

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

**Director Allan Farwell, Chair
Director Carol Kim
Director Elvin Lai**

**TUESDAY, JANUARY 19, 2021, 11:00 A.M.
111 W. Harbor Drive, 2nd Floor, Executive Boardroom
San Diego, California 92101**

AGENDA

**(Meeting to be held via teleconference pursuant to
State of California Executive Order N-29-20)**

**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** -Allan Farwell, 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 November 19, 2020 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
Recommendation to Authorize
 - a. **Recommendation to Authorize Placement of Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through Marsh & McLennan Agency LLC Company**
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 NOVEMBER 19, 2020

**BOARD MEMBERS
PRESENT:**

Chair Carol Kim and Directors Elyin Lai and Carlos Cota

**BOARD MEMBERS
ABSENT:**

Directors Jaymie Bradford

STAFF PRESENT:

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

ALSO PRESENT:

1. **Call to Order:** Chair Carol Kim called the meeting to order at 12:04 a.m. at 111 West Harbor Drive, San Diego, California.

Chair Kim 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 Kim – Present
Director Bradford – Absent
Director Lai – Present
Director Cota - Present

Chair Kim further noted that all votes will be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** None
3. **Approval of Minutes of October 19, 2020 Budget Committee Meeting:**

Directors Lai and Cota moved and seconded, respectively, to approve the minutes from the October 19, 2020 meeting.

Director Kim -Aye
Director Bradford – Absent

**Director Lai – Aye
Director Cota –Aye**

Vote: Unanimous

AYES: 3 NAYS: 0 ABSTENTIONS: 0

4. Chair’s Report: None

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

A. Recommendation to Authorize Contract for Waste Disposal

Directors Lai and Cota moved and seconded, respectively, to recommend authorizing Contract for Waste Disposal.

**Director Bradford – Absent
Director Kim -Aye
Director Lai – Aye
Director Cota –Aye**

Vote: Unanimous

AYES: 3 NAYS: 0 ABSTENTIONS: 0

Director Bradford joined the meeting at 12:12 p.m.

6. Staff Updates:

- **CFO:** Ms. Mattix reported the following:
 - The October financial statements have been sent out, and it looks like we are on track to complete those statements earlier than we have in the past. We have our new protocols in place, and it seems like the streamlining is working. I anticipate we'll have these statements for timely review going forward.
 - The October financials are based on the budget that was approved last month, so there are no surprises there.
 - Overall, we did change the format slightly. I thought the new format might make it easier to review, but I'm open to feedback if it doesn't make it easier for you to review. Essentially, we now have two lines - the yellow line is the operational results where we are tracking revenue to expenses year-to-date. The green line is what we're reporting on a monthly basis to the City, and that's the effect on the reserves overall. We have started dipping into

our reserves. We are only into the reserves about 56,000 for the most part. We've been washing every month, but we are slightly dipping into the reserves. We're projected to have about a \$4.1 million deficit by year end, assuming that the shelter continues through December and events don't resume until June. We know that could change slightly, so we'll just monitor it as we go along. The City is aware of our current circumstances.

- The item I wanted to alert you about, although we usually don't talk about the Balance Sheet, is the Statement of Net Position. We really track our current assets against current liabilities, and we are higher in assets and liabilities, so that's good. But the cash aspect, compared to the cash we've taken it for future events, is getting very, very close, and that is problematic. What that means is we will potentially be using our cash that is related to future event deposits, to support our operations until the city pays the rent payment for the shelter. So, we only have approximately a million dollars. I received notice yesterday that the City has approved the payment, it has passed the City Attorney's Office, and they do expect to be making that payment as soon as possible. We should receive approximately \$5 million. We have been transferring assets out of our investment fund, or the Protected Fund, as we call it and using those funds to support our payroll and items like that. In the event you are reviewing the balance sheet, I just wanted to provide full disclosure. The Corporation does not have a policy that says, we cannot transfer funds, we just prefer not to do so.
- In response to Director's Lai's question about designating advance deposits as a separate line item, Ms. Mattix reported that those funds are currently a separate line item designated as "Unearned Income." The Corporation is required to separate the funds by "short term" and "long term" events. Those two line items added together serve as the value of the future event deposits the Corporation has on hand. The current amount is just short of \$7 million.
- Ms. Mattix also had Mr. Albright provide an update regarding the Facility Condition Assessment. Mr. Albright reported that the Assessment would not be forwarded to the Board for review/approval because the bids received for the project weren't high enough to warrant the threshold of over \$100,000 that staff traditionally bring to the Board. The project was budgeted for \$300,000 and the bids received were substantially lower due to a variety of factors. Staff interviewed the top three candidates of twelve submissions and the average bid was between \$70,000 and \$90,000. Staff ultimately recommended the Eris Company. This company is very well qualified and we look forward to their report.
- Ms. Mattix further reported that she and staff have been meeting with Port and City representatives to start conversations regarding the roof project and planning is underway. Staff is waiting for the City to coordinate a meeting with the Real Estate Department and Debt Management Departments. The Port needs additional information from the City before the planning can continue. Installation of solar will be considered for the roof project. There

are also funding opportunities for the roof project that may be more beneficial than the I-Bank. Staff has started the RFP for design so it will be ready for issue once all related questions have been answered. Staff hopes to issue the RFP in the first quarter of 2021.

- Ms. Mattix also reported that the Corporation had discussed, potentially, reducing the employer contribution for the Defined Contribution plan from the 10% to 5% for this next year. Based on previous discussions, the Board did not wish to treat employees differently within the Corporation. Staff was not able to come to a consensus with one of the collective bargaining units. So in this last iteration of the budget, Staff left in the assumption of a 10% employer contribution for the rest of fiscal year 21 and it looks like that is going to be the case for all calendar year 21. The Retirement Committee was unable to meet yesterday and they will be discussing and planning for what the future of that plan contributions looks like.

President & CEO: Mr. Rippetoe reported the following:

- Friday was Ms. Totaro's last day as our Chief Operating Officer. That position will remain vacant until such a time that it's evaluated for effectiveness for the future, and it is expected that the GM slot will likely not be filled for several months, if not a year. Areas that previously reported to the COO have been assigned to other Directors.
- Event Management now will report to Andy Mikschl, and with a legal clarification of our bylaws we have changed Mr. Mikschl's title. He is now an Executive Vice President of Sales and Revenue and we'll also have DeeAnne Snyder, and Event Management reporting to him. Combining Event Management with Sales can bring some great collaborations. If that works well, that combination may never change or at least not in the foreseeable future.
- As for the other elements that had reported to Ms. Totaro, the FedEx contract along with Saint Elmo and Digital Conventions and On-site will report to Mr. Mikschl. He also continues as the contract administrator for the Tourism Authority.
- Beginning last Saturday, the Engineering function, all of Public Safety-Guest Services and Facility Services, Set Up, Housekeeping and Grounds now report up through the President & CEO directly.
- Human Resources reports to the President & CEO, directly, as of over a month ago. That restructuring came about from Ms. Totaro's departure.
- We also feel the need as we move forward, to put a bigger emphasis on, not only procurement, but also project management. To that end, we've made additional changes. Mr. Albright is now the Executive Director of Procurement and Project Management. Since Mr. Albright's position is now elevated and he has more responsibility he has been given the title adjustments needed to recognize the responsibility he's going to have.

- These positions probably will not be changing for the foreseeable future. We will evaluate the GM role, and determine if that's the right role for us, based upon activity and budget, as we look to the future.
- We're continuing to work with the CalTravel coalition, and other contacts that can help get information to the Governor's office. As opposed to some of our peer group across the state, we are focused on getting safe guidelines established, and we'll debate when to open later. We're working towards finding ways of getting the guidelines approved at a state level and county level.
- As a team, we are focused on doing the right thing and doing it safely so that we can bring back the economic impact to the community.

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)]: Director Cota thanked Mr. Rippetoe for his leadership efforts and Chair Kim thanked the staff for all of the work they have continued to do to protect this vital economic resource.

There being no further business, the meeting adjourned at 12:26 a.m.

CERTIFICATION

I, Carol Kim, 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 November 19, 2020.

Carol Kim, Chair

Agenda Item 5.a

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

TO: Budget Committee

FROM: Terry Kurtenbach, Executive Director, Human Resources

DATE: For the Agenda of January 19, 2021

RE: Authorization for Placement of Employee Medical and Dental Insurance through Marsh & McLennan Agency LLC Company

Background

The Corporation provides full-time and variable hour employees and their dependents with health insurance including medical, vision, dental, life and long-term disability insurance coverage. These health insurance programs are renewed each year on March 1. Open enrollment, including communication to employees of available benefits and coverage is conducted during the preceding month. Currently, employees are provided a choice of two HMO providers for medical care: Health Net and SIMNSA (a cross-border HMO program through Mexico). Health Net SmartCare is the primary plan that offers coverage through a robust Sharp only network including Rady Children's Network. Employees are also provided an opportunity to buy up to the ExcelCare program that offers access to Mercy Physicians Medical Group, Rady Children's Network and other networks for those opting for more options. Dental HMO (DHMO) and Dental PPO (DPPO) dental coverage is currently provided through United Concordia. Both medical and dental coverages are up for renewal for the insurance plan year March 1, 2021 – February 28, 2022.

Marsh & McLennan Agency LLC Company (Marsh) was contracted for March 1, 2018 – March 1, 2021 as the Broker of Record with an annual renewal option unless terminated by Corporation. Marsh provides services in regards to the placement of employee benefits coverage for medical, dental, life vision, disability, business travel accident, EAP, voluntary benefits, and telehealth.

Discussion

The Corporation directed Marsh to solicit quotes from the insurance providers. Following is comparative information on current and renewal rates for the Plan Year 2021 beginning March 1.

Medical Insurance

Last year, Corporation contracted with Health Net to provide medical insurance coverage alongside SIMNSA. The contract included a second year rate cap guarantee not to exceed a +8.5% increase barring any significant demographic changes. However, due to the significant reduction in staffing levels, SDCC was no longer eligible for the rate cap and was slated to receive a +13% renewal for the 2021-2022 plan year. After evaluation of our company viability and reputation in the industry, Health Net offered the +8.5% rate cap at the lower enrollment status. Marsh was able to obtain a competitive quote from United Healthcare (UHC), however the UHC quote was a bundled plan meaning medical, dental and vision would all be covered under UHC. During the best and final stage of negotiations, Health Net reduced their bid down to a +5.0% increase inclusive of a one-month premium credit and \$6,000 wellness funds compared to United Healthcare's bid of +9.0% and a Technology Subsidy of approximately \$3,408 annually. SIMNSA's renewal is +5.0%. The overall

annual premiums for all medical plans, including the plans offered to the Variable Hour Employees (VHEs), will increase by 0.3% (\$3,940) including the one-month credit. Corporation will pass the credit directly on to the employees for those enrolled by not charging them for March coverage.

Without compromising quality care or network disruption, staff recommends continuing with the current provider. Required coverage mandated by the insurance board to Health Net resulted in Specialist and Urgent Care copay increases by \$20 each as noted in the table below. Chiropractor also has a slight copay increase of \$5. Below is a summary plan design, including the three copay changes, as well as a description of the plan options available to employees:

Medical HMO	Health Net SmartCare HMO Current / Renewal
Plan Code	FWI (Rx 74Z) --> GWL (Rx 74Z)
Benefit Accumulation (Plan or Calendar Year)	Calendar year
Deductible - Individual	None
Deductible - Family	None
Out of Pocket Maximum - Individual	\$3,000
Out of Pocket Maximum - Family	\$9,000
Member Coinsurance	N/A
Medical Services	
Preventive Care	No charge
Primary Care Visit	\$20
Specialist Office Visit	\$20 \$40
Basic X-ray and Laboratory	No charge
Complex Imaging - MRI, CT Scan (per day or test)	\$100
Inpatient Hospital	\$500
Outpatient Hospital Surgery	\$500
Emergency Room	\$100
Urgent Care	\$20 \$40
Ambulance (true emergency)	\$100
Chiropractic	\$40 \$15
Rehab Therapy (incl. Physical Occ & Speech)	\$20
Inpatient Mental Health / Substance Abuse	\$500
Mental Health / Substance Abuse Office Visit	\$20
Prescription Drugs	
Deductible / Out of Pocket Maximum	Combined with medical
Preventive Immunizations & Contraceptives	No charge
Tier 1 (Retail / Mail Order)	\$10 / \$20
Tier 2 (Retail / Mail Order)	\$30 / \$75
Tier 3 (Retail / Mail Order)	\$50 / \$125
Tier 4 (Retail / Mail Order)	30% to \$250

SmartCare HMO – Offered to full-time employees. A narrow network plan that offers access to Sharp providers.

Network:

- Rady Children’s Health Network
- Sharp Community Group
- Sharp Rees-Stealy.

ExcelCare HMO – Offered to full-time employees as a “buy-up” option. This plan mirrors the benefits of the SmartCare HMO but with a wider selection of providers. Most notable additional networks are:

Network:

- Mercy Physicians Medical Group
- Rady Children’s Health Network
- Sharp Community Group
- Sharp Rees-Stealy.
- UC San Diego

SIMNSA HMO – Offered to full-time and variable hour employees. This is a cross-border HMO program through Mexico.

SmartCare HMO (VHE) – Offered to part-time employees as a minimum value / essential coverage plan, in accordance with ACA, for variable hour employees.

Dental Insurance

Dental coverage also renews for the 2021-2022 plan year. The United Concordia Dental plan renewal came in with a rate pass (0% increase) for the 2021-2022 plan year.

Vision Insurance

Vision coverage has no changes to the 2021-2022 plan year as it is has a rate guarantee and is not up for renewal.

RECOMMENDATION

Recommend authorization to renew all medical and dental plans as described in the summary above, through the brokerage services of Marsh & McLennan Agency LLC Company. In total, the specific coverage for Plan Year 2021 will result in an approximate net increase of 0.3% (\$3,940).

/s/
Terry Kurtenbach, SPHR, PHR-CA, SHRM-SCP
Executive Director, Human Resources