

SAN FRANCISCO WAR MEMORIAL AND PERFORMING ARTS CENTER

RENTAL REQUESTS FOR: APRIL 11, 2024

DAVIES SYMPHONY HALL

Innovation Arts & Entertainment Harry Potter 6 Film w/ Orchestra	August 15-August 17, 2024	\$12,460.00 vs 10% \$24,3670.00
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ZELLERBACH REHEARSAL HALL

New Century Chamber Orchestra String Ensemble Rehearsal	April 27, 2024	\$430.00
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THE GREEN ROOM

San Francisco Unified School District Retirement Reception	May 6, 2024	\$1,150.00
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San Francisco Human Rights Commission Fellows Training Session	May 20, 2024	\$1,150.00
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Office of the Treasurer & Tax Collector Panel	May 21, 2024	\$1,150.00
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Consulate General of Georgia Independence Day Celebration	May 30, 2024	\$1,150.00
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SF Bar Association Reception	June 13, 2024	\$1,150.00
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10000 Degrees Reception	June 7, 2024	\$1,150.00
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Kronos Performing Arts Association Reception	June 23, 2024	\$1,150.00
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Diaspora Arts Connection Piano Recital	June 29, 2024	\$1,150.00
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Independent Living Resource Center Fundraiser	August 30, 2024	\$1,225.00
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San Francisco Heritage Foundation Fundraiser	September 5, 2024	\$1,225.00
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Building Bridges Tango Lessons/Dancing	September 13-15, 2024	\$4,795.00
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SFDCMA Community Fund Gala	October 1, 2024	\$1,225.00
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SAN FRANCISCO WAR MEMORIAL AND PERFORMING ARTS CENTER

RENTAL REQUESTS FOR: APRIL 11, 2024

THE GREEN ROOM (Cont.)

Congregation Sha'ar Zahav Religious Services	October 2,11-12, 2024	\$1,800.00
Network of Executive Women Fundraiser	October 18, 2024	\$1,545.00

HERBST THEATRE

Nima Entertainment Inc. Shahram Nazeri Concert	April 26, 2024	\$2,900.00
Frameline Frameline Film Festival 2024	June 27-29, 2024	\$7,350.00
Renaissance Parents of Success Legends of Motown Concert	June 30, 2024	\$1,450.00
Congregation Sha'ar Zahav Religious Services	October 2-3, & 11-12, 2024	\$6,100.00
Another Planet Entertainment Joseph Concert	October 8, 2024	\$3,050.00
Tango Lovers Volver 2 Concert	October 19, 2024	\$1,525.00
Another Planet Entertainment Shawn Colvin & KT Tunstall Concert	November 8, 2024	\$3,050.00

WILSEY CENTER

Human Rights Commission HRC Commissioners Retreat	April 11, 2024	\$1,050.00
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San Francisco War Memorial					
Operating Account - 14670					
FY 2023 - 2024 Appropriations Report - March 31, 2024					
ACCOUNT	DESCRIPTION	REVISED APPROPRIATION	YTD ENCUMBERED & EXPENDED	BALANCE	
Salaries & Benefits	Permanent Salaries	\$ 7,054,419	\$ 4,473,920	\$ 2,580,499	
	Temporary Salaries	\$ 381,958	\$ 562,400	\$ (180,442)	
	Premium Pay	\$ 153,945	\$ 95,977	\$ 57,968	
	One-Time Salaries Payments	\$ -	\$ 33,068	\$ (33,068)	
	Overtime	\$ 254,731	\$ 195,455	\$ 59,276	
	Holiday	\$ 102,799	\$ 71,364	\$ 31,435	
	Mandatory Fringe Benefits	\$ 3,491,587	\$ 2,329,045	\$ 1,162,542	
	Sub Total	\$ 11,439,439	\$ 7,761,228	\$ 3,678,211	
Non Personnel Services	Travel	\$ -	\$ -	\$ -	
	Fees_Other	\$ -	\$ -	\$ -	
	Training	\$ 18,076	\$ 9,950	\$ 8,126	
	Employee_Expenses	\$ -	\$ 2,918	\$ (2,918)	
	Membership_Fees	\$ 4,175	\$ 3,325	\$ 850	
	Professional_Special_Services	\$ 91,403	\$ 129,302	\$ (37,899)	
	Maintenance_Services_Build_Struct	\$ 948,374	\$ 919,546	\$ 28,828	
	Maintenance_Services_Equipment	\$ 52,018	\$ 14,244	\$ 37,774	
	Rent_Lease_Equipment	\$ 17,873	\$ 16,263	\$ 1,610	
	Other Current Expenses	\$ 85,631	\$ 32,007	\$ 53,623	
	Taxes_Licenses_Permits	\$ 219,681	\$ 203,583	\$ 16,098	
	Utilities_Telephone	\$ -	\$ -	\$ -	
	Sub Total	\$ 1,437,232	\$ 1,331,139	\$ 106,092	
	Services of other Departments	Materials & Supplies	\$ 319,409	\$ 318,791	\$ 617
Human Resources Modernization		\$ 7,286	\$ 3,643	\$ 3,643	
Diversity Equity Inclusion		\$ 1,617	\$ 1,213	\$ 404	
GF-PUC-Light Heat & Power		\$ 2,065,355	\$ 1,008,823	\$ 1,056,532	
PUC Sewer Service Charges		\$ 195,925	\$ 63,169	\$ 132,756	
Ef-PUC-Water Charges		\$ 145,452	\$ 54,582	\$ 90,870	
DT Technology Projects		\$ -	\$ -	\$ -	
DT Technology Infrastructure		\$ 176,577	\$ 132,433	\$ 44,144	
GF-City Attorney-Legal Service		\$ 93,283	\$ 8,631	\$ 84,652	
DT Enterprise Tech Contracts		\$ 25,124	\$ 25,124	\$ -	
DT Telecommunications Services		\$ 29,514	\$ 16,751	\$ 12,763	
GF-GSA-Facilities Mgmt Svcs		\$ 4,346,552	\$ 2,049,931	\$ 2,296,621	
GF-HR-Equal Emplmnt Opportuni		\$ 26,654	\$ 13,327	\$ 13,327	
GF-HR-Mgmt Training		\$ 65,880	\$ -	\$ 65,880	
GF-HR-Workers' Comp Claims		\$ 120,533	\$ 38,983	\$ 81,550	
GF-Chs-Medical Service		\$ 30,254	\$ -	\$ 30,254	
GF-Chs-Toxic Waste&Haz Mat Svc		\$ 14,881	\$ 1,175	\$ 13,706	
Is-Purch-Reproduction		\$ 8,500	\$ 410	\$ 8,090	
GF-Rec & Park-Gardener		\$ 198,668	\$ 92,145	\$ 106,523	
Sub Total		\$ 7,552,055	\$ 3,510,338	\$ 4,041,717	
		TOTAL OPERATING	\$ 20,748,134	\$ 12,921,497	\$ 7,826,637
14680		Annual Capital Improvement Project	\$ 741,795	\$ 564,406	\$ 177,389
		GRAND TOTAL	\$ 21,489,930	\$ 13,485,903	\$ 8,004,027
10000		Debt Service	\$ 9,600,895	\$ 8,810,021	\$ 790,875
14720		War Memorial Reserve	\$ 1,398,024	\$ 439,729	\$ 958,295
14700	Concessions Equip. Repl. Fund	\$ 53,835	\$ 12,616	\$ 41,219	

San Francisco War Memorial			
FY 2023-2024 Housekeeping Expenditures - March 31, 2024			
PO Number	Description	Amount	Fund Source
<u>PURCHASE ORDER</u>			
807815	XTECH	\$ 1,188.23	14670
808805	MEADOW DESIGN INC	\$ 34,008.00	14670
809984	UNITED CALIFORNIA GLASS & DOOR	\$ 6,529.32	14680
810795	Quality Time Equipment	\$ 529.50	14670
810838	GRM INFORMATION MANAGEMENT SERVICES	\$ 396.16	14670
810872	Comfort Dynamics, Inc	\$ 1,500.00	14680
810876	GRAINGER	\$ 836.65	14670
811100	SAN FRANCISCO OPERA ASSN	\$ 869.12	14670
811565	IBARRA BROTHERS PRINTING	\$ 457.59	14670
811852	In Compliance Engineering Services	\$ 3,050.00	14670
812239	GRAINGER	\$ 1,084.46	14720
813426	AQUA TREAT CHEMICALS INC	\$ 6,335.67	14720
813460	Comfort Dynamics, Inc	\$ 21,035.23	14680
813882	TK ELEVATOR CORPORATION	\$ 9,622.00	14680
814000	B N I BUILDING NEWS	\$ 143.62	14670
814167	GRAINGER	\$ 1,306.49	14670
814168	GRAINGER	\$ 931.31	14720
	Total	\$ 89,823.35	
FUND CODE:	DESCRIPTION:		
14670	Operating	\$ 42,785.36	
14680	Facilities Maintenance	\$ 38,686.55	
14690	Capital Projects	\$ 8,351.44	
14700	Concessions Equipment Replacement Fund	\$ -	
14720	War Memorial Reserve	\$ -	
14820	Gift Fund	\$ -	
	Total	\$ 89,823.35	

San Francisco War Memorial
FY 2023-24 Revenue Report - March 31, 2024

Account		MARCH REVENUE	YEAR TO DATE	FY2023-24 Budget	Percent of Budget	LAST YEAR TO DATE
FACILITY RENTAL						
435511	Opera House	\$ 109,915.00	\$ 592,920.00	\$ 543,932.00	109%	\$ 509,870.00
435512	Green Room	13,580.00	140,730.00	287,351.00	49%	156,440.00
435521	Herbst Theatre	20,920.00	229,885.00	241,287.00	95%	215,328.00
435531	Davies Symphony Hall	76,055.00	540,945.00	664,772.00	81%	471,325.80
435542	Wilsey Center	7,210.00	148,135.06	163,158.00	91%	122,012.50
462891	Zellerbach Rehearsal Hall	59,600.00	268,890.80	256,063.00	105%	233,000.00
	Sub Total	\$ 287,280.00	\$ 1,921,505.86	\$ 2,156,563.00	89%	\$ 1,707,976.30
OFFICE RENTAL						
435517	San Francisco Ballet (OH)	-	\$ 24,941.34	\$ 28,267.00	88%	\$ 22,170.08
435519	San Francisco Opera (OH)	15,982.59	159,825.90	163,022.00	98%	184,042.53
435539	San Francisco Symphony (DSH)	16,099.20	144,892.80	164,212.00	88%	144,892.80
435540	Veterans Bldg. Office Rent (SFO)	40,199.22	401,992.20	410,656.00	98%	377,775.57
462861	Veterans Building Occupancy Fees	10,437.66	97,592.58	109,570.00	89%	97,592.58
	Sub Total	\$ 82,718.67	\$ 829,244.82	\$ 875,727.00	95%	\$ 826,473.56
FOOD/BEVERAGE CONCESSIONS						
435611	Opera House	\$ 49,762.63	\$ 362,279.35	\$ 350,000.00	104%	\$ 323,633.00
435611	Herbst Theatre	\$3,847.87	16,490.43	9,749.00	169%	18,896.37
435631	Davies Symphony Hall	28,881.85	194,516.13	207,132.00	94%	158,992.78
	Sub Total	\$ 82,492.35	\$ 573,285.91	\$ 566,881.00	101%	\$ 501,522.15
PROGRAM CONCESSIONS						
435612	Opera House	\$ 34,401.71	\$ 34,814.35	\$ 4,000.00	870%	-
435612	Herbst Theatre	356.12	2,370.80	1,468.00	161%	2,090.23
435632	Davies Symphony Hall	908.47	4,526.18	4,201.00	108%	6,000.43
	Sub Total	\$ 35,666.30	\$ 41,711.33	\$ 9,669.00	431%	\$ 8,090.66
MISCELLANEOUS REVENUE						
435232	Parking Fees	\$ 3,373.00	\$ 30,761.00	\$ 46,518.00	66%	\$ 29,940.00
462899	Miscellaneous Revenue	11,155.00	163,677.59	148,171.00	110%	119,126.09
	Sub Total	\$ 14,528.00	\$ 194,438.59	\$ 194,689.00	100%	\$ 149,066.09
	GROSS REVENUE	\$ 502,685.32	\$ 3,560,186.51	\$ 3,803,529.00	94%	\$ 3,193,128.76
	Less 15% War Memorial Reserve	\$ (75,402.80)	\$ (534,027.98)			\$ (478,969.31)
	Payment to War Memorial Commission	(4,450.00)	(40,050.00)			(32,250.00)
	NET REVENUE	\$ 422,832.52	\$ 2,986,108.53			\$ 2,681,909.45
OTHER FUNDS						
435614	Concessions Equipment Replacement	\$ 3,930.61	\$ 29,075.68	-		\$ 23,296.47

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR BOARD MEETING
Thursday, March 14, 2024

The Board of Trustees of the War Memorial of San Francisco met in regular session on Thursday, March 14, 2024, at 2:00 p.m., in the Trustees’ Board Room, War Memorial Opera House, President Horn presiding.

ROLL CALL

- Present: President Horn, Vice President Wilsey, Trustee Gatti, Trustee Kopp, Trustee Lui, Trustee Muduroglu, Trustee Newstat, and Trustee Rocco
- Absent: Trustee Fisher, Trustee Pelosi, and Trustee Wright
- Staff Present: Kate Sofis, Managing Director and Rob Levin, Assistant Managing Director

PRESIDENT’S REPORT

President Horn opened the meeting announcing San Francisco Symphony Conductor Esa-Pekka Salonen’s final season with the symphony will be the 2024-25 season. He then announced the retirement of Jim Jacobs, longtime stage electrician for Davies Symphony Hall, with the following resolution on behalf of the Board of Trustees, moved by Vice President Wilsey and seconded by Trustee Muduroglu:

RESOLUTION NO. 24-05

- Whereas,* **Jim Jacobs** has retired on January 17, 2024, following more than 35 years of employment with the San Francisco War Memorial and Performing Arts Center; and
- Whereas,* Jim Jacobs began his career with the City and County of San Francisco as a part-time Stage Electrician for the War Memorial in December of 1988, becoming the full-time Stage Electrician for Louise M. Davies Symphony Hall and Zellerbach Rehearsal Hall in September of 1991; and
- Whereas,* Jim Jacobs, working closely with San Francisco Symphony management and production teams, oversaw thousands of Symphony rehearsals and performances to the benefit and delight of more than an estimated thirteen million patrons over his tenure; and
- Whereas,* Jim Jacobs developed a deep understanding of all parts of the technical stage production systems of Davies Symphony Hall, investing considerable time in continuing education and knowledge acquisition related to new technologies and providing vital information to War Memorial and Symphony management on necessary and recommended facility improvements; and
- Whereas,* Jim Jacobs insured operational dependability and long life for the systems and equipment under his care, assisting the War Memorial and Symphony in controlling costs and recognizing unsurpassed return on capital investment at the Symphony Hall and Zellerbach Rehearsal Hall; and
- Whereas,* During his long affiliation with the San Francisco War Memorial and Performing Arts Center, Jim Jacobs, acting as the International Alliance of Theatrical Stage Employees (IATSE) Steward, trained and mentored hundreds of stagehands, who had the good fortune to be assigned to work as a part of his crew; and
- Whereas,* As the indispensable leader of Davies Symphony Hall’s Stage Production team, Jim Jacobs welcomed and assisted countless producers and entertainers at Davies Symphony Hall, ensuring their performances were of the highest professional quality; and

Whereas, Jim Jacobs’s vast skillset, perpetual can-do spirit, and dedicated efforts have contributed to the War Memorial’s mission of providing safe, first-class facilities to promote cultural, educational and entertainment opportunities to residents of and visitors to San Francisco; now Therefore Be It

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco to hereby thank and commend **Jim Jacobs** for his outstanding service to the San Francisco War Memorial and Performing Arts Center, and for his dedicated service to the cultural community of San Francisco, and extend to him heartfelt best wishes on the occasion of his retirement.

MANAGING DIRECTOR'S REPORT

Managing Director Kate Sofis turned to the recent March primary election and relevant ballot measures that passed. She explained that Proposition E gives the San Francisco Police Department tools in pursuit of people suspected of crimes, including surveillance technology and drones, and changes the definition of when a police officer needs to fill out a report for use of force or needing to engage with a perpetrator without physical contact. She noted that this measure should help build back the image of San Francisco and hopes this will reinforce for folks coming to performances, that San Francisco is a safe city. Director Sofis also explained that the Ethics Commission ballot measure, Proposition D, overwhelmingly passed. She noted that since it will take six months before it is operative, there is an opportunity to work with the Ethics Commission to understand the regulations as it pertains to this legislation. She stated that there will be a change to gift rules and reporting of gifts under this new law. She also reminded Trustees that Ethics filings are due April 2, 2024.

ASSISTANT MANAGING DIRECTOR'S REPORT

Assistant Managing Director Rob Levin reviewed the current revenue numbers for the Board. He noted that the Department is currently at about 70% of the fiscal year being completed, and all venues, outside of The Green Room, are at 70-89% of projected revenue, with The Green Room currently standing at 44 percent. He stated that they have had more inquiries on The Green Room since the price adjustment a few months earlier. Trustee Lui asked about whether package deals on catering are offered for events in The Green Room. Director Levin said currently they do not but encourage all licensees to work with Global Gourmet Catering, the exclusive concessionaire. Director Sofis noted that they would bring that suggestion back to the team that meets regularly with Global Gourmet. Trustee Rocco and Trustee Gatti remarked on the competitive nature of these types of rentals.

Mr. Levin also highlighted some interesting licensees of the buildings, including SFJAZZ, One Piece, and TEDx. He noted that the TEDx was made available by collaboration with the San Francisco Opera for use of the venues. Mr. Levin also announced that two new members of the Booking Team will be joining on Monday, March 18, and they will now be fully staffed.

Approval of Consent Agenda: Assistant Managing Director Levin stated that items submitted on the Consent Agenda included: the minutes of the January 24, 2024 Budget & Finance Committee meeting; the minutes of the February 2, 2024 Budget & Finance Committee Meeting; the minutes of the February 8, 2024 Regular meeting of the Board; Rental Requests for March 14; Housekeeping Expenditure Reports for February 2024.

Following discussion, on motion of Trustee Kopp, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 24-06

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco, the minutes of the January 24, 2024 Budget & Finance Committee meeting; the minutes of the February 2, 2024 Budget & Finance Committee Meeting; the minutes of the February 8, 2024 Regular meeting of the Board; Rental Requests for March 14; Housekeeping Expenditure Reports for February 2024, are hereby approved.

REGULAR ITEMS

San Francisco Ballet and Opera Proposal to use of Accrued and Future “Facility Fee” funds for upgrades to automatic rigging system in the Opera House: President Horn stated that there is a proposal before the Board from the San Francisco Ballet and Opera to approve use of current and future accrued “Facility Fee” funds, currently accrued for hall improvements related to upgrading the automatic rigging system in the Opera House and to dedicate future collected “Facility Fees” to the project to cover expected expenditures. He invited Matthew Shilvock from the San Francisco Opera to address the Board. Mr. Shilvock explained that the automatic rigging system is one of the most crucial systems in the Opera House, which involves the art of moving things onstage using motors and computers: including curtains, scenery, lighting bridges, and people. He noted that before 2011 the theatrical systems were manual. He stated that the Ballet and Opera invested (80% & 20% of cost) in an automated system, installed between 2001-2011, which replaced dangerous counterweights with motors, controlled by a computerized system, modernizing the functioning in the Opera House. He stated that the system was anticipated to have an in-service life of 10-15 years, which means the automation system critically needs replacement now. He also explained that in late 2021, the manufacturer of the existing “Nomad” automation system, TAIT, informed the Opera they would no longer be manufacturing parts, or servicing the Nomad system as of December 2022, basically forcing a change to their new “Navigator” system. Mr. Shilvock pointed out that without TAIT support, parts must be foraged from disposed systems around the country. He also acknowledged that if something goes wrong, there is limited ability to fix it, and TAIT is not able to work with the Opera House on configuring the system for critical production-specific solutions.

Mr. Shilvock stated that with each passing month, there is now a mission-critical risk of losing a performance to an automation malfunction. He noted a few examples of times when the curtain or scenery motors have failed and impacted performances. He explained that the issues will eventually lead to the cancellation of shows, possibly during a performance. Mr. Shilvock explained that the proposal involves a multi-phase implementation of the TAIT Navigator, which will address system vulnerabilities and add functionality. He explained that the Opera has been implementing preparatory phases, including network and fiber installation, and the next major work needs to be undertaken in July 2025 – but parts must be ordered by August 2024 in order to secure the parts in time for the work. He noted that the majority of the Navigator system must be replaced all at once, and the later phases of replacing motor control cabinets, could occur over the course of four years. He explained that the total cost of the upgrade and replacement is \$5.5 million dollars, \$2.7 of which will be covered by San Francisco Opera capital, and \$2.9 million which is requested of facility fees. He reminded the Board that the Facility Fee is a charge of \$1-3 dollars on tickets sold by the Ballet and Opera, which accrues for projects like the Opera House seating project. He also noted that since paying off the balance of the seating project, the Opera and Ballet will have secured sufficient facility fees to cover the project by the end of Fiscal Year 2026.

Mr. Shilvock stated that while the Opera has agreed to invest almost 50 percent of the system through its own capital planning, the Facility Fee is the only viable source of funding for the remaining 50 percent. He noted that the agreement to use the Facility Fee requires three-way approval between the Opera, Ballet, and War Memorial, and respectfully requested the Board to consider the proposal.

Following discussion, President Horn referred the matter to the Presentors Liaison Committee and requested that they meet to provide recommendations to the full Board of Trustees in April.

Proposal to Extend Collection of “Facility Fee” to Outside Licensees of the Opera House: President Horn then moved to consideration of a proposal to begin collecting “Facility Fee” from outside licensees who rent the Opera House, to make it more consistent across licensees who utilize the Opera House. Director Sofis noted this is a companion to the Opera and Ballet’s request and they hope to have them considered together. President Horn referred the matter to the Presentors Liaison Committee and requested that they meet to provide recommendations to the full Board of Trustees in April.

Rental Waiver Request: President Horn stated that the next agenda item was consideration of a rental waiver request from Open Doors to Future Possibilities for a Veterans Celebration in The Green Room on March 22,

2024. President Horn invited Simone Lundquist from Open Doors to address the Board and she noted the event is free for veterans and law enforcement and their families. She explained to the Board that her organization provides resources and counseling for veterans with PTSD. C.J. Reeves, Chair of the American Legion War Memorial Commission, also endorsed the rental request waiver. Trustee Kopp reported that the Korean War Memorial Foundation will be vacating their offices in the Veterans Building which Open Doors may be interested in.

Following discussion, on motion of Trustee Kopp, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 24-07

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco, the rental waiver request from Open Doors to Future Possibilities for a veterans celebration in The Green Room on March 22, 2024, is hereby approved.

MISCELLANEOUS CORRESPONDENCE

None.

GOOD AND WELFARE

There being no good and welfare, President Horn closed good and welfare.

PUBLIC COMMENT

C.J. Reeves, Chair of the American Legion War Memorial Commission, reported that the Veterans Gallery hosted the exhibit *No Delays*, which included a mental health element and photography of the Golden Gate Bridge on silk. He noted that the High School for the Arts exhibit has just begun in the gallery, with the ribbon cutting on March 8 with Trustee Kopp in attendance. There being no further public comment, President Horn closed public comment.

ADJOURNMENT

There being no further business, Chair Horn adjourned the meeting at 2:46 p.m.

Francesca Cicero
Board Secretary

**Presenter's Liaison Committee
War Memorial Board of Trustees**

STAFF REPORT

Renewal of Agreement with Global Gourmet (Avatar Foods)

April 11, 2024

SUMMARY

Avatar Foods dba Global Gourmet Catering (GGC) is seeking to exercise their right to renew their contract to provide Concession and Catering services in the War Memorial buildings. Their current agreement expires on January 31, 2025.

The original term of the contract was from August 1, 2010, to July 31, 2023.

Due to losses incurred during the shutdown period of the pandemic, GGC requested an extension of the original terms of contract by 18 months. This request was approved by the full Board on July 14, 2022, with the contract term amended to expire on January 31, 2025.

On August 10, 2023, GGC appeared before the full Board to express their intent to renew the agreement for a second five-year term.

War Memorial staff and GGC staff have been meeting for the past several months to review successes with the current agreement and to identify areas of potential refinement and improvement. In addition, senior members of the Opera, Ballet, and Symphony have provided feedback to staff on GGC's performance as well as areas in need of improvement. These perspectives have all been considered in proposing revised contract terms.

Staff is recommending the Board of Trustees approve a renewal of the contract, incorporating the changes outlined in this document.

ABOUT GLOBAL GOURMET CATERING

Founded in 1999, Global Gourmet Catering (GGC) has become one of San Francisco's premier catering and concession providers, executing over 650 catering and concession events annually. Global Gourmet is a women and minority owned business, employing well over 1,000 Bay Area residents. GGC's concession division was formed in 2009 when two of their largest corporate clients, Another Planet Entertainment and Live Nation, identified a lack of quality in concession food and services at their venues. They accepted their challenge to fill this void and developed distinctive high caliber products and services that resulted in greater profits for venue partners and an increased level of patron satisfaction. Global Gourmet is now the exclusive in-house food and beverage provider for the Masonic San Francisco, the Mountain Winery in Saratoga, and the esteemed War Memorial Performing Arts Center venues (Davies Symphony Hall, the San Francisco Opera House, the Veterans Building, and Zellerbach Hall).

SUMMARY OF RECOMMENDED CHANGES TO AGREEMENT

Changes to Funding Food and Beverage Capital Improvements

The original agreement defines two ways that GGC is to contribute to the maintenance and improvements of our food and beverage capacities.

CERF: The Concessions Equipment Replacement Fund (CERF) is described in the current contract as a payment made by GGC to the War Memorial each month to “fund replacement, major repair, and refurbishment of, or improvements to, food and beverage service equipment, furnishings and facilities, as agreed upon by the parties.” The CERF payment is made each month by GGC to the War Memorial and is currently calculated as .75% of monthly gross receipts. CERF funds have been used to fund such improvements as replacing an ice machine, repairing an oven, and upgrading our concession point of sale system hardware. **By the end of the current agreement, it is estimated GGC will have contributed \$191,370 total to the CERF Fund.**

CAPEX: GGC contractually committed to expend \$375,000 of their own funds, over the life of the initial contract term, on capital expenditures (CAPEX) to support improvements to the War Memorial premises. This commitment is separate from CERF contributions or expenditures War Memorial and GGC agreed that any potential CAPEX spends are to be approved by War Memorial staff prior to contracting work or making purchases. CAPEX investments have included new tables for Prelude, design services to add to food service capacity at Davies, and re-upholstering of furniture in the Opera House. **By the end of the current agreement, it is estimated that GGC will have expended a total of \$134,963 in capital improvements, falling approximately \$240,000 short of the target.** The shortfall is directly related to a significant loss of revenue during the lengthy pandemic closure, and the ensuing months when patrons were less comfortable eating or drinking with masking orders in effect. In addition, GGC was subject to a new State tax that was not contemplated in our contract called Possessory Interest, which resulted in an unplanned charge of \$218,943, further eroding net operating income. As a result, while revenue is finally on an upward trajectory, it is estimated GGC will have achieved only 65% of its originally projected revenue over the life of this first contract.

War Memorial Staff and GGC have together done a comprehensive analysis and are recommending the following changes for the new term of the contract:

- 1) **Treasure all CERF and CAPEX at the War Memorial and require GGC to send War Memorial monthly contributions to both.** Currently, only CERF is treasured by War Memorial. CAPEX relies on GGC expending funds, as they identify projects to spend them on. With this change, the War Memorial banks both funds and can be assured of regular and predictable contributions.

- 2) **Combine CERF and CAPEX funds into a single FOOD & BEVERAGE IMPROVEMENT FUND (F&BFUND).** We have found that in practice, there is almost no meaningful difference between the kinds of expenditures that can be handled by either CERF or CAPEX. All expenditures are above the threshold requiring them to be treated as capital improvements. There is also not an easy way to distinguish between an upgrade or improvement to something vs a replacement or something entirely new.
- 3) **Calculate contributions to the F&BFUND as a % of monthly gross receipts and require GGC to send funds to the War Memorial at the end of each month.** A % of gross receipts that flexes with downsides and upsides of revenue is practical and keeps both GGC and War Memorial aligned. Based on a conservative revenue plan for the second 5-year contract period, staff and GGC recommend that the F&BFUND contributions rate be set **at 6% of gross receipts.** With a conservative revenue estimate, this would yield a F&BFund contribution of **\$706,397.** This amount is significantly higher than the War Memorial would have received under the current CAPEX/CERF calculation methodology.

Transitioning to the New Agreement:

For a clean and timely transition to the next contract period, the following actions are recommended:

- 1) **Formally relieve GGC of its obligation to deliver on the remainder of their current CAPEX obligation (\$240,000).** War Memorial staff and GGC have spent much time doing a detailed analysis of their financial performance and profitability over the course of the contract. Staff appreciates that GGC has endured significant impacts to their revenue from the pandemic while also sustaining unplanned expenses such as the new State possessory interest tax and a change to union paid-time-off accrual. As a result, GGC was marginally profitable, and staff believes they have contributed the most that they can against their original CAPEX commitment. In return for this forgiveness, GGC agrees to pay 6% of gross receipts, with no upper limit, beginning in the renewal contract period, which will yield substantially more investment during the second contract than the first.
- 2) **Terminate the current agreement one month early- effective December 31, 2024- and begin the new contract on January 1, 2025.** GGC requests this small change to better align with their fiscal year and the City's 6-month calendar.

Supporting Resident Company Events and Experiences

Increasingly, all three resident companies are seeking ways to provide patrons with experiences that combine a performance with a special food and beverage “experience” before, during, or after the performance. Examples of these kinds of experiences range from extending regular concession hours, to concessions with a themed specialty food or cocktails, to heavily customized experiential events, such as:

- Mere Mortals (SFB). Regular concessions re-opened for a dance party after the evening performances and stayed open until Midnight.
- Dos Mujeres (SFB). Concessions re-opened after all performances and served specialty tequila drinks and 3 kinds of fresh food options such as churros and chips and guacamole.
- Soundbox (SFS). Curated food and beverage offerings inside Zellerbach offered before and during a 3-hr experimental performance.
- Encounter (SFO). Annually, an entire evening of food and specialty drink options are programmed throughout the Opera House, after an abbreviated opera performance.

War Memorial staff and GGC leadership appreciate the importance of supporting these kinds of experiences. We also recognize that GGC takes on a degree of risk when they purchase special supplies or make food that has not been a regular part of the patron experience. Currently, different types of events also trigger varying rates of commission to the War Memorial. To help both GGC and the resident companies keep their costs and risks reasonable, staff recommends the following changes:

- 1) **Create a 3rd category of War Memorial Commissions for Resident Company Events and Activations that keeps commissions at the same % as regular concessions operations.** This change preserves War Memorial's ability to charge higher commissions for outside events, while facilitating the resident companies' ability to host more experiences at the lower concession commission rate. Staff believes the War Memorial is likely to make more revenue on commissions with this strategy than we do currently, as events/experiences will be more financially sustainable and therefore increase in numbers.
- 2) **Clarify that the two (2) annual outside caterer exemptions allotted to each resident company cover all activations/sub-events for the same event, no matter how many spaces or buildings are used.** This change allows the Resident Companies to save costs by engaging a single cater for their large-scale fundraiser dinners or events. In the past, we required multiple exemptions for a single event if it spanned two spaces (example Davies Symphony Hall and Zellerbach).
- 3) **Events held on the grounds of the War Memorial will now be included in GGC's contract.** Post Covid, we anticipate more events and experiences will be held outside. We want to ensure GGC participates in these activations. At the same time, when a special event needs outdoor space - such as Lake Louise for the Symphony Gala – the Resident Company can rest assured it can be included in the same exemption as the rest of the event held inside the buildings, should they wish to use an outside caterer.