



Durham Convention Center Authority Meeting

Thursday, April 26, 2018

City of Durham, General Services Department

2011 Fay Street

DCC Authority Members Present: *Richard Ford, Jason Friday, Bill Kalkhof, Lew Myers, Alice Sharpe, Craig Spitzer and Darah Whyte*

Spectra Venue Management (SVM) Present: *Andrea Gliatta and Rebecca Bolton*

City and County Representatives Present: *Sharon DeShazo, Jina Propst, Drew Cummings, and Josh Edwards*

- I. The meeting was called to order at 11:45 AM by Bill Kalkhof, DCCA chairperson. The DCC provided soup previously prepared for the “Empty Bowls” soup event.
- II. A quorum was established for meeting minute’s approval. Richard Ford made a motion to approve February 22, 2018, meeting minutes; seconded by Alice Sharpe, motion carried; minutes approved.
- III. **DCC AGREEMENT RENEWAL:**
 - Bill Kalkhof inquired about the status and options for the DCC management agreement renewal; he requested a meeting with the Owners to discuss details.
 - The agreement is current per a two-year renewal through FY2019.
 - Given Spectra’s outstanding performance over the past years, Bill Kalkhof noted his preference for a five-year renewal agreement between the owners and Spectra.
 - Bill Kalkhof also inquired whether or not the owners could reach an agreement with Spectra without going through an RFP process. This is a legal inquiry that he asked City and County staff to investigate.
- IV. **Durham City/County Administration Update:**

Utilities Analysis/Split:

MBP has completed their contract for the monitoring of the electric use for the calendar year 2017. They have provided data showing the trends for Hotel vs. DCC use, as well as heating and cooling use vs. non-HVAC use. The results collected since fall 2016 indicate an overall allocation of 60/40 (60%/Shaner-40%/City/County) based on usage. The staff has collected historical billing information, dating back to August 1, 2014. Per the agreed cost share of 50/50 indicated in Section D.1 of the third modification of the Air Lease agreement and the approximated 40% usage; an adjustment for electrical usage discloses a retroactive payment will be due to the Owners. The staff has provided the allocation data and retroactive request to Shaner. Staff received confirmation from Shaner via email April 25, on an agreement with the process and results, and a letter will be forthcoming proposing the payment and closing the reimbursable retroactive requirement in the addendum.

Proposed Capital Request: FY17/18:

Projected

Budget:

\$403,500

- Fireproofing (carry-over FY16)
 - PFC
 - Loading Dock - Shared

\$66,000
\$21,000

No bids were received at the end of December 2017 despite outreach and proactive solicitation for bidders. Project Manager re-structured the Project and contacted a fireproofing contractor to examine the current conditions so-as-to more clearly identify the scope of work required. This project has resulted in bids from three contractors that are being reviewed.

- PFC, Meeting Rooms (LED lighting replacement) – 75% complete
 - Back Hallways – Maybe Shared
 - Loading Dock – Shared
- Boardroom and Alcove Carpet
- New Trash and Recycling receptacles (two bids received)
- Kitchen Equipment Improvements (planning underway)
- Bathroom Renovation (Planning underway 2018)
- Fountain – Liner removal, leak repair, liner replacement
Approval to move forward \$56,000 liner removal; leak repair;
Liner replacement (work to begin mid-May)

\$111,600
\$20,000
\$6,987
\$10,000
\$10,000
\$53,000
\$50,000
\$56,000

▪ **Capital Projects forecast/FY19 Budget:**

Proposed Capital Request

\$295,000

- Exterior Signage
- Kitchen Equipment Replacements
- Wireless Upgrade
- Air wall Damage
- Fountain Pump Decommission and Rebuild
- Tables
- Rooftop Air Handler (2)
- Pre-function Furniture Replacement

\$55,000
\$4,000
\$50,000
\$20,000
\$86,000
\$10,000
\$40,000
\$30,000

V. Spectra Venue Management (SVM) Update:

EVENTS FOR THE MONTH OF April 2018

SVM held 48 events with 16,696 guests.

Notable events:

- Full Frame Film Festival
- Society Environmental Toxicology
- Erie Insurance
- NCAMPO

DCC Revenue

Guests

\$53,901
\$29,539
\$31,387
\$61,042
10,000 (4 day meeting)
360 (4 day meeting)
250 (2 day meeting)
1600 (5 day meeting)

New Bookings:

- Chitlik Adrma Weddings
- Durham Committee on the Affairs
Of Black People
- Funeral Directors and Morticians of NC

\$32,000
\$22,000
\$25,000
October 2018
August 2018
June 2019

Update:

- LED Installation in progress – 75% complete

- Plaza water fountain repairs began the third week in May
- Director of Events Services position transition – the position is currently being posted
- Aisha Cotton has filled the sales Manager position
- Rebecca Bolton will proceed with researching protocol to acquire three quotes for a new Durham Convention Center logo. \$15,000 is the cap to be expended for the new logo. The committee will work with Sales and Marketing in finding three agencies as choices for the scope.
- Phase I (\$56,000) and Phase II (\$90,000) for fountain repairs have been approved. Currently, there is no guaranteed timeline to date.

OCCUPANCY: For the month of April 2018 is 67%.

FINANCIAL OVERVIEW FOR THE MONTH OF APRIL 2018

	Actual	Budget	Variance
Gross Revenues	\$335,810	\$259,117	\$76,693
Less Event Expenses	(\$122,725)	(\$119,222)	(\$3,503)
<u>Less Indirect Expense</u>	<u>(\$155,382)</u>	<u>(\$143,780)</u>	<u>(\$11,602)</u>
Net Income (Loss)	\$57,703	(\$3,885)	\$61,586

FINANCIAL OVERVIEW YTD

	Actual	Budget	Variance
Gross Revenues	\$2,440,260	\$1,951,862	\$488,398
Less Event Expenses	(\$929,705)	(\$805,220)	(\$124,485)
<u>Less Indirect Expense</u>	<u>(\$1,483,099)</u>	<u>(\$1,475,303)</u>	<u>\$12,204</u>
Net Income (Loss)	\$47,456	(\$234,502)	\$194,219

Sales Pace for FY2017/18 as of 02/09/2018

▪ Definite Total	▪ \$2,803,057
▪ Firm Total	▪ \$5,100
▪ Proposal Total	▪ \$2,775
▪ Total Projection	▪ \$2,816,263

Annual Budget Revenue Projection Status

Total Projection	Budgeted Total Gross Income	% of Gross Year-end Budget Achieved
\$2,816,263	\$2,485,708	113%

FORECAST

	ACTUAL JUL-APR 2018	PROJECTED MAY-JUN 2018	TOTAL ACT/PROJ FY 2018	ORIG BUDGET 6/30/18	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	332	85	417	454	(37)
DIRECT EVENT INCOME GROSS	570,149	90,748	660,897	625,453	35,444
ANCILLARY INCOME GROSS	1,866,733	362,993	2,229,726	1,764,656	465,070
TOTAL EVENT INCOME GROSS	2,436,882	453,741	2,890,623	2,390,109	500,514
OTHER INCOME	3,378	500	3,878	8,000	(4,122)
SERVICE EXPENSE	198,305	38,114	236,419	238,207	1,788
ANCILLARY EXPENSE	731,400	152,457	883,857	754,312	(129,545)
TOTAL EVENT EXPENSE	929,705	190,571	1,120,276	992,519	(127,757)
EXECUTIVE	199,908	41,922	241,830	242,238	408
SALES/MARKETING	189,593	51,058	240,651	239,829	(822)
FINANCE	114,548	21,348	135,896	134,133	(1,763)
EVENTS	158,771	24,187	182,958	209,114	26,156
OPERATIONS	318,024	94,596	412,620	367,343	(45,277)
FOOD & BEVERAGE	167,018	35,432	202,450	187,501	(14,949)
OVERHEAD	315,237	68,788	384,025	387,207	3,182
TOTAL INDIRECT EXPENSES	1,463,099	337,331	1,800,430	1,767,365	(33,065)
OPERATING NET INCOME (LOSS)	47,456	(73,661)	(26,205)	(361,775)	335,570

CUSTOMER SURVEY SCORES: 4.56 out of 5.

WEBSITE ACTIVITY: March 16th – April 16th

	2018	2017
▪ Sessions (Visitors):	1,318	1,744
▪ New Sessions:	88.03%	86.03%
▪ Page Views	2,740	4,326
▪ Page/Session:	2.08	2.48
▪ Average Session duration:	1.02 minutes	1.09 minutes
▪ Organic Search	429	963
▪ Direct Search	689	390
▪ Referral Search	38	88
▪ Social Search	5	8

FY2018/19 Budget Narrative

Revenue

FY19 Budget	\$2,607,431
FY18 Projection	\$2,681,391
FY18 Budget	\$2,398,109
FY17 Actual	\$2,608,886
FY17 Budget	\$2,260,530

FY2018/19 budget projection increases 9% in revenue over FY2017/18 budget - \$209,000 increase.

- **Utilities Cost Share** with Shaner – adjusted 40/60% - the Owners anticipate this adjustment be made prior to July 1. (60% Shaner)

VI. DURHAM CONVENTION CENTER AUTHORITY:

- **A partnership among DCC, Armory and Carolina Theatre:** Rebecca Bolton reported on her meetings with officials about building a partnership with the Carolina Theatre and the Armory that could work together to recruit larger and more profitable conventions to Durham. Such a partnership would require the three facilities willingness to collaborate on holding dates several years in the future for such conventions. In addition to such recruitment partnership opportunities, the partners have also discussed collaboration related to maximizing the usage of the Plaza via a long-term vision. Rebecca Bolton will continue to meet with her colleagues at the Carolina Theatre and Armory to further these partnership discussions.
- **Rebranding of the DCC:** Rebecca Bolton will provide the DCCA with an update on her thoughts regarding a rebranding of the Convention Center at the June 28 meeting.
- **Spectra management agreement with the owners:** Please see item III above. The DCCA is requesting that discussions begin with the Owners regarding the DCC management agreement. The agreement is due to expire June 2019.
- **DCC and area hotels:** Bill Kalkhof requested that Craig Spitzer provide the DCCA with a report at its June 28 meeting on whether hotels are benefiting from the Convention Center; and, what might the DCC do better to assist the hotels.
- **Future vision for the plaza:** In light of the growth in development north of the Convention Center, and that the Convention Center and Spectra now manage the plaza; Rebecca Bolton led a discussion with the Authority about a long-term vision for the plaza area as a more increased center of activity for downtown. Bill Kalkhof encouraged Rebecca Bolton to continue development of her concepts for the plaza and report back to the DCCA at an appropriate future meeting.

VII. SUBCOMMITTEES

- **FINANCE COMMITTEE:** *Lew Myers, Richard Ford, and Jason Friday*
City and County staff, the DCCA Finance Committee and members of SVM reviewed and discussed the DCC April 2018 financials. Net income for April reveals a profit of \$57,703 with a favorable variance of \$61,586. Alcohol sales are up 40% from last fiscal year. Gross revenues for April were budgeted at \$259,117 with an actual of \$335,810. Full Frame was very successful bringing in an attendance of 10,000 for a four-day event.
- **MARKETING & SALES COMMITTEE:** *Bill Kalkhof, Darah Whyte, Alice Sharpe and Craig Spitzer*
No update to report.