

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

**Director Carol Kim, Chair  
Director Elvin Lai  
Director Carlos Cota  
Director Jaymie Bradford**

**WEDNESDAY, JULY 29, 2020, 11:00 A.M.  
111 W. Harbor Drive, 2<sup>nd</sup> 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** - Carol Kim, 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 June 15, 2020 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
  - A. **Recommendation to Authorize Approval of Additional Funding for San Diego Tourism Authority (SDTA) for Long-Term Sales & Marketing Services for Fiscal Year 2021 Budget**
6. **Staff Updates:**
  - CFO
  - President & CEO
7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2)

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

**Adjournment**

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

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available online at [visitsandiego.com](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 JUNE 15, 2020**

**BOARD MEMBERS PRESENT:** Chair Carol Kim and Directors Elvin Lai, Jaymie Bradford and Carlos Cota

**BOARD MEMBERS ABSENT:**

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

**ALSO PRESENT:** Julie Coker, SDTA President & CEO

1. **Call to Order:** Chair Carol Kim called the meeting to order at 11:00 a.m. at 111 West Harbor Drive, San Diego, California. Chair Kim noted that all Committee members were present. Chair Kim further noted that since this meeting is being conducted via teleconference, all votes will be recorded via roll-call.

Mr. Rippetoe introduced Julie Coker, newly appointed President & CEO of San Diego Tourism Authority, and welcomed her to San Diego.

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

3. **Approval of Minutes of April 20, 2020 Budget Committee Meeting:**

Directors Lai and Bradford moved and seconded, respectively to approve the minutes from the April 20, 2020 meeting.

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

**Vote: Unanimous**

**AYES: 4**

**NAYS: 0**

**ABSTENTIONS: 0**

4. **Chair’s Report:** Chair Kim noted that the industry is going through a tumultuous time that requires staff to be flexible and responsive. Chair Kim commended the Board and staff for work they have been doing to keep up with the constant changes and challenges. Chair Kim further noted the Committee will be reviewing a revised budget today and it appears that the Center’s opening will be delayed past our original anticipated opening date.
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 Approval of Third Revised Fiscal Year 2021 Budget**

**Directors Cota and Lai moved and seconded, respectively, to recommend Approval of the Third Revised Fiscal Year 2021 Budget.**

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

**Vote: Unanimous**

**AYES: 4                                      NAYS: 0                                      ABSTENTIONS: 0**

**B. Recommendation to Authorize Approval of FedEx Contract Extension**

**Directors Lai and Cota moved and seconded, respectively, to recommend authorization to approve the FedEx Contract extension.**

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

**Vote: Unanimous**

**AYES: 4                                      NAYS: 0                                      ABSTENTIONS: 0**

**C. Recommendation to Authorize Extension of Waste Management Contract**

Director Lai requested that approval of this item be contingent upon staff inquiring if the contract terms could include renewal on a month-to-month basis.

**Directors Lai and Bradford moved and seconded, respectively, to recommend authorizing an extension of the Waste Management contract with inclusion of the provision set forth hereinabove.**

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

**Vote: Unanimous**

**AYES: 4**

**NAYS: 0**

**ABSTENTIONS: 0**

**6. Staff Updates:**

**• CFO:**

**1) Discussion re: Project Management/Procurement Realignment**

Ms. Mattix provided an update regarding the status of the project management and procurement realignment.

She noted that there are only a few projects scheduled for fiscal years 20-21, most notably, the roof replacement project. SDCCC staff have been working with the City's Debt Management staff and they anticipate financing the roof replacement costs (\$6.8 million) through the I-Bank. Staff has not determined if the roof loan will be consolidated with SDCCC's current I-Bank loan or if it will be a separate loan.

In order to submit preliminary work to the City and to apply for the I-Bank loan, Procurement staff had to create a project management Gant chart for the roof replacement project. Since SDCCC has not traditionally privately financed debt, SDCCC staff is also working on a policy for debt financing for the Convention Center for City staff review.

There are additional smaller projects pending. Staff is currently working on the ERP conversion (software management system for Event Management and Finance software). The ERP project has been planned out.

Planning, pre-planning and budgeting are the focus of the Procurement Department and these items have been implemented for all future projects. Projects for fiscal years 21 and 22 have been significantly planned out. Staff will continue to monitor any "pop-up" projects and projects that have been built into the budget and staff will be bringing a budget policy, a debt financing policy and a revised procurement policy to this Committee for review in the near future.

The Procurement Director's job description has been updated to include new responsibilities and submitted to the CEO for review and will be submitted to Human Resources for compensation analysis.

- **President & CEO:** Mr. Rippetoe provided an update regarding staff positions that have been eliminated or combined due to budgetary constraints. Mr. Rippetoe also acknowledged staff's adaptability to the current circumstances.

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 Lai commended staff for their hard work during this period.

There being no further business, the meeting adjourned at 11:59 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 June 15, 2020.

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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:** Mardeen Mattix, Chief Financial Officer

**DATE:** For the Agenda of July 29, 2020

**RE:** Recommendation to Authorize Approval of Additional Funding for San Diego Tourism Authority (SDTA) Long-term Sales and Marketing Services for Fiscal Year 2021 Budget

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#### **BACKGROUND**

The San Diego Convention Center Corporation FY2021 Budget was adopted by the Board of Directors on June 23, 2020 with approved funding for long-term sales and marketing efforts of \$1,093,175. The Corporation was unable to fulfill the FY2021 contractual obligation of \$2,186,350 due to the elimination of funding from the City of San Diego operating budget. Due to hotel closures, restrictions on group gatherings and tourism coming to a halt because of the pandemic, taxes generated for the region substantially reduced the City's ability to fund sales and marketing efforts during FY2021.

As part of the contractual obligation, SDTA submits an annual budget to the Corporation as part of the program of work. FY2021 SDTA original budget of \$2,500,339 reduced to \$1,755,050 with substantial budgetary cuts by reducing staff, compensation, benefits and travel in order to maintain a functional level of service. Further reductions taken recently eliminated the sales incentive program and additional travel, totaling an ending FY2021 SDTA budget of \$1,508,860.

#### **DISCUSSION**

SDTA requested additional funding assistance from the Corporation of \$406,825 for total committed support of \$1,500,000 to meet contractual service obligations for FY2021. SDTA reduced their original budget from \$2,500,339 to \$1,508,860 in order to service the current year program of work. The variance between SDCC program support and the SDTA budget will be absorbed by SDTA.

Corporation and SDTA executive management agree a minimum level of service is needed to protect future business and retain existing customers that are attempting to rebook their events in San Diego for a future year. With California reopening slower than other competitive cities in other states, as well as overall higher costs and a lack of available dates, it is becoming increasingly more challenging for the SDTA sales team to find alternative future dates for events that have recently cancelled to ensure that the business stays in San Diego. Additionally, meeting planners

are challenged with attracting enough attendees to keep events feasible in the near term. These circumstances are requiring both SDTA and SDCC staff to work closely with clients to develop creative, new business and marketing strategies to help ensure that these events still take place in our city. Without this concerted sales effort, the city is at risk of losing the remaining events still scheduled for FY2021. San Diego is victim to “predatory marketing” from other cities offering incentives for events to relocate to their destinations in order to gain economic advantages to support their communities that have reopened earlier than California. A strong, concerted sales approach will be critical as we work to retain this future business.

Though Citywide sales efforts traditionally focus on selling convention center space and booking hotel room nights for future business, the current environment also demands that substantial staff and resources be devoted to retaining existing business for the destination. Even with reduced staffing levels, both entities agree this needs to be a primary focus for the foreseeable future, and most notably through FY21.

Corporation intends to reduce sales and services support efforts through reduced labor force and additional non-personal areas for the remainder of FY2021 in order to augment the additional funding requested.

**STAFF RECOMMENDATION**

Approve \$406,825 budgetary increase for long-term sales and marketing efforts for total FY2021 committed support of \$1,500,000. Corporation will augment this increase through reductions in personnel costs related to convention services and short-term sales. Should convention center business be postponed beyond a December, 2020 reopening, Corporation and SDTA will renegotiate in good faith remaining FY2021 support based on reserve balances and sustainability of operations for the convention center.

\_\_\_\_\_/s/\_\_\_\_\_  
Mardeen Mattix  
Chief Financial Officer