

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

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

**FRIDAY, AUGUST 20, 2021, 11:30 A.M.  
111 W. Harbor Drive, 2<sup>nd</sup> Floor, Executive Boardroom  
San Diego, California 92101**

**AGENDA**

Pursuant to Governor Newsom's Executive Orders N-29-20 and N-08-21, 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 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** - 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 June 14, 2021 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
  - A. **Recommendation to Authorize Ratification of Cleaning Services Contract**
  - B. **Recommendation to Authorize Extension Term of and Amendment of Telecom Services Contract**
  - C. **Recommendation to Authorize Extension of Term of Audio Visual Services Contract**

**D. Recommendation to Authorize Approval of Infrastructure Upgrade Wiring Project for Digital Services Project**

**E. Recommendation to Authorize Ratification of Emergency Boiler Repairs**

**F. Recommendation to Authorize Approval of Contract for Purchase of Copiers and Maintenance Agreement**

**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.

MINUTES

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

COMMITTEE MEETING OF JUNE 14, 2021

**BOARD MEMBERS PRESENT:** Chair Allan Farwell, and Director Elvin Lai

**BOARD MEMBERS ABSENT:** Director Carol Kim

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

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

1. **Call to Order:** Chair Allan Farwell called the meeting to order at 11:03 a.m. at 111 West Harbor Drive, San Diego, California.

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

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

2. **Non-Agenda Public Comment:** None
3. **Approval of Minutes of April 26, 2021 Budget Committee Meeting:**

Directors Lai and Farwell moved and seconded, respectively, to approve the minutes from the April 26, 2021 meeting.

Director Farwell - Aye

**Director Kim – Absent**

**Director Lai – Aye**

**Vote: Unanimous**

**AYES: 2**

**NAYS: 0**

**ABSTENTIONS: 0**

**4. Chair's Report: None**

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

**A. Recommendation to Authorize Approval of the Second Revised Budget for Fiscal Year 2022.**

CFO Mattix reported the following:

- When the budget was last approved, staff had just found out about set up of the emergency intake shelter so the former budget was not revised to reflect the impact of the shelter.
- The budget also did not reflect that the Corporation would be resuming operations in August instead of October.
- The current budget will reflect the impact of the unaccompanied minor shelter and the early resumption of business.
- When comparing the last budget and the current budget, SDCCC is going to generate nearly \$7 million more in revenue, compared to a few months ago.
- Approximately \$4.6 million of the funds, will come from operating revenues because SDCCC is hosting two additional months of events.
- An additional \$2 million will be derived from the emergency intake site that is planning to demobilize on July 15, 2021. SDCCC will receive approximately \$2.4 million for the two weeks of shelter operation prior to the shelter demobilization.
- Overall operating revenues increased from \$26.7 million to \$33.7 million, now planned for fiscal year 22.
- In terms of expenses, there is an increase in personnel costs that will offset those revenues.
- Staff has also begun the employee recall process. SDCCC has not reached full employee capacity because we expected, by this point, to still be serving as the emergency intake site. Staff will be slowing down on rehiring full-time positions in operations because operations have already been servicing the emergency intake site.
- Staff will now focus on rehiring the corporate administrative and sales staff and the type of positions that are needed to support our ongoing efforts to resume SDCCC events.
- There will be an increase in overall personnel cost of about \$3.2 million dollars.
- In addition to supporting the event activity that is now planning to come back sooner, staff will also increase our overall supplies and services budget line item from \$12.1 million to \$13.9 million.

- Staff has identified additional equipment needs that were not in the original budget.
- The Repair and Maintenance costs are also increasing more than in the original budget.
- Staff included some special event expense costs of approximately \$200,000. Staff has already seen some SDCCC clients ask for cost concessions in order come back to SDCCC given the unknown situation with masks in California and things of that nature.
- Staff also now anticipates additional utility costs due to re-opening in August which is the peak month of demand for utilities.
- Overall, SDCCC still will face an overall operating loss of approximately \$11 million. That loss is before considering the \$10.2 million dollars that the City has offered to contribute as a subsidy. When the City Council approved the SDCCC budget it was with the proviso that SDCCC would come back before City Council in quarter one for a review.
- Staff anticipates the City will likely reduce the subsidy from \$10.2 million, but for now, the City left the amount intact because of SDCCC facing a cash flow burden due to issues with the process of submitting invoices to the government.
- In terms of the billing, staff have not been able to successfully submit an invoice, and we are more than halfway done with the emergency intake site. Staff expects the issue with the billing to be resolved in the coming weeks, but we are facing challenges with the Corporation's Dunn and Bradstreet number which is preventing staff from being able to invoice the government. It is possible that staff will not be able to submit a complete invoice until the housing project has demobilized.
- The Corporation has approximately \$8 million to support its operations and cash flow, but the Corporation will be running through those funds quickly over the upcoming months. The City will support SDCCC from a cash flow perspective and then we will address what our budget looks like in November.
- Another significant change from the previous budget is staff hadn't anticipated not getting the Corporation's first PPP loans forgiven by the end of Fiscal Year 21. Staff submitted the loan forgiveness package, but it was denied because we needed to submit extra information which will not be reviewed before the close of the fiscal year in June. Staff anticipates that the entire loan (\$6.4 million) will be forgiven in FY 2022 pending receipt of the requested additional information.
- Staff still anticipates the Corporation will be able to make all debt service (I-bank) payments.
- Regarding the CIP, one project in particular is changing course. The fire pump project has had a challenge regarding permitting and now needs to be converted from a diesel based pump to an electric pump. Staff is pulling back on that project and re-evaluating, and will be bringing it back to the Board for approval when we have the plans in place. An additional \$700,000 has been added to our CIP list for that project. The value of the purchased diesel pump (\$100,000) will have to be written off.
- There are also two dewatering pumps in a parking garage that have failed and three of the four are significantly troubled. One pump is being repaired this week and will be replaced and the other two pumps are in the process of being repaired. Those projects will be completed in FY 2022. Staff will be working with the City

- and Port to determine who will ultimately pay the costs for the pump repairs. The repair costs have added an additional \$200,000 to the CIP budget.
- The only other change to the CIP budget is removing an extra \$100,000 of the ERP conversion that was not completed in fiscal year 21. Staff is moving that project to be completed in fiscal year 2022. Staff encountered a delay both on the event management side and the financial side. Accordingly, staff is taking a step back and re-planning.
  - Overall, staff is requesting this Committee recommend to the Board acceptance of this revised budget pending quarter one review with City Council.

**Directors Lai and Farwell moved and seconded, respectively, to recommend Authorizing Approval of the Second Revised Budget for Fiscal Year 2022.**

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

**Vote: Unanimous**

**AYES: 2**

**NAYS: 0**

**ABSTENTIONS: 0**

**6. Staff Updates:**

- **CFO:** Ms. Mattix reported the following:
  - Ms. Mattix congratulated Kelly Revell on his pending retirement (July 9, 2021) and thanked him for his 30 years to service to the Corporation. The Finance Department will host an open house in Kelly’s honor on June 22, 2021 at 3:00 p.m.
  - Chair Farwell acknowledged the time and effort expended by the finance staff on the budget process.
- **President & CEO:** Mr. Rippetoe reported the following:
  - Staff is continuing to work with Department of Health and Human Services on the Operation Artemis demobilization plan. The last child intake is scheduled to take place on June 15, 2021. There are approximately 700 children left on site. DHS is beginning their move-out process and there will be approximately 140 children left on site by July 4th and all children should be off site by July 15, 2021.
  - Repairs and replacement to the cast-iron sewer lines are ongoing.
  - The move-out of HHS trailers and equipment, coordinated by Freeman is either ahead or on schedule.
  - Planning meetings with clients have increased.

- There are two events that may be affected by the 5,000 masking threshold. One event plans to ask attendees for proof of vaccination or recent negative tests.
- There are 29 show scheduled between August 1, 2021 and January 1, 2022. Most of the scheduled shows will have lower attendance, but the medical shows in particular are seeing a very strong response with exhibitors.
- Staff met with Comic-Con, the County and the City to assist them with planning their November event.
- Staff will apprise the Board regarding attendance trends once more information is available.
- Ms. Coker commented on the “masking” climate in Las Vegas and she noted that Governor Newsome will hold a press conference touting the reopening of California on June 15<sup>th</sup>.
- Leisure traveling is also continuing to pick up and a strong summer of leisure travel is anticipated.
- Mr. Rippetoe also congratulated Ms. Coker on her appointment as the San Diego representative for Visit California.
- The Front Street construction of the federal building has been completed and Front Street will be reopened on June 28, 2021.

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 congratulated Ms. Coker on her appointment to the Visit California board. Director Kim apologized for her absence from the meeting. A conflict arose at her office that prevented her attendance.

There being no further business, the meeting adjourned at 11:33 p.m.

### CERTIFICATION

I, Allan Farwell, 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 14, 2021.

\_\_\_\_\_  
Allan Farwell, 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 August 20, 2021

**RE:** Recommendation to Ratify Cleaning Services Contract Agreement for Decontamination Certification Following Shelter Operations

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### BACKGROUND

Since March 2020, California event venues have been under an emergency stay-at-home order to minimize the impacts of the COVID-19 virus. In June 2021, California announced the ability of venues to re-open for large gatherings to the public. Part of the success of re-opening and decisions made by public health officials depend on the health outcomes, science and statistical key metrics that supports returning to business.

The Convention Center served as a temporary homeless shelter from April 2020 through March 2021 before becoming a Federal emergency intake site (EIS) to shelter unaccompanied minor children seeking asylum in the United States through mid-July 2021. Though there were no specific guidelines requiring facilities to deep clean prior to re-opening, the City of San Diego in collaboration with Corporation Staff determined it was most prudent to engage in a thorough deep clean, including a requirement to obtain a certified decontamination certificate, before re-opening to public events. The ability to affirm a safe and healthy “back to work” environment is vital to the health and safety of our team, customers and community as well as instilling confidence to travel and tourism in our region.

### DISCUSSION

Part of the shelter operations contract agreement with the City of San Diego called for a certified decontamination cleaning of space used as a temporary homeless shelter. Upon conclusion of that operation, the City of San Diego contracted with Pegasus Cleaning Solutions to provide this service. Between termination of the homeless shelter operation and the subsequent rapid setup of the federal emergency intake site, Pegasus was not able to clean the space used for the homeless shelter. The Federal EIS ultimately used the entire facility for their operation, and left executive of the cleaning requirement between Federal Health and Human Services (HHS) and the Corporation.

Due to magnitude of the scope of cleaning services required and the necessity for a quick transition from EIS to welcoming the SPIE+ event two weeks later, Corporation engaged directly with cleaning providers and ultimately selected Pegasus to clean and decontaminate the entire facility for a total cost of \$182,699. Corporation Staff found other cleaning providers solicited were only able to perform a portion of the scope of services and would not certify the building as desired. Corporation Staff elected to contract directly with Pegasus based on their capacity to





**Agenda Item 5.B**  
**SAN DIEGO CONVENTION CENTER CORPORATION**  
**MEMORANDUM**

**TO: Budget Committee**

**FROM: Mardeen Mattix, Chief Financial Officer**

**DATE: For the Agenda of August 20, 2021**

**RE: Recommendation to Authorize to a Two Year Extension to the Smart City Contract**

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BACKGROUND

The San Diego Convention Center Corporation (“Corporation”) has been engaged in an exclusive telecomm partnership with Smart City Network’s for many years, with the most recent Contract in effective through June 30, 2025.

DISCUSSION

In June 2021, Smart City requested an extension of their contract to ensure we maintain an equitable arrangement through the impacts of the COVID-19 pandemic. As our exclusive data, internet and telecomm services provider and collaborative business partner, we strive for our mutual success as we begin to rebuild event business within the Center.

Staff agrees the request is reasonable and seek to modify the following terms:

1. A two (2) year contract extension of the Initial Term through June 30, 2027.
2. Suspension of the Minimum Guaranteed Commissions outlined in Section 4.1.2 of our Contract from the July 1, 2019 through June 30, 2023.
3. Amend Section 3.1.4 “Rates for Services Provided to Corporation” to clarify the inclusion of telephone lines and necessary telephone configuration/support in the items Smart City Networks provides to SDCCC at no charge, subject to an annual phone line audit to ensure appropriate usage.
4. Suspension of the Annual Special Report in Section 4 of the September 1, 2015, Administrative Memorandum of the Contract through June 30, 2023. In lieu of the Annual Special Report, SDCC will accept the Smart City annual Certified Independent Audit Report in the interim.

STAFF RECOMMENDATION

Recommend that the Board of Directors authorize amending the contract with Smart City based on the terms as outlined above.

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

**Agenda Item 5.B**

**RESOLUTION NO. 2021-01**

**A RESOLUTION OF THE SAN DIEGO CONVENTION CENTER CORPORATION, INC. APPROVING AN AMENDMENT TO THE AGREEMENT WITH SMART CITY NETWORKS AND AUTHORIZING THE PRESIDENT & CEO TO SIGN THE AMENDMENT**

**WHEREAS**, in 2014, the San Diego Convention Center Corporation (“Corporation”) and Smart City Networks, Limited Partnership (“Smart City”) entered into a contract for data, internet and telecom services, Contract \_\_\_\_\_ (“Original Contract”) ; and

**WHEREAS**, due to the unexpected and devastating impacts of the COVID-19 pandemic which has caused the Convention Center (“Center”) to be closed to normal business since March of 2020, Smart City has requested that the term be extended as well as the modification of certain other contract provisions; and

**WHEREAS**, Smart City has been an exemplary partner throughout the years of service to the Corporation, including but not limited to providing services to the City of San Diego’s homeless shelter and the Federal migrant shelter during this COVID-19 pandemic; and

**WHEREAS**, Smart City has unique knowledge related to operations at the Center and it is necessary for the Corporation to have a partner with this unique knowledge, special skills, and continuity related to provision of data, internet, and telecom services so that the Corporation can recover from the unprecedented impacts of the COVID-19 pandemic as quickly as possible; and

**WHEREAS**, due to the unprecedented COVID-19 pandemic and its far-reaching effects on Corporation, which include drastic budget shortfalls and furloughs/layoffs of Center employees and the need for the Corporation to obtain services from Smart City as a single source, the parties now wish to extend the Original Contract for two additional years as shown below.

**NOW, THEREFORE**, be it resolved by the Board of Directors of the San Diego Convention Center Corporation (the “Board”) as follows:

**Section 1.** The findings listed in the above recitals are true and correct and are used a basis for approving this Resolution.

**Section 2.** The Board hereby approves an amendment to the Original Contract with Smart City subject to final approval by the President & CEO of the amendment language and authorizes the President & CEO, once satisfied with the amendment language, to execute the necessary documents to amend the Original Contract pursuant to the terms as substantially shown below:

- A two (2) year contract extension of the Initial Term through June 30, 2027 (Initial Term was scheduled to end on June 30, 2025).
- Suspension of the Minimum Guaranteed Commissions outlined in Section 4.1.2 of the Original Contract from the July 1, 2019 through June 30, 2023.
- Amend Section 3.1.4 “Rates for Services Provided to Corporation” to clarify the inclusion of telephone lines and necessary telephone configuration/support in the items Smart City Networks provides to Corporation at no charge, subject to an annual phone line audit to ensure appropriate usage.
- Suspension of the Annual Special Report in Section 4 of the September 1, 2105, Administrative Memorandum of the Contract through June 30, 2023. In lieu of the Annual Special Report, Corporation will accept the Smart City annual Certified Independent Audit Report in the interim.

**Section 3.** Except as stated herein, all other terms of the Original Contract shall remain in full force in effect.

**Section 4.** This Resolution shall become effective immediately upon adoption.

**PASSED, APPROVED and ADOPTED** this 24th day of August, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Elvin Lai, Board Chair

ATTEST:

\_\_\_\_\_  
Carlos Cota, Secretary of the Board



## Agenda Item 5.C

### RESOLUTION NO. 2021-02

#### A RESOLUTION OF THE SAN DIEGO CONVENTION CENTER CORPORATION, INC. APPROVING AN EXTENSION TO THE AGREEMENT WITH ON SITE AND AUTHORIZING THE PRESIDENT & CEO TO SIGN THE EXTENSION

**WHEREAS**, in 2018, the San Diego Convention Center Corporation (“Corporation”) and ON Services - AV Specialists, Inc. (“ON Site”) entered into a contract for audio visual services, Contract RF18-1137 (“Original Contract”); and

**WHEREAS**, due to the unexpected and devastating impacts of the COVID-19 pandemic which has caused the Convention Center (“Center”) to be closed to normal business since March of 2020, ON Site has requested that the term be extended; and

**WHEREAS**, ON Site has been an exemplary partner throughout the years of service to the Corporation, including but not limited to providing services to the City of San Diego’s homeless shelter and the Federal migrant shelter during this COVID-19 pandemic; and

**WHEREAS**, ON Site has unique knowledge related to operations at the Center and it is necessary for the Corporation to have a partner with this unique knowledge, special skills, and continuity related to provision of audio visual services so that the Corporation can recover from the unprecedented impacts of the COVID-19 pandemic as quickly as possible; and

**WHEREAS**, due to the unprecedented COVID-19 pandemic and its far-reaching effects on Corporation, which include drastic budget shortfalls and furloughs/layoffs of Center employees and the need for the Corporation to obtain services from ON Site as a single source, the parties now wish to extend the Original Contract for two additional years as shown below.

**NOW, THEREFORE**, be it resolved by the Board of Directors of the San Diego Convention Center Corporation (the “Board”) as follows:

**Section 1.** The findings listed in the above recitals are true and correct and are used a basis for approving this Resolution.

**Section 2.** The Board hereby approves an amendment to the Original Contract with ON Site and authorizes the President & CEO to execute the necessary documents to amend the Original Contract pursuant to the terms as shown below:

- Extend the term by two (2) additional years such that the contract will now end on April 30, 2025 instead of April 30, 2023.

**Section 3.** Except as stated herein, all other terms of the Original Contract shall remain in full force in effect.

**Agenda Item 5.C**

**Section 4.** This Resolution shall become effective immediately upon adoption.

**PASSED, APPROVED and ADOPTED** this 24th day of August, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Elvin Lai, Board Chair

ATTEST:

\_\_\_\_\_  
Carlos Cota, Secretary of the Board

**Agenda Item 5.D**

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

**TO: Budget Committee**

**FROM: Andy Mikschl, Executive Vice President, Sales & Revenue**

**DATE: For the Agenda of August 20, 2021**

**RE: Recommendation to Ratify Unbudgeted Infrastructure Upgrades Costs for Phase II of Digital Signage**

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**BACKGROUND**

On January 7 2019, Corporation entered into a revenue share agreement with Digital Conventions, Inc. (DCI) to provide digital signage and marketing opportunities to clients in the public areas of the Facility. The agreement provides commissions payable to the Corporation on all revenues generated by the sales of the signage to our licensed clients. Phase I of the project included installation of four large permanent displays in the lobby areas that have proven to be successful.

**DISCUSSION**

Corporation initially invested \$29,484 into Phase I wiring upgrades in order to provide DCI the ability to sell digital signage to events beginning in FY2020. The wiring upgrade was completed in late July 2019 and the upgrade allowed six months of digital advertising sales to commence before the COVID-19 pandemic. The initial investment in wiring upgrades yielded over \$40,000 in commissions to the Corporation, paying for itself in the initial six (6) month term. Substantial revenue can be generated by providing clients with innovative branding and marketing opportunities during their events with little investment required by SDCC to establish network wiring capabilities.

In July 2020, Corporation negotiated with DCI to extend their contractual agreement, with planned installation of four additional permanent displays in the public space by the end of CY21 - specifically in lobbies C, D, F, & G. The installation of these additional displays required an upgrade to the existing data lines in those lobbies to support the bandwidth needed for the displays. Smart City Networks (SCN), the Corporation's exclusive telecom provider, would perform the upgrades to the existing data lines. Per the terms of the Corporations agreement with DCI, the Corporation is responsible for any infrastructure needs to support the signage, both in terms of data lines and electrical. Due to the uncertainty of the COVID-19 pandemic's effects on the industry, Corporation delayed the wiring installation planned in FY21 until further review.

As business continued to look uncertain, Corporation did not budget to proceed with the wiring upgrade that was to commence in FY22. However, since Corporation opted to re-open earlier than planned and with the pent up demand from events, Corporation determined it was appropriate to expedite the Phase II wiring plan in order to increase sales. Corporation identified





**Agenda Item 5.E**

**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 August 20, 2021**

**RE: Recommendation to Authorize Ratification of Purchase Orders for Boiler Repairs.**

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**BACKGROUND**

Over the course of April through July 2021, Corporation Staff responded to emergent repair requirements on the boilers in the San Diego Convention Center by issuing four (4) purchase orders to R.F. MacDonald Company totaling \$122,947. Staff is seeking ratification of these purchase orders and to provide additional context of the repairs as part of our commitment to integrity and transparent procurement processes. The emergent repairs contracted with R.F. MacDonald Company were:

1. \$20,790 on 04/21/2021: One (1) of the two (2) main Cleaver Brooks boilers was identified to have a failed refractory requiring replacement in order to function properly and safely. The Cleaver Brooks boilers are the main heating source for the building.
2. \$16,890 on 05/03/2021: Installation of gas meters on the two (2) Cleaver Brooks boilers to comply with San Diego Air Pollution Control District permit requirements.
3. \$56,000 on 07/07/2021: One (1) of the two (2) main Cleaver Brooks boilers required a complete re-tubing to prevent a complete failure of the boiler. Staff anticipates this tube replacement will to extend the useful life of the boiler.
4. \$29,267 on 07/12/2021: One (1) of the two (2) Lochinvar boilers by the east kitchen failed inspection and was beyond its useful life. Since these boilers provide hot water necessary for our primary kitchen and relying on the remaining boiler would present as a single point of failure that could result in loss or degraded kitchen capabilities, Staff proceeded to replace the failed boiler with a new model given that the cost to repair was a high percentage of the cost to replace.

Staff assures issuance of separate purchase orders was in no way an attempt to subdivide purchase orders to circumvent either procurement policy or board approval requirements. These individual instances required immediate action to prevent further damage and/or degraded use.



**Agenda Item 5.F**

**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 August 20, 2021**

**RE: Recommendation to Authorize Purchase of Copiers with Maintenance Agreement**

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BACKGROUND

For the last 10 years, Staff has outsourced copier and printer requirements through an agreement with Business Copier Solutions (“BCS”). This agreement covered two main components: 1) the lease of the copier/printer equipment and 2) a maintenance and supplies management agreement.

DISCUSSION

Staff reevaluated requirements and appropriateness of fully outsourcing the ownership, preventative maintenance, repair, and toner inventory. After extensive research, Staff determined it would be most advantageous to directly purchase and own the fleet of copiers and printers directly and outsource the ongoing preventative maintenance, repair, and toner inventory management.

Staff recommends the purchase of copiers and printers from Canon, fulfilled by their regional vendor South Coast Copy Systems, utilizing the National Association of State Procurement Officials (NASPO) ValuePoint Master Agreement #140595 (“NASPO Agreement”), a cooperative contract leveraging national buying power. This contract offers significant discounts typically over 60% off the base unit and 45% off accessories, depending on product segment. The total purchase price for the recommended fleet comprised of nine (9) copiers and eight (8) printers is \$71,382.24.

Staff recommends outsourcing the preventative maintenance, repair, and toner/supply inventory management through the same NASPO Agreement, using Canon’s recommended local service partner, South Coast Copy Systems. The structure of the proposed maintenance agreement is based on a cost per copy model similar to the maintenance component of existing BCS agreement. For comparative purposes:

Vendor	Cost per Black & White Copy	Cost per Color Copy
BCS	\$0.009	\$0.06
South Coast Copy System	\$0.00527	\$0.04
% Savings over current rate	41.44%	33.33%

Staff acknowledges it is problematic to provide an accurate cost forecast due to the volatility of work conditions, staffing levels, and operational requirements over the past 18 months and future

