



Durham Convention Center Authority meeting

Thursday, April 26, 2012

Durham Convention Center Meeting Room II

8:30 AM

The meeting was called to order at 8:30AM with the following representatives present:

Authority: Patrick Byker, chairman, Bill Kalkhof, Rosemarie Kitchin, and Dawn Paffenroth.

Owners: Drew Cummings, Sharon DeShazo, and Karmisha Wallace. *Management Company* (Global Spectrum): Jennifer Noble. Ms. Kitchin made a motion to approve the March 22, 2012 meeting minutes, Mr. Kalkhof seconded, and the minutes were voted and approved by all.

Action Items: *(Comments italicized)*

- Proposals for interior and exterior signage to identify the Durham Convention Center.
 - *A contract has not yet been approved.*
 - *Mr. Reitzer will advise on a timeline.*
- A Public Relations program.
 - *Need approval from the Managers and input from the Public Information Divisions.*
- Global Spectrum will provide a chart of data compiled per customer comments at the June meeting.

Durham City and County Administration:

- The Durham Convention Center (DCC) is forecast to end the fiscal year at approximately \$356,275 under the budgeted amount. The current variance is (\$280,436). The variance is positive primarily because of low expenses. The FY2012/13 proposed budgeted revenues are \$1,665,331; expenses are \$2,238,376 with a projected operating deficit of (\$573,045). The FY2012/13 operating deficit was well received by both managers, and Global Spectrum has agreed to this amount. Proposed revenues for the next fiscal year are conservative. This is a short term booking market, and it has been difficult to project for long range events. Currently, the DCC does not have 50% of next year's market booked. This is a major factor in remaining conservative with the budgeted revenues. The DCC booked successful events this fiscal year (e.g. Duke Technical Services) which produced a large increase in revenue; however, this event will not return next fiscal year. Global Spectrum is working to increase sales and marketing in the upcoming fiscal year. Mr. Kalkhof suggested increasing the sales and marketing expense line item proposed for the next fiscal year based on the premise that increased marketing dollars will increase business.
- The contract contingencies are in place for financial and qualitative incentives as determined by the Owners and the Authority based on a ten month performance.

- The Authority requested a timeline for implementation of the facilities improvement plan. Mr. Cummings stated that there would be further discussions on how this year's surplus will be used. The Authority would like a mechanism in place to allow the surplus to carryover from year to year for use as needed by the DCC. An end-of-year audit will be performed to determine residual funding availability. Specific items for FF&E were discussed and the Authority supports the \$180,515 needed for operational FF&E.
 - Additional banquet chairs - \$86,000
 - Pipe and drape – potential revenue for consumer and trade shows - \$20,000
 - Maintenance and repairs tools for operations - \$2,500
 - Defibulator and First aid equipment - \$2,500
 - Meeting room cabinets - \$10,000
 - Lecterns with built in audio visual - \$12,000
 - Carpet blowers and vacuums - \$4,360
 - Additional audio-visual equipment would reduce the cost of using outside vendors and will increase revenues - \$10,000
 - Spandex allowance - \$7,500
 - Kitchen FF&E (steamer and kettle) - \$11,620
 - Hearing assist devices – requested during Fullframe - \$2,800
 - Plate covers and plate rack caddy - \$11,235
- The water fountain in the plaza was operational in time for the Fullframe festival; Current cost of repairs is \$26,014.
- The DCCA meeting dates were re-evaluated to accommodate everyone's schedule. The committee agreed to move the meeting to the fourth Friday of each month beginning in June, following the May 24th meeting.
- Mr. Kalkhof indicated that the City and County of Durham, DDI, and other investors are currently working on an agreement for the downtown railroad crossing areas. Plan completion is expected by the end of the calendar year.
- The Owners will attend a scheduled meeting with the Carolina Theatre on April 27 – the Authority would like to improve the relationship between the Owners, the DCC, and the Carolina Theatre.

Phase II Renovation Update:

- Punch list and remaining items:
 - Wall sconce samples will be shipped next week (April 29 – May 5).
 - Resolution for Periscope and sub-metering issue is in process
- Additional scope of work:
 - Staff reported a pending contract for schematic design and design development for a glass enclosure at the pre-function corridor entrance and interior and exterior signage.

Global Spectrum Report:

- In March, the DCC hosted 32 events with 37 event days, and 7,706 guests. April currently has 18 events with 24 event days booked, with an estimated 29,700 guests.
- Notable March and April events:

- NC Society of Research Administrators – 583 guests; DCC Revenue - \$38,904.53
- Duke Technical Services – 2,100 guests; DCC Revenue - \$71,535.30
- Duke Technical Services – 900 guests; DCC Revenue - \$40,469.90
- I Love Dance – 475 guests; DCC Revenue - \$2,808.43
- Durham Community Health Rethinking Pain – 100 guests; DCC Revenue - \$9,226.70
- Let’s Roll Motorcycle Club – 875 guests; DCC Revenue - \$11,683.17
- Fullframe Film Festival – 30,000 guests; DCC Revenue - \$33,267.37
- Durham Convention Center projected total revenue for fiscal year 2011/12: \$1,613,041.45.
 - Definite bookings: (total operational forecast) - contracted \$272,539.00.
 - Tentative bookings: - contracts distributed - \$1,250.00.
 - Proposals: (other) - \$19,000.00.
 - Budget forecast reveals \$209,000 under-budget target by the end of the fiscal year.
- Public Relations:
 - Advertising with Duke Magazine.
 - Carolina Theatre Playbill.
 - Attended Triangle Area Hotel/Motel Association luncheon.
 - Perfect Wedding Guide Luncheon.
 - Presentation to NCCU Hospitality Students.
 - Attending Rotary Club on weekly basis.
 - New marketing materials ready for distribution – Teal folders with silver foil logo on cover. The DCC also has a full color brochure in production.
 - Global Spectrum is not currently advertising with the Bulls.
- DCC customer survey scores revealed a 4.45 out of 5 customer satisfaction rating.
- Received two “How are we doing” feedback responses which revealed two complaints regarding internet access.
- Durham Convention Center Staffing by Global Spectrum:
 - Richard Hart has been hired as Sales and Marketing Coordinator.
 - Working on an on-call list for servers and bartenders for events. This will assist in reducing costs.
- Budget: March

○ Net Income (loss):	\$38,193
○ Year to date Budget Variance:	\$331,189
○ Year-to-date Actual:	(\$191,451)
○ Total Event Income (Actual):	\$137,571
○ Total Event Income (Budget):	\$116,363
○ Total Event Income (Variance)	\$21,208
○ Total Annual Budget:	(\$636,713)

Durham Convention Center Authority:

- The Authority inquired about the progress on measuring actual utility usage for both entities (DCC and Shaner). The DCC is currently paying 50% of utilities with the exception of gas usage. That cost is approximately \$100 per month maximum. The Authority would like this process implemented prior to the next fiscal year.
- The inter-local agreement requires the Authority’s review of the DCC’s annual operating budget. Mr. Byker recommended the Authority compose a letter addressed to the City and

County Managers expressing their review and considerations for the FY2012/13 operating budget. Mr. Byker will circulate the letter for all to review.

- Mr. Byker and Ms. Kitchin attended a DCVB board meeting. The DCVB budget was reviewed at the meeting and projects a 5% increase in revenues. An invitation was extended to the Authority, to attend additional meetings. Mr. Kalkhof suggested following up with DCVB on availability of designated seating on their board.
- Mr. Cummings will follow-up with the County Clerk's office for an additional two years on Mr. Byker's term.

New Business:

- Shaner's new general manager and sales director attended the DCCA meeting – Mr. Woochan Kim, General Manager and Mr. Edwards, Director of Sales.
 - Shaner's grand room renovation is expected to begin by the end of calendar year 2013.
- The DCCA discussed attending the May 24th Durham Bulls baseball game along with the DCC staff. An invitation is extended to the Managers.
- The Concord hotel is expected to break ground in June or July 2012. The Hill (former SunTrust) building agreement is in the final phase of public/private partnership discussions.