



Durham Convention Center Authority meeting

Thursday, May 24, 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, Dawn Paffenroth and Billy Ruffin. *Owners:* Sharon DeShazo, Jina Propst, and Al Walker. *Management Company* (Global Spectrum): Andrea Gliatta and Barry Strafacci. Ms. Kitchin made a motion to approve the April 26, 2012 meeting minutes, Mr. Billy Ruffin 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.
Staff has requested additional information on the interior signage proposal prior to making a decision on a contract.
The architect will submit several options for external signage.
- A Public Relations program.
Staff will work with the Authority on this plan.
Ms. Kitchin agreed to serve as the public relations liaison.
- The DCC needs a security camera system. The current system belongs to Shaner.
Global Spectrum will investigate options.

Durham City and County Administration:

- Staff requested the Authority's consideration for a motion to approve FF&E for the DCC this fiscal year. Ms. Kitchin moved the motion to authorize the Contract Administrator to allow Global Spectrum to purchase additional FF&E identified by Global Spectrum for an amount up to \$180,515 prior to the close of FY2012/12. This authorization is dependent upon Global Spectrum's financial forecasts that the FF&E will be funded out of savings from Global Spectrum's operations to close the fiscal year sufficiently under-budget, to the satisfaction of the Contract Administrator. Mr. Ruffin seconded, and the motion was voted and approved by all.
- Mr. Strafacci noted there were adjustments made to the FF&E within the approved amount to purchase state-of-the-art meeting matrix software for the Sales department. He also commented on the coming fiscal year: FY2012/13 is currently showing 30% booking while the meeting planners' industry average is approximately 55 to 60% of events booked for following year by this time of year. Short-term business does not generate repeat business on a regular basis. However, current last-minute bookings are encouraging. This is Global Spectrum's reason for projecting a conservative increase in the FY2012/13 revenues. The

DCC forecast is showing \$1,629,424 for budgeted FY2011/12 operating revenues and anticipates the deficit (investment) being below budget by \$263,000.

- Staff held a conference call with Shaner to discuss the proposed space lease agreement. Exhibits of the premises were forwarded to Shaner for their review. Shaner is giving due consideration to the agreement and staff awaits a response in determining next steps.
- The water fountain in the plaza is operational; however, additional issues were identified with the supply piping. The contractor must correct the supply pipe to the fountain. The result is less water flow and breaks within the fountain cascade. The work will be completed this summer. The cost of fountain repairs to-date is \$35,069.29.
- The DCCA meeting dates were re-evaluated and copies of dates discussed were distributed. The committee agreed to move the meeting to the fourth Friday of each month beginning June 22. The discussion of holidays resulted in the November meeting moving to November 30, and the December meeting moving to the first week in January 2013. Mr. Byker asked the Authority to review the schedule.
- The utility cost share remains at 50/50. Staff recommends installing an additional water meter for an accurate reading. An additional water meter for the DCC kitchen is currently being priced. Once installed, the DCC should achieve significant savings with the water utilities.
- The Owners met with the Carolina Theatre regarding access from the Carolina Theatre to the DCC pre-function corridor. There are concerns regarding safety, security, and liability. The access door between the two facilities serves as a convenience. There are no code requirements that require access according to the City/County Inspections Department. Mr. Reitzer suggested changing the door signage and hardware. Access between facilities will be provided as determined and agreed to by both managers.
- The proposed glass entrance doors for the pre-function corridor must be an acceptable aesthetic that will brand the DCC, and allow the facility to work as its own entity. The doors will address concerns regarding liability and alcohol laws.
- No changes have been made to the FY2012/13 DCC budget; however, changes have been made to the overall fund in conjunction with Global Spectrum's end of fiscal year performance. Anticipated savings will have a positive impact on the DCC Fund:
 - \$225,000 for the sale of the Morris Street property.
 - Savings from end-of-year financial reconciliation.
 - Account Receivable in the amount of \$158,000/ minimum from the Hotel. The final balance will be determined. Staff will not receive Shaner's cost share payment prior to the end of the fiscal year.

Phase II Renovation Update:

- Punch list and remaining items:
 - Staff is waiting to review wall sconce samples for the ballrooms. A sample was shipped on May 21.
 - The Periscope software designated for utility readings has encountered issues with the interface board. A replacement part will be installed on May 25.
 - The current material for meeting room curtains is unacceptable. The sub-contractor will provide new fabric samples for review.
 - Staff received operations and maintenance manuals from the phase II project.

Global Spectrum Report:

- In April, the DCC hosted 35 event days with 30,000 guests. Indirect costs have increased this month. The deficit (investment) is currently \$278,000 ahead of budget.
- Notable April and May events:
 - NC State Conference of NAACP Humanitarian Awards – 320 guests; DCC Revenue - \$10,945.00
 - Duke Technical Services – 700 guests; DCC Revenue - \$38,285.90
 - NC Retired Governmental Employee Associated – 340 guests; DCC Revenue - \$13,024.00
 - Northern HS Prom – 300 guests; DCC Revenue - \$8,764.00
 - DeGaffen/Starks Wedding – 120 guests; DCC Revenue - \$8,456.00
 - Duke Radiation Oncology Conference – 200 guests; Room Revenue - \$5,950.00; DCC Revenue - \$18,114.50
 - Duke Graduation – 1600 guests; Room Revenue - \$32,500.00; DCC Revenue - \$79,908.00
- Durham Convention Center projected total revenue for fiscal year 2011/12: \$924,625.00.
 - Definite bookings: (total operational forecast) - contracted \$552,580.00.
 - Tentative bookings: - contracts distributed - \$228,900.00.
 - Proposals: (other) - \$143,145.00.
- Public Relations:
 - New marketing materials are ready for distribution – Teal folders with silver foil logo on cover. The DCC also has a full color brochure in production.
 - Global Spectrum will purchase software for the Sales Department.
- Durham Convention Center Staffing:
 - Brian Hershey, chef is leaving the DCC for another position. He has agreed to assist until a replacement is found. Global Spectrum is considering an incentive plan for chefs.
- Budget: April
 - Net Income (loss): (\$70,792)
 - Year to date Budget Variance: \$278,418
 - Year-to-date Actual: (\$262,243)
 - Total Event Income (Actual): \$77,964
 - Total Event Income (Budget): \$105,051
 - Total Event Income (Variance) (\$27,087)
 - Total Annual Budget: (\$636,713)

Durham Convention Center Authority:

- Mr. Kalkhof suggested surveying patrons about DCC signage and parking.
- Ms. Kitchin suggested changing the negative accounting language from the term “deficit” to “investment”.

New Business:

- The DCCA will attend the May 24th Durham Bulls baseball game along with DCC staff. Mr. Kalkhof has arranged box seating in the Capital Broadcasting area.
- The City is working on a plan to improve aesthetics for the Armory.