

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

**Director Shawn VanDiver, Chair
Director Carlos Cota
Director Carol Kim**

**MONDAY, FEBRUARY 13, 2023, 11:00 A.M.
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** - Shawn VanDiver, 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 January 18, 2023 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
 - A. Recommendation to Authorize Renewal of Marshalling Yard Lease
 - B. Recommendation to Authorize Fire Alarm Inspection & Maintenance Agreement
 - C. Recommendation to Ratify (Unbudgeted) Capital Purchase of Wheel-Chair Lift
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 JANUARY 18, 2023

BOARD MEMBERS PRESENT: Chair Shawn VanDiver and Directors Carlos Cota and Carol Kim

BOARD MEMBERS ABSENT:

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

ALSO PRESENT:

1. **Call to Order:** Chair Shawn VanDiver called the meeting to order at 11:09 a.m. in the Executive Conference Room of the San Diego Convention Center, 111 West Harbor Drive, San Diego, California.

Chair VanDiver announced that since this meeting is being conducted on site with an open line to the public, the first action is to perform a roll call to determine which Board members are present on this call:

Director Shawn VanDiver– Present
Director Carlos Cota - Present
Director Carol Kim – Present

Chair VanDiver noted that all Directors were present and that all votes would be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** Chair VanDiver requested public comment regarding any non-agenda items. Hearing none, the meeting proceeded.

3. **Approval of Minutes of October 18, 2022, Budget Committee Meeting:**

Directors Cota and Kim moved and seconded, respectively, to approve the minutes from the October 18, 2022, meeting.

Director Shawn VanDiver– Aye

Director Carlos Cota - Aye

Director Carol Kim – Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

4. **Chair's Report:** Chair VanDiver stated he was pleased and excited to be chairing the Budget Committee this year and it was his priority this year to make sure that the Committee is identifying the things it needs to do in the immediate term to bring this facility to where it needs to be in order to deliver the best possible experience for our guests. Since this facility is one of the City's primary diplomatic assets, with guests from all over the country and the world, what we present to these guests is how they view San Diego. Chair VanDiver is confident that the incredible convention center team, both leadership and front-line workers, can identify and prioritize projects and figure out funding to implement those projects.

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

Chair VanDiver 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 Renewal of Marshalling Yard Lease

Directors Kim and Cota moved and seconded, respectively, to recommend Authorizing Renewal of the Marshalling Yard Lease.

Director Shawn VanDiver– Aye

Director Carlos Cota - Aye

Director Carol Kim – Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

Chair VanDiver 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.

B. Recommendation to Authorize Contract for Window Sealant Repair

The Committee discussed whether the recommended company was a “represented” entity and they discussed the Corporation’s general philosophy regarding contracting with represented entities. They also discussed selecting contractors based on “best value” versus lowest prices. COO Corey Albright indicated the proposed contractor was selected based on “best value” and he then explained the criteria that went into the final determination. Chair VanDiver recommended, given the urgency of the repair, approval of the item contingent upon a presentation to the full Board regarding the Committee’s labor inquiries. COO Albright also noted the Corporation has “skilled and trained workforce” provisions in the Corporation’s solicitations and contracts.

Directors Kim and Cota moved and seconded, respectively, to recommend Authorizing a Contract for Window Sealant Repair

Director Shawn VanDiver – Aye

Director Carlos Cota - Aye

Director Carol Kim – Aye

Vote: Unanimous

AYES: 3

NAYS: 0

ABSTENTIONS: 0

6. Staff Updates:

CFO: Ms. Mattix reported the following:

- CFO Mattix reported the Corporation is halfway through the year and the financials look good. Revenues have performed a little better than expected. The Deloitte event was an enormous success. Staff is still compiling information that will address the regional impact of the Deloitte event and they will report the findings to the Committee.
- Staff and the F& B contractor learned that there are different expectations between hosting corporate events versus association events. The pace is faster and way more demanding. It was a challenge to meet the events expectations with the current staffing shortage; however, the staff excelled at meeting the challenge. One downside of this type of event was the amount of overtime worked by part-time employees. The part-time employee budget line item exceeded budget. Staff is hopeful that the newly hired Talent Acquisition Partner, who is doing a fantastic job, will fill the gap of needed line-staff employees.
- Since the City has requested that the Corporation take the lead on maintaining the facility, the full-time budget line item, which is over budget, reflects new hires

(various engineers) that will be needed to accomplish those tasks. Staff will also be hiring more maintenance workers to help maintain the building.

- The Repair & Maintenance line item shows savings; however, some of those savings are attributable to projects that are delayed until the second half of the year. A few projects may even cross over into next year due to continuing supply chain issues. Staff is now blocking time on the event calendar in anticipation of scheduling and completing projects.
- The Utilities line item is higher than expected due to the unexpected volume of event attendance which impacts those costs. Staff also turned-on air conditioning during the hotter than usual summer months to alleviate worker discomfort during event move-ins. The utility rates should lower during the winter months even with fluctuating rates.
- Overall, the Corporation should end the year with approximately \$23 million in reserves which will be helpful in paying for several significant capital projects in the next fiscal year.
- Victoria Mitchell, Director of Engineering and Capital Projects, provided an update regarding the successful soffit removal capital project and the meeting room carpet replacement project.

President & CEO: Mr. Rippetoe reported the following:

- Mr. Rippetoe requested that the Committee members let staff know if there are particular items they wish reported during meetings.
- Mr. Rippetoe also noted that corporate events are lucrative in terms of generating revenue; however, they also tend to generate additional unanticipated expenses.
- The first Town Halls of the year took place on January 17, 2023 (6:30 a.m., 10:30 a.m. and 3:30 pm.). Directors are always welcome to attend any of the Town Halls and the next event will be held in April. Future Town Halls will be held on a quarterly basis.
- Ms. Mattix and Mr. Milligan previewed the upcoming open enrollment process.
- Mr. Rippetoe also discussed upcoming event activity and the Center anticipates record revenue years for 2024 and 2025. Event attendance may not be fully recovered; however, revenues generated by ancillary services look very positive.
- Staff will be focused on establishing a right-sized support team to provide excellent customer services while preventing staff burn-out.
- Mr. Rippetoe also reported on the recent PCMA annual meeting in Ohio and the importance of the meeting in terms of customer access. He noted that PCMA's 2024 meeting will be held in San Diego.

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)]: Chair VanDiver noted that while there may be an occasional failure, staff should not be afraid to review processes and constantly evaluate how to better serve customers and the maintenance of the building. The Committee discussed the issue of the difficulty visitors have obtaining visas and Mr. Rippetoe reported that U.S. Travel is spear-heading the discussions on making the visa

acquisition process less cumbersome. Director Cota reported on the positive feedback he received from customers about the center while attending the PCMA event. He also noted that the shift in the sales booking philosophy is evident in the fact that while the Center is smaller in size than other facilities, it is very competitive with larger centers when it comes to booking premium events. Chair VanDiver looks forward to preparing for the PCMA 2024 event and he thanked the staff for all of their efforts.

There being no further business, the meeting adjourned at 11:52 a.m.

CERTIFICATION

I, Shawn VanDiver, 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 January 18, 2023.

Shawn VanDiver, Chair

Agenda Item 5.A

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

TO: Budget Committee

FROM: Corey Albright, Chief Operating Officer

DATE: For the Agenda of February 13, 2023

RE: Recommendation to Authorize Renewal of Marshalling Yard Lease

BACKGROUND

In March 2013, the San Diego Convention Center Corporation (“Corporation”) entered into a five (5) year lease agreement with CG 7600 for 5.35 acres of land currently used as our marshalling yard located at 2387 Faivre Street, Chula Vista, California 91911 (“Existing Yard”). The Corporation subsequently exercised an option to extend for an additional five (5) year period expiring on March 31, 2023. The Corporation is required to have a marshalling yard in accordance with the environmental impact report (EIR).

DISCUSSION

Staff engaged in discussions with the City to identify a long-term marshalling yard on vacant City owned land. Staff visited several viable properties and have identified a property with potential that is currently undergoing due diligence by the City. City staff confirmed this process combined with necessary improvements required to use the vacant land as a new marshalling yard would exceed our lease and we should renew for a two (2) year period. Staff will concurrently evaluate alternative locations not owned by the City as a secondary option.

The broker representing the owner of the Existing Yard advised the property already has a long-term lease lined up with the leaseholder of the neighboring adjacent property commencing immediately on expiration of our lease. After discussions with the broker, the neighboring leaseholder is willing to sublease the Existing Yard back to us for a period of two (2) years at the market rate of \$50,312 per month for the first year with a 4% escalation for the second year. While this is a significant increase from the current monthly rate of \$18,128, the rate has been on a fixed 3% annual escalation dating back to 2013 prior to the demand and density for commercial properties of this nature. Staff assess the two (2) year lease of the Existing Yard to be the best solution and recommend moving forward.

STAFF RECOMMENDATION

Recommend authorization to negotiate a one (2) year marshalling yard lease agreement.

/s/
Corey Albright,
Chief Operating Officer

Agenda Item 5.B

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

TO: Budget Committee

FROM: Corey Albright, Chief Operating Officer

DATE: For the Agenda of February 13, 2023

RE: Recommendation to Authorize Contract for Fire Alarm Testing & Maintenance

BACKGROUND

The convention center has a robust fire alarm system produced by Siemens. The California Fire Code requires inspection, testing, and maintenance of this fire alarm system on an annual basis.

DISCUSSION

Due to the proprietary nature of the Siemens fire alarm system, Staff obtained a three (3) year proposal directly from Sygnal Systems, an authorized Siemens Solutions Partner to perform comprehensive annual fire alarm function testing as required by California Fire Code and National Fire Protection Association (NFPA) 72 standards. Consistent with procurement policy, Staff received a single-source proposal from Sygnal Systems for:

Year 1	\$35,350
Year 2	\$37,220
Year 3	\$39,180
3 Year Total	\$111,750

Staff assess Sygnal Systems' proposal as fair and reasonable and recommends proceeding with awarding a three (3) year contract for \$111,750.

STAFF RECOMMENDATION

Recommend approval of authorization to contract with Sygnal Systems for fire alarm inspection, testing, and maintenance.

/s/
Corey Albright,
Chief Operating Officer

Agenda Item 5.C

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

TO: Budget Committee

FROM: Corey Albright, Chief Operating Officer

DATE: For the Agenda of February 13, 2023

RE: Recommendation to Ratify Wheelchair Lift Purchase

BACKGROUND

As a part of San Diego Convention Center's commitment to providing an inclusive and accessible experience for visitors in our building, Staff maintain three (3) portable wheelchair lifts for stages. The existing wheelchair lifts are at the end of their useful life and were anticipated to be replaced in the FY 24 capital budget.

DISCUSSION

While Staff intended to replace all portable wheelchair lifts in FY 24, one (1) of the three (3) lifts failed beyond repair, prior to the anticipated replacement. Staff routinely need to have all three (3) lifts available concurrently, necessitating the expedited replacement or rental. Staff weighed rental costs against the expedited replacement and found it financially advantageous to proceed with the expedited purchase of a replacement wheelchair lift from Ascension Wheelchair Lifts for \$36,801.47.

STAFF RECOMMENDATION

Recommend ratification of wheelchair lift purchase for \$36,801.47.

_____/s/
Corey Albright,
Chief Operating Officer