

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

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

**MONDAY, MARCH 27, 2023, 11:00 A.M.  
111 W. Harbor Drive, 2<sup>nd</sup> 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 off February 13, 2023 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
  - A. Recommendation to Authorize Approval of Fiscal Year 2024 Budget
  - B. Recommendation to Authorize Approval of FY 2024 CIP/Infrastructure and O&M Projections
  - C. Recommendation to Authorize Purchase of Business Intelligence Reporting Software
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](http://visitsandiego.com). Please contact Pat Evans at (619)525-5131 or [pat.evans@visitsandiego.com](mailto: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 FEBRUARY 13, 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 11:01 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 January 18, 2023, Budget Committee Meeting:**

**Directors Kim and Cota moved and seconded, respectively, to approve the minutes from the January 18, 2023, 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 that he and Board Chair Cota are united in purpose to identify the Corporation's budget needs and to find the funding to meet those needs whether internally or at the City level, County level, Statewide or Federally to ensure that the Center's guests are getting the best possible experience in this cornerstone of San Diego's tourism economy.

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 Fire Alarm Inspection and Maintenance Agreement**

**Directors Cota and Kim moved and seconded, respectively, to recommend Authorizing the Fire Alarm Inspection and Maintenance Agreement**

**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.C. No members of the public responded to the request for comment.

**C. Recommendation to Ratify (Unbudgeted) Capital Purchase of Wheelchair Lift**

**Directors Kim and Cota moved and seconded, respectively, to recommend Ratifying the (Unbudgeted) Capital Purchase of Wheelchair Lift**

**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 that seven months into the year, the Corporation had originally expected to be at a \$2.6 million operational loss by the end of the year; however, indications are the Corporation will break even (before debt payment and capital).
- The Corporation had budgeted \$8 million to work on projects however since the roof project will be delayed that figure has been revised to \$2.3 million.
- The Corporation's reserves were originally projected to be at \$17 million at the end of the year but they are now projected to be at \$24 million at year end.

- Staff has been in discussion with the City regarding reserve spending strategies and how to allocate funding to capital projects. Staff will review the draft FY 2024 budget at the next Committee meeting.

**President & CEO:** Mr. Rippetoe reported the following:

- The recent Distributech event exceeded its previous event attendance of 13,000 attendees. This year's event attendance was 17,000. This event has five shows scheduled to come back to the Center between now and 2030 if we can find dates for them. The Distributech event is continuing to grow and the Center can accommodate that growth.
- Meetings are scheduled with U.S. Travel to discuss the continuing issue of processing times for visas for foreign visitors. The administration has lifted the requirement for travelers to have vaccinations prior to entering the U.S.
- Mr. Rippetoe, Ms. Coker, and Board Chair Cota attended the Cal Travel meeting last week where they received several state-wide updates. Although the Center is not allowed to lobby (U.S. Travel is heavily involved in lobbying efforts), the Center is allowed to educate regarding issues that are important to the Center and the industry.
- Business activity is strong and the team is doing great.

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 11:29 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 February 13, 2023.

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Shawn VanDiver, Chair

## **Agenda Items 5.A and 5.B**

### **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 March 27, 2023

**RE:** Recommendation to Authorize Approval of Fiscal Year 2024 Proposed Budget and CIP/Infrastructure and O&M Projections

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#### **BACKGROUND**

The convention center continues to be the regions premier gathering place, responsible for generating significant economic benefits for the greater San Diego area by hosting international and national conventions and trade shows. The desire to have in-person events remains steady as new bookings indicate a strong demand. FY2023 has resulted in strong attendance with travel rivaling pre-pandemic norms. The Sales and Marketing teams have worked tirelessly over the past couple of years to refine San Diego's business model of welcoming events to the center. With limited capacity available, it was imperative for the team to qualify business and ensure the right book of business compliments all stakeholder needs; focusing on generating maximum TOT to fund the City's General Fund while helping local business, key stakeholders and producing quality jobs to ensure San Diego thrives.

#### **DISCUSSION**

SDCC budgeted to host a total of 91 events in FY2023, including 69 primary events (65 Convention & Tradeshow, and 4 Corporate events). Budgeted attendance was slightly lower than pre-pandemic norms, however, customer spending habits and hotel room rates were significantly higher, causing record-breaking tax revenue expected through June 2023. FY2023 projected event activity is set to host 129 events and produce \$3M more in estimated tax revenue with a total regional impact of \$1.4B for the year. See the table below for planned event activity.

	FY2023 Budget	FY2023 Forecast	FY2024 Budget
<b>Primary Events Only</b>			
Primary Events	69	72	62
<i>Conv/Corp</i>	<i>(65 / 4)</i>	<i>(67 / 5)</i>	<i>(57 / 5)</i>
Total Events	91	129	107
Attendance	580,000	581,000	747,000
Room Nights*	762,000	784,000	961,000
TOT/Sales tax	\$29M	\$32M	\$39M
Regional Impact	\$1.2B	\$1.4B	\$1.7B

### **FY2024 Budgetary Summary:**

FY2024 is facing a budgetary deficit of \$13,663,213 mainly due to significant capital investments required over the next year. FY2024 is forecasted to begin the year with \$24,938,976 in reserves on July 1, 2023 and will end the year at \$11,275,763. This budget assumes the City of San Diego will contribute \$2,734,650 for SDTA Marketing efforts with an additional \$5,000,000 to support SDCC operating loss and to service the majority of debt service obligations. The remaining debt service and all planned capital expenditures will be funded from SDCC's reserve balance.

	FY2023 Budget	FY2023 Forecast	FY2024 Budget
<b>Beginning Reserve:</b>	<b>\$24,257,668</b>	<b>\$29,335,545</b>	<b>\$ 24,938,976</b>
<b><u>FY2024 Activity</u></b>			
Operating Revenue	\$37,184,360	\$40,789,645	\$ 43,638,970
City - Marketing	2,655,000	2,655,000	2,734,650
City - Subsidy	-	-	5,000,000
Wages	(25,458,960)	(25,531,441)	(30,325,920)
Expense	(17,016,850)	(18,140,356)	(19,755,331)
<b>Net Operating loss</b>	<b>(2,636,450)</b>	<b>(227,152)</b>	<b>1,292,369</b>
Debt	(1,689,740)	(1,689,725)	(1,684,604)
CapX	(3,056,700)	(2,479,692)	(13,270,978)
<b>Net Reserve Impact</b>	<b>(4,746,440)</b>	<b>(4,169,417)</b>	<b>(14,955,582)</b>
<b>Total Loss on Reserve</b>	<b>\$ (7,382,890)</b>	<b>\$ (4,396,569)</b>	<b>\$ (13,663,213)</b>
<b>Ending Reserve</b>	<b>\$16,874,778</b>	<b>\$24,938,976</b>	<b>\$ 11,275,763</b>

FY2024 Proposed Operating Revenues total \$43,638,970, which is nearly \$3M better than the prior year results. The increase in FY2024 operating revenues continues to reflect a return to normal business operations, despite increased airfare and hotel room rate costs. Additional modifications in booking strategies to include further qualifying of business contracts that serve the needs of all stakeholders in the community, is projected to yield higher ancillary revenue, tax revenue and optimization of hotel room nights for convention business.

Acct#		FY2023 BUDGET	FY2023 FORECAST	FY2024 PROPOSED BUDGET
<b>OPERATING REVENUES</b>				
Rev-1	Building Rent	\$8,966,390	\$9,395,833	\$9,624,410
Rev-2	Food & Beverage	11,790,680	13,093,188	14,959,860
Rev-3	Event Services	3,764,740	3,674,432	4,321,960
Rev-4	Utilities	6,558,200	6,213,466	6,599,980
Rev-5	Telecommunications	3,947,770	5,599,397	5,454,420
Rev-6	Audio & Visual	1,100,220	1,929,667	1,440,340
Rev-7	Business Development	876,100	770,062	1,043,400
Rev-8	Interest/Investment Income	100,000	20,000	100,000
Rev-9	Other Revenues	80,260	93,600	94,600
<b>TOTAL OPERATING REVENUES</b>		<b>\$37,184,360</b>	<b>\$40,789,645</b>	<b>\$43,638,970</b>

Offsetting the increase in revenues are increased expenses. Personnel costs are expected to increase by nearly \$5M from the FY2023 budget primarily due to increased wage adjustments in bargaining rates for represented staff. Staff agreements were previously capped at a 3% increase, which was insufficient to keep up with market rates and competition. Non-represented staff received a 5% competitive increase compared to prior year averages of 3%. FY2024 average budgeted wage increase calls for a 5% overall increase starting at the beginning of the fiscal year.

Further personnel increases planned of nearly \$1.25M are due to creating a new maintenance and capital projects department to oversee resource planning, rehabilitation and replacement projects and general maintenance of the aging building. In prior years, staff were responsible for daily maintenance of the facility, largely focused on servicing events only. After further discussions with the City of San Diego and review of over \$400M in identified future capital investment needs, internal teams will lead these efforts to ensure proper investments and planning can be accomplished for critical projects. The City and SDCC continue to forge a path forward to define future projects and funding resources.



Acct#		FY2023 BUDGET	FY2023 FORECAST	FY2024 PROPOSED BUDGET
	<b>OPERATING EXPENSES</b>			
Wages-1	Salaries & Wages - Full Time	\$15,289,590	\$15,219,926	\$18,197,199
Wages-2	Salaries & Wages - Part Time	4,668,190	4,677,903	5,570,308
Wages-3	Fringe Benefits	5,501,180	5,633,612	6,558,413
	<b>TOTAL PERSONNEL EXPENSES</b>	<b>\$25,458,960</b>	<b>\$25,531,441</b>	<b>\$30,325,920</b>

Non-Personnel costs for general building support, repairs & maintenance, and utilities increased from \$17.0M in FY2023 to \$19.8M for FY2024 (\$2.8M higher). This increase is mostly in support of critically required general building and fire system maintenance costs as well as a marshal yard extension agreement and increased utility costs.

Acct#		FY2023 BUDGET	FY2023 FORECAST	FY2024 PROPOSED BUDGET
Exp-1	General Expenses	\$1,978,740	\$1,965,830	\$2,556,983
Exp-2	Repair & Maintenance	4,795,260	5,274,277	6,084,883
Exp-3	Utilities	4,594,560	5,460,000	5,955,000
Exp-4	Contracted Services	1,532,520	1,348,634	718,840
Exp-5	Travel & Transportation	67,180	80,115	110,735
Exp-6	Insurance	683,230	672,798	763,000
Exp-7	Telecommunications	59,650	53,372	92,100
Exp-8	Sales & Marketing	2,702,310	2,696,227	2,784,440
Exp-9	Supplies	603,400	589,103	689,350
	<b>TOTAL SUPPLIES &amp; SERVICES</b>	<b>\$17,016,850</b>	<b>\$18,140,356</b>	<b>\$19,755,331</b>

Debt service expenses for FY2024 are nearly \$1.7M, matching the FY2023 Budget.

Total FY2024 Capital Investments for CIP and Operating Capital, Net of Debt are \$13,270,978 (an increase of \$10.2M from the FY2023 Budget). CIP projects total \$11,960,000 and will primarily focus on three projects:

- 1) (\$4,700,000): West Kitchen improvement project (including renovation of roof top office space). This project is required to bring the original kitchen equipment and structural infrastructure to code as well as to function as a secondary full-service kitchen. Should an expansion be approved, the West kitchen will serve as the primary kitchen while the

East kitchen is decommissioned for construction. Even without an expansion, having a secondary full-service kitchen serves as a huge selling point for clients with the ability to produce larger quantities and faster service.

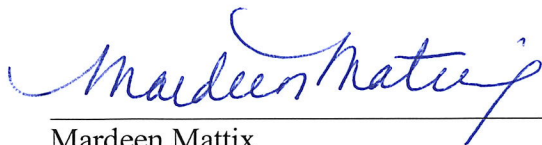
- 2) (\$4,000,000): West building exhibit hall air wall replacement. Original equipment is failing and is beyond useful life. Total project includes the air wall's operable partition trolley system, inclusive of sound-resistant barriers and fabric.
- 3) (\$1,400,000): Continued design and development of West building roof replacement. Originally planned to commence in FY2023 following foundational engineering analysis and conceptual plans designs, further analysis using a design-build contracting firm specializing in Energy Saving Contract financing delayed the project - as the scope was extended to include a solar review. Staff anticipate construction to commence in the summer of 2025 and complete in FY2026, after a heavy event schedule in FY2024 and FY2025 left little available down time for construction.

Operating and Maintenance capital projects total \$1,310,978 and are due primarily to three focus areas of investment:

- 1) (\$280,000): Plumbing: Thermostat mixing valves needed to regulate hot water with cold water (to ensure constant and safe temperatures) are beyond useful life.
- 2) (\$373,000): Technology: CCTV cameras and servers scheduled for replacement.
- 3) (\$600K+): Various operating equipment needs (ie: forklifts, large ride-on vacuums, electric carts)

#### **STAFF RECOMMENDATION**

That the Budget Committee recommend that the Board of Directors accept the FY2024 Proposed Operating and Capital expense budget.



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Mardeen Mattix  
Chief Financial Officer

**San Diego Convention Center Corporation**  
**FY2024 Budget - Proposed**  
**Corporate Summary**

Mar 22, 2023

4:18 PM

		FY2023 BUDGET	FY2023 FORECAST	FY2024 PROPOSED BUDGET	FY2025 PROJECTION
<b>OPERATING REVENUES</b>					
Rev-1	Building Rent	\$8,966,390	\$9,395,833	\$9,624,410	\$8,860,730
Rev-2	Food & Beverage	11,790,680	13,093,188	14,959,860	18,360,780
Rev-3	Event Services	3,764,740	3,674,432	4,321,960	4,539,330
Rev-4	Utilities	6,558,200	6,213,466	6,599,980	6,967,000
Rev-5	Telecommunications	3,947,770	5,599,397	5,454,420	5,756,520
Rev-6	Audio & Visual	1,100,220	1,929,667	1,440,340	1,570,430
Rev-7	Business Development	876,100	770,062	1,043,400	1,095,580
Rev-8	Interest/Investment Income	100,000	20,000	100,000	100,000
Rev-9	Other Revenues	80,260	93,600	94,600	99,350
<b>TOTAL OPERATING REVENUES</b>		<b>\$37,184,360</b>	<b>\$40,789,645</b>	<b>\$43,638,970</b>	<b>\$47,349,720</b>
<b>OPERATING INFLOWS</b>					
Sub-1	City of San Diego - Marketing	\$2,655,000	\$2,655,000	\$2,734,650	\$2,816,690
Sub-2	City of San Diego - Funding	0	0	5,000,000	7,000,000
<b>TOTAL OPERATING INFLOWS</b>		<b>\$2,655,000</b>	<b>\$2,655,000</b>	<b>\$7,734,650</b>	<b>\$9,816,690</b>
<b>TOTAL REVENUES AND INFLOWS</b>					
		<b>\$39,839,360</b>	<b>\$43,444,645</b>	<b>\$51,373,620</b>	<b>\$57,166,410</b>
<b>OPERATING EXPENSES</b>					
Wages-1	Salaries & Wages - Full Time	\$15,289,590	\$15,219,926	\$18,197,199	\$19,355,312
Wages-2	Salaries & Wages - Part Time	4,668,190	4,677,903	5,570,308	5,848,823
Wages-3	Fringe Benefits	5,501,180	5,633,612	6,558,413	6,897,461
<b>TOTAL PERSONNEL EXPENSES</b>		<b>\$25,458,960</b>	<b>\$25,531,441</b>	<b>\$30,325,920</b>	<b>\$32,101,596</b>
Exp-1	General Expenses	\$1,978,740	\$1,965,830	\$2,556,983	\$2,679,670
Exp-2	Repair & Maintenance	4,795,260	5,274,277	6,084,883	6,389,180
Exp-3	Utilities	4,594,560	5,460,000	5,955,000	6,252,750
Exp-4	Contracted Services	1,532,520	1,348,634	718,840	754,780
Exp-5	Travel & Transportation	67,180	80,115	110,735	116,280
Exp-6	Insurance	683,230	672,798	763,000	801,160
Exp-7	Telecommunications	59,650	53,372	92,100	96,710
Exp-8	Sales & Marketing	2,702,310	2,696,227	2,784,440	2,863,675
Exp-9	Supplies	603,400	589,103	689,350	723,840
<b>TOTAL SUPPLIES &amp; SERVICES</b>		<b>\$17,016,850</b>	<b>\$18,140,356</b>	<b>\$19,755,331</b>	<b>\$20,678,045</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>\$42,475,810</b>	<b>\$43,671,797</b>	<b>\$50,081,251</b>	<b>\$52,779,641</b>
<b>NET OPERATING REVENUES / EXPENSES</b>		<b>-\$2,636,450</b>	<b>-\$227,152</b>	<b>\$1,292,369</b>	<b>\$4,386,768</b>
<b>DEBT SERVICE EXPENSES</b>					
Exp-10	Interest Expense (Loan Payable)	\$806,980	\$806,969	\$776,809	\$748,161
Exp-11	Loan Admin Fee	67,440	67,436	64,915	62,520
Debt-1	Principal: Warehouse Lease	1,650	1,650	0	0
Debt-2	Principal: IBank Loan	813,670	813,670	842,880	873,140
<b>TOTAL DEBT SERVICE EXPENSES</b>		<b>\$1,689,740</b>	<b>\$1,689,725</b>	<b>\$1,684,604</b>	<b>\$1,683,821</b>



**San Diego Convention Center Corporation**  
**FY2024 Budget - Proposed**  
**Corporate Summary**

Mar 22, 2023

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		FY2023 BUDGET	FY2023 FORECAST	FY2024 PROPOSED BUDGET	FY2025 PROJECTION
<b>CAPITAL INVESTMENTS</b>					
CapX -CIP	CIP - Infrastructure Projects	\$6,910,000	\$1,375,000	\$11,960,000	\$3,750,000
Debt-3	Debt Finance offset (IBank/Roof)	<b>-\$5,160,000</b>	\$0	\$0	\$0
CapX -OM	O&M - Operating & Major Maintenance Capital items	\$1,306,700	\$1,104,692	\$1,310,978	\$390,300
<b>TOTAL CAPITAL INVESTMENTS (Net of Debt)</b>		<b>\$3,056,700</b>	<b>\$2,479,692</b>	<b>\$13,270,978</b>	<b>\$4,140,300</b>
<b>NET OPERATING RESERVE IMPACT</b>		<b>-\$7,382,890</b>	<b>-\$4,396,569</b>	<b>-\$13,663,213</b>	<b>-\$1,437,353</b>

<b>OPERATING RESERVE ACTIVITY</b>				
	FY2023 BUDGET	FY2023 FORECAST	FY2024 PROPOSED BUDGET	FY2025 PROJECTION
<b>Beginning Operating Reserve</b>	\$24,257,668	\$29,335,545	\$24,938,976	\$11,275,763
+ Net Operating Revenues / (Expenses)	<b>-2,636,450</b>	<b>-227,152</b>	1,292,369	4,386,768
+ PPP Loan Forgiveness	0	0	0	0
- Debt Service Obligation	<b>-1,689,740</b>	<b>-1,689,725</b>	<b>-1,684,604</b>	<b>-1,683,821</b>
- Capital Investment (Net of Debt)	<b>-3,056,700</b>	<b>-2,479,692</b>	<b>-13,270,978</b>	<b>-4,140,300</b>
<b>Ending Reserve Balance</b>	<b>\$16,874,778</b>	<b>\$24,938,976</b>	<b>\$11,275,763</b>	<b>\$9,838,410</b>
Reserve Minimum Balance (8%)	\$3,132,124	\$3,132,124	\$2,992,512	\$3,341,166
Over / (Under) Reserve Minimum Balance	\$13,742,654	\$21,806,852	\$8,283,251	\$6,497,244

### 3 Yr - CIP Outlook (Capital Infrastructure Projects)

PRIORITY	PROJECT DESCRIPTION	FY2024 Budget	FY2025 Proposed	FY2026 Proposed	3-Year CIP total Proposed
<b>West Roof Planning and Design</b>					
1	Roof Engineering/Design Consultant - (Permitting, studies, solar analysis), the design-build, demo, construction ( <b>design in '24 &amp; construction in '26</b> )	400,000	-	3,960,000	4,360,000
2	Renovate West Pro Shop (assumes plumbing issues with healthy contingency)	500,000	-	-	500,000
3	Solar (optional) addition to roof	1,000,000	-	9,900,000	10,900,000
<b>Total CIP Project:</b>		<b>1,900,000</b>	-	<b>13,860,000</b>	<b>15,760,000</b>
<b>Fire/Life/Safety</b>					
1	Fire Pump (Install) - to complete in FY2024	80,000	-	-	80,000
<b>Total CIP Project:</b>		<b>80,000</b>	-	-	<b>80,000</b>
<b>Mechanical Systems: Central Plant Replacement (Based on TK1/Facility Assessment)</b>					
1	AHU's replacement/refurb (West Building)	-	1,600,000	1,300,000	2,900,000
1	AHU's replacement/refurb (Sail Pavilion)			200,000	200,000
2	Sail Pavilion Boiler/Chillers			839,812	839,812
3	Building Automation System Upgrade	400,000	400,000	1,000,000	1,800,000
2	Metasys System Upgrade (Phased replacement of NAE devices, N2 Field Controllers, and other outdated devices)	400,000			400,000
2	Central Plant Overhaul (2 boilers, 5 chillers, 26 pumps, HW/CW loop)	-	1,000,000	9,000,000	10,000,000
2	Air Delivery System: Upgrade - Ballroom 20	-	250,000	-	250,000
<b>Total CIP Project:</b>		<b>800,000</b>	<b>3,250,000</b>	<b>12,339,812</b>	<b>16,389,812</b>
<b>West Kitchen Remodel (needs to be done before Expansion demo of East kitchen)</b>					
2	West Kitchen Equipment: Infrastructure (final estimates in a week)	2,000,000		-	2,000,000
2	West Kitchen: Remodel (Equipment Replacement)	2,000,000		-	2,000,000
<b>Total CIP Project:</b>		<b>4,000,000</b>	-	-	<b>4,000,000</b>
<b>Electrical Systems: Need consultant/inventory/assessment to further plan</b>					

### 3 Yr - CIP Outlook (Capital Infrastructure Projects)

PRIORITY	PROJECT DESCRIPTION	FY2024 Budget	FY2025 Proposed	FY2026 Proposed	3-Year CIP total Proposed
1	West Building Main Breaker Modernization	80,000	-	-	80,000
2	Upgrade emergency generator, transfer switch & day tank	500,000	-	-	500,000
2	Lighting Control project Exhibit Halls (west side + some east meeting rooms)	300,000	-	-	300,000
<b>Total CIP Project:</b>		<b>880,000</b>	-	-	<b>880,000</b>
<b>Building Reconditioning Projects</b>					
2	Resurface East Kitchen floors	200,000	-	-	200,000
2	Replace air walls (west side)	4,000,000	-	-	4,000,000
3	Design for concession stand replacement	100,000	-	-	100,000
3	Concession stands: Retrofit A-C. Others will be demoed in expansion	-	-	300,000	300,000
3	Land Development for Marshall Yard - FY2025: Grading, crushed concrete, fencing, gate, electrical, slab for scale, further buildout	-	250,000	-	250,000
<b>Total CIP Project:</b>		<b>4,300,000</b>	<b>250,000</b>	<b>300,000</b>	<b>4,850,000</b>
<b>Concrete</b>					
3	Concrete Study for replacement of front drive, grand staircase and heavily trafficked areas		250,000	-	250,000
3	Front Drive East: Replace Concrete		-	1,614,977	1,614,977
2	Front Drive: Sidewalks		-	788,930	788,930
<b>Total CIP Project:</b>		-	<b>250,000</b>	<b>2,403,907</b>	<b>2,653,907</b>
<b>Total Capital Infrastructure Projects</b>		<b>\$ 11,960,000</b>	<b>\$ 3,750,000</b>	<b>\$ 28,903,719</b>	<b>\$ 44,533,719</b>
To be Debt Financed				13,860,000	13,860,000
<b>Net Cash Investment Needed</b>					<b>\$ 30,673,719</b>

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### 3 Yr - O&M (Operating Capital & Maintenance)

PRIORITY	PROJECT DESCRIPTION	FY2024 Budget	FY2025 Proposed	FY2026 Proposed	3-Year CIP total Proposed
<b>Kitchen Equipment</b>					
3	Kitchen Stacker system with shelving equip warehouse	40,000			40,000
<b>Total Kitchen Equipment:</b>					
		40,000	-	-	40,000
<b>Plumbing</b>					
1	Thermostat mixing valves	280,000			280,000
<b>Total Kitchen Equipment:</b>					
		280,000	-	-	280,000
<b>Technology</b>					
2	CCTV Upgrade (front drive) - public safety	150,000			150,000
2	WORKSPACE MANAGEMENT (UNIFORMS) AND FLO MANAGEMENT, UNIFORMS Accruals, Advance Scheduling, Leave & Attendance) **Expedite to FY24 if possible		141,300		141,300
2	UKG Pro Employee Voice/UKG Pro Benefits Administration (surveys) **Expedite to FY24 if possible.		34,000		34,000
3	Server Replacement (phased fleet replacement)	60,000			60,000
3	Nimble Storage Appliance	163,000			163,000
3	Cyrun Report and Incident Software - public safety		160,000		160,000
3	Redundant Cooler for Rack System in server room			250,000	250,000
<b>Total Technology Investment:</b>					
		373,000	335,300	250,000	958,300
<b>Electrical Components</b>					
<b>Total Electrical Components:</b>					
		-	-	-	-

### 3 Yr - O&M (Operating Capital & Maintenance)

PRIORITY	PROJECT DESCRIPTION	FY2024 Budget	FY2025 Proposed	FY2026 Proposed	3-Year CIP total
<b>Public Safety</b>					
3	Public Safety System Upgrade - (Speakers, AMP, controls)		-	1,049,369	1,049,369
4	Walk thru metal detectors			100,000	100,000
<b>Total Public Safety</b>		-	-	1,149,369	<b>1,149,369</b>
<b>Operating Equipment</b>					
1	Ascension Virtuoso 5460P Wheelchair lifts (2) \$37,000 each (ADA)	73,603			73,603
2	26/32 scissor lift	40,000			40,000
2	Karcher Chariot Large Expanse Vacuum Cleaners (2) 25,000 each	50,000			50,000
2	Triplex Lawnmower	50,000			50,000
2	Tennant Scrubber T20	64,200			64,200
2	40' Scissor Lift	80,000			80,000
2	Bobcat SkidSteer S590 with bucket, grapple bucket, excavator, stump grinder	95,000		-	95,000
3	Sweeper, Large ride on, Tennant S30	39,000			39,000
3	5 Electric Carts at \$16K each	82,175			82,175
3	40' Boom Lift: Replace			41,000	41,000
4	Yale Electric Forklift with Charger	44,000			44,000
4	Robotic Vacuum		55,000		55,000
<b>Total Operating Equipment:</b>		617,978	55,000	41,000	<b>713,978</b>
<b>Total Equipment Needs</b>		<b>\$ 1,310,978</b>	<b>\$ 390,300</b>	<b>\$ 1,440,369</b>	<b>\$ 3,141,647</b>

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### 3 Yr - O&M (Operating Capital & Maintenance)

PRIORITY	PROJECT DESCRIPTION	FY2024 Budget	FY2025 Proposed	FY2026 Proposed	3-Year CIP total
<b>Kitchen Equipment</b>					
3	Kitchen Stacker system with shelving equip warehouse	40,000			40,000
<b>Total Kitchen Equipment:</b>		40,000	-	-	40,000
<b>Plumbing</b>					
1	Thermostat mixing valves	280,000			280,000
<b>Total Kitchen Equipment:</b>		280,000	-	-	280,000
<b>Technology</b>					
2	CCTV Upgrade (front drive) - public safety	150,000			150,000
2	WORKSPACE management (UNIVERSITY) UNCG F10 maintenance, UNCG F10 Accruals, Advance Scheduling, Leave & Attendance) **Expedite to FY24 if possible		141,300		141,300
2	UKG Pro Employee Voice/UKG Pro Benefits Administration (surveys) **Expedite to FY24 if possible.		34,000		34,000
3	Server Replacement (phased fleet replacement)	60,000			60,000
3	Nimble Storage Appliance	163,000			163,000
3	Cyrun Report and Incident Software - public safety		160,000		160,000
3	Redundant Cooler for Rack System in server room			250,000	250,000
<b>Total Technology Investment:</b>		373,000	335,300	250,000	958,300
<b>Electrical Components</b>					
<b>Total Electrical Components:</b>		-	-	-	-



### 3 Yr - O&M (Operating Capital & Maintenance)

PRIORITY	PROJECT DESCRIPTION	FY2024 Budget	FY2025 Proposed	FY2026 Proposed	3-Year CIP total
<b>Public Safety</b>					
3	Public Safety System Upgrade - (Speakers, AMP, controls)		-	1,049,369	1,049,369
4	Walk thru metal detectors			100,000	100,000
<b>Total Public Safety</b>		-	-	1,149,369	1,149,369
<b>Operating Equipment</b>					
1	Ascension Virtuoso 5460P Wheelchair lifts (2) \$37,000 each (ADA)	73,603			73,603
2	26/32 scissor lift	40,000			40,000
2	Karcher Chariot Large Expanse Vacuum Cleaners (2) 25,000 each	50,000			50,000
2	Triplex Lawnmower	50,000			50,000
2	Tennant Scrubber T20	64,200			64,200
2	40' Scissor Lift	80,000			80,000
2	Bobcat SkidSteer S590 with bucket, grapple bucket, excavator, stump grinder	95,000		-	95,000
3	Sweeper, Large ride on, Tennant S30	39,000			39,000
3	5 Electric Carts at \$16K each	82,175			82,175
3	40' Boom Lift: Replace			41,000	41,000
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4	Robotic Vacuum		55,000		55,000
<b>Total Operating Equipment:</b>		617,978	55,000	41,000	713,978
<b>Total Equipment Needs</b>		\$ 1,310,978	\$ 390,300	\$ 1,440,369	\$ 3,141,647

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## **Agenda Item 5.C**

# **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 March 27, 2023

**RE:** Recommendation to Approve Contract for Business Intelligence Reporting (Solver) Implementation

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### **BACKGROUND**

The Corporation recently converted two major system platforms in both its financial suite software (Microsoft Business Central) along with simultaneously upgrading to a new event management platform (VenueOps by Momentus formerly Ungerboeck). MS Business Central is used for all the core accounting functions including cash management, accounts payable and receivables, general ledger, procurement, fixed assets, and financial statement issuance. Staff leverage this software to manage every aspect of the accounting life cycle, compliance and administration but need more powerful reporting capabilities.

The original implementation (referred to as a Phase I of the conversion of MS Business Central and Venue Ops) was purchased and developed at a cost totaling \$378,146 as a Software Capital Expense and funded from Corporation reserve. Annual subscription costs for both systems total approximately \$116,000 per year for approximately 200+ user accounts, paid from operating funds budgeted for each respective year. Yearly hosting and transaction services are inclusive of program upgrades and support.

Phase II Software enhancement capital project (automation and dashboards) is budgeted in FY2023 for \$200,000, \$53,000 of which has been spent through February 2023. Solver implementation with one (1) year annual subscription will add an additional \$93,650, leaving nearly \$50,000 remaining of project value.

### **DISCUSSION**

With the recent technology platform conversions of the financial and event management system, staff continue to perform reporting and analysis aspects in excel without powerful business intelligent software (BI). BI software ingests business data and presents it in user-friendly views such as reports, dashboards, charts, and graphs by joining system data to alleviate the needs for manual processing. Staff and dedicated software consultant (FMT) chose Solver Global as an innovative and easy-to-use corporate performance management (CPM) toolset. Solver provides a robust, cloud-based solution that automates reporting, consolidations, budgeting and forecasting processes, and supports faster and better decisions based on key information from across the organization's data sources. As part of the discovery process, staff and FMT reviewed another BI solution called Jet Reports by InsightSoftware. Jet Reports lacked the seamless functionality and scalability which Solver offered. After viewing demonstrations of each solution, the evaluation team decided to select Solver.



FMT is our Certified Gold MS business partner committed to helping us implement the Solver platform while assisting the Corporation to leverage technology and efficiencies through a consulting relationship. FMT will assist Corporation with defining and configuring the Solver reporting environment and creating four (4) initial core reports:

- Board Financial Reports
- Financial Statements for Distribution and Drill-through
- Statement of Net Position
- FS\_MDA workbook with Mapper for audit

Staff will also be recruiting a Financial Analyst to maintain and further develop reports and integrations, working directly with IT to build further automation with other ERP systems (UKG, CRM and Venue Ops) in the future to standardize reporting and workflows to management.

The Solver implementation through FMT will meet the following terms:

- Initial setup and implementation cost: \$70,650
- 3 Year subscription renewal \$23,000 each year (15% discount for multiple year subscription)
- FMT will remain software Partner of Record to better assist with system support and licensing.

#### RECOMMENDATION

Recommend the Board of Directors award a contract to FMT Consultants, LLC, to purchase and implement Solver Global Reporting Solutions, for a term of three (3) years with contract value of \$139,650 with \$10,350 in contingency for added users and additional unforeseen enhancement requests. All costs are budgeted for a 3 year commitment value not-to-exceed \$150,000.



Mardeen Mattix  
Chief Financial Officer