN DIEGO CONVENTION CENTER CORPORATION
BUDGET COMMITTEE MEETING
OF THE BOARD OF DIRECTORS**

**Director Jeff Gattas, Chair
Director Carlos Cota
Director Carol Kim
Director Will Rodriguez-Kennedy**

**MONDAY, JUNE 13, 2022, 11:00 A.M.
111 W. Harbor Drive, 2nd Floor, Executive Boardroom
San Diego, California 92101**

AGENDA

Pursuant to Government Code section 54953(e)(1)(B), City of San Diego City Council Resolution R-2022-396, and San Diego Convention Center Corporation Resolution No. 2022-05 approved on May 23, 2022, members of the San Diego Convention Center Corporation Board and all of its legislative bodies may participate in public meetings via teleconference or video conference. In the interest of reducing the spread of COVID-19, in-person public participation is prohibited at this time. Board meetings are held live via teleconference at the number indicated at the top of the agenda. Members of the public may participate live in the Board meeting and submit comments live on this teleconference line.

**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** - Jeff Gattas, Chair
2. **Non-Agenda Public Comment:**
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 have not previously been before the Board. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.
3. **Approval of Proposed Minutes of April 18, 2022 Budget Committee Meeting**
4. **Chair's Report**

5. **Action Item(s):**

A. **Recommendation to Authorize Contract for Workforce Management System (UKG)**

B. **Recommendation to Ratify Revised FY23 SDCCC Budget**

6. **Staff Updates:**

- **CFO**
- **President & CEO**

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

8. **Budget Committee Comment** [Govt. Code §54954.2(a)(2)]

Adjournment

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device ("ALD") for the meeting, please call Pat Evans at (619) 525-5131 at least five working days prior to the meeting to ensure availability.

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 at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available online at visitsandiego.com. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com if you would like to pick up 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

MINUTES

SAN DIEGO CONVENTION CENTER CORPORATION BUDGET COMMITTEE OF THE BOARD OF DIRECTORS

COMMITTEE MEETING OF APRIL 18, 2022

BOARD MEMBERS PRESENT: Chair Jeff Gattas and Directors Carlos Cota and Will Rodriguez-Kennedy

BOARD MEMBERS ABSENT: Director Carol Kim

STAFF PRESENT: Rip Rippetoe, Mardeen Mattix, Corey Albright and Pat Evans (Recorder)

ALSO PRESENT:

1. **Call to Order:** Chair Jeff Gattas called the meeting to order at 11:03 a.m. at 111 West Harbor Drive, San Diego, California.

Chair Gattas announced that since this meeting is being conducted via teleconference, the first action is to perform a roll call to determine which Board members are present on this call:

Director Jeff Gattas – Present
Director Carlos Cota - Present
Director Carol Kim – Absent
Director Will Rodriguez-Kennedy – Present

Chair Gattas noted that all Directors were present except Director Kim. Chair Gattas further noted that all votes would be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** Chair Gattas requested public comment regarding any non-agenda items. Hearing none, the meeting proceeded.
3. **Approval of Minutes of March 14, 2022 Budget Committee Meeting:**

Directors Cota and Rodriguez-Kennedy moved and seconded, respectively, to approve the minutes from the March 14, 2022 meeting.

Director Jeff Gattas – Aye
Director Carlos Cota - Absent
Director Carol Kim – Aye
Director Will Rodriguez-Kennedy – Aye

Vote: Unanimous

AYES: 3 NAYS: 0 ABSTENTIONS: 0

4. Chair's Report: None

5. Action Item(s): Chair Gattas requested public comment regarding any of the agendized action items. Hearing none, presentations regarding the items commenced.

Chair Gattas inquired if any member of the public wished to comment on Agenda Item 5.A. No members of the public responded to the request for comment.

A. Recommendation to Authorize Placement of Property, General and Umbrella Liability, Workers' Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency

Directors Cota and Rodriguez-Kennedy moved and seconded, respectively, to recommend authorizing Placement of Property, General and Umbrella Liability, Workers' Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency.

Director Jeff Gattas – Aye
Director Carlos Cota - Aye
Director Carol Kim – Absent
Director Will Rodriguez-Kennedy – Aye

Vote: Unanimous

AYES: 3 NAYS: 0 ABSTENTIONS: 0

Chair Gattas inquired if any member of the public wished to comment on Agenda Item 5.B. No members of the public responded to the request for comment.

A. Recommendation to Authorize Contract for Arc Flash Analysis

Directors Rodriguez-Kennedy and Cota moved and seconded, respectively, to recommend authorizing approval of the Contract for Arc Flash Analysis.

Director Jeff Gattas – Aye

Director Carlos Cota - Aye
Director Carol Kim – Absent
Director Will Rodriguez-Kennedy – Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

6. Staff Updates:

CFO: Ms. Mattix noted that Directors could review her CFO report for the Corporation's financial status update.

- Ms. Mattix reported that in March, the Corporation experienced a net operating loss of \$565,000 which was more than originally projected. Ms. Mattix attributed the loss to less than projected event attendance.
- The Corporation is still ahead of budget by approximately \$2 million.
- Expenses are also under budget primarily due to a delay in implementing some projects in the facility until later in the year and also due to the Corporation's inability to fill certain personnel positions.
- Staff had originally projected that it would need \$10 million by this time of the year; however, the projected net operating loss is approximately \$5.7 million. Staff will be requesting that the City fund that \$6 million loss from funds allocated by the City for this purpose (\$10 million). The City will likely fund this deficit after Staff's May budget presentation to the full Council. In the meantime, the Corporation is using reserves to fund the deficit.
- There are preliminary discussions that the City may consider funding the Corporation with the entire \$10 million City budget allocation to cover the costs of future capital needs and future deficits. The deficit projections for next year are less than those of FY 2022.

President & CEO: Mr. Rippetoe reported the following:

- The Corporation moved forward with the appointment of Corey Albright as the Corporation's Chief Operating Officer. Mr. Albright will oversee the following departments: Operations, Venue Facilities, Engineering, Housekeeping, Public Safety and Procurement. A formal Resolution regarding the appointment will be presented at this month's Board meeting.
- Mr. Rippetoe will be traveling to the IAVM Region 7 meeting next week.

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

8. **Budget Committee Comment** [Govt. Code §54954.2(a)(2)]: **None**

There being no further business, the meeting adjourned at 11:35 a.m.

CERTIFICATION

I, Jeff Gattas, Chair of the Budget Committee of the Board of the Directors of 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 Budget Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on April 18, 2022.

Jeff Gattas, Chair

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

TO: Budget Committee

FROM: Mardeen Mattix, Chief Financial Officer

DATE: For the Agenda of June 13, 2022

RE: Recommendation to Authorize Contract Extension for Workforce Management System (UKG)

BACKGROUND

The corporation currently uses UKG (formerly the Ultimate Software Group) for human resources and benefit administration, payroll processing, time & attendance, and employee performance evaluation as an integrated, web-based system since 2007. Staff leverage this software to manage every aspect of the employee life cycle - from recruitment to retirement, provide employee and manager self-service, and powerful reporting capabilities.

The original implementation of the Workforce Management System was purchased in the amount of \$246,240 as a Capital Expense and funded from Corporation reserve. Annual subscription costs based on a 400 employee minimum count for all specified modules total approximately \$90,000 per year, paid from operating funds budgeted for each respective year. Yearly hosting and transaction services are inclusive of program upgrades and support. The cost variance for the extended terms produces a cost savings estimated to be \$15,000 per year.

DISCUSSION

With the recent technology platform conversions of the financial and event management system, staff continue to evaluate if the UKG system is the optimal workforce solution for future labor tracking needs. UKG does not offer robust scheduling and record timekeeping solutions to accommodate the multiple union agreements and complex timekeeping rules called out in those agreements, requiring staff to augment efforts manually or leverage other platforms. As further integration may be required, staff recommend contracting for a three (3) year extension term to allow time for further analysis and plan for a conversion if needed while locking in favorable pricing.

In an effort to streamline the hiring process, staff will activate a new module in UKG to complement the recruitment module to provide more robust tracking and data collection. Automating new hire paperwork by managing documents and workflows along with the ability to request documents and electronic signatures from employees with a few clicks will reduce manual efforts and cut down on staff time to onboard new hires.

Given the pandemic's effect on our staffing levels, contract negotiations successfully reduced guaranteed employee counts from 400 annually to 200. Though estimates are based on our current staffing level counts, this renegotiation protects us from guaranteed minimum costs we were locked into during the pandemic under previous contract terms. The follow terms are the basis of the renegotiation:

- 3 Year renewal.
- A 3% increase was applied to most modules. They have agreed to remove that increase, and keep 2021 pricing in place for years 1&2, with a 1.5% increase year 3.
- They have agreed to keep time clock pricing the same as our current pricing for all 3 years.
- They have agreed to lower minimum guaranteed users across the board to 200 for all modules.
- Addition of the Onboarding Module.

UKG Agreement - 3 Year Extension

Agreement	One-Time Cost	Price per User	Projected Users	Projected Cost - Year 1	Projected Cost - Year 2	Projected Cost - Year 3	Projected Contract Total
Core	n.a	\$8.08	325	\$31,512.00	\$31,512.00	\$31,984.68	\$95,008.68
UTA	n.a	\$4.30	325	\$16,770.00	\$16,770.00	\$17,021.55	\$50,561.55
ACA	n.a	\$1.09	325	\$4,251.00	\$4,251.00	\$4,314.77	\$12,816.77
Testing Services	n.a	n.a	n.a	\$5,834.90	\$5,834.90	\$5,922.42	\$17,592.22
Onboarding	\$4,000.00	\$1.50	325	\$9,850.00	\$5,850.00	\$5,937.75	\$21,637.75
Time Clocks	n.a	n.a	n.a	\$4,344.48	\$4,344.48	\$4,344.48	\$13,033.44
Misc.	n.a	n.a	n.a	\$3,000.00	\$3,000.00	\$3,000.00	\$9,000.00
Grand Total				\$75,562.38	\$71,562.38	\$72,525.65	\$219,650.41

RECOMMENDATION

Recommend to Board of Directors to award contract extension to UKG, Inc., including the addition of the onboarding module, for a term of three (3) years.



Mardeen Mattix
Chief Financial Officer

Agenda Item 5.B

SAN DIEGO CONVENTION CENTER CORPORATION

MEMORANDUM

TO: Budget Committee

FROM: Mardeen Mattix, Chief Financial Officer

DATE: For the Agenda of June 13, 2022

RE: Recommendation to Ratify Revised Fiscal Year 2023 Budget

BACKGROUND

The San Diego Convention Center Corporation's FY2023 budget was adopted March 23, 2022 and approved by City Council of San Diego on May 10, 2022. During Budget Review with the City of San Diego, the City confirmed funding SDCCC for the full \$10.2M (\$10,196,440) support request in FY22 as opposed to the \$6 million forecasted in our FY22 budget presentation that our Board approved in March. The City's position on making that decision was based on immediate capital needs within the next few years as presented in the FY23-FY27 outlook. Therefore, the City eliminated \$1 million in CIP request needs as presented in the FY2023 budget and will only fund the direct pass through for SDTA marketing contract support of \$2,655,000. This will result in a projected ending reserve balance for FY22 of \$24,257,668.

DISCUSSION

Beginning reserve balance for FY2023 is estimated at \$24,257,668. With the elimination of the \$1 million CIP request in FY2023, ending reserve balance for FY2023 is budgeted as \$16,874,778 (as opposed to the approved \$13,673,338 value previously presented).

Any future budgetary adjustment requests will be brought forth to Board of Directors as a forecast change during the fiscal year.

STAFF RECOMMENDATION

Budget Committee recommends to the Board to approve the ratification of the FY2023 Operating Budget.



Mardeen Mattix
Chief Financial Officer

SAN DIEGO CONVENTION CENTER CORPORATION
FY2023 BUDGET - REVISED June 2022

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	FY2018 PRE-COVID ACTUALS	FY2019 PRE-COVID ACTUALS	FY2022 FORECAST	FY2023 PROPOSED BUDGET	FY2024 PROJECTION
OPERATING REVENUES					
Building Rent	\$9,150,620	\$9,598,717	\$8,044,900	\$8,966,390	\$8,290,720
Food & Beverage	10,173,665	13,207,127	4,908,320	11,790,680	11,226,140
Event Services	4,110,291	5,194,152	1,874,050	3,764,740	3,634,960
Utilities	5,902,621	7,292,141	3,246,150	6,558,200	6,247,170
Telecommunications	4,444,169	5,029,900	3,327,930	3,947,770	4,376,200
Audio & Visual	1,161,979	1,548,527	693,690	1,100,220	1,189,910
Business Development	180,000	394,650	448,000	876,100	890,000
Interest/Investment Income	165,690	279,158	-100,000	100,000	50,000
Other Revenues	124,469	139,233	61,260	80,260	85,300
TOTAL OPERATING REVENUES	\$35,435,992	\$42,683,605	\$22,504,300	\$37,184,360	\$35,990,400
OPERATING INFLOWS					
City of San Diego - Marketing	\$1,931,000	\$2,133,025	\$0	\$2,655,000	\$2,729,500
City of San Diego - Funding	1,505,000	0	10,196,440	0	8,000,000
SD Tourism Marketing District (TMD)	0	0	90,000	0	0
Emergency Intake Site	0	0	2,452,260	0	0
TOTAL OPERATING INFLOWS	\$3,436,000	\$2,133,025	\$12,738,700	\$2,655,000	\$10,729,500
TOTAL REVENUES AND INFLOWS	\$38,871,992	\$44,816,630	\$35,243,000	\$39,839,360	\$46,719,900
OPERATING EXPENSES					
Salaries & Wages - Full Time	\$12,664,027	\$13,191,411	\$13,484,970	\$15,289,590	\$16,287,470
Salaries & Wages - Part Time	4,011,802	5,056,427	3,413,160	4,668,190	4,861,750
Fringe Benefits	5,026,155	5,731,579	3,952,520	5,501,180	5,901,710
TOTAL PERSONNEL EXPENSES	\$21,701,984	\$23,979,416	\$20,850,650	\$25,458,960	\$27,050,930
General Expenses	\$2,319,133	\$2,570,368	\$1,295,690	\$1,972,740	\$4,379,400
Repair & Maintenance	2,885,991	2,703,164	3,175,630	4,795,260	5,034,970
Utilities	4,110,677	4,419,035	4,292,000	4,594,560	4,824,290
Contracted Services	874,749	971,723	909,050	1,538,520	1,070,390
Travel & Transportation	123,718	123,847	42,170	67,180	70,200
Insurance	347,613	366,467	606,610	683,230	717,390
Telecommunications	48,174	44,539	35,700	59,650	62,640
Sales & Marketing	2,082,600	2,184,609	1,934,860	2,702,310	2,784,340
Supplies	597,719	549,363	457,880	603,400	633,620
TOTAL SUPPLIES & SERVICES	\$13,390,374	\$13,933,116	\$12,749,590	\$17,016,850	\$19,577,240
TOTAL OPERATING EXPENSES	\$35,092,358	\$37,912,532	\$33,600,240	\$42,475,810	\$46,628,170
NET OPERATING REVENUES / EXPENSES	\$3,779,633	\$6,904,098	\$1,642,760	-\$2,636,450	\$91,730
EXTRAORDINARY GAIN ON DEBT FORGIVENESS	\$0	\$0	\$6,387,000	\$0	\$0
DEBT SERVICE EXPENSES					
Interest Expense	\$572,190	\$414,177	\$836,100	\$806,980	\$776,800
Loan Admin Fee	0	70,125	69,690	67,440	64,910
Principal: Warehouse Lease	2,200	2,200	2,200	1,650	0
Principal: IBank Loan	731,970	783,200	785,470	813,670	842,880
TOTAL DEBT SERVICE EXPENSES	\$1,306,360	\$1,269,702	\$1,693,460	\$1,689,740	\$1,684,590

SAN DIEGO CONVENTION CENTER CORPORATION
FY2023 BUDGET - REVISED June 2022

Jun 09, 2022

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	FY2018 PRE-COVID ACTUALS	FY2019 PRE-COVID ACTUALS	FY2022 FORECAST	FY2023 PROPOSED BUDGET	FY2024 PROJECTION
CAPITAL INVESTMENTS					
CIP - Infrastructure Projects	\$15,316,911	\$4,031,000	\$900,000	\$6,910,000	\$23,944,540
Debt Finance offset (IBank/Roof)	-\$15,576,116	-\$1,468,610	\$0	-\$5,160,000	-\$14,950,000
"O&M" Operating & Major Maintenance Capital items	\$0	\$0	\$1,050,302	\$1,306,700	\$1,312,000
TOTAL CAPITAL INVESTMENTS (Net of Debt)	-\$259,205	\$2,562,390	\$1,950,302	\$3,056,700	\$10,306,540
NET OPERATING RESERVE IMPACT	\$2,732,478	\$3,072,007	\$4,385,998	-\$7,382,890	-\$11,899,400

OPERATING RESERVE ACTIVITY	FY2018 PRE-COVID ACTUALS	FY2019 PRE-COVID ACTUALS	FY2022 FORECAST	FY2023 PROPOSED BUDGET	FY2024 PROJECTION
Beginning Operating Reserve	\$5,303,993	\$9,017,714	\$19,871,670	\$24,257,668	\$13,673,338
+ Net Operating Revenues / (Expenses)	3,456,716	6,904,098	1,642,760	-2,636,450	91,730
+ PPP Loan Forgiveness	0	0	6,387,000	0	0
- Debt Service Obligation	-2,200	-1,269,702	-1,693,460	-1,689,740	-1,684,590
- Capital Investment (Net of Debt)	259,205	-2,562,390	-1,950,302	-3,056,700	-10,306,540
Ending Reserve Balance	\$9,017,714	\$12,089,721	\$24,257,668	\$16,874,778	\$1,773,938
Reserve Minimum Balance (8%)	\$2,990,000	\$3,080,000	\$2,989,110	\$3,132,124	\$2,792,167
Over / (Under) Reserve Minimum Balance	\$6,027,714	\$9,009,721	\$21,268,558	\$13,742,654	-\$1,018,229