



Durham Convention Center Authority Meeting

Thursday, January 9, 2020
 Durham Convention Center
 301 West Morgan Street

DCC Authority Members Present: *Pashara Black, Richard Ford, Lew Myers, Alice Sharpe, Craig Spitzer, and Darah Whyte.* **Spectra Venue Management (SVM)** Present: *Rebecca Bolton and Andrea Gliatta*

City and County Representatives Present: *Sharon DeShazo, Carlos McCall, Trish Creta, Jina Propst, and Fallon Thompson*

I. A quorum was established for meeting minute’s approval. Richard Ford made a motion to approve October 31, 2019 meeting minutes; seconded by Alice Sharpe, motion carried; minutes approved.

II. REBRANDING:

Rebecca will review rebranding options with the graphic designer this month.

III. DURHAM City/County Administration Update:

Capital Projects: FY2019:

Kitchen Equipment Improvements

(equipment and installation)

Complete in January

Phase I

- The dish pit equipment
- General Services requested the DCCA approve reallocation of funding for Phase II.

Capital Project FY2020

Exterior Signage (Carryover to FY2020)

- Contractor bidding process is underway. The estimated timeline is July 2020.

Kitchen Project Phase II

	<u>Budget:</u>	<u>Projected</u>	<u>Actual</u>
▪ Kitchen Equipment	\$50,000	\$50,000	\$48,250.44
▪ Kitchen Combi-Oven (evaluation quotes)	\$24,000	\$42,000	
▪ Combi-oven reduces cooking speed & improves quality of food			
▪ Walk-in Freezer (consider pushing to 2021)	\$28,000	\$28,000	
▪ Hot Boxes (hold off until June)	\$4,000	\$4,000	
▪ Small-wares (ordered half \$13,000/ Order second half in Spring \$17,000)	\$30,000	\$30,000	\$13,012.86

Interiors Projects

▪ Interior Designer	\$30,000	\$30,000	
▪ RFQ process is underway			
▪ Bathroom Renovation	\$50,000		
Project deferred to 2021			
▪ Prefunction Furniture	\$29,274		
Project deferred to 2021			

Airwall Damage	\$44,000	\$44,000	
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DCCA approved use of additional \$26,000 from HVAC project for Airwall damage at August 29 meeting. The HVAC equipment project has been deferred three to five years out. (\$20,000 plus \$24,000; additional pricing)

Wireless Upgrade	\$40,000	\$39,875	\$39,875
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Purchase Order in process

- Anticipate project completion by February 2020.

Roof Air-handler (deferred for 3 to 5 years)	\$40,000	\$0	
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Security System	\$40,000		
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- Project Management currently evaluating quotes \$40,000 \$60,000
 Quotes have increased due to difficulty securing back of the house doors. These doors will need to be replaced.

Mural (complete)	\$0	\$14,000	\$14,000
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Mural encumbered additional costs

Computers (confirming quantities)	\$0	\$20,000	
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Total	\$464,274	\$447,875	\$127,958.30
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Owners, along with DCCA, have reviewed project requirements and are in favor of procuring the combi-oven. The process for approval to change capital expenditures over \$20,000 requires submitting a memo to City and County Managers. The signage project will need approval.

IV. SPECTRA VENUE MANAGEMENT (SVM) UPDATE:

Events for the month of October 2019

SVM held 31 events with 11,509 guests.

Notable events in October:

	<u>DCC Revenue</u>	<u>Guests</u>
▪ SEC Dermatology (two day convention)	\$35,384	500
▪ City of Durham Fall Leadership (three day meeting)	\$53,177	1042
▪ Triangle UXPA (One day meeting)	\$28,897	380
▪ Triangle Global Health (one day meeting)	\$30,409	330

Events for the month of November 2019

SVM held 37 events with 15,177 guests.

Notable events in November:

	<u>DCC Revenue</u>	<u>Guests</u>
▪ Cognitect (four day convention)	\$61,832	950
▪ Arts Market (four day tradeshow)	\$37,544	2400
▪ Comic Con (four day consumer show)	\$24,768	6,000
▪ Duke Research Symposium (two day meeting)	\$45,198	565
▪ MCNC (two day meeting)	\$29,681	350
▪ Duke Heart Center (one day meeting)	\$24,685	200

ADDITIONAL NOTES:

- Banquet Manager Position is needed to oversee all of front of the house staff, temporary labor accounts, trainings and liaison with top agencies.

- Gianni Fitts – Events Manager from Fayetteville NC
- Operations Manager Position will increase staff to 14 positions. This position will assist our Facilities Operations Manager in managing day-to-day staff.
- DDI Consultant – Tourism Masterplan
- Offsite catering at DPAC – Artsmarket (best event in Durham – business to business).
- Citywide Events – Long Term Bookings – ISPE
- Small wares purchases

FINANCIAL OVERVIEW FOR OCTOBER 2019

	Actual	Budget	Variance
Gross Revenues	\$317,392	\$266,764	\$51,376
Less Event Expenses	(\$127,824)	(\$107,429)	(\$20,395)
<u>Less Indirect Expense</u>	<u>(\$164,120)</u>	<u>(\$152,980)</u>	<u>\$11,140</u>
Net Income (Loss)	\$25,448	\$5,772	\$19,677

FINANCIAL OVERVIEW FOR NOVEMBER 2019

	Actual	Budget	Variance
Gross Revenues	\$362,003	\$329,448	\$32,555
Less Event Expenses	(\$140,557)	(\$129,728)	(\$10,829)
<u>Less Indirect Expense</u>	<u>(\$147,846)</u>	<u>(\$152,992)</u>	<u>\$5,046</u>
Net Income (Loss)	\$73,501	\$46,728	\$26,773

FINANCIAL OVERVIEW Year-To-Date FY2020

	Actual	Budget	Variance
Gross Revenues	\$1,397,781	\$1,131,109	\$266,672
Less Event Expenses	(\$558,341)	(\$443,193)	(\$115,148)
<u>Less Indirect Expense</u>	<u>(\$774,075)</u>	<u>(\$797,866)</u>	<u>\$53,791</u>
Net Income (Loss)	\$95,365	(\$109,950)	\$205,315

2020 Annual Budget Revenue Projection Status

Total Projection	Budgeted Total Gross Income	% of the Gross Year-end Budget
\$2,603,771	\$2,708,132	96%

Sales Pace for FY2020 as of December 31, 2019

Definite/Actual Total	\$ 2,449,320
Firm Total	\$ 72,766
Proposal Total	\$ 81,685
Total Projection	\$ 2,436,923

**Rolling Forecast (Detail)
November 30, 2019**

	ACTUAL JUL-NOV 2019	PROJECTED DEC-JUN 2020	TOTAL ACT/PROJ FY 2020	ORIG BUDGET 6/30/20	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	172	235	407	424	(17)
DIRECT EVENT INCOME GROSS	357,967	311,457	669,424	649,180	20,244
ANCILLARY INCOME GROSS	1,036,494	1,245,826	2,282,320	2,053,952	228,368
TOTAL EVENT INCOME GROSS	1,394,461	1,557,283	2,951,744	2,703,132	248,612
OTHER INCOME	3,320	2,919	6,239	5,000	1,239
SERVICE EXPENSE	123,423	127,697	251,120	226,054	(25,066)
ANCILLARY EXPENSE	434,918	510,789	945,707	842,039	(103,668)
TOTAL EVENT EXPENSE	558,341	638,486	1,196,827	1,068,093	(128,734)
EXECUTIVE	99,535	141,043	240,578	245,114	4,536
SALES/MARKETING	124,005	177,769	301,774	306,846	5,072
FINANCE	58,305	83,049	141,354	142,171	817
EVENTS	71,633	132,438	204,071	227,256	23,185
OPERATIONS	164,293	282,000	446,293	436,332	(9,961)
FOOD & BEVERAGE	70,091	142,000	212,091	212,995	904
OVERHEAD	156,213	199,189	355,402	339,550	(15,852)
TOTAL INDIRECT EXPENSES	744,075	1,157,488	1,901,563	1,910,264	8,701
OPERATING NET INCOME (LOSS)	95,365	(235,772)	(140,407)	(270,225)	129,818

CUSTOMER SURVEY SCORES: 4.63 out of 5

November Occupancy: (Record high) 61%

WEBSITE ACTIVITY: October 16th – November 16th

	2018	2019
▪ Sessions (Visitors):	2,088	2,305
▪ New Sessions:	86.7%	88.3%
▪ Page Views	4,834	5,463
▪ Page/Session:	2.32	2.37
▪ Average Session duration:	1.11 minutes	1.06 minutes
▪ Organic Search	1,093	1,063
▪ Direct Search	529	831
▪ Referral Search	171	102

V. DURHAM CONVENTION CENTER AUTHORITY:

The at-large member seat for the Durham Convention Center Authority is currently vacant. Craig Spitzer, DCCA Chair, will reach out to Bill Kalkhof, who served three consecutive terms, to temporarily remain on the Authority through June 30, 2020, to effectively fill this position. All members are encouraged to suggest potential candidates. The manager at the hotel 21C is a consideration. The committee will convene at the February 27 DCCA meeting with qualifications characterizing the at-large position.

On behalf of the DCCA, Lew Meyers made a motion to request Bill Kalkhof remain on the DCCA through the end of the FY2019/20 fiscal year as an at-large member to allow the Authority opportunity to

think through the process and decide what is needed to proceed regarding a replacement. Darah Whyte seconded, motion carried and approved by all. Part two of the motion is a consideration for additional options and characteristics of the at-large member.

VI. SUBCOMMITTEES

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

City and County staff, the DCCA Finance Committee, and members of SVM reviewed and analyzed the DCC October and November 2019 financials. Operating revenues for November exceed budget by \$32,555. Expenses remain flat, with a variance of \$5,783. October held more consumer events, while November has more revenue with fewer people groups. To-date Revenues are \$469,000 ahead of last fiscal year, which was an excellent year, and Rebecca attributes its success to a reliable team. The DCC is ahead of budget, but still projecting a loss.

Weddings are currently not priority bookings for Spectrum, although Indian weddings are impactful being multiple day events. Corporate meetings are one-day events and are filler events that can't be relied on to impact revenue. The DCC has fewer events, but revenues are increasing. The committee discussed the need for more FTE's due to increasing demand. Spectrum is currently underemployed by approximately 12 FTE's per the industry standard of buildings the same size.

▪ **MARKETING & SALES COMMITTEE:** *Bill Kalkhof, Darah Whyte, 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.