

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MONTHLY MEETING

Thursday, February 10, 2011

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, February 10, 2011, in the Trustees' Board Room, War Memorial Opera House, President Shultz presiding.

ROLL CALL

Present: President Shultz, Vice President Myatt, Trustee Bashford, Trustee Bechtle, Trustee Horn, Trustee Moscone, Trustee Wilsey;

Absent: Trustee Davis, Trustee Jarman, Trustee Pelosi, Trustee Stafford;

Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director/Executive Secretary

APPROVAL OF MINUTES

President Shultz called for approval of the minutes of the January 13, 2011 regular meeting of the Board. On motion of Vice President Myatt, seconded by Trustee Horn, the minutes were unanimously approved.

MANAGING DIRECTOR'S REPORT

Rental Requests: Ms. Murray reported that rental requests mailed to Trustees are routine and requested their approval. On motion of Trustee Moscone, seconded by Trustee Bechtle, the following resolution was unanimously adopted:

RESOLUTION NO. 11-03

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that the following rental requests are hereby approved:

WAR MEMORIAL OPERA HOUSE

Snowy World Entertainment	July 20, 21, 22, 24, 2011	\$10,000.00 vs. 10%
Universal Ballet of Korea		\$18,000.00 maximum

LOUISE M. DAVIES SYMPHONY HALL

SFJAZZ	June 19, 2011	\$2,500.00 vs. 10%
Wynton Marsalis & the Jazz at Lincoln Center Orchestra		\$4,500.00 maximum

HERBST THEATRE

Reality San Francisco	April 24, 2011	\$800.00
Easter Service		

Asian Pacific American Heritage Foundation	May 2, 2011	\$800.00
APA Heritage Month Celebration		

Ballet with Miss Tilly Student Dance Recitals	May 15-20, 2011	\$4,800.00
City Arts & Lectures Ricky Jay	May 25, 2011	\$800.00
Marina Classical Ballet Student Dance Recital	May 28, 2011	\$800.00
Star Dance Studio Student Dance Recitals	June 9-11, 2011	\$2,300.00

Veterans Building Seismic Upgrade – DPW Project Manager: Ms. Murray reported that as a first step of the two-year design development phase of the Veterans Building Seismic Upgrade Project, the Department of Public Works has named Tara Lamont as the Veterans Building Project Manager. Ms. Murray noted that Tara Lamont was DPW's project manager for the Opera House Seismic Upgrade Project, and together with her team, that project was brought in on-time, on-budget, and without any claims. Ms. Murray reported that since the Opera House Project, Tara Lamont has been overseeing construction projects at the University of California at Berkeley; most recently she has been Interim Director of Design & Construction at the University of California Office of the President where she had oversight responsibilities for the \$9 billion capital program across 10 campuses and 5 medical centers. Tara Lamont will officially start on March 1, 2011.

Patina Catering – Investment for Improvements: Ms. Murray reported that Patina Catering has completed its improvements to Opera House Dress Circle and Balcony Circle intermission bars. These improvements, approved by the Board of Trustees in August 2010, are part of Patina's \$500,000 investment during the five-year original term of its Food and Beverage Concession agreement with the War Memorial. Ms. Murray encouraged Trustees to view the upgraded intermission bars.

SECRETARY'S REPORT

Revenue, Appropriations and Housekeeping Expenditures Reports for January 2011: Ms. Norris referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for January 2011, and requested approval of housekeeping expenditures as submitted. On motion of Vice President Myatt, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 11-04

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM11176 through WM11195 and Interdepartmental Work Order No. RE11008 are hereby approved.

Annual Statements of Economic Interest: Ms. Norris reminded Trustees that all members of City boards and commissions must file Annual Statements of Economic Interest and Sunshine Ordinance Declarations with the Ethics Commissions no later than April 1, 2011. She also stated that public officials are required to receive annual training on open meetings, conflict of interest and ethics laws.

REGULAR ITEMS

President Shultz stated that the Board's Budget and Finance Committee was unable to schedule a meeting prior to today's full Board meeting; therefore, the Trustees will today consider proposed rental rates and the proposed departmental budget for Fiscal Year 2011-12. She asked Beth Murray to present these items to the Board.

Proposed Rental Rates for Fiscal Year 2011-12: Ms. Murray stated that in advance of today's meeting, Trustees have received staff's proposed rental rates for Fiscal Year 2011-12. She noted that while it has been the practice of the War Memorial to raise rental rates every other year, and while the War Memorial increased rental rates last year for FY 2010-11, the proposed rental rate increase for FY 2011-12 is for the specific purpose of generating additional revenue to pay the new Civic Center Community Benefit District assessment to the War Memorial effective July 1, 2011. Ms. Murray stated that during the Board's consideration of the Civic Center Community Benefit District, it was determined that in order to cover the new CBD assessment – amounting to \$56,252 for FY 2011-12 – the War Memorial would need to raise rental rates by an average 3%. She stated that each of the resident licensees, the San Francisco Ballet, Opera and Symphony, were in favor of the Civic Center CBD and agreed to accept the 3% rental rate increase to cover this expense.

Ms. Murray stated that the rental rate proposal lists all current rental categories, the current rates and the proposed increased rates for FY 2011-12. She noted that proposed rate increases do not reflect an across-the-board 3% increase, but when applied to projected rental uses, the proposed rate increase results in an average 3-4% overall increase to our resident licensees and will generate the necessary earned revenue to cover the new CBD assessment.

Following discussion, and on motion of Trustee Bechtle, seconded by Trustee Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 11-05

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves rental rate increases for FY 2011-12 as proposed by staff.

War Memorial Departmental Budget for Fiscal Year 2011-12: Ms. Murray reported that in advance of today's meeting, Trustees have received staff's proposed budget for Fiscal Year 2011-12, as well as detailed summaries of staff's projected earned revenues and expenditures. Ms. Murray reviewed the following:

Revenue:

- **Hotel Tax Revenue:** Per instructions from the Mayor's Budget Office, the proposed budget includes the same amount of hotel tax revenue as the current year, \$8.8 million. This is approximately \$3 million below the hotel tax allocation to the War Memorial under the Municipal Code.
- **Earned Revenue:** Earned revenue is projected to total \$2.16 million for FY 2011-12. This represents a total increase of \$137,764 over budgeted earned revenue for the current year, and includes an increase of \$73,733 for projected activity changes and an increase of \$64,000 from rental rate increases for the new Civic Center CBD assessment.
- **Interdepartmental Recovery:** Interdepartmental Recovery is revenue received from other City departments for Veterans Building occupancy fees, and for City budgeting reasons, Interdepartmental Recovery is listed in the budget as negative expenditures rather than as revenue. For FY 2011-12, total Interdepartmental Recovery is projected at \$268,673, an increase of \$52,594 over the current year. This increase is due to the 3% rental rate increase and the inclusion of \$46,000 from Department of Environment for Veterans Building occupancy fees which is not reflected in the current year budget.

Expenditures:

- **Operating Expenditures:** Total operating expenditures are projected at \$11,492,099, an increase of \$13,034 or .1% over current year operating expenditures. Major changes from the current year operating budget include:

Annualization of current year salaries (COLAs)	\$ 59,415
Increase in Fringe Benefits on current salaries	65,800
New 7334 Stationary Engineer position (eff. 10/1/11) – Salary/Fringes	84,723
New 3417 Gardener position (eff. 10/1/11) – Salary/Fringes	66,198
Offset for reduction in work order to Rec/Park for Gardener position	< 92,541 >

Net adjustments in Temporary Salaries, Premium Pay, Overtime, Holiday Pay and associated fringes	16,300
Scavenger Service (estimated 8.8% increase)	20,000
Building Maintenance Services (estimated 7.7% increase)	24,083
New Software maintenance costs for Artifax (automated booking)	10,850
New Civic Center Community Benefit District assessment	56,252
Net change in Materials & Supplies	< 15,200>
Services of Other Departments:	
Controller's Audits	< 30,000>
City Attorney fees	< 19,000>
GSA – Facilities Maintenance – Custodial Services	<182,942>
Workers Compensation	< 56,308>
Utilities (light, heat & power, sewer and water)	< 17,526>

- Capital Expenditures: Total Capital Expenditures of \$897,489 for annual Facilities Maintenance and two Capital Improvement project items, including:

Annual Facilities Maintenance	\$490,500
Capital Project – Veterans Building Project Manager	56,989
Capital Project – Davies Symphony Hall Elevator Modernization (Phase 1 of 4)	350,000

Ms. Murray reported that total revenues less expenditures leave a shortfall/deficit of \$1,153,067. As in prior years' budgets, staff's proposed budget covers this shortfall by using funds from the War Memorial Unappropriated Special Fund. The current Special Fund balance is \$1,411,080, and with the use of \$1.15 million to balance the FY 2011-12 budget, the new Special Fund balance will be \$258,000.

Following discussion, and on motion of Vice President Myatt, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 11-06

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the Fiscal Year 2011-12 Departmental Budget as presented by staff

Symphony proposal for donor recognition signage in Davies Symphony Hall: President Shultz stated that Trustees have received a copy of the letter from the San Francisco Symphony requesting to install two donor recognition areas in the Grove Street lobbies of Davies Symphony Hall. President Shultz referred this request to the Building Committee for consideration and recommendations to the full Board.

ADJOURNMENT

There being no further business, President Shultz adjourned the meeting at 2:35 p.m.

Jennifer E. Norris
Executive Secretary