

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

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

**WEDNESDAY, JANUARY 18, 2023, 11:00 A.M.
111 W. Harbor Drive, 2nd 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 of October 18, 2022 Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
 - A. Recommendation to Authorize Renewal of Marshalling Yard Lease
 - B. Recommendation Authorize Contract for Window Sealant Replacement
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 OCTOBER 18, 2022

BOARD MEMBERS PRESENT: Chair Jeff Gattas and Directors Carlos Cota, Carol Kim and Will Rodriguez-Kennedy

BOARD MEMBERS ABSENT:

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

ALSO PRESENT:

1. **Call to Order:** Chair Jeff Gattas called the meeting to order at 12:03 a.m. in the Executive Conference Room of the San Diego Convention Center, 111 West Harbor Drive, San Diego, California.

Chair Gattas 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 Jeff Gattas – Present
Director Carlos Cota - Present
Director Carol Kim – Present
Director Will Rodriguez-Kennedy – Present

Chair Gattas noted that all Directors were present and that all votes would be recorded via roll-call vote.

2. **Non-Agenda Public Comment:** Chair Gattas requested public comment regarding any non-agenda items. Hearing none, the meeting proceeded.

3. **Approval of Minutes of September 19, 2022, Budget Committee Meeting:**

Directors Cota and Kim moved and seconded, respectively, to approve the minutes from the September 19, 2022, meeting.

**Director Jeff Gattas – Aye
Director Carlos Cota - Aye
Director Carol Kim – Aye
Director Will Rodriguez-Kennedy – Aye**

Vote: Unanimous

AYES: 4 NAYS: 0 ABSTENTIONS: 0

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

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

Chair Gattas 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 Contract for Electrical Panel Repair

Directors Kim and Cota moved and seconded, respectively, to recommend a contract award to Chula Vista Electric for Electrical Panel Repair, prioritizing fire and life safety, in a not-to-exceed amount of \$687,514.72 (which includes a five percent contingency for unanticipated costs).

**Director Jeff Gattas – Aye
Director Carlos Cota - Aye
Director Carol Kim – Aye
Director Will Rodriguez-Kennedy – Aye**

Vote: Unanimous

AYES: 4 NAYS: 0 ABSTENTIONS: 0

Chair Gattas 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 Contract for Soffit Removal Project (with Preliminary Costs Estimates)

COO Albright reported that he had preliminary information regarding the costs associated with this project but anticipated that he would have the information fully detailed in a supporting memorandum by the time of the Board meeting. Mr. Albright explained why the soffit removal was necessary. Chronic leaks from plumbing within the soffit over time damaged the drywall and compromised the integrity of the structure thereby impacting staff safety and interfering with current event exhibitor's ability to safely set up exhibits underneath the soffits in the impacted areas. Staff worked with clients to mitigate the impact of the set-up issue to their show.

Mr. Albright also noted that a consultant was hired to examine the damage and he further explained what the removal project would entail and how the removal would positively impact staff safety and allow staff easier access to utilities installed in the soffits for future repairs. Staff also hired a contractor to perform interim repairs until a final solution could be affected.

In order to prioritize employee safety, Mr. Albright recommends that staff be allowed to negotiate a contract for soffit removals in Halls "A" and "C" with a targeted removal date by the end of the year. Mr. Albright anticipates a project cost of approximately \$450,000 which would cover corrective repairs, demolition and removal of both soffits, alterations to the fire life safety sprinklers inside of the soffits, improvements to inside fireproofing and, painting to match existing walls.

The Committee discussed this item at length including specific safety implications for staff relating to the questionable integrity of the soffits. Mr. Albright stated that going forward, staff safety will be emphasized and prioritized, and he anticipates that staff will not be placed at risk again. He further noted that the composition of the maintenance team will be reorganized and an appropriate staffing plan which impacts decisions made regarding the soffit situation will be brought to the Committee/Board in the near future. Director Kim requested to be a part of conversations going forward because worker safety must absolutely be the priority of everyone on the management staff of the Center. Director Cota concurred with Director Kim's assessment regarding worker safety being a priority and also asked to be included in discussions regarding staffing restructuring. Director Cota also noted he was familiar with the soffits, and he believed the purpose they served was cosmetic and they could be removed.

Chair Gattas requested clarification regarding the motion for this project since there is not a financially detailed contract pending and he proposed that this request be moved to the full Board for further discussion and action without a Committee recommendation. Mr. Albright stated that since he did not have a full quote from contractors, he agreed with

Chair Gattas' proposal to move the request forward to the full Board while noting the Committee reviewed and discussed the request without rendering a recommendation.

Directors Kim and Cota moved and seconded, respectively, to recommend moving this contract request forward to the full Board for consideration and action with the Committee having discussed the matter without rendering a recommendation.

- Director Jeff Gattas – Aye**
- Director Carlos Cota - Aye**
- Director Carol Kim – Absent**
- Director Will Rodriguez-Kennedy – Aye**

Vote: Unanimous

AYES: 4 NAYS: 0 ABSTENTIONS: 0

6. Staff Updates:

CFO: Ms. Mattix noted the following:

- After the first quarter of the fiscal year, the financials are trending much better than expected due to fill-in events from the primary and secondary markets.
- Food and beverage revenues have been staggeringly high compared to budget. Telecom is also doing well, but there have been utility offsets.
- The Corporation is still struggling with staffing and the Human Resources Department is still attempting to fill its Talent Acquisition Partner. That position will be responsible for actively sourcing/recruiting staff. The Corporation interviewed and subsequently lost two candidates for the Talent Acquisition position to “for profit” entities. The second round of interviews has begun. If Human Resources is unable to fill the Talent Acquisition position after this round of interviews, the Corporation will out-source the position on a temporary basis to a head-hunter to assist with hiring non-represented professional level positions.
- Staff is a little behind on a couple of repair and maintenance and general expense items because of other priorities, but they expect to catch up over the November/December time-frame.
- The new Marshal Yard acquisition project has good news. Staff met with the City and Freeman and there were good discussions regarding using a location that was originally proposed in the EIR. Further discussions and negotiations with the City and Freeman are forthcoming regarding a long-term solution. The landlord at the existing marshaling yard site is offering SDCCC an extension on the current lease because the new lease holder won't be developing the property as soon as originally thought. Staff is also taking into consideration that Gaylord may also need marshal yard capabilities for staging which could entail revenue opportunities for SDCCC.

President & CEO: Mr. Rippetoe reported the following:

- Mr. Rippetoe thanked Ms. Mattix for engaging with the City and shepherding the marshaling yard project to its current positive status.
- Mr. Rippetoe reported that the Mayor is planning to be at the Board Retreat in November and one of his topics will be an update on the proposed expansion.

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)]: Chair Cota thanked Ms. Mattix and the team for their diligence in pursuing a solution to the marshaling yard problem.

There being no further business, the meeting adjourned at 12:33 a.m.

CERTIFICATION

I, Jeff Gattas, 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 October 18, 2022

Jeff Gattas, 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, Chief Operating Officer

DATE: For the Agenda of January 18, 2023

RE: Recommendation to Authorize Renewal of Marshalling Yard Lease.

BACKGROUND

In March 2013, the San Diego Convention Center Corporation (“Corporation”) entered into a five (5) year lease agreement with CG 7600 for 5.35 acres of land currently used as our marshalling yard located at 2387 Faivre Street, Chula Vista, California 91911 (“Existing Yard”). The Corporation subsequently exercised an option to extend for an additional five (5) year period expiring on March 31, 2023. The Corporation is required to have a marshalling yard in accordance with the environmental impact report (EIR).

DISCUSSION

Staff engaged in preliminary discussions with the City to identify a long-term marshalling yard on vacant land owned by the City. Staff visited several viable properties and have identified a property with strong potential that is currently undergoing due diligence by the City. City staff confirmed the “due diligence” process, combined with necessary improvements required to use the vacant land as a new marshalling yard would exceed our current lease period and we should renew the existing lease for a one (1) year period.

The broker representing the owner of the Existing Yard advised the property already has a long-term lease lined up with the leaseholder of the neighboring adjacent property commencing immediately on expiration of our lease. After discussions with the broker, the neighboring leaseholder is willing to sublease the Existing Yard back to us for a period of one (1) year at the market rate of \$50,312 per month. While this is a significant increase from the current monthly rate of \$18,128, the rate has been on a fixed 3% annual escalation dating back to 2013 prior to the demand and density for commercial properties of this nature. Staff assess the one (1) year lease of the Existing Yard to be the best solution and recommend moving forward.

STAFF RECOMMENDATION

Approve authorization to negotiate a one (1) year lease agreement.

 /s/
Corey Albright,
Chief Operating Officer

Agenda Item 5.B

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

TO: Budget Committee

FROM: Corey Albright, Chief Operating Officer

DATE: For the Agenda of January 18, 2023

RE: Recommendation to Authorize Contract for Window Sealant Replacement.

BACKGROUND

The San Diego Convention Center features a substantial amount of overhead, angled, and rounded glass primarily covering lobby spaces on the front city side of the building and around the perimeter of the upper level. The existing sealant that acts as a waterproof barrier is past its useful life and degraded to the point where some significant leaks occur.

DISCUSSION

Staff issued a request for proposals from qualified contractors to provide glass sealant services for various elements of overhead, angled, and rounded glass at the San Diego Convention Center. Staff received three (3) proposals:

Bidder	Cost
Coast Waterproofing	\$264,226
Coastal CW	\$313,670
Long Glazing & Doors	\$470,638

Bidder evaluation was based on a best value determination using the following criteria: Price 30%, Company Resume 20%, Work Plan 20%, Quality Assurance Plan 10%, Comparable Projects 10%, and Safety Record 10%. An evaluation committee was formed and determined Coast Waterproofing to be the best value contractor.

Staff recommends awarding a contract to Coast Waterproofing with a not to exceed project budget of \$290,000, inclusive of a contingency allowance for unforeseen conditions.

STAFF RECOMMENDATION

Approve authorization to contract with Coast Waterproofing with a project budget of \$290,000.

_____/s/
Corey Albright,
Chief Operating Officer