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  

MONDAY, JUNE 15, 2020, 11:00 A.M.  
111 W. Harbor Drive, 2nd 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 telephonicly:  
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 April 20, 2020 Budget Committee Meeting  

4. Chair’s Report  

5. Action Item(s):  
   A. Recommendation to Authorize Approval of Third Revised Fiscal Year  
      2021 Budget  
   B. Recommendation to Authorize Approval of FedEx Revenue Contract  
      Extension  
   C. Recommendation to Authorize Extension of Waste Management Contract  

6. Staff Updates:  
   • CFO  
     1) Discussion re: Project Management/Procurement Realignment
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 visitandsiego.com. Please contact Pat Evans at (619)525-5131 or pat.evans@visitandsiego.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 APRIL 20, 2020

BOARD MEMBERS PRESENT: Chair Carol Kim and Directors Flyin Lai and Jaymie Bradford

BOARD MEMBERS ABSENT: Director Carlos Cota

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

ALSO PRESENT:

1. **Call to Order:** Chair Carol Kim called the meeting to order at 11:01 a.m. at 111 West Harbor Drive, San Diego, California. Chair Kim noted that all Committee members were present except Director Cota. Chair Kim further noted that since this meeting is being conducted via teleconference, all votes will be recorded via roll-call.

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

3. **Approval of Minutes of March 24, 2020 Budget Committee Meeting:**

Directors Bradford and Lai moved and seconded, respectively to approve the minutes from the March 24, 2020 meeting.

Director Kim – Aye
Director Bradford – Aye
Director Lai – Aye
Director Cota – Absent

Vote: Unanimous

AYES: 3 NAYS: 0 ABSTENTIONS: 0

4. **Chair’s Report:** Chair Kim commented on the challenging times the Center is facing and how these current circumstances will impact the budget.
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 Revised Fiscal Year 2021 Budget**

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

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

Vote: Unanimous

**AYES: 3  NAYS: 0  ABSTENTIONS: 0**

After additional discussion regarding the terms of a proposed SBA PPP Loan, Mr. Rippetoe recommended that Director Lai modify the language of his previous motion.

Directors Lai and Bradford moved and seconded, respectively, to reopen Director Lai's previous motion and to amend the language of said motion.

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

Vote: Unanimous

**AYES: 3  NAYS: 0  ABSTENTIONS: 0**

Directors Lai and Bradford moved and seconded, respectively, to amend Director Lai's motion to authorize approval of the Revised Fiscal Year 2021 budget to include a recommendation regarding the Board’s strategy regarding the proposed SBA PPP Loan in the amount $4,387,000.

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

Vote: Unanimous

**AYES: 3  NAYS: 0  ABSTENTIONS: 0**
B. Authorization to Recommend Placement of Property, General and Umbrella Liability, Workers’ Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency

Directors Lai and Bradford moved and seconded, respectively, to recommend authorization for Placement of Property, General and Umbrella Liability, Workers’ Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency

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

Vote: Unanimous

AYES: 3       NAYS: 0       ABSTENTIONS: 0

C. Recommendation to Authorize Amendment to Contract for Elevator/Escalator Maintenance

Directors Bradford and Lai moved and seconded, respectively, to recommend authorizing an Amendment to Contract for Elevator/Escalator Maintenance.

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

Vote: Unanimous

AYES: 3       NAYS: 0       ABSTENTIONS: 0

6. Staff Updates:
   - CFO: None
   - President & CEO: None

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 Kim requested that an item regarding “project planning” be added to a future agenda for discussion.
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 April 20, 2020.

___________________________________________
Carol Kim, Chair
SAN DIEGO CONVENTION CENTER CORPORATION
MEMORANDUM

TO: Budget Committee
FROM: Mardeen Mattix, Chief Financial Officer
DATE: For the Agenda of June 15, 2020
RE: Review of Second Revised Fiscal Year 2021 Proposed Budget (since BOD approval 4-20-2020)

BACKGROUND

The San Diego Convention Center Corporation budget is adopted by San Diego Convention Center Board of Directors and approved by the City Council of San Diego. Our FY2021 budget was approved March 26, 2020 and then revised April 20, 2020 due to the COVID-19 pandemic to be based on loss of events between mid-March through July 2020. *State mandated shelter in place executive orders continue to limit social gathering and have designated venues for consideration in the last phase of their current re-opening plan.* The City of San Diego is using the convention center as a temporary homeless shelter with the anticipation of demobilizing residents in the fall in anticipation of event activity resuming in early December. The City of San Diego shelter to home agreement deems certain operational expenses incurred by the Center to support the shelter efforts will be reimbursed from CARES Act funding for the month of April up to $600,000. Corporation qualified for CARES Act funding through the Paycheck Protection Program (PPP) of $4.387 million with 100% estimated debt forgiveness to cover lost wages during the last quarter of the fiscal year. Therefore, Corporation will only bill the City for shelter costs in the month of April as May and June labor and utility costs will be covered through the PPP.

DISCUSSION

The FY2021 Budget approved on April 20, 2020, produced Net Operating Loss of ($1,009,908) based on no event activity through July. Since that meeting, Corporation has lost all events through September with other cancellations stretching into October and November. City of San Diego adopted a revised budget on Tuesday, June 9, 2020, which called for $2.3M monthly financial assistance related to shelter efforts supported through CARES Act funding to continue through October 31, 2020. City of San Diego eliminated contributions of $2,186,350 that directly pass through to San Diego Tourism Authority used to fund long-term sales and marketing efforts.

Projected beginning Operating Reserve balance for FY21 is $5,559,100 after factoring the effects of COVID-19 fallout through June, offset by $3 million of the PPP loan proceeds planned for loan forgiveness. FY2021 assumes shelter operations continue through October 31 with November as a transition month to prepare the center to welcome a large medical event in early December. Anticipated attendance in December is expected to be down by over 50% with a slow recovery period.
for business to resume through the following year. Since the March 26, 2020 budget approval, Corporation estimates operating revenue losses of over $20M during FY21, half of what it originally was projecting three months ago.

To augment the lost revenue, Corporation implemented cost mitigation strategies including:

**Pandemic - Personnel Cost mitigation plan (SDCC only):**
- Elimination of 48% of current jobs (pre-COVID 215 FT/220 PT, post-COVID 176 FT/50 PT)
  - (39) Elimination/Laid off FT positions
  - (170) PT Laid-off indefinitely: except approx. 50 positions used to cover shelter efforts beyond FT available to work in cleaning/public safety
- Reduction in hours worked for remaining active FT: Avg -32%
  - All remaining (176) Active FT’s will face between a 10% and 50% reduction in worked hours between 7/1-12/31/2020
  - Exec Staff to each take 30 days of furlough.
- Elimination of Sales Incentive program for FY20 and FY21
- Elimination of non-represented employee merits for FY21
- Elimination of CEO FY 20 retention bonus and contracted salary increase amount for FY21

**Non-personnel impact:**
- Initial reduction in SDTA long-term marketing support of 50% ($1,093,175) with budget priority given to fund up to the remaining balance based on the following conditions:
  - Projected FY21 minimum reserve balance is met, and
  - Project FY22 minimum reserve balance is substantially solvent
  - Corporation will evaluate budget, regional market conditions and event activity throughout the year and will work closely with SDTA to provide an update on forecast for additional funding.
- Suspend all R&M and non-critical support spending (FF&E, R&M, travel, contracted labor)
- Reduction in utility costs of $300,000 due to less event activity

FY2021 faces a Net Operating loss of ($1,382,170) when factoring loss revenues offset by mitigating cost measures. After funding Debt Service Obligations ($1,572,844) and Capital Outlays ($2,435,700), projected FY21 year-end Operating Reserves are anticipated to be $2,520,410. All non-critical capital projects were deferred to future years.

**10 YR- CIP and OPERATING CAPITAL BUDGET**

FY2021 total Capital Improvement Plan remains budgeted for $2,435,701, which includes $1,500,000 for Capital Infrastructure Projects (“CIP”) and Operating Capital (“O&M”) of $935,701. SDCCC’s focus is to repair leaks in the building by prioritizing the roof replacement of the original (“West”) building and replacing corroded sewer drain lines. The design, engineering and planning phase for the roof replacement will occur during FY2021 with schedule construction anticipated Sept 2021 – June 2022 of FY2022. Additionally, the Center’s primary capital operating projects consist of converting software platforms for event management and finance and public address loud speakers during the upcoming FY2021.
Budget Committee
Agenda Item 5.a
June 15, 2020

Capital improvement projects will use Operational Reserves to cover the costs with the exception of the roof replacement anticipated to fund from debt proceeds in FY2022. Estimated costs of $1,250,000 for design and engineering will be reimbursed from debt proceeds issued through IBank through a collaborative effort of Corporation, City staff and IBank.

STAFF RECOMMENDATION

Approve authorization of FY2021 Second Revision Operating Budget following City Council approval of our anticipated funding.

/_s/_

Mardeen Mattix
Chief Financial Officer
## FY2021 OPERATING BUDGET - BOARD APPROVED 04/20/2020 (Revised for December Re-Opening)

### OPERATING REVENUES

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Budget</th>
<th>FY2020 Forecast</th>
<th>FY2021 Proposed Budget</th>
<th>FY2022 Projection</th>
<th>FY2021 Budget to FY2022 Forecast %</th>
<th>FY2022 Budget to FY2021 Forecast %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Rent</td>
<td>$9,358,260</td>
<td>$9,358,260</td>
<td>$6,416,390</td>
<td>$6,091,980</td>
<td>33.8%</td>
<td>-34.6%</td>
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<tr>
<td>Co-Promoted Events</td>
<td>$20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>$11,049,035</td>
<td>$9,236,060</td>
<td>$8,112,100</td>
<td>$6,932,005</td>
<td>-95.9%</td>
<td>-45,170%</td>
</tr>
<tr>
<td>Event Services</td>
<td>$4,744,504</td>
<td>$2,569,400</td>
<td>$3,525,970</td>
<td>$4,475,300</td>
<td>-55.4%</td>
<td>-23.2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$6,000,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$4,742,808</td>
<td>$3,516,830</td>
<td>$2,499,460</td>
<td>$2,155,565</td>
<td>-45.5%</td>
<td>-46.5%</td>
</tr>
<tr>
<td>Audio &amp; Visual</td>
<td>$1,352,728</td>
<td>$1,054,810</td>
<td>$864,680</td>
<td>$1,294,735</td>
<td>-66.6%</td>
<td>-420.15%</td>
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<tr>
<td>Business Development</td>
<td>$475,000</td>
<td>$397,000</td>
<td>$365,000</td>
<td>$275,003</td>
<td>-81.7%</td>
<td>-65.4%</td>
</tr>
<tr>
<td>Interest/Investment Income</td>
<td>$21,000</td>
<td>$20,000</td>
<td>$20,300</td>
<td>$20,500</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$236,895</td>
<td>$155,810</td>
<td>0</td>
<td>$115,003</td>
<td>-35.7%</td>
<td>-57.31%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>$19,871,778</strong></td>
<td><strong>$28,687,440</strong></td>
<td><strong>$13,825,480</strong></td>
<td><strong>$13,320,980</strong></td>
<td>-49.0%</td>
<td>-41.0%</td>
</tr>
</tbody>
</table>

### OPERATING INFLOWS

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Forecast</th>
<th>FY2021 Proposed Budget</th>
<th>FY2022 Forecast</th>
<th>FY2021 INFLOW</th>
<th>FY2021 INFLOW</th>
<th>FY2021 INFLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of San Diego - Marketing</td>
<td>$2,133,025</td>
<td>$2,133,025</td>
<td>0</td>
<td>$0</td>
<td>-100%</td>
<td>-100%</td>
</tr>
<tr>
<td>City of San Diego - Shelter Operations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Grants</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING INFLOWS</strong></td>
<td><strong>$2,133,025</strong></td>
<td><strong>$2,133,025</strong></td>
<td>0</td>
<td><strong>$0</strong></td>
<td><strong>-100%</strong></td>
<td><strong>-100%</strong></td>
</tr>
</tbody>
</table>

### TOTAL REVENUES AND INFLOWS

<table>
<thead>
<tr>
<th></th>
<th>FY2020 Forecast</th>
<th>FY2021 Proposed Budget</th>
<th>FY2022 Forecast</th>
<th>FY2021 INFLOW</th>
<th>FY2021 INFLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>$41,004,821</strong></td>
<td><strong>$31,579,470</strong></td>
<td><strong>$29,772,983</strong></td>
<td><strong>$11,831,821</strong></td>
<td><strong>-39.9%</strong></td>
</tr>
<tr>
<td><strong>TOTAL INFLOWS</strong></td>
<td><strong>$2,133,025</strong></td>
<td><strong>$2,133,025</strong></td>
<td>0</td>
<td><strong>$0</strong></td>
<td><strong>-100%</strong></td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td><strong>$43,137,846</strong></td>
<td><strong>$33,712,495</strong></td>
<td><strong>$30,045,983</strong></td>
<td><strong>$11,831,821</strong></td>
<td><strong>-39.9%</strong></td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2020 Budget</th>
<th>FY2020 Forecast</th>
<th>FY2021 Proposed Budget</th>
<th>FY2022 Forecast</th>
<th>FY2021 Budget to FY2022 Forecast %</th>
<th>FY2022 Forecast to FY2021 Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages - Full Time</td>
<td>$13,661,391</td>
<td>$12,825,420</td>
<td>$12,069,850</td>
<td>$14,654,790</td>
<td>-95.9%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Salaries &amp; Wages - Part Time</td>
<td>$4,659,681</td>
<td>$4,023,560</td>
<td>$3,987,191</td>
<td>$2,868,921</td>
<td>57.8%</td>
<td>-28.2%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$2,583,003</td>
<td>$2,487,860</td>
<td>$2,470,680</td>
<td>$2,037,160</td>
<td>87.5%</td>
<td>-50.5%</td>
</tr>
<tr>
<td><strong>TOTAL PERSONNEL EXPENSES</strong></td>
<td><strong>$21,904,075</strong></td>
<td><strong>$19,336,860</strong></td>
<td><strong>$18,025,702</strong></td>
<td><strong>$17,554,872</strong></td>
<td><strong>-13.5%</strong></td>
<td><strong>-3.5%</strong></td>
</tr>
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<tr>
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<th>FY2021 INFLOW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL EXPENSES</strong></td>
<td><strong>$25,533,888</strong></td>
<td><strong>$22,819,850</strong></td>
<td><strong>$19,427,906</strong></td>
<td><strong>$2,521,926</strong></td>
<td><strong>12.3%</strong></td>
</tr>
</tbody>
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### NET OPERATING REVENUES / EXPENSES

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<tr>
<th></th>
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<tbody>
<tr>
<td><strong>NET OPERATING REVENUES</strong></td>
<td><strong>$15,044,223</strong></td>
<td><strong>$13,109,780</strong></td>
<td><strong>$12,325,456</strong></td>
<td><strong>$2,946,374</strong></td>
<td><strong>18.2%</strong></td>
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<tr>
<td><strong>NET OPERATING EXPENSES</strong></td>
<td><strong>$35,577,604</strong></td>
<td><strong>$36,829,640</strong></td>
<td><strong>$30,556,155</strong></td>
<td><strong>$3,230,596</strong></td>
<td><strong>9.1%</strong></td>
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<tr>
<td><strong>NET OPERATING REVENUES / EXPENSES</strong></td>
<td><strong>$20,533,381</strong></td>
<td><strong>$23,920,060</strong></td>
<td><strong>$18,029,300</strong></td>
<td><strong>$3,294,646</strong></td>
<td><strong>15.8%</strong></td>
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### OPERATING RESERVE IMPACT

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<tr>
<th>Category</th>
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<tr>
<td><strong>OPERATING RESERVE IMPACT</strong></td>
<td><strong>$23,000,000</strong></td>
<td><strong>$23,000,000</strong></td>
<td><strong>$1,000,000</strong></td>
<td><strong>323,000</strong></td>
<td><strong>15.7%</strong></td>
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<td><strong>$2,000,000</strong></td>
<td><strong>323,000</strong></td>
<td><strong>15.7%</strong></td>
</tr>
</tbody>
</table>
TO: Budget Committee

FROM: Andy Mikschl, Chief Sales & Revenue Officer

DATE: For the Agenda of June 15, 2020

RE: Authorization to Amend the Contract with FedEx Office and Print Services, Inc.

BACKGROUND

The San Diego Convention Center Corporation ("Corporation") entered into a services contract with FedEx Office and Print Services, Inc., to provide business center services, equipment, and merchandise ("Services") to Corporation’s clientele for a five-year term, expiring on June 30, 2020.

DISCUSSION

Pursuant to the terms of the existing agreement, there is an option to extend for one (1) extension term of five (5) years. However, the Corporation and FedEx have worked collaboratively in recent weeks to determine how we can move forward with an agreement that will best suit the needs of both parties based on the unique business circumstances resulting from the COVID-19 pandemic. Through these discussions we have determined that our best course of action is to negotiate an amended agreement with FedEx which will address the needs of the Corporation and our clientele into the future. Items of note proposed for approval and incorporation as part of the amended agreement:

1. Three-year extension term of the agreement, which would extend from July 1, 2020, through June 30, 2023.

2. All terms and conditions of the current agreement would be incorporated into the new agreement. This would include the existing commission structure of 18% on all revenues generated, or the monthly minimum of $13,000 (whichever is greater).

3. Additionally, FedEx agrees to continue paying the monthly minimum of $13,000 per month through the life of the existing contract, and for all months which fall under the term of the new contract (through June of 2023) regardless of the level of business activity at the Center during any given month.
STAFF RECOMMENDATION

Approve authorization to amend the contract with FedEx based on the terms as outlined above.

/s/
Andy Mikschl
Chief Sales & Revenue Officer
SAN DIEGO CONVENTION CENTER CORPORATION
MEMORANDUM

TO: Budget Committee
FROM: Corey Albright, Director, Procurement & Contracts
DATE: For the Agenda of June 15, 2020
RE: Authorization to Extend the Contract with USA Waste of California, Inc.

BACKGROUND

On July 1, 2015, Corporation entered into a contract with USA Waste of California, Inc. for waste removal and disposal services. This contract was for a five (5) year term, expiring on June 30, 2020.

DISCUSSION

Staff had anticipated seeking a new five (5) year contract for a waste removal and disposal contractor. The request for proposals (RFP) was scheduled to take place from mid-March through end of April 2020. The COVID-19 pandemic significantly disrupted operations throughout our facility, including the timeline and ability to accomplish this RFP.

Staff feels it is best under the current circumstances to extend the existing agreement with USA Waste of California, Inc., a leader in their industry, to ensure consistent best practices of our contracted waste material handlers and haulers.

Staff is seeking approval of a one (1) year extension through June 30, 2021 with USA Waste of California, Inc. Staff anticipates soliciting for the new five (5) year contract at the conclusion of this one (1) year extension.

STAFF RECOMMENDATION

Approve authorization to extend the contract with USA Waste of California, Inc. for an additional one (1) year period.

[Signature]
Corey Albright,
Director, Procurement & Contracts