

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

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

**WEDNESDAY, JUNE 21, 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 April 24, 2023, Budget Committee Meeting**
4. **Chair's Report**
5. **Action Item(s):**
 - A. **Recommendation to Authorize Contract for Exterior Flooring Installation**
 - B. **Recommendation to Ratify Costs for Rental and Repairs for Chiller No. 5**
 - C. **Recommendation to Ratify West Generator Rental and Repairs**
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 APRIL 24, 2023

BOARD MEMBERS PRESENT: Chair Shawn VanDiver and Director Carlos Cota

BOARD MEMBERS ABSENT: Director Carol Kim

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

ALSO PRESENT: Victor Botella and Lisa Casella, Marsh & McLennan representatives

1. **Call to Order:** Chair Shawn VanDiver called the meeting to order at 2:00 p.m. in the Executive Conference Room of the San Diego Convention Center, 111 West Harbor Drive, San Diego, California.

Chair VanDiver announced that since this meeting is being conducted on site with an open line to the public, the first action is to perform a roll call to determine which Board members are present on this call:

Director VanDiver– Present
Director Cota - Present
Director Kim – Absent

Chair VanDiver noted that all Directors were present except Director Kim, and that all votes would be recorded via roll-call vote.

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

3. **Approval of Minutes of March 27, 2023, Budget Committee Meeting:**

Directors Cota and VanDiver moved and seconded, respectively, to approve the minutes from the March 27, 2023, meeting.

Director VanDiver– Aye
Director Cota - Aye
Director Kim – Absent

Vote: Unanimous

AYES: 2 NAYS: 0 ABSTENTIONS: 0

4. **Chair’s Report:** Chair VanDiver noted that Agenda Item 5.A has already been extensively reviewed by the Audit Committee and he looks forward to hearing the results.

5. **Action Item(s):**

Chair VanDiver 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 Placement of Property, General and Umbrella Liability, Workers’ Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency

After presentations by staff, Directors Cota and VanDiver moved and seconded, respectively, to recommend Authorizing Placement of Property, General and Umbrella Liability, Workers’ Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency.

Director VanDiver– Aye
Director Cota - Aye
Director Kim – Absent

Vote: Unanimous

AYES: 2 NAYS: 0 ABSTENTIONS: 0

Chair VanDiver 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 Purchase of Maintenance Work Order System

After presentations by staff, Directors Cota and VanDiver moved and seconded, respectively, to recommend Authorizing Purchase of Maintenance Work Order System.

Director VanDiver – Aye
Director Cota - Aye
Director Kim – Absent

Vote: Unanimous

AYES: 2

NAYS: 0

ABSTENTIONS: 0

6. Staff Updates:

CFO: Ms. Mattix reported the following:

- CFO Mattix compared the Corporation's February financial performance to the March financial performance:
 - In February, the Corporation hosted six events: two corporate events and four trade shows.
 - In March the Corporation hosted seven events –three trade shows and four smaller events.
 - February yielded revenue for the month of \$5.5 million and March yielded revenue of \$4.1 million.
 - Although the center hosted more events in March, the make-up of events caused the center to yield more revenue in February.
 - Staff have been working closely with SDTA to review the right composition of business for the Center to determine who (internal partners, hotels, the Corporation, etc.) is benefitting from the type of business booked, whether there is a positive regional impact and whether we should seek alternate business if an event doesn't appear to be beneficial to our partners as well as the Corporation. Since the Corporation lives on ancillary revenues versus rental income, the team is examining ways to bolster internal partner revenue which in turn has a positive impact on the Corporation's bottom line.
- Personnel costs are starting to be near budget and forecast which means that positions are being filled. H.R. has done an amazing job on the talent acquisition front. There is still some staff attrition; however, it has stabilized.
- Repair and Maintenance costs may be tracking a little behind, but if you examine the forecast, we are either catching up or we intentionally placed costs into next year's budget.
- Ms. Mattix further reported that the balance of expenses is pretty much on track for forecast.

President & CEO: Mr. Rippetoe reported the following:

- Mr. Rippetoe reported that SDTA will join the SDCCC team for the EDI&R presentation to City Council on May 17, 2023.

- Occupancy and rates are holding for the hotels. Some of the hotels have been seeing leisure travel decline, but they believe it is more weather related than related to the economy.
- The airport is busy, which is a positive sign, and the TMD budget approval process is also scheduled to go before the City Council.
- Twitch-Con will be returning to San Diego and there have been conversations about how the Center makes room for this event. The Center needed to have flexibility and some support help from the TMD to assist with Twitch-Con and the support issue has been approved by the TMD. The Center will be actively working with current scheduled events to make room for Twitch-Con in coming years. If the Center can get tech-heavy events to commit to a regular annual rotation, it will greatly benefit the Center's ancillary services bottom line.
- The Center continues to be customer focused and is in the process of recruiting a General Manager. More information will be forthcoming as the process continues.
- Please calendar the PCMA annual meeting which will take place at the Center January 7-10, 2023. The PCMA attendees are the top tier meeting planners for the convention industry and this meeting is an excellent opportunity for the Board to learn more about the industry.
- The Center's employee Town Halls for the quarter take place tomorrow at 10:30 a.m., 3:30 p.m. and 11:00 p.m. in Room 23 ABC. Directors are welcome to attend.
- The Committee also discussed the decline in digital signage revenue and Ms. Mattix provided an update regarding the contractor's new signage acquisitions for installation in the center and she also reported that staff will be working with the contractor to determine if there is any way the Corporation can assist with increasing digital signage sales to customers.

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 2:38 p.m.

CERTIFICATION

I, Shawn VanDiver, 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 April 24, 2023.

Shawn VanDiver, Chair

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 June 21, 2023

RE: Recommendation to Ratify Costs for Rental and Repairs for Chiller No. 5

BACKGROUND

The San Diego Convention Center's heating, ventilation, and air conditioning (HVAC) systems are essential for providing thermal comfort to all occupants. Among the equipment supporting this complex HVAC system are chillers to provide cooling. In April 2023, Chiller No. 5 experienced a failure of the drive that supports it, leaving Chiller No. 5 out of service.

DISCUSSION

Staff engaged directly with Trane, the chiller manufacturer, to obtain an assessment and proposal for the repair of Chiller No. 5. Trane advised there is a significant 6-month lead time average on the replacement parts and we would not be able to repair the chiller in time for summer.

Staff conducted an evaluation of options prioritizing the necessity to provide cool air to full-facility events during the coming summer months. Staff determined the best course of action was to rent a temporary chiller from June 21 to July 24, covering three (3) full-facility events that require the maximum chilling capacity of our facility. Staff obtained rental proposals from ACCO, Aggreko, Sunbelt Rentals, and United Rentals, selecting United Rentals as the lowest bid at \$143,797.22 with a lead time estimate of 3-4 weeks.

Due to negative client and attendee experiences that would result from degraded cooling capacity during three (3) full-facility events and the long lead times of both the chiller rental and repairs, Staff authorized the unbudgeted rental from United Rentals for \$143,797.22 and chiller repair with Trane for \$55,557, plus 10% contingency (only on the repair) for a total of \$204,909.92.

STAFF RECOMMENDATION

Staff recommends approving ratification of chiller rental from United Rentals for \$143,797.22 and approving ratification of chiller repair by Trane for \$61,112.70, inclusive of contingency.

/s/
Corey Albright,
Chief Operating Officer

Agenda Item 5.C

**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 June 21, 2023

RE: Recommendation to Ratify West Generator Rental and Repairs

BACKGROUND

The San Diego Convention Center is required to have emergency power generators to provide backup power for life safety infrastructure such as the alarm system, telecommunications, egress lighting, etc. in the event of a power outage.

DISCUSSION

In early 2023, Staff facilitated the annual load testing for the west building emergency generator with Bay City Electric Works. During the load test, the fuel pump failed and needed to be replaced. Staff collaborated with the fire marshal and reviewed options to prioritize safety. It was determined the best course of action was to rent a temporary generator while the pump was rebuilt over the span of several weeks. Bay City Electric Works provided an estimate of \$105,243.99 for the rental and repair.

Due to the emergent need to ensure life safety with ongoing event activity, Staff authorized the emergency unbudgeted rental and repair of the west generator in the amount of \$105,243.99 and is seeking ratification.

STAFF RECOMMENDATION

Staff recommends approval of ratification of west generator rental and repairs for \$105,243.99.

_____/s/
Corey Albright,
Chief Operating Officer