



Durham Convention Center Authority Meeting

Thursday, August 30, 2012

Durham Convention Center Meeting Room II

11:30 AM

The meeting was called to order at 11:30AM with the following representatives present: *Authority*: Al Bass, Bill Kalkhof, Rosemarie Kitchin, Dawn Paffenroth, and Billy Ruffin. *Owners*: Sharon DeShazo, Jina Propst, Joel Reitzer, and Al Walker. *Management Company* (Global Spectrum): Andrea Gliatta and Jen Noble. Ms. Kitchin asked for clarification on the request to provide a one-page report on net revenues of peer convention centers. Ms. Noble confirmed Global Spectrum's responsibility to produce this report. Mr. Kalkhof made a motion to approve the July 26, 2012 meeting minutes, Mr. Bass seconded, and the minutes were approved unanimously.

Action Items: *(Comments italicized)*

- Interior and exterior signage to identify and market the Durham Convention Center.
Contracts are approved for interior and exterior signage design using two separate contractors. Ms. Propst presented an overview of the design concepts provided. Syntech, the interior signage contractor, is creating a prototype for further review. RND, the exterior signage designer, provided concepts for a monument and landmark design with opportunity for revisions. This designer also recommends revising the existing signage currently attached to the exterior of the building for greater impact and visibility. The General Services Landscape Division Manager has identified concerns regarding tree canopy, maturity, and thickness. He has agreed on a pruning process allowing greater visibility from Morgan Street. Mr. Reitzer noted the pruning process could begin this winter. Cost estimates are forthcoming. Additional review of the sign ordinance must occur regarding whether one exterior sign or two is possible (monument and/or landmark). The provisions of the Unified Development Ordinance regarding downtown signs, is currently in the text amendment process. . Mr. Kalkhof stated that location is imperative. The Carolina Theatre exterior marquee is grandfathered. The DCC will not be able to duplicate that exterior signage. Ms. Kitchin asked whether a sign could be placed atop the water fountain. The Authority members discussed adding a DCC sign to the exterior of the hotel wing at Chapel Hill and Corcoran. RND also provided several different design concepts for the DCC pre-function corridor doors. The Authority recommended option one—a clean look displaying a glass door entrance allowing maximum visibility and painting the surrounding walls to the PFC entrance a coordinating color. Staff will provide feedback to RND and request more options for signage.
- A Public Relations program is in process.

Mr. Byker made contact with Beverly Thompson, City of Durham Public Relations.

- *Global Spectrum received a proposal for 16 security cameras for less than \$10,000. The web-based program required an additional \$3,000 for software. The system is high-tech, and can be accessed from a smart phone. The quote is from a local vendor. Ms. Noble received two additional quotes and will forward all details to Mr. Reitzer prior to reporting to the Authority.*

Durham City and County Administration:

- The Owners discussed the possibility of up fitting the executive office area formerly used by Shaner for Global Spectrums future use.
- Lease agreement issues continue with Shaner. All matters have been referred to the Owners' and Shaner's attorneys. Mr. Reitzer will confer with the attorneys about timing for final discussion.
- \$35,069.20 is the cost to date for fountain repairs. Some funding for fountain repairs came from bond funding; a smaller portion of the repairs came from the General Services Facilities budget. An additional leak has been found. An estimate from the subcontractor for the return line is approximately \$15,000. Ms. Noble noted that the fountain is a major attraction for weddings. Guests appreciate the ambience of the running water fountain. Mr. Reitzer stated that if repair costs continue, the owners would investigate alternatives for use of that area.

Phase II Renovation Update:

- Punch list and remaining items:
 - Staff selected final colors and materials for DCC wall sconces and anticipate installation by mid-September.
 - Staff continues work with Periscope on sub-metering. The project replaced two defective meters, and the meters are being recalibrated. Water-utility meters have not been installed. Staff is reviewing costs, and compiling data for a full-month comparison (billing period to measuring period).
 - Staff found acceptable material for the meeting rooms' curtains and are awaiting quotes. The selection is a better-quality product. The project will receive a credit for this project from the sub-contractor.
 - A purchase order has been issued for door hardware needed for the door separating the Convention Center and the Carolina Theatre.
 - All warranties for the entire construction project are on hand. Staff has completed a warranty walk-through and received maintenance manuals. A few warranty repairs remain.
 - There is an issue with delaminating of the roof's fireproofing. Staff is discussing hiring a consultant to investigate the condition of fireproofing of the entire center. It will cost approximately \$25,000. The liability will not rollback to the contractor.
 - An additional air conditioning unit is required for the server areas.
 - Staff completed a close-out of construction costs for phase II of the project, is ready to invoice Shaner for \$277,962, comprised of \$158,271 balance due (currently recorded as an Account Receivable), and costs from change orders. Shaner has already paid \$359,827 for Phase II work.
 - Change Orders:

- Uneven concrete beneath the loading dock doors—50/50% shared.
- Closing the gap that allowed birds into loading dock area—50/50% shared.
- Grease spill during construction—100% Shaner.

Global Spectrum Report:

- In July, the DCC hosted 20 events with 3,358 guests and 34 event days. To date, August has hosted 23 events with 29 event days booked and anticipates 4,133 guests. Customer survey scores have increased 4.7 out of 5. Notable July and August events:
 - American Genetics Conference - 600 guests; DCC Revenue - \$23,153.20; Room Revenue - \$11,900.
 - Police Society for Problem Based Learning – 120 guests; DCC Revenue - \$13,084
 - Henshaw Music – 200 guests; DCC Revenue - \$21,903; Room Revenue - \$39,151
 - Delta Sigma Theta Leadership – 791 guests; DCC Revenue - \$15,434.80; Room Revenue - \$2,750.
- August 29, 2012: an event booked close to the event’s date rendered \$70,000 and rotates on a three-year cycle. Clients were extremely satisfied. Global Spectrum anticipates much spinoff business from this event.
- Working with Time Warner Cable on a scalable internet service for guests. Guests will be invoiced for this service.
- Durham Convention Center total revenue (one month) actualized for FY 2012/13: \$263,131.
- Sales bookings for fiscal year 2012/13.
 - Definite: \$713,353
 - Tentative: \$130,570
 - Proposals: \$214,785
 - Grand Total: \$1,321,839.15
- Global Spectrum Public Relations:
 - Attended Triangle Area Hotel/Motel Association Lunch Meeting.
 - *Perfect Wedding Guide* Luncheon.
 - Lunch with Dr. Bryant of NCCU regarding scholarship and fall internships.
 - Attended Rotary Club on weekly basis.
 - Advertised in *Triangle Business Journal*.
 - Updated Facebook and website– accumulating a lot of wedding traffic.
 - Attended IAVM Conference in Fort Lauderdale.
 - Attended ASAE – in Dallas with DCVB.
 - Placed co-op Global Spectrum advertisement in *Small Meetings Market*.
- Durham Convention Center Staffing:
 - Introduced new chef Corey Mattson.
 - Hired Jermaine Penny as sous chef.
- Marriott Hotel
 - Shaner has eliminated the Human Resources Director, the Assistant Human Resources Director, and several security positions.
 - Marriott sales and marketing is currently working with DCC staff on sleeping room blocks as needed, in lieu of capping available rooms for DCC events.

- Mr. Kalkoff raised the topic of a long-term contract for Global Spectrum. Mr. Reitzer said negotiations typically do not begin until the final year of a contract. GS is in the second year of a three-year contract with the option for a two-year extension.
- Budget: July 2012
 - Net Income (loss) for July: \$ (40,413)
 - Year-to-date Budget Variance: \$ 17,198
 - Year-to-date Actual: \$ (40,412)
 - Total Event Income (Actual): \$ 50,931
 - Total Event Income (Budget): \$ 59,435
 - Total Event Income (Variance) \$ (8,504)
 - Total Annual Budget: \$ (573,046)
- Ms. Kitchin requested that Global Spectrum provide website stats in its monthly reports.

Durham Convention Center Authority:

- On behalf of the Authority, Ms. Kitchin thanked Mr. Kalkhof for his advocacy in acquiring downtown hotels.
Ms. Kitchin requested suggestions to pay for meals at DCCA meetings. Each attendee is requested to email his or her preferred option to rkitchin@aol.com.
- Three options are:
 - Each person attending pays approximately \$10.
 - No food at meetings.
 - Add \$1,500 to annual budget to underwrite meals.
 All are asked to RSVP for DCCA meetings in an effort not to waste food. The food supplied at the July and August meetings was available due to excess inventory

Subcommittees:

- Finance Committee:
 - Discussed DCC audit.
 - Finance department and auditors discussed how fixed assets are presented on the books. Fixed assets will be removed from the Global Spectrums books.
 - The Owners control DCC assets.
 - Recommendation for Owners to make assets an amenity of its own.
 - Audit showed a need to accrue unused vacation-earned on DCC end-of-year financials. A deduction of \$17,000 paid vacation from FY2011/12 with a remaining (approximate) \$307,255.
 - Mr. Reitzer requested staff define and recommend a clean, concise, independent accounting of the DCC joint venture between City and County for the Managers' approval. (The Authority has endorsed this previously.)
- Hotel Task Force:
 - 21c will begin work around January 2013, and approximately opening during the summer of 2014.
 - Another hotel proposal (68 room boutique) may be presented within the following months.
 - The Concord project (long-term-stay 125-room property near Duke East Campus) may begin work by end of 2012.

New Business:

- Year-end report – Ms. Noble requested letters from the Authority and the City and County Managers to include in the Convention Center’s annual report.
- Joint City/County meeting presentation to be made after the 2011/2012 audit is complete. Staff to identify a proposed meeting date.
- Global Spectrum incentives discussion will continue after the audit is complete.
- The DCCA photo will be retaken later.