

FY16 Budget Oversight Hearing

Washington Convention and Sports Authority
t/a Events DC



Council of the District of Columbia
Committee on Finance and Revenue
The Hon. Jack Evans, Chairman

April 22, 2015



Question 1

Please list all program enhancements, technical adjustments, and reductions included within the FY16 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).

Personal Services: Increase of \$578,447

- Regular Pay (Continuing Full-Time) increased by \$147,698. This is due to the addition of two new FTEs: a Dock Master to control shared truck ramp and dock access with the Marriot Marquis Washington DC hotel and an Administrative Assistant position for Conventions and Meetings Division's Sales team (\$106,360). There were also salary adjustments of \$41,338 for retention and increased responsibilities within individual positions.
- Regular Pay (Other) increased \$56,552 due to the anticipated need for additional hours of part-time staffing in Public Safety Support Services, Transportation Services, Meeting Services and Maintenance Services to accommodate an increase in citywide events.
- Fringe Benefits increased by \$374,197 due to a 2% increase in health insurance premiums and additional fringes related to new FTEs and salary adjustments.

Non-Personal Services: Decrease of \$4,700,793

- Supplies and Materials budget increased by \$14,900 due to Carnegie Library's operating cycle increase from nine months to 12 months. (In anticipation of the Spy Museum/Library redevelopment project, the FY15 budget only contemplated the Library being open for nine months of the fiscal year; the FY16 budget increases the operating cycle to a full 12 months.)
- Contractual Services budget increased by \$792,693 due to contract escalators (including escalator and elevator maintenance for \$116,158 and building maintenance \$156,295); additional legal services (\$172,950) and marketing and sales services (\$102,000); and, traffic control services for citywide events (\$190,400). In addition, Carnegie Library's contractual services budget was increased by \$54,890 to reflect the previously noted increase in the building's operating cycle.
- Subsidies and Transfers increased by \$505,297 to reflect a projected increase in dedicated taxes for FY16, which automatically triggers a formula-driven increase in transfers to the Washington Convention Center Marketing Fund, as required under D.C. Code § 10-1202.08a.
- There is a year-over-year decrease in Land and Building by \$8,598,000 as part of the five-year capital budget.
- Debt Service increased from \$48,944,283 to \$51,528,599. Events DC receives an IRS subsidy to reduce the debt service on the taxable bonds issued to fund the Marriott Marquis Hotel. The approved FY15 budget presented the cost of debt service *net* of the subsidy; the FY16 budget states the *gross* amount of debt service with a separate revenue entry increasing the non-personal services budget by \$2,584,316 for the IRS subsidy.



Question 2

Please provide a list of all projects for which your agency currently has capital funds available, or for which capitals funds are requested in FY16. 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 capital budget for FY16, which is part of a previously approved five-year plan, is \$8.5 million, which includes the following projects:

- **Public Safety:** \$430,000 for security enhancements and maintenance of equipment and systems in the common areas of the Convention Center.
- **Convention Center building structure and infrastructure:** \$3,375,000 for overall building updates including freight access to the Main Kitchen (3rd floor), emergency power to HVAC and kitchen equipment, fire proofing improvements and Lutron lighting system upgrades.
- **Furniture and equipment:** \$2,600,000 for replacement of original office furniture, food service equipment, new tables and chair racks, and other operating equipment.
- **Environmental enhancements:** \$625,000 for energy improvement, LEED certification and green roof options.
- **Technology:** \$565,000 for Windows and MS Office software upgrades, PC replacements, server and network enhancements, and PBX upgrades.
- **Carnegie Library:** \$400,000 for marble stair restoration and addition of security cameras.
- **Robert F. Kennedy Memorial Stadium:** \$500,000 for interior enhancements.



Question 3

Please provide a list of all space that will be used or is managed by the WCSA, including: facility name, location, square footage, description, leased/owned designation, rent, and other fixed costs that are included in the cost of rent (utilities, security, etc.). Please note any space changes.

The Authority owns, operates, and/or manages the following properties:

- **Walter E. Washington Convention Center** (801 Mt. Vernon Place NW) – the Authority owns this facility.
- **Robert F. Kennedy Memorial Stadium**, including the **Festival Grounds at RFK Stadium** and the **Maloof Skate Park at RFK** (2400 East Capitol Street SE) – the Authority operates the stadium and the grounds; the District of Columbia owns the stadium and leases the land from the National Park Service through 2038.
- **District of Columbia Armory** (2001 East Capitol Street SE) – the Authority operates the non-military functions of the federally owned Armory, which houses the District of Columbia National Guard.
- **Carnegie Library** (801 K Street NW) – the Authority acquired administrative control of the Library via a 2011 Memorandum of Understanding with the District.

The Authority pays no rent at any of these facilities. There are no changes to Authority owned, operated or managed space in FY16.

In addition, as the successor agency to the District of Columbia Sports and Entertainment Commission, the Authority owns Nationals Park, although the team operates the facility and the Authority serves as landlord.



Question 4

Please provide a list of all events planned/scheduled for all locations for FY2016, including date, expected attendance, and size of event. What are plans for signature/key events in 2016?

A chart listing FY16 events that are currently under license, pending the issuance of a license or for which space is being held on a “definite” basis is attached. Please note that this list is not intended for external distribution, as some of the events (or event-specific details) have not been announced to the public.

Our **Conventions and Meetings Division** will host 15 citywide events in FY16, and 27 Priority II events that include smaller conventions with peak room nights in excess of 1,000 or public shows. Among the largest and most complex meetings we will host in FY16 are the American Dental Association, the American Academy of Dermatology, the Association of the United States Army and the National Education Association’s annual convention, which takes place in Washington, DC during the Independence Day holiday prior to each presidential election.

The **Sports and Entertainment Division** is expected to host the sixth- annual AT&T Nation’s Football Classic, along with a weekend of ancillary Classic events, in FY16, while also continuing to host DC United at RFK Stadium (game dates for the 2016 season will be announced by Major League Soccer in the early part of that calendar year and do not yet appear on our calendar).



Question 5

Please explain the reported decrease in Convention Center Events as reported for FYs 2012, 2013, 2014 on page H-28 of the FY2016 Proposed Budget and Financial Plan.

The number of events hosted each year at the Walter E. Washington Convention Center is not, on its own, a reliable indicator of either the organization’s financial performance or our ability to generate economic benefits for the District of Columbia. With that in mind, we knew as early as FY08 that our forecasts anticipated a drop in the number of citywide events from FY12 onward, which is one reason why the Authority took such an aggressive stance toward getting the Headquarters Hotel project to groundbreaking.

To counter the financial impact of a reduced number of citywides, we expanded our in-house booking window from 18 months to 24 months and increased the size of our sales team, allowing us to book a large, more diverse set of meetings on our own while we waited the pickup in citywide business that would come once the hotel opened. We also reorganized our marketing contracts with organizations like the DC Chamber of Commerce and the Greater Washington Hispanic Chamber of Commerce to ensure their activities directly supported our ability to book business. These actions also enabled us to manage the downturn in business associated with the global recession/sluggish economic recovery and a cutback on government meetings, both of which continue to play a role in our ability to book business for the Center. With the hotel now open, we expect to see an increase in citywide meetings over the next three years that will produce additional economic impact for the District.

As illustrated in the chart below, the Authority has maintained a sound financial position despite a decrease in the total number of events hosted between FY11 and FY14.

Performance Metric	FY11 [‡]	FY12	FY13	FY14
Convention Center Events	231	208	204	204
Convention Center Attendance	1.02M	1.16M	1.09M	1.28M
Convention Center Direct Delegate Spending	\$347.81M	\$350.69M	\$333.78M	\$265.49M
Operating Income	\$19.68M	\$17.30M	\$19.69M	\$19.20M
Operating Expenses (excluding depreciation)	\$34.90M	\$34.88M	\$35.66M	\$35.95M

[‡]Data reported is for the Conventions and Meetings Division of the Washington Convention and Sports Authority, excluding Carnegie Library operations, and includes expenses for the Authority’s administrative operations.



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Question 6

What is new for FY2016? What, if anything, is being discontinued?

There are no material programmatic changes to the FY16 budget. We do anticipate, however, that one or more of our current set of business development activities (specific to creating new demand for our venues and services) may come to fruition, at which time we will determine specific funding levels and evaluate a request for additional budget authority with our Board of Directors.



Question 7

What are the FY2016 plans for the Carnegie Library and grounds? Please provide a breakdown of costs, events scheduled and any revenue anticipated. What are long term plans, if any, for the Library?

The Library continues to be used extensively for special event programming. Demand for the space has increased significantly and we continue to market the Carnegie Library as an added asset to our customers and clients. We anticipate additional activities such as the outdoor celebration during the Microsoft Worldwide Partner Conference – which took place on the Library grounds, K Street NW and the TechWorld Plaza in July 2014 – that allow us to continue enhancing the customer and attendee experience in Washington, DC.

For FY16, we forecast booking 100+ events at the Library. The FY16 budget includes \$1.2 million in operating revenue for the building and \$1.04 million in operating expenses.

During FY16, we will continue making capital improvements to the building and the grounds to support the use of Carnegie Library as a unique special- and corporate-events space.



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Question 8

Will the proposed FY16 budget allow you to meet all statutory mandates? If not, please explain.

Yes.



Question 9

What are your scheduled board meeting dates for 2016? Please provide a list, by month and date.

The Authority's Board of Directors meets on the second Thursday of each month. Dates for FY16, which are subject to change, are as follows:

<u>Date</u>	<u>Time</u>
October 8, 2015	10:00 a.m.
November 12, 2015	10:00 a.m.
December 10, 2015	10:00 a.m.
January 14, 2016	10:00 a.m.
February 11, 2016	10:00 a.m.
March 10, 2016	10:00 a.m.
April 14, 2016	10:00 a.m.
May 12, 2016	10:00 a.m.
June 9, 2016	10:00 a.m.
July 14, 2016	10:00 a.m.
September 8, 2016	10:00 a.m.



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Question 10

What is the status of a visitors' center in the city? You previously referenced this being a component of the Carnegie Library, with preliminary plans for a groundbreaking. Please elaborate on any/all efforts to date as well as what is planned for review or implementation in 2016.

Given the historic preservation challenges encountered in previous plans to develop a highly visible and interactive street-level space in connection with the proposed relocation of the Spy Museum, we are currently exploring other locations, including some significant proposed redevelopment projects in the downtown area, for a new visitors' center.



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Question 11

Please provide a copy of your five-year capital project plan, and identify projects expected to occur in FY16 and associated costs.

The five-year capital plan, including FY16 projects and their associated cost, is attached.

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
Walter E. Washington Convention Center					
Public Safety					
<i>Interior</i>					
Emergency response equipment. – cart, supplies etc	5	5	20	40	20
Building wide emergency response storage locations	-		8		8
Establish redundant server room in south building	-				
Build command post and enhance command center	5	5	28	40	28
<i>Exterior</i>					
Barrier System Upgrades				50	
Exterior door electronic security - Phase 1					
Purchase radios for security and facilities	40			40	20
	40	-	-	90	20
<i>Common Areas</i>					
Card access lock sets (service doors etc)		-			
Lenel Server and work station upgrade	20				
Install 360 degree cameras for key meeting rooms					
Install card readers and monitoring on key mechanical rooms	24	-	-	-	24
Install card readers on Key IDF closets					
Facility Wide camera upgrade - add coverage to : ballrooms					
Fiber optics upgrade	40	-	60	30	30
Level 56 card readers					
Card readers and improved control for hall roll up doors					
Building Perimeter enhancements Mt. Vernon & L St.			-		2,000
Facility CCTV control & integration enhancements	-		100		
Electronic People counter system (occupancy system)					
EMA workstation card lock and desks ETC					

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
Access system Enhancement	60	60	80	80	80
Equipment	-	90	90	90	90
Hotel Integration			50		
Replace obsolete CCTV cameras and equipment		150			
Replace DVRs	-	-	60	50	
Re key all mechanical lock cylinders in facility	-	50	120	50	50
	144	350	560	300	2,274
Public Safety - Total	189	355	588	430	2,322
Building Structure & Infrastructure					
<i>Interior</i>					
3rd floor kitchen freight access	-		50	2,000	
Air wall replacement and overhaul	40	50	100	40	50
Buildout storage areas & add storage equipment	-	40	50	50	40
Cart & Lift fleet management system	-		20		
Emergency power to HVAC& kitchen equipment	-	-	90	90	90
Fire alarm system auto-page and announcement	-		40		20
Implement sub metering throughout facility	60	40	40	30	30
Install additional hang points in meeting and ballrooms		-	250		
Install HVAC in audio IDF closets		-	50	50	
Overall facility update	2,000	4,000	6,000		2,000
Replace carpet in office areas	200				
Replace employee lockers and update locker rooms					
Service Cart & Equipment Replacement	20	15	120		45
Space build outs	50	50	50	50	50
Window shade - screen enhancement	70		140		140

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
	2,440	4,195	7,000	2,310	2,465
Exterior					
Bird exclusion	20	40			
Building envelope improvements	120	120	120	120	120
Enhance metro entrance	-		900		
Exterior Architectural lighting enhancements	-		120		
Exterior Enhancements					
Overhaul exterior expansion joints		1,000			
Remodel board rooms & enhance electronics		-		100	
Replace Exterior doors	100	100	80	50	50
Restore street crossings around facility			250		
Update exterior lighting systems			800		
Add meeting room middle building	-		350		
	240	1,260	2,620	270	170
Comon Areas					
Additional escalators	4,600				
Build out retail under lobby stairs		-	300		
Building enhancement - restoration	100	100	100	100	100
Building maintenance system enhancements		10			10
Carpet Tile Service Corridors		180			
Close E hall stair and overlook openings		-	250		
Concrete restoration halls & ramps etc.	50	50	50		3,000
Door Replacement due to damage or failure		60		40	40
Electrical Switchgear Maintenance			150		
escalator & elevator upgrades		-	250		
Fire alarm system improvements	-	-	200	50	50
Fire proofing improvements	-	40	80	80	40
High speed doors on Hall and service openings	-		100		100

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
HVAC upgrades	90	90	90	90	90
Lighting initiative		50		50	40
Overhaul executive orders		2,000			
Public area wood restoration replacement	-	-	20	20	20
Renovate passenger 14 elevator cabs		280			
Replace Hall D entrance doors	90				
Replace obsolete AHU VFDs & other equipment prior to foil	40	50	50	50	50
Replace original floor boxes ing ballroom	-		240		
replace original lounge furniture throughout facility	350				
Replace rollup doors	30	30		40	
Required electric tighten up work & IR test	75	75	150	75	150
Server for Siemans BMS		50			
Upgrade elevator doors for all service cars	100		120		100
Upgrade lutron lighting systems	-	600	150	200	
	5,525	3,665	2,300	795	3,790
Building Structure & Infrastructure - Total	8,205	9,120	11,920	3,375	6,425
Event Services & Furniture Related					
Interior					
Office furniture replacement	-	100	300	200	100
Food Services Equipment	400	200	200	200	200
	400	300	500	400	300
Common Areas					
ADA upgrades	25	25	100		
Public area furniture replacement					
New Table and chair racks & equipment	-	500	500	200	200

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
Purchase manual ADA lifts					
New Banquet Chairs		-	-	2,000	
	25	525	600	2,200	200
Events services & Furniture Related - Total	425	825	1,100	2,600	500
Environmental Enhancements					
Exterior					
Green roof options	-	-	200	200	-
	-	-	200	200	-
Common Areas					
Recycling equipment	100	40	60		60
Occupancy sensors for meeting rooms and storage halls					
Energy management improvements lighting etc					
Leed Certification	25	25	25	25	25
Energy improvements	200	300	300	400	300
	325	365	385	425	385
Environmental Enhancements - Total	325	365	585	625	385
IT Department/FMD					
Interior					
Windows & MS Office Upgrade				150	
Windows & MS Office Upgrade				15	
Replacement PCs	75			50	75

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
Server and Network Enhancements	50			50	
Radio System Upgrade	250				150
Software Upgrades			400		200
	375	-	400	265	425
Exterior					
Technology Enhancements				250	
Fiber Backbone Overhaul					
A/V Upgrades		250			
PBX Upgrades		100		50	
Signage Upgrades & Enhancements	100	100	1,000		150
	100	450	1,000	300	150
IT/FMD - Total	475	450	1,400	565	575
Development					
Exterior					
Pre-Construction Project Management					
Legal Services	556	383	-	-	
Financial Services	199	200			
Construction Project Management	300	200			
Connector	2,500				
Grand Opening		100			
Development Total	3,555	883	-	-	-
WCC - Total	13,174	11,998	15,593	7,595	10,207

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
Carnegie Library					
<i>Exterior</i>					
Facility Leaks			500		50
Exterior improvements	40	40	500		300
	40	40	1,000	-	350
<i>Common Areas</i>					
Visitor Center	-	-	-		100
Energy Efficiencies	150	150			200
Fire alarm & safety systems	100	100			100
Add Security Cameras				200	
Marble Stair Restoration				200	
	250	250	-	400	400
Carnegie Library - Total	290	290	1,000	400	750
RFK					
<i>Interior</i>					
Paint Interior Superstructure					
Phone System Replacement					
Interior	250	250	250	250	250
Interior	250	250	250	250	250
<i>Exterior</i>					
Paint Tower Lights					
Upper Roof Repair & Repainting					
Parking Lot 3 Re-Paving					
Parking Lot 6/7 Re-Paving					

**EventsDC
Capital Budget
FY13-FY17
('000 dollars)**

Description	FY13	FY14	FY15	FY16	FY17
Marshalling Yard					
<i>Common Areas</i>					
Restroom Upgrades					
RFK - Total	500	500	500	500	500
Events DC - Total	13,964	12,788	17,093	8,495	11,457



Question 12

Please also explain the decrease of \$8,598,000 in Land and Building as referenced in your agency budget submission (page H-27).

The decrease in Land and Building of \$8,598,000 is the result of FY16 having a smaller allocation of our five-year capital budget. The FY15 portion of the capital budget was the largest in the FY13-FY17 plan and contained several significant projects, including the start of a multi-year renovation project for the Convention Center's conference rooms and administrative offices. Despite a smaller capital budget for FY16, work will continue on projects started in FY15 as capital dollars carry over from one budget year to the next and do not lapse.



Question 13

Please list and provide a description of program initiatives being supported under the funding allocation for Contractual Services, and please explain the \$792,693 funding increase, as referenced in your agency budget submission (page H-29).

The Contractual Services budget increased by \$792,693 due to contract escalators (including escalator and elevator maintenance for \$116,158 and building maintenance \$156,295); additional legal services (\$172,950) and marketing and sales services (\$102,000); and, traffic control services for citywide events (\$190,400). In addition, Carnegie Library's contractual services budget was increased by \$54,890 due to Carnegie Library's operating cycle increase from nine months to 12 months. (In anticipation of the Spy Museum/Library redevelopment project, the FY15 budget only contemplated the Library being open for nine months of the fiscal year; the FY16 budget increases the operating cycle to a full 12 months.)



Question 14

Please list and provide a description of program initiatives being supported under the funding allocation for nonpersonal services costs, and please explain the \$520,197 increase, as referenced in your agency budget submission (page H-29).

The increase in Non-Personal Services of \$520,197 is comprised of two items. First, Supplies and Materials increased by \$14,900 due to Carnegie Library's operating cycle increase from nine months to 12 months. (In anticipation of the Spy Museum/Library redevelopment project, the FY15 budget only contemplated the Library being open for nine months of the fiscal year; the FY16 budget increases the operating cycle to a full 12 months.) Second, Subsidies and Transfers increased by \$505,297 to reflect a projected increase in dedicated taxes for FY16, which automatically triggers a formula-driven increase in transfers to the Washington Convention Center Marketing Fund, as required under D.C. Code § 10-1202.08a.