

**MINUTES**  
**WAR MEMORIAL BOARD OF TRUSTEES**  
**SPECIAL MEETING**

**Thursday, February 16, 2012**

The Board of Trustees of the War Memorial of San Francisco met in special session at 2:00 p.m. on Thursday, February 16, 2012, in the Trustees' Board Room, War Memorial Opera House, Vice President Myatt presiding.

**ROLL CALL**

Present: Vice President Myatt, Trustee Bashford, Trustee Bechtle, Trustee Davis, Trustee Horn, Trustee Jarman, Trustee Moscone, Trustee Pelosi, Trustee Wilsey;

Absent: President Shultz and Trustee Stafford;

Staff Present: Elizabeth Murray, Managing Director

**APPROVAL OF MINUTES**

Vice President Myatt called for approval of the minutes of the January 12, 2012 regular meeting of the Board. On motion of Trustee Horn, seconded by Trustee Bechtle, the minutes were unanimously approved.

**MANAGING DIRECTOR'S REPORT**

**Rental Requests:** Ms. Murray reported that rental requests mailed to Trustees include a request from the San Francisco Opera to install a tent in the parking area at the west end of the Memorial Court and behind the Veterans Building from August 30 through September 9, 2012, for Opera opening night festivities on September 7, 2012. She noted the Opera also requests use of the Opera House main lobby for the opening night pre-dinner cocktail reception and use of its first of two catering exemptions for 2012-13 for reception food service. Ms. Murray stated that remaining rental requests are routine and requested their approval. On motion of Trustee Moscone, seconded by Trustee Bechtle, the following resolution was unanimously adopted:

**RESOLUTION NO. 12-04**

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 Opera	September 7, 2012	\$8,250.00
San Francisco Opera –Parking Lot Tent and Opera House Main Lobby for Opening Night Gala		

**LOUISE M. DAVIES SYMPHONY HALL**

City Church San Francisco Easter Service	April 8, 2012	\$3,250.00
SF Symphony 2011-2012 Season (Partial)	June 1- August 3, 2012	\$61,400.00 vs. 10% \$65,700.00 maximum
Another Planet Entertainment Idina Menzel	June 7, 2012	\$2,500.00 vs. 10% \$6,750.00 maximum

**HERBST THEATRE**

Wallenberg High School Graduation Ceremony	May 21, 2012	\$575.00
International Studies Academy Graduation Ceremony	May 22, 2012	\$575.00

**Civic Center Community Benefit District- Update:** Ms. Murray updated the Trustees on the Civic Center Community Benefit District, which was established July 1, 2011, and for which the War Memorial and other Civic Center property owners pay an annual special assessment. She reported that CBD services began on February 1, 2012, including public area cleaning, maintenance, and security/ambassador services. She noted that Jennifer Norris, who has a seat on the Civic Center CBD board, has been integral and active in setting up service standards and operations. Ms. Murray stated that the Civic Center CBD will hold a mixer event on Thursday, March 1, from 5:30 to 7:30 p.m., at 25 Van Ness Avenue providing members of the public an opportunity to meet CBD board members, community ambassadors and other Civic Center facility managers. She welcomed and encouraged Trustees and staff to attend this mixer.

**SECRETARY'S REPORT**

**Revenue, Appropriations and Housekeeping Expenditures Reports for January 2012:** Ms. Murray referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for January 2012, and requested approval of housekeeping expenditures as submitted. On motion of Trustee Bashford, seconded by Trustee Moscone, the following resolution was unanimously adopted:

**RESOLUTION NO. 12-05**

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM1200164 through WM1200176 are hereby approved.

**Annual Statements of Economic Interest:** Ms. Murray reminded Trustees that all members of City boards and commissions must file Annual Statements of Economic Interests and Sunshine Ordinance/Ethics Declarations with the Ethics Commissions no later than April 2, 2012. She stated that public officials are required to receive annual training on open meetings, conflict of interest and ethics laws, and noted that the City Attorney's annual ethics training session is scheduled for Tuesday, February 28, 2012, from 6:00-8:00 p.m. in the Veterans Building Green Room.

**COMMITTEE REPORTS**

**Budget and Finance Committee:** Trustee Davis, Chair of the Budget and Finance Committee, reported that the Budget and Finance Committee met earlier today, to consider and adopt recommendations on two items:

**Proposed Rental Rates for Fiscal Year 2012-13:** Trustee Davis stated it has been the practice of the War Memorial to raise rental rates every other year, and while the Board approved a special rental rate increase for FY 2011-12 to offset new costs for the Civic Center Community Benefit District, staff proposed a modest rental rate increase in several select categories for FY 2012-13, including:

- All Opera House and Davies Symphony Hall performance rental rates for both resident and non-resident licensees;
- Zellerbach Rehearsal Hall rental rates; and
- Resident Licensee office rental rates for the Opera House and Davies Symphony Hall.

Trustee Davis noted that no rental rate increases are proposed for Veterans Building facilities as all Veterans Building operations will wind down in FY 2012-13 in preparation for the July 1, 2013 closure of the building for seismic renovation.

Trustee Davis reported that the Committee reviewed charts of the projected impact of rental rates increases on each of the resident licensees, the Ballet, Opera and Symphony, showing that when applied to projected rental uses, the impact of rental rate increases result in overall rental increases between 3.2% and 3.8%.

Trustee Davis reported that following discussion, the Committee voted unanimously to recommend to the full Board that rental rate increases for FY 2012-13 as proposed by staff be approved. On motion of Trustee Bechtle, seconded by Trustee Jarman, the following resolution was unanimously adopted:

RESOLUTION NO. 12-06

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Budget and Finance Committee, and approves rental rate increases for FY 2012-13 as proposed by staff.

**War Memorial Departmental Budget for Fiscal Year 2012-13 and FY 2013-14:** Trustee Davis reported that the Budget and Finance Committee reviewed staff's proposed departmental budget for Fiscal Year 2012-13 and 2013-14, including projected revenues and proposed operating and capital expenditures. She noted this is the first year the City will adopt a two-year budget. The budget approved by the War Memorial for the second year, FY 2013-14, will be re-evaluated and updated in next year's budget process.

Trustee Davis stated that Beth Murray reported to the Committee on items having significant revenue or expenditure variance from the current year budget, including the following highlights:

Revenue Items:

- Hotel Tax Revenue: Per instructions from the Mayor's Budget office, proposed budgets for both FY 2012-13 and 2013-14 include the same amount of hotel tax revenue as the current year, \$8.676 million. This is despite projected increases of 7.5% and 4.61% in total hotel tax revenue over the next two years. The Mayor's proposed hotel tax allocations to the War Memorial remain well below the War Memorial allocation pursuant to the Municipal Code.
- Earned Revenue: Earned revenue is projected to decrease by \$110,000 or 5.1% in FY 2012-13 and decrease an additional \$373,000 or 18.2% in FY 2013-14. While increases in earned revenue are projected from Opera House and Davies Symphony Hall operations, the closure of Herbst Theatre and the Green Room on April 1, 2013 – in preparation for the July 1, 2013 closure of the Veterans Building – results in a reduction of overall earned revenue.
- Interdepartmental Recovery: Interdepartmental Recovery is revenue received from other City departments for Veterans Building occupancy fees. Again, due to the departure of City tenants from Veterans Building tenants during FY 2012-13 – in preparation for the July 1, 2013 closure of the building – Interdepartmental Recovery revenue will decrease by \$56,000 or 21% in FY 2012-13 and will decrease to zero in FY 2013-14.
- General Fund: For the first time, since the War Memorial became a special fund department in 1982, staff's budget requests support from the City's general fund in each of FY 2012-13 and 2013-14 to fund the War Memorial's annual capital budget line item for facilities maintenance, \$482,500 in FY 2012-13 and \$395,000 in FY 2013-14. In 1982, the War Memorial and Mayor entered into a Memorandum of Understanding under which the City agreed to annually appropriate to the War Memorial a percentage of hotel room tax as well as all earned revenue from War Memorial operations, and the War Memorial agreed to fully fund its annual operating and capital budgets within such annual appropriations in lieu of appropriations from the City's general fund. Until this coming fiscal year, the War Memorial has maintained its commitment to fully fund its budget within its special fund revenue, despite the fact that since FY 2003-04 the Mayor and Board of Supervisors have annually reduced the War Memorial's hotel

tax allocation in order to divert more hotel tax revenue to the general fund. Staff has notified the Mayor's Office that these continued reductions in our hotel tax allocation to benefit the City's general fund has necessitated the War Memorial's requesting support from the City's general fund to cover facilities maintenance obligations.

#### Expenditure Items:

- Operating Expenditures: Total operating expenditures for FY 2012-13 are projected at \$11,610,067, an increase of \$411,500 or 3.7% over current year operating expenditures. Almost all of this increase is due to employee cost-of-living increases and mandatory fringe benefit costs.  
  
For FY 2013-14, total operating expenditures are projected at \$10,887,259, a decrease of \$723,000 or 6.2% from FY 2012-13. This change includes total reductions of \$1.025 million from the closure of the Veterans Building on July 1, 2013, offset by mandatory fringe benefit and other required increases of \$304,000.
- Capital Expenditures: The War Memorial's capital budget includes annual facilities maintenance expenditures and any capital improvement projects. The FY 2012-13 proposed budget includes Facilities Maintenance expenditures of \$482,500 and no capital improvement expenditures; for FY 2013-14, Facilities Maintenance is reduced to \$395,000 based on reduced expenditures from the Veterans Building closure and capital project funding of \$91,843 for continuation of the Veterans Building Project director.
- City Facilities Improvement Projects: In FY 2012-13, the City is scheduled to appropriate the balance of funding for the Veterans Building Seismic Upgrade and Improvements Project of \$117,445,000 from proceeds from Certificates of Participation.

Total revenues less expenditures leaves shortfalls in each of FY 2012-13 and 2013-14, which shortfalls will be covered by using funds from the War Memorial's Unappropriated Special Fund. The proposed budget anticipates using fund balance of \$672,000 in FY 2012-13 and \$627,000 in FY 2013-14, leaving a projected fund balance of \$271,000 at June 30, 2014.

Trustee Davis reported that following discussion, the Committee voted unanimously to recommend to the full Board that the War Memorial Departmental Budget Request for Fiscal Year 2012-13 and Fiscal Year 2013-14, as proposed by staff, be approved. On a motion of Trustee Bashford, seconded by Trustee Moscone, the following resolution was unanimously adopted:

#### RESOLUTION NO. 12-07

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Budget and Finance Committee, and approves the Fiscal Year 2012-13 and Fiscal Year 2013-14 Departmental Budget as presented by staff.

#### REGULAR ITEMS

**Veterans Building Seismic Upgrade and Improvements Project - Update:** Beth Murray distributed a status report on the Veterans Building Seismic Upgrade & Improvements Project and noted that Tara Lamont, our Department of Public Works' Project Manager, was unable to attend today's meeting to review this report with the Trustees. Ms. Murray reported on the Project status and budget, noting that the Project remains on schedule leading up to the planned closure of the Veterans Building on July 1, 2013 for a two-year construction period.

#### GOOD AND WELFARE

Vice President Myatt reported that the San Francisco Veterans Memorial Project is moving along and that Beth Murray had preliminary meetings last week with representatives of the Planning Department and Mayor's

Office on Disability to review design issues. He stated the dedication of the San Francisco Veterans Memorial is targeted for Veterans Day, November 11, 2013.

Vice President Myatt stated that the naming dedication of the Memorial Court Horseshoe Drive, as previously approved by the Board, is being scheduled for Thursday, May 10, 2012 at 5:30 p.m. He stated that to accommodate this dedication ceremony, he is asking that the regular 2:00 p.m. Board meeting on that day be re-scheduled to start at 4:00 p.m.

### **PUBLIC COMMENT**

Paul Cox, Vice Chair of the American Legion War Memorial Commission, reported that they have started moving forward with planning the veterans' move-out of the Veterans Building. He said the Commission would have several proposals at the next War Memorial Board meeting for the Trustees' action to assist veterans with that process. Mr. Cox further reiterated that it is the American Legion War Memorial Commission's position that the Trustees should not sign a memorandum of understanding with the Performing Arts Center as the Commission desires access to Veterans Building third floor space.

### **ADJOURNMENT**

There being no further business, Vice President Myatt adjourned the meeting at 2:30 p.m.

Jennifer E. Norris  
Executive Secretary