



Budget Oversight Hearing Materials

FY18

**Washington Convention and Sports Authority
t/a Events DC**

May 4, 2017
Council of the District of Columbia
Committee on Finance and Revenue



Question 1

Please list all program enhancements, technical adjustments, and reductions included within the FY 2018 budget. Please break down these costs by program. In addition, please provide a narrative description and rationale for each, along with associated dollar amounts and FTEs if applicable. Include in your response an explanation and breakout of funds for the \$1,494,859 to support Destination DC marketing and for internal marketing efforts.

Land & Buildings – Increase of \$5,989,000

This increase is due to additional funding for planned maintenance and improvements, investments in information technology, and environment enhancements and improvements to the Convention Center, and Carnegie Library infrastructure in accordance with our 5-year capital expenditure plan.

Subsidies & Transfers – Increase of \$1,821,151

The increase in Subsidies and Transfers is caused by the projected increase in Dedicated Tax collections for FY18. The increase in Dedicated tax revenues directly impacts our Marketing Fund and transfers to Destination DC (“DDC”) based on a prescribed formula in the bond indenture, and contractual obligation. The OCFO revenue projection predicts a \$134 million in Dedicated taxes in FY18, and 67 percent of this amount will be from hotel sales taxes (\$89,786,700). A mandatory transfer equivalent to 17.4 percent of the hotel sales tax is made to the marketing fund (\$15,622,886). DDC’s share of the transfer to the marketing fund is 86 percent or \$13,435,682; this is an increase of **\$1,494,859** over the FY17 budget. There will also be an additional transfer of \$151,292 from the District to DDC in our budget (this is the inflationary adjustment for the District’s supplemental funding for DDC, of which the Authority is the intermediary). Internal marketing increases by \$175,000 due to higher outlays to customers anticipated from the Opportunity Fund.

Regular Pay- Continuing Full Time – Increase of \$1,133,177

The increase reflects 11 FTEs that were added with the revised FY17 budget, along with a 3-percent COLA for employees in FY18. The FTEs are to enhance marketing and community engagement efforts, staff the Gateway and R.I.S.E. Demonstration Center at St. Elizabeths East, and add additional support to our Convention Services and Meeting Services departments.

Supplies & Materials – Increase of \$280,833

The increase is to meet additional needs in mechanical supplies for facilities maintenance and event-related electrical supplies. It reflects actual spending in the previous fiscal year (\$613,699) and a one-time reprogramming from the Facilities Operations and Services Division's contractual services budget to realign their budget with planned expenditures.



Contractual Services – Other – Increase of \$82,066

This increase is due to contract escalator clauses.

Energy, Communication, Building, Telephone, Telegraph, Telegram, etc. – Increase of \$63,309

The budget is increased to align with actual expenditures in previous fiscal years.

Fringe Benefits – Current Personnel – Decrease of \$474,022

This is due to a reduction in health insurance premiums by 7 percent as budgeted costs for FY17 are greater than the projected actual costs for the fiscal year budgeted cost for health insurance in FY18.

Equipment & Equipment Rental – Increase of \$45,465

The equipment budget will increase by \$42,625 or 13 percent mainly to acquire additional computers and printers for new hires.

Debt Services - Decrease of \$44,622

This is to align the budget with projected debt service payments.



Question 2

Please provide a breakdown of FTEs by division for Fiscal Year 2016 (actual), Fiscal Year 2017 (approved) and Fiscal Year 2018 (proposed).

Division	FY16 Actual	FY17 Approved	FY18 Approved
Conventions and Meetings Division	217	239	238
Sports and Entertainment Division	22	24	30
TOTAL	239	263	268



Question 3

Please provide a list of all projects for which your agency currently has capital funds available, or planned for in FY 2018. Please include in this list a description of each project, the amount of capital funds available for each project, a status report on each project, and planned remaining spending on the project. If capital funds have been reduced for a given project, please state the affect of the reduction.

The Authority's approved FY18 budget includes \$18.996 million for capital projects in the following categories:

- Building Structure & Infrastructure - \$11,625,000
- Public Safety - \$475,000
- Event Services - \$1,540,000
- Environmental Enhancements - \$425,000
- Information Technology - \$ 2,875,000
- Carnegie Library - \$2,056,000

A list of FY18 capital projects included in the approved budget it attached.

Washington Convention and Sports Authority FY18 Capital Budget (\$ in thousands)	
Project	2018
Walter E. Washington Convention Center	
Building Structure & Infrastructure	
Replace plaza and parking garage expansion joints	\$ 1,200.0
Concrete repairs loading dock, exhibit halls & parking level	\$ 900.0
Repoint deteriorated mortar joints in granite steps at main entrance	\$ 10.0
Exterior masonry repairs	\$ 200.0
Power wash entire facility and repoint	\$ 900.0
Replace deteriorated canopy	\$ 30.0
Replace metal panel gasket system	\$ 20.0
Replace exterior roll-up doors	\$ 250.0
Door and hardware replacement	\$ 100.0
Sprinkler replacement and repairs	\$ 200.0
Fire and life safety system upgrades	\$ 200.0
Mechanical system upgrades	\$ 260.0
Electrical system upgrades	\$ 150.0
Interior light maintenance and upgrade	\$ 200.0
Plumbing system maintenance and replacement	\$ 70.0
Replace manual doors with automatic	\$ 1,400.0
Carpet replacement	\$ 900.0
VCT flooring & cove base replacement	\$ 90.0
Lenel system upgrade	\$ 30.0
Upgrade elevator doors and finishes	\$ 100.0
Lighting initiative	\$ 100.0
Buildout storage areas	\$ 120.0
Electrical switchgear	\$ 150.0
Service cart & equipment replacement	\$ 20.0
Window shade replacement	\$ 140.0
Required electric tighten up work & IR test	\$ 75.0
Emergency power to HVAC	\$ 90.0
Building envelope improvements	\$ 120.0
Fire proofing improvements	\$ 80.0
Replacement of doors	\$ 100.0
Replacement of rollup doors	\$ 50.0
Bird exclusion	\$ 20.0
HVAC upgrades	\$ 90.0
Fire alarm system upgrades	\$ 50.0
Air wall replacement and overhaul	\$ 40.0
Public area a wood restoration	\$ 30.0
Space buildouts	\$ 50.0
High speed doors	\$ 100.0
Building enhancement - restoration	\$ 100.0
Central plant equipment replacement	\$ 200.0

Washington Convention and Sports Authority FY18 Capital Budget (\$ in thousands)	
Project	2018
Walter E. Washington Convention Center	
Building management system upgrades	\$ 65.0
Upgrade lutron lighting systems	\$ 150.0
Concrete restoration halls & ramps	\$ 70.0
Carpet tile service corridors	\$ 70.0
Fall rest system	\$ 60.0
Renovate North Building Office space	\$ 500.0
Loading dock exhaust upgrade	\$ 100.0
Water heaters through the facility	\$ 50.0
VAV Replacement	\$ 75.0
Drain line inspection & replacement	\$ 250.0
Replace boiler system	\$ 300.0
Façade enhancement	\$ 1,000.0
Total Building Structure & Infrastructure	\$ 11,625.0
Public Safety	
Facility camera upgrades	\$ 70.0
Card Readers	\$ 30.0
Access system enhancements	\$ 60.0
Mechanical lock cylinders	\$ 50.0
Radios for Security and Facilities	\$ 50.0
Emergency response equipment	\$ 5.0
Barrier system upgrades	\$ 10.0
Exterior door electronic security upgrades	\$ 20.0
Fiber optics upgrade	\$ 60.0
CCTV control & integration enhancements	\$ 30.0
Equipment	\$ 90.0
Total Public Safety	\$ 475.0
Event Services	
ADA upgrades	\$ 40.0
Public area furniture replacement	\$ 500.0
Banquet chair replacement	
Table, chairs, racks & equipment	\$ 500.0
Office furniture replacement	\$ 100.0
Food Service Equipment	\$ 400.0
Total Event Services	\$ 1,540.0

Washington Convention and Sports Authority FY18 Capital Budget (\$ in thousands)	
Project	2018
Walter E. Washington Convention Center	
Environmental Enhancements	
Recycling equipment	\$ 100.0
Energy management improvements	\$ 100.0
LEED certification	\$ 25.0
Energy improvements	\$ 200.0
Total Environmental Enhancements	\$ 425.0
IT Department	
Technology enhancements	\$ 120.0
Replacement PCs	\$ 50.0
Server & network enhancements	\$ 100.0
Radio system upgrade	\$ 55.0
A/V upgrades	\$ 100.0
PBX replacements	\$ 850.0
Signage upgrades & enhancements	\$ 100.0
Distributed antenna system replacement	\$ 1,000.0
WIFI	\$ 500.0
Total IT Department	\$ 2,875.0
Total - WEWCC	\$ 16,940.0
Carnegie Library	
Site systems	\$ 41.0
Building exterior elements	\$ 393.0
Fire and life safety systems	\$ 200.0
Mechanical systems	\$ 101.0
Electrical systems	\$ 108.0
Plumbing systems	\$ 7.0
Elevators	\$ 16.0
Interior finishes	\$ 40.0
Facility leaks	\$ 150.0
Energy efficiencies	\$ 200.0
Exterior improvements	\$ 200.0
Boiler and equipment replacement	\$ 200.0
Marble and flooring restoration	\$ 200.0
Concrete restoration	\$ 100.0
Carpet Replacement	\$ 100.0
Total - Carnegie Library	\$ 2,056.0



Question 5

What are the FY 2018 plans for the Carnegie Library and grounds? Please provide a breakdown of costs, events scheduled and any revenue anticipated.

The Authority has signed a Letter of Intent with Apple regarding plans to open a global flagship store within the Carnegie Library. The major elements of Letter of Intent are as follows:

- Premises to include basement and first floor
- Market-rate rent
- The Historical Society of Washington, D.C., will remain in the building as a co-tenant with Apple
- Apple will renovate and restore exterior and interior portions of the building
- The Authority will retain the right to utilize the building for certain meetings and events

Lease negotiations are currently underway. The Authority anticipates that Apple will take possession of the site and begin renovation/construction activities to the building in FY18. As such, there are no events planned at the Carnegie Library for FY18.








Question 6

What are the FY 2018 plans for the RFK site and grounds?

The Authority remains focused on activating the RFK campus through five short-term programmatic elements centered on recreational and sport and entertainment uses permitted by the existing federal lease.

The five elements are:

				
Multi-Purpose Fields ~217,000 SF	Market Hall ~47,000 SF	Sports & Recreation Complex ~350,000 SF	Pedestrian Bridges ~25,000 SF	Robert F. Kennedy Memorial ~10,000 SF
1 x youth soccer with 2 baseball diamonds 2 x soccer & lacrosse 2,900 SF support building Adjacent to picnic area & playground Grouped together in a North-South orientation Can be within floodplain	Brings new source of fresh food to an under-served area Mix of staple, prepared, & specialty food vendors spread throughout a one-story building Adjacencies: Farmers Market, Urban Farm, Community Gardens Creates a sense of place similar to Pike Place, Borough Market (UK), & Ferry Market	Activities include indoor basketball, soccer, go karting, fitness and other activities for residents and visitors to use on a pay basis State-of-the-art complex provides a broad mix of amateur sports, fitness and entertainment programming in a centralized location	Provide much needed access to the east side of the Anacostia Connecting the RFK Campus to Kingman Island, Heritage Island and River Terrace Adjacent to Environmental Center and Ecology Lab Pedestrian & Bike friendly design	Interactive memorial dedicated to Robert Francis Kennedy Contemplative quality and educational components A place to engage visitors and educate the next generation 50th anniversary of Robert F. Kennedy's death Public and private funding

The Authority is currently in the process of working through the various environmental and regulatory requirements related to the implementation of the proposed programmatic elements on the site.

In addition to the regulatory process, we anticipate progressing efforts on the multi-purpose fields in FY18. The Authority's Board has already approved funding for initial planning and design services for this aspect of the campus activation, which we expect to be the first of the short-term elements to be completed.



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Question 7

What is new for FY 2018? What, if anything, is being discontinued?

In addition to core venue and service operations, FY18 will continue to focus on several Strategic Initiatives either approved or contemplated by the Authority's Board of Directors. Included among those projects in FY18 are the redesign/renovation of interior and public spaces at the Convention Center, including the Grand Lobby, and a comprehensive streetscaping project for the Center's exterior.



Question 8

Please provide a copy of your five-year capital plan, including strategic initiatives, as approved by the Board of Directors in the fall of 2016.

The Authority's Board of Directors, with the guidance of the Finance Committee chaired by the District of Columbia's Chief Financial Officer, is currently evaluating its long-term capital and spending plan, which will not only address our rolling five-year capital plan, but will also project out-year spending as well as incorporating all strategic initiatives for the Authority.

In the interim, the approved FY18 budget includes \$18.996 million in capital expenditures, a list of which is included with Question 3. The approved FY18 budget also includes \$5.75 million for Strategic Initiatives, inclusive of continued work on projects such as streetscaping and public space/lobby and interior design for the Walter E. Washington Convention Center, as well as funds to support other initiatives like the renovation of Carnegie Library as part of the proposed Apple lease deal.



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Question 9

Will the proposed FY 2018 budget allow you to meet all statutory mandates? If not, please explain.

Yes.



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Question 10

What is the status and timeline for review or renewal of your contract with Destination DC?
Please also comment on any projected changes to this arrangement.

The current multi-year contract with Destination DC expires on September 30, 2018. The Contract provides for five one-year option renewals, and the Authority will review Destination DC's performance under the contract in late FY17 prior to exercising any option year.



Question 11

What are your scheduled board meeting dates for 2018? Please provide a list, by month and date.

The Authority's Board of Directors meets on the second Thursday of each month and has formally noticed its meeting dates through the end of CY17 (and therefore through the first quarter of FY18) in the *District of Columbia Register* as follows:

<u>Date</u>	<u>Time</u>
October 12, 2017	10:00 a.m.
November 9, 2017	10:00 a.m.
December 14, 2017	10:00 a.m.

We anticipate the Board will continue to meet on the second Thursday of each month at 10 a.m. in CY18; those meeting dates will be formally noticed in December 2017.