

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MEETING

Thursday, September 12, 2013

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, September 12, 2013, in the Trustees' Board Room, War Memorial Opera House, President Myatt presiding.

ROLL CALL

Present: President Myatt, Vice President Bashford, Trustee Bechtle, Trustee Davis, Trustee Horn, Trustee Lui, Trustee Pelosi, Trustee Shultz, Trustee Stafford and Trustee Wilsey;

Absent: Trustee Moscone;

Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director

APPROVAL OF MINUTES

President Myatt called for approval of the minutes of the July 11, 2013 regular meeting of the Board. On motion of Trustee Shultz, seconded by Trustee Wilsey, the minutes were unanimously approved.

PRESIDENT'S REPORT

Passing of Lotfi Mansouri: President Myatt stated that it is with sadness he reports the recent passing of Lotfi Mansouri, who served as the Opera's fourth General Director from 1988 to 2001. He stated that Lotfi Mansouri was an exuberant and passionate advocate of opera and of life. Lotfi had a long and exciting history with opera, directing productions at leading opera houses in Europe and the United States. President Myatt stated that in addition to his many great directorial accomplishments at the San Francisco Opera, Lotfi Mansouri managed the Opera's transition through the closure of the Opera House in 1996-97 for seismic renovation, presenting productions at other San Francisco venues. President Myatt asked staff to send a letter to Lotfi Mansouri's wife, Midge, expressing the Trustees' heartfelt condolences.

Openings of San Francisco Symphony and San Francisco Opera Seasons: President Myatt reported that the San Francisco Symphony opened its 2013-14 season on Tuesday, September 3, including pre- and post-concert festivities at Davies Symphony Hall and City Hall. He reported that the San Francisco Opera opened its 2013 fall season on Friday, September 6, with a sold-out performance of *Mephistopheles* and festivities at City Hall. President Myatt stated that on behalf of the Trustees, he would like to extend best wishes to the Symphony and Opera on their upcoming seasons.

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 Bechtle, seconded by Trustee Shultz, the following resolution was unanimously adopted:

RESOLUTION NO. 13-27

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

San Francisco Ballet 2013 Nutcracker and 2014 Repertory Season	December 7, 2013 – May 1, 2014	\$204,925.00 vs. 10% \$309,425.00 maximum
Presidio Performing Arts Foundation Dancing Across Cultures 2014	May 5, 2014	\$2,500.00

LOUISE M. DAVIES SYMPHONY HALL

San Francisco Symphony 2013-14 Season (Partial)	February 1 – May 31, 2014	\$170,325.00 vs. 10% \$201,825.00 maximum
American Himalayan Foundation An Afternoon with His Holiness, Dalai Lama	February 22, 2014	\$2,500.00 vs. 10% \$4,750.00 maximum
UCSF Hospital Gala Concert and Lobby Reception	March 10, 2014	\$4,500.00 vs. 10% \$6,750.00 maximum
WorldStrides Heritage Performance The Festival of Gold (student workshops and concert)	March 17, 2014	\$4,750.00

Update on Veterans Building Seismic Upgrade and Improvements Project: Ms. Murray updated the Board on three project-related items:

- 1) **Law Library:** Ms. Murray reported that the Law Library closed to the public on August 30, and commenced its move-out of the Veterans Building on September 4. The Law Library should complete their move-out on September 18.
- 2) **Parking:** Ms. Murray stated that due to the need for dual construction gates to accommodate both union and non-union tradespersons and deliveries, the War Memorial must eliminate all parking behind the Memorial Court effective Monday, September 16. This includes all tenant, Trustee and staff parking spaces.
- 3) **Bi-Weekly Tours:** Ms. Murray stated that bi-weekly tours of the Veterans Building began this week, with Trustee Horn, chair of the Board's Veterans Building Project Committee. She said that bi-weekly tours will be given every other Tuesday at 11:00 a.m., and Trustee Horn will report back to the Board each month on the project's progress. Trustee Horn shared some comments with the Trustees on the first tour.

Update on the Symphony's completion of modifications to Zellerbach Rehearsal Hall Room "A": Ms. Murray reported that the San Francisco Symphony has completed the improvements to Zellerbach Rehearsal Hall Room "A" that were approved by the Board in April of this year. The completed improvements include permanent ADA access upgrades, additional restrooms, life safety improvements and electrical infrastructure improvements to allow for flexible public programming by the Symphony and other licensees. She stated that the cost to the Symphony for the Zellerbach Rehearsal Hall improvements was \$875,000, and that the improvements will benefit all users of the Hall.

SECRETARY'S REPORT

Revenue, Appropriations and Housekeeping Expenditures Reports for July and August 2013: Ms. Norris referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for July and August 2013, and

requested approval of housekeeping expenditures as submitted. On motion of Trustee Lui, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 13-28

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM14001 through WM140058 are hereby approved.

COMMITTEE REPORTS

Building Committee:

Request from San Francisco Opera and San Francisco Ballet to implement a per ticket facility fee to fund replacement of Opera House auditorium seats: Trustee Pelosi, Chair of the Building Committee, reported that the Committee met earlier today to consider the request from the San Francisco Opera and San Francisco Ballet to implement a per ticket facility fee to fund replacement of Opera House auditorium seats. Trustee Pelosi summarized the Opera and Ballet's facility fee proposal as follows:

- A per ticket facility fee of \$1 - \$2; \$1 for upper balcony seat tickets and \$2 for all other seat tickets. The facility fee would apply to all Opera and Ballet performances; the fee would not apply to non-Opera/Ballet performances.
- The facility fee would be embedded in the ticket price and not separately broken out. Text on the ticket would state "Ticket price includes a \$1-\$2 facility fee."
- The facility fee would take effect November 2013 for the San Francisco Ballet, and take effect January 2014 for the San Francisco Opera.
- Facility fee revenue would be treasured by each organization.
- Based on cost estimates for replacing the auditorium seats, the Opera/Ballet expect it will take 5-6 years to accrue sufficient facility fee revenue to fund the entire project. The Opera/Ballet will develop a cash strategy to allow for phased installation of new seating during this 5-6 year period.
- The facility fee would be ongoing. While seat replacement is the primary project, further building enhancements would benefit from the facility fee.

Trustee Pelosi stated that the Opera and Ballet outlined preliminary parameters of the Opera House seat replacement project including:

- The current cost estimate for the entire seat replacement is \$3.4 million, including soft costs and necessary acoustic and electrical consultants.
- Seat replacement would predominantly address issues of comfort and ergonomics and would not adjust aisle placement or number of seats. There would be only modest improvement in orchestra sightlines.
- The orchestra level floor will require repairs prior to new seat installation. The current cost estimate for necessary floor repair is \$500,000.
- The preliminary and tentative project schedule is:
 - Summer 2014: Develop floor refurbishment method through testing
 - Summer 2015: Replace Grand Tier/Dress Circle seating
 - Summer 2016: Refurbish Orchestra level floor; replace Orchestra level seating
 - Summer 2017: Replace Balcony seating

Trustee Pelosi reported that following discussion, the Committee voted unanimously to recommend approval of the Opera/Ballet request to implement a per ticket facility fee to fund replacement of Opera House auditorium seats subject to terms of a Memorandum of Understanding between the War Memorial and the Opera/Ballet.

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

RESOLUTION NO.13-29

- RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it adopts the report and recommendation of its Building Committee and approves the proposal of the San Francisco Opera and San Francisco Ballet to implement a per ticket facility fee to be used to fund replacement of Opera House auditorium seats subject to the War Memorial, Opera and Ballet entering into a Memorandum of Understanding that will include:
- The San Francisco Opera and Ballet will provide quarterly reports to the War Memorial on facility fee income, facility fee expenditures, facility fee contracts, and status of facility fee accounts.
 - Any change in the amount of the facility fee is subject to consideration and approval by the War Memorial Board of Trustees.
 - A Facility Fee Committee will be established, consisting of the War Memorial Managing Director, Opera General Director and Ballet Executive Director or their designates. The Facility Fee Committee will: 1) review and approve expenditures of facility fee revenues; 2) approve in advance all contracts for services or materials to be funded by facility fee revenues; and 3) identify and recommend prospective projects to be funded by facility fee revenues.
 - The War Memorial Board of Trustees must approve in advance all projects to be funded by facility fee revenues.
 - Design and development of projects funded by facility fee revenues remain under the purview of, and must be approved by, the War Memorial Board of Trustees.

Presentors Liaison Committee: President Myatt reported that the Presentors Liaison Committee meeting scheduled for 1:45 p.m. today was cancelled due to the Symphony's withdrawal of its request.

REGULAR ITEMS

Veterans Building Seismic Upgrade & Improvements Project – Update Report: President Myatt welcomed Tara Lamont, the Veterans Building Project Manager from the Department of Public Works. Ms. Lamont presented a quarterly update on the Veterans Building Seismic Upgrade & Improvements and provided a handout to show highlights of construction progress and budget information.

Ms. Lamont reviewed the following:

Construction: Construction commenced on July 1, 2013, with protection and salvage work, including removal of historic light fixtures. Hazardous materials abatement, which is one of the first construction activities, had to be delayed due to the Law Library occupancy, and will commence immediately following Law Library vacancy on September 19. Pankow Builders, the project CM/GC, has fully mobilized and has erected site fencing and on-site offices.

Partnering Workshop: An all-day partnering workshop was held on August 19, attended by War Memorial and DPW project staff and representatives of the CM/GC and subcontractors. Trustee Horn spoke to the partnering group about the importance and historic value of the Veterans Building. At the conclusion of the workshop, attendees adopted a mission statement and project goals and objectives.

Project Schedule: DPW and Pankow are currently evaluating the effect of the delayed Law Library move-out on the project schedule. As DPW and War Memorial do not want to adjust the project completion date, it may be necessary to accelerate some work activities. A report on the schedule impact due to the late Law Library move will be provided to Trustees at the next quarterly update.

Project Budget: To date, 22 trade packages have been bid out of the total 38 trade packages. As 13 of the 22 awarded trade packages were over the budget estimate, the entire 5% bid contingency has been exhausted. Therefore the remaining 16 trade packages will need to be within the budget estimate. In addition, there is currently a projected \$9.9 million budget shortfall due to a number of items not included in the original budget forecast, including additional hazardous materials abatement issues, replacement of the mansard roof (rather than repair), and costs for a new PG&E vault. In order to proceed with the award of bid packages, the project's construction contingency has been reduced from 20% to 10%. A 20% construction contingency is the norm for a renovation project of this type, and DPW/War Memorial have had one meeting with the Mayor's Budget Office to discuss the budget shortfall and the need to restore the 20% contingency. A second meeting with the Mayor's Budget Office is planned for November 2013 at which time the bids for all remaining trade packages will have been received.

GOOD AND WELFARE

Vice President Bashford provided an update on the status of the Veterans Memorial Project. He stated that the project cost has escalated to \$2.5 million, requiring use of the \$500,000 maintenance endowment to complete the project, meaning there is still \$500,000 left to be raised by the Committee in order to fund the endowment. Vice President Bashford stated that despite this setback, he and the rest of the Committee look forward to a January 6, 2014 ground breaking for the Veterans Memorial.

PUBLIC COMMENT

Andrew Dubowski of the San Francisco Symphony thanked the War Memorial staff for the work that was completed this summer in Davies Symphony Hall including new carpet, painting and glass replacement.

ADJOURNMENT

There being no further business, President Myatt adjourned the meeting at 2:50 p.m.

Jennifer E. Norris
Executive Secretary