

**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**

**WEDNESDAY, JANUARY 19, 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) and Board Resolution No.2022-01, members of the San Diego Convention Center Corporation Board and staff 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 the 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 December 6, 2021 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
 - A. **Recommendation to Authorize Contract for Roof Consultant**

B. 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 DECEMBER 6, 2021

BOARD MEMBERS PRESENT: Chair Elvin Lai and Director Carol Kim

BOARD MEMBERS ABSENT: Director Allan Farwell

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

ALSO PRESENT: Julie Coker, SDTA President & CEO

1. **Call to Order:** Chair Elvin Lai called the meeting to order at 11:07 a.m. at 111 West Harbor Drive, San Diego, California.

Chair Lai 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 Farwell - Absent
Director Kim – Present
Director Lai – Present

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

2. **Non-Agenda Public Comment:** None

3. **Approval of Minutes of October 18, 2021 Budget Committee Meeting:**

Directors Kim and Lai moved and seconded, respectively, to approve the minutes from the October 18, 2021 meeting.

**Director Farwell - Absent
Director Kim – Aye**

Director Lai – Aye

Vote: Unanimous

AYES: 2

NAYS: 0

ABSTENTIONS: 0

4. Chair's Report: None

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

Chair Lai 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 Ratification of Costs of Dewatering Pumps Purchased for Garage Level P-2

Directors Kim and Lai moved and seconded, respectively, to recommend Authorizing Approval of the Contract for Elevator-Escalator Maintenance

Director Farwell - Absent

Director Kim – Aye

Director Lai – Aye

Vote: Unanimous

AYES: 2

NAYS: 0

ABSTENTIONS: 0

6. Staff Updates:

CFO: Ms. Mattix reported the following:

- Basically, the Corporation is doing well at this time.
- The Corporation is still trailing behind budget by approximately \$500,000, but that's without accessing any support from the City. Staff has not drawn any of the \$10 million City subsidy that has, to date, still been allocated to the SDCCC budget.
- At this point, Staff thought the Corporation would have drawn approximately \$4.4 million of the \$10 million; but surprisingly, event activity is doing better than forecasted. Also, event attendance is at the level that is better than Staff had originally projected in the budget. Ancillary services spending (food and beverage and telecom) are also better than anticipated.
- So far, event activity has generated \$2 million more than Staff budgeted.

- Conversely Staff has struggled to hire and fill all of the Corporation's budgeted positions. There are approximately 35 unfilled budgeted positions. There were more open positions, but several have been filled.
- So far, the Corporation has a savings of \$1.1 million dollars, \$500,000 of which are attributable to unfilled positions. Part-time employees have been filling some of the open positions, so the part-time budget line item is over budget.
- The real savings is coming from the unemployment line-item because the government extended the subsidy on that item. The Corporation did not incur the unemployment costs it was anticipating.
- Staff hopes to have a forecast version of the budget prepared for the January Board meeting so the Board will have a good idea of where the Corporation sits financially.
- The budget is a little behind on spending for supplies and services. It appears that we now have \$650,000 in savings; however, that figure is artificial because in reality, we expect to spend most of those funds by the end of the year. We will take the opportunity during the slow periods of November, December and January to get a few projects accomplished and to work on planning some of the large projects we have in the line-up.
- One thing to note is the City asked the Corporation not to apply for the grant that we had previously spoken of (a tourism grant that we were going to use to finish carpeting, lobby painting meeting room improvements).
- The good news is that even though we may not receive \$2 to \$3 million of funding from that grant, we can move forward with the Carpet Project. Mr. Albright gathered information during the grant process on how we would put carpet in the meeting rooms. Staff may not be able to fit the project into this fiscal year, but we can certainly try to prioritize that project. It may have to roll to the next fiscal year.
- Cash reserves are still fine. If the Corporation does need to use the City's subsidy, it is possible that we could potentially use up to half of the funds, depending upon how the new COVID variant impacts our event attendance.

President & CEO: Mr. Rippetoe reported the following:

- Staff has been focusing on the reorganization of the Human Resources Department. We have contracted with H.R. consultant, Tracy Ward, to assist with the process of creating a new path forward with organizational development. Ms. Ward will be with the Corporation for three to four months.
- We will meet with Directors and within HR will determine how to structure the department.
- Mr. Mikschl was able to obtain information regarding event attendance statistics from a study through Access Intelligence. The study looked at events held through November and how they have recovered. Attendance at events varies from 66% to 30% of pre-pandemic attendance.
- Most of the industry believes that we're going to be getting back to pre-pandemic attendance levels by the end of 2022 or beginning of 2023.
- International visitor travel is still an issue, hotel availability and pricing is becoming a larger issue.

- Air travel pricing and availability and airlift is becoming an issue particularly with the new variant. So, we're still trying to figure out the best way for us to approach budgeting when it comes to ancillary services for events based on all of this information.
- Most of the survey respondents, 53%, have already held at least one in-person event in 2021. But only 13% of those groups have not done any planning or held any events. So, there's still a lot of change in the industry, particularly in the last two weeks. The biggest issue in the industry is low attendance. We'll continue to monitor the situation and try and get the best research we can.
- The position of the Director of Project Planning has been filled. The new Director will be joining the team in mid-December.
- We have also made an offer, and it's been accepted for our Director of Government Affairs and Community Outreach.

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 11:39 a.m.

CERTIFICATION

I, Elvin Lai, Acting 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 December 6, 2021.

Elvin Lai, Acting 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, Executive Director, Procurement & Strategic Relations

DATE: For the Agenda of January 19, 2022

RE: Authorization to Award Contract for Roof Consultant.

BACKGROUND

The San Diego Convention Center's original, west building roof is over 30 years old and has been independently assessed as at the end of its useful life.

DISCUSSION

In March 2021, The San Diego City Council unanimously adopted an amendment to the municipal code allowing for procurement of Energy Savings Performance Contracts ("Energy Savings Contract") enabled by California Government Code sections 4217.10-4217.18. This specialized procurement vehicle allows for procuring energy savings and facility improvements with no up-front capital costs. An Energy Savings Contract is a partnership between an agency and an energy service company where we receive facility improvements and energy savings in exchange for sharing in future energy and operational savings.

Procurement Staff reviewed the qualifications of alternative energy consultants to assist in an analysis of the potential investment and financing opportunities while also concurrently performing the necessary field investigations, architectural and structural analysis, and assessment of interrelated mechanical, electrical, and plumbing elements to address at the time of re-roofing the west building.

Based on their unique qualifications and significant experience in alternative energy projects, Staff engaged in direct negotiations with Gafcon. Gafcon presented a thorough plan for the foundational engineering investigations, analysis, and recommendations necessary to proceed with the roof project and determine the viability for an Energy Savings Contract. The negotiated scope of services includes conceptual plans, diagrams, analysis, and a narrative for re-roofing the west building with technical involvement from Gafcon through the solicitation process for design-build contracting firms utilizing an Energy Savings Contract for financing.

In the event Staff determine an Energy Savings Contract is not the most advantageous financing vehicle to proceed with, Staff is under no obligation to proceed with an Energy Savings Contract and could elect to finance through other means while still benefitting from the foundational technical package provided by Gafcon. Staff recommends awarding a roof consulting contract to Gafcon for \$198,295.

STAFF RECOMMENDATION

Approve recommendation authorizing an award of a roof consulting contract to Gafcon for \$198,295.

/s/
Corey Albright,
Executive Director, Procurement & Strategic Relations

Agenda Item 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 January 19, 2022

RE: Authorization of Employee Benefits for plan year 2022-2023 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. Our goal is offer quality health insurance that places priority on preventative care at an affordable price point. The Corporation considers financial impact costs with the goal of maintaining a “rich” benefit plan to remain competitive in the marketplace. Last year the Corporation implemented a slow, planned increase in employee participation in premium rates to align benefits closer to the competitive market.

Employees are currently provided a choice of two primary HMO plans for medical care through Health Net : A basic plan with a network of physicians that offers access to Sharp only as well as an opportunity to buy up to a more robust network including Rady’s Children Network, UCSD Health, Mercy Physicians Medical Group and Scripps Physicians Medical Group. In addition, a Mexico / US cross-border HMO plan is offered through SIMNSA.

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. Corporation exercised the open to extend through February 2023. 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. During the renewal process, Health Net released the large claims data and loss ratio of claims paid to premiums collected, which exceeded 167%. In addition to the high loss ratio for the second year in a row, SDCC’s medical participation dropped by more than 10% subsequently voiding the 8.5% rate cap terms adopted during the 2021-2022 plan year renewal. As such, Health Net’s best and final offer, after negotiations and a market review, came in at +17.8% above current

rates. Aetna was the only carrier to offer a competitive bid with comparable plans to those currently offered, resulting in a +3.6% plan rate increase.

Medical Insurance

Aetna's offer includes two plan designs, comparable to the existing Health Net plans, with access to 100% of current physicians and/or medical groups utilized by plan participants. The Aetna Whole Health (AWH) HMO is a narrow network of Sharp only physicians intended to replace Health Net's SmartCare HMO plan. One significant change from the existing plan design, affecting 3 participants, is the elimination of Rady Childrens Network which is currently accessible to those on the SmartCare HMO. In order for SmartCare HMO participants to continue seeing a Rady's physician, they would need to "buy up" to the more robust, wider network, Aetna Value Network (AVN) HMO. The Aetna Value Network (AVN) network is most comparable, and intended to replace the existing Health Net ExcelCare HMO.

Included in the premium package is a one-month premium credit to the Corporation (not to exceed \$98,000), a \$6,000 technology subsidy to offset automation costs of open enrollment as well as \$6,000 wellness fund credit. SIMNSA's renewal remains the same for all network coverage but did incur a +14.0% increase, also due in part to a loss ratio exceeding 100%.

Variable Hour Employees (VHEs) premiums increased by 40% due to Aetna not having a minimum value plan comparable to the incumbent plan. There is minimal participation in this plan (1 employee). Corporation is required to offer a minimum value / essential coverage plan, in accordance with ACA, for variable hour employees who meet requirements.

Without compromising quality care and to minimize network disruption, staff recommends switching carrier coverage to Aetna plans mentioned above. Significant changes detailed below show the positive changes in deductible, copays and coverage compared to the incumbent plan.

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		Health Net	Aetna			Health Net	Aetna
		SmartCare HMO	AWH HMO			ExcelCare HMO	AVN HMO
		Current / Renewal	Proposed			Current / Renewal	Proposed
Medical Benefits							
Out of Pocket Max - Individual		\$3,000	\$2,000			\$3,000	\$2,000
Out of Pocket Max - Family		\$9,000	\$4,000			\$9,000	\$4,000
Medical Services							
Preventive Care		No charge	No charge			No charge	No charge
Primary Care Visit		\$20	\$20			\$20	\$20
Specialist Office Visit		\$40	\$40			\$40	\$40
Inpatient Hospital		\$500 / admit	\$500 / admit			\$500 / admit	\$500 / admit
Outpatient Hospital Surgery		\$500	\$200			\$500	\$200
Emergency Room		\$100	\$150			\$100	\$150
Urgent Care		\$40	\$50			\$40	\$50
Ambulance (true emergency)		\$100	\$150			\$100	\$150
Chiropractic		\$15 (10 visits / year)	\$15 (20 visit / year)			\$10 (30 visits / year)	\$15 (20 visits / year)
Acupuncture		\$15 (10 visits / year)	\$20 (20 visit / year)			Not covered	\$20 (20 visit / year)
Rehab Therapy		\$20	\$40			\$20	\$40
Prescription Drugs							
Preventive		No charge	No charge			No charge	No charge
Tier 1 (Retail / Mail Order)		\$10 / \$20	\$10 / \$20			\$10 / \$20	\$10 / \$20
Tier 2 (Retail / Mail Order)		\$30 / \$75	\$30 / \$60			\$30 / \$75	\$30 / \$60
Tier 3 (Retail / Mail Order)		\$50 / \$125	\$50 / \$100			\$50 / \$125	\$50 / \$100
Tier 4 (Retail / Mail Order)		30% to \$250	30% to \$250			30% to \$250	30% to \$250
Monthly Premium	EE	Current	AWH \$20/40 Rx3	EE	Current	AVN \$20/40 Rx3	
Employee Only	50	\$636.02	\$652.40	12	\$738.76	\$767.59	
Employee + Spouse	13	\$1,526.49	\$1,565.80	1	\$1,773.02	\$1,842.26	
Employee + Child(ren)	10	\$1,113.06	\$1,141.70	1	\$1,292.82	\$1,343.28	
Employee + Family	8	\$1,939.94	\$1,989.89	1	\$2,253.21	\$2,341.24	
Monthly Premium Total	81	\$78,295	\$80,312	15	\$14,184	\$14,738	
Annual Premium Total		\$939,546	\$963,738		\$170,210	\$176,854	
Annual Change from Current - \$			\$24,192			\$6,644	
Annual Change from Current - %			2.6%			3.9%	
Rate Guarantee		1 year	1 year		1 year	1 year	

Fulltime employees are offered Aetna Whole Health (narrowest network), Aetna Value Plan (AVP). Network changes between incumbent (HealthNet) and Aetna are noted below:

			★ Health Net		★ Aetna	
ExcelCare HMO	Subscriber	Members	ExcelCare	SmartCare	Value	Whole Health
Mercy Physicians Medical Group	6	6	Yes	No	Yes	No
Scipps Physicians Medical Group	1	1	Yes	No	Yes	No
Sharp Community Medical Group - San Diego	2	2	Yes	Yes	Yes	Yes
Sharp Rees-Stealy Medical Group	4	4	Yes	Yes	Yes	Yes
UCSD Health - Encinitas	0	1	Yes	No	Yes	No
UCSD Health - La Jolla (Internal Medicine)	2	4	Yes	No	Yes	No
UCSD Health - Internal & Senior Medical	0	2	Yes	No	Yes	No
UCSD Health - Kearny Mesa (Pediatrics)	0	1	Yes	No	Yes	No
UCSD Health - Hillcrest (Internal Medicine)	1	2	Yes	No	Yes	No
Total Subscriber Network Access	16	23	16	6	16	6
Network Access %			100%	38%	100%	38%

			★		★	
SmartCare HMO	Subscriber	Members	ExcelCare	SmartCare	Value	Whole Health
Rady Childrens Health Network	0	3	Yes	Yes	Yes	No
Sharp Community Medical Group - Arch	0	2	Yes	Yes	Yes	Yes
Sharp Community Medical Group - San Diego	33	50	Yes	Yes	Yes	Yes
Sharp Community Medical Group - Inland North	1	3	Yes	Yes	Yes	Yes
Sharp Rees-Stealy Medical Group	54	81	Yes	Yes	Yes	Yes
Total Subscriber Network Access	88	139	88	88	88	88
Network Access %			100%	100%	100%	100%

Summary

- There are 6 subscribers (or 38% of total ExcelCare enrollees) seeing a provider in the SmartCare network.
- Moving to Health Net and Aetna's narrowest network plan would allow them to keep their provider and could potentially yield a combined savings of approximately \$21,000.
- If SDCC moved to Aetna, all current medical groups being utilized are accessible.

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

Aetna 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 2022-2023 plan year. The United Concordia Dental plan renewal came in with a rate pass (0% increase) for the 2022-2023 plan year.

Vision Insurance

Vision coverage changed carrier coverage from Medical Eye Services (MES) to EyeMed due to a merger acquisition of the incumbent carrier with a guaranteed rate for the 2022-2023 plan year and minimal plan coverage changes. Moving to EyeMed will also provide a more robust network of in-network providers and cost savings opportunities to employee by waiving the exam copays and increasing the frame allowance simply by seeing a PLUS network provider.

RECOMMENDATION

Authorize the renewal of all medical, dental, and vision 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 2022-2023 will result in an approximate net increase of +3.2%, or \$42,286, before the one-month premium credit estimated value of (\$60,000).

/s/ _____
Mardeen Mattix
Chief Financial Officer