



Durham Convention Center Authority Meeting

Thursday, October 29, 2020

Telecom Meeting via Zoom

DCC Authority Members Present: *Ashley Ferrell, Richard Ford, Alice Sharpe, and Craig Spitzer.*
Spectra Venue Management (SVM) Present: *Rebecca Bolton and Andrea Gliatta*
City and County Representatives Present: *Trish Creta, Drew Cummings, April French, Matt Hunt, Jina Propst, Fallon Thompson, and Karmisha Wallace.*

I. A quorum was established for meeting minute’s approval. Alice Sharpe made a motion to approve August 27 and September 24 meeting minutes; seconded by Ashley Ferrell, motion carried; minutes approved.

II. DURHAM City/County Administration Update:

Capital Projects FY2020:	<u>Budget:</u>	<u>Projected</u>	<u>Actual</u>
Security System (Final pricing is being updated)	\$60,000	\$60,000	\$ -
Computers (ATCOM completing the work)	\$16,530	\$16,530	\$16,530
Wireless/Technology upgrades	\$9,800	\$9,800	\$9,800
▪ Computers are on order from Dell EMC			
Kitchen Equipment Improvements (Main scope complete)	\$17,507	\$ -	\$17,507
Subtotal FY 20 Projects	\$108,837	\$86,330	\$43,837
Additional Fireproofing (Paused)	\$100,000	\$100,000	\$90,000
Ice Machines Holder & Maker (Receiving quotes)	\$19,000	\$19,000	\$ -
Subtotal FY 21 Projects	\$119,000	\$119,000	\$90,000
Total	\$222,837	\$205,330	\$133,837

III. SPECTRA VENUE MANAGEMENT (SVM) UPDATE:

SVM held 1 event for October 2020

FINANCIAL OVERVIEW FOR SEPTEMBER 2020

	Actual	Budget	Variance
Gross Revenues	\$5	\$158,969	(\$158,964)
Less Event Expenses	\$0	(\$67,777)	(\$67,777)
Less Indirect Expense	(\$94,337)	(\$164,430)	\$70,093
Net Income (Loss)	(\$94,332)	(\$73,238)	(\$21,095)

YTD FINANCIAL POSITION

	Actual	Budget	Variance
Gross Revenues	\$861	\$241,706	(\$240,845)
Less Event Expenses	\$0	(\$101,910)	(\$101,910)
<u>Less Indirect Expense</u>	<u>(\$316,561)</u>	<u>(\$538,749)</u>	<u>\$82,957</u>
Net Income (Loss)	(\$315,700)	(\$398,953)	\$83,253

FY 2021 IMPACT

- Forecast numbers from March, June, and August Pace Reports

	29-Oct	24-Sep	21-Aug	
July-December	\$28,216	\$30,155	\$128,249	
January-June	\$212,929	\$425,653	\$358,043	
Total 2021 Definite	\$241,145	\$455,292	\$486,292	

FY2022 IMPACT

- Definite Business for 2022 is \$656,544 vs \$176,326 STLY

Rolling Forecast (Detail)

	ACTUAL JUL-SEP 2020	PROJECTED OCT-JUN 2021	TOTAL ACT/PROJ FY 2021	ORIG BUDGET 6/30/21	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	1		1	329	(328)
DIRECT EVENT INCOME GROSS	612	148,470	149,082	593,037	(443,955)
ANCILLARY INCOME GROSS	0	593,878	593,878	1,763,810	(1,169,932)
TOTAL EVENT INCOME GROSS	612	742,348	742,960	2,356,847	(1,613,887)
OTHER INCOME	249	1,873	2,122	5,000	(2,878)
SERVICE EXPENSE	0	57,903	57,903	194,543	136,640
ANCILLARY EXPENSE	0	231,612	231,612	751,888	520,276
TOTAL EVENT EXPENSE	0	289,516	289,516	946,431	656,915
EXECUTIVE	48,111	142,429.00	190,540	255,316	64,776
SALES/MARKETING	52,229	162,396.15	214,625	318,912	104,287
FINANCE	27,438	104,475.00	131,913	145,039	13,126
EVENTS	23,414	107,753.00	131,167	239,779	108,612
OPERATIONS	80,304	221,305.00	301,609	494,476	192,867
FOOD & BEVERAGE	12,860	154,360.00	167,220	244,612	77,392
OVERHEAD	72,206	225,498.50	297,705	376,750	79,045
TOTAL INDIRECT EXPENSES	316,562	1,118,217	1,434,779	2,074,884	640,105
OPERATING NET INCOME (LOSS)	(315,701)	(663,511)	(979,212)	(659,468)	(319,744)
PLAZA MAINT	0	0	0	0	0
MBP PREVENTATIVE MAINT	0	0	0	0	0
TOTAL NET INCOME (LOSS)	(315,701)	(663,511)	(979,212)	(659,468)	(319,744)

ADDITIONAL NOTES

- Received the Convention South Reader’s Choice Award (two year running streak)
- Indirect Expenses cut by 40%
- Shared Shaner expenses 40% of Utilities - Electric is \$7K - \$8k per month
- Capital Projects
 - Access Points – Complete
 - Computers – Ordered

IV. DURHAM CONVENTION CENTER AUTHORITY:

The Durham Convention Center fund balance is expected to be exhausted and go into the negative by the end of the year. The DCC has done a great job trying to mitigate the extent of revenue losses. At this time, the City and County do not anticipate requiring the DCC to perform extreme cuts in employment. The board will need to potentially think about undertaking extreme considerations if indeed the state of things gets worse and they cannot rebound. Currently, the DCC is operating with few staff but still enough to facilitate events. General Services provided an update on the insurance claim and has issued an invitation to general contractors to complete building repairs. The time frame to receive quotes is mid-November with issuance of a contract in mid-December. The repairs will take approximately sixty (60) days to complete. The carpet replacement will be addressed separately from the building repairs and could take 4 to 6 months. The general contractor work and carpet replacement will be coordinated with the City insurance carrier to ensure there are sufficient funds.

V. SUBCOMMITTEES:

- **FINANCE COMMITTEE:** *Lew Myers, Richard Ford, and Craig Spitzer*

In August, the Durham Convention Center hosted its first event since February that brought in \$600. So far five (5) full time employees have been terminated. Six (6) employees were furloughed with only one returning to work three weeks ago. After the Governor increased the maximum gathering size to 100, the DCC started to receive a few booking requests. These requests are estimated to bring in \$35,000 for the second half of October. DCC held a rehearsal dinner for 65 people. The fund balance is expected to be depleted by the end of the year if current trends and the projected loss in revenue continues. September financials: \$740,000 in revenue projected for the remaining year with \$979,212 loss and missing what was budgeted by \$319,744. It costs around \$100,000 a month to run the DCC with the current staff of ten (10) employees and other operating costs. The DCC is asking to defer any Capital projects that are not essential to help reduce operating costs. Four scenarios were presented on reducing employees and the associated savings with the caveat that the DCC could be hindering their ability to pick up growth revenue.

	Budget	Sc 1- current staffing	Sc 2 - only GM and Directors Nov - Feb benefits paid	Sc 3 - only GM and Directors Nov - Feb Terminate personnel	Sc 4 - only GM and Directors Nov - June Terminate Employees	
Personnel	\$1,308,799	\$782,759	\$707,789	\$671,237	\$595,497	
Other Overhead	\$766,086	\$480,000	\$480,000	\$480,000	\$480,000	regardless of open or close
Current Track for Expenses	\$2,074,885	\$1,262,759	\$1,187,789	\$1,151,237	\$1,075,497	
Revenue						
Definite Business	\$1,415,416	\$180,000	\$180,000	\$180,000	\$100,000	represents those groups with a better the 50% chance of holding on
Part Time Business	\$0	\$180,000	\$0	\$0	\$0	\$0 pick up forecast with continued 100 max and not going backward
Total Forecasted Revenue	\$1,415,416	\$360,000	\$180,000	\$180,000	\$100,000	
Net	-\$659,469	-\$902,759	-\$1,007,789	-\$971,237	-\$975,497	
Expenses not Considered						
COVID 19 Expenses	\$20,000	\$15,000	\$15,000	\$15,000	\$15,000	hold buying sprayer and temp machine until reopened
Repairs and maintenance	\$30,625	\$18,375	\$18,375	\$18,375	\$18,375	\$18,375 walk in cooler repairs \$5500, Shaner HVAC shared \$5000, fogged window \$1000
Tools and equipment	\$26,375	\$15,825	\$15,825	\$15,825	\$15,825	\$15,825 dish heat booster \$2000, robot coupe \$1000,
advertising and promotions	\$21,833	\$13,100	\$13,100	\$13,100	\$13,100	Logo Replacement \$4000, New Brand Sales Collateral Design \$5000
building supplies	\$32,750	\$19,650	\$19,650	\$19,650	\$19,650	
	\$131,583	\$81,950	\$81,950	\$81,950	\$81,950	
Capital Items - Emergency Nature	\$25,180					leak in lobby from rainwater overflow \$8000, Shaner Repairs approved by Board Backflow \$5358, Fire Suppression \$6163, Dock can wash pipe \$5659
Qualitative						retraining/ ramp up to production levels costs for temp labor for events termination costs/furlough benefits cost window of savings opportunity Splits with Shaner

DURHAM CONVENTION CENTER FUND
For the Month Ended September 30, 2020

	FY 2021 Budget	Year to Date Actual	FY 2021 Projected
Fund Balance - Beginning	\$ 884,208	\$ 884,208	\$ 884,208
Net Income/(Loss) from Spectra Operations:	\$ (659,468)	\$ (315,701)	\$ (979,212)
Other Revenue:			
Interest Income	\$ -	\$ 1,597	\$ 1,597
Air Lease	\$ 200,000	\$ 7,500	\$ 30,000
Owner Contribution-Durham County	\$ 200,000	\$ -	\$ 200,000
Owner Contribution-City of Durham	\$ 200,000	\$ -	\$ 200,000
Total Other Revenue:	\$ 600,000	\$ 9,097	\$ 431,597
Other Expense:			
Staff Salary & Benefits	\$ 53,865	\$ -	\$ 53,865
Buildings	\$ 222,837	\$ -	\$ 222,837
Performance Incentive	\$ 138,240	\$ -	\$ 138,240
Other	\$ 3,000	\$ 3,000	\$ 3,000
Total Other Expense:	\$ 417,942	\$ 3,000	\$ 417,942
Net Income/(Loss):	\$ (477,410)	\$ (309,604)	\$ (965,557)
Fund Balance - Ending	\$ 406,798	\$ 574,604	\$ (81,349)
Capital Budget FY21 - Buildings:	<u>Budget</u>	<u>Expended</u>	<u>Projected</u>
Security System (carry-over to 2021)	60,000	-	60,000
Computers (carry-over to 2021)	16,530	-	16,530
Wireless/Technology upgrades (carry-over to 2021)	9,800	-	9,800
Kitchen Equipment Improvements (carry-over to 2021)	17,507	-	17,507
Additional Fireproofing	100,000	-	100,000
Ice Machines Maker and Holder	19,000	-	19,000
Total	\$ 222,837	\$ -	\$ 222,837

- **MARKETING & SALES COMMITTEE:** *Ashley Ferrell, Alice Sharpe, and Craig Spitzer*, Spectra Venue and members of the Marketing and Sales committee continue to collaborate on Spectra Venue's DCC marketing plan.