



**Durham Convention Center Authority Meeting**

Thursday, February 27, 2020  
 Carolina Theatre Connie Moses Ballroom  
 309 West Morgan Street

**DCC Authority Members** Present: *Richard Ford, Bill Kalkhof, Lew Myers, Alice Sharpe, and Darah Whyte.* **Spectra Venue Management (SVM)** Present: *Rebecca Bolton and Andrea Gliatta*  
**City and County Representatives** Present: *David Boyd, Trish Creta, Drew Cummings, Josh Edwards, April French, Matt Hunt, Carlos McCall, Jina Propst, Fallon Thompson, and Karmisha Wallace.*

**I.** A quorum was established for meeting minute’s approval. Lew Myers made a motion to approve January 9, 2020 meeting minutes; seconded by Darah Whyte, motion carried; minutes approved.

**II. DURHAM City/County Administration Update:**

<b>Capital Projects FY2019:</b>	<b><u>Budget:</u></b>	<b><u>Projected</u></b>	<b><u>Actual</u></b>
<b>Kitchen Equipment Improvements</b>	\$53,000	\$53,000	\$53,000
<b>Fireproofing</b>	\$93,341	\$87,515	\$87,515
<b>Tables</b>	\$9,130	\$9,130	\$9,130
<b>Wireless Upgrades</b>	\$9,975	\$9,975	\$9,975
<b>Subtotal FY 19 Projects</b>	\$165,446	\$159,620	\$62,130
<b>Capital Project FY2020:</b>	<b><u>Budget:</u></b>	<b><u>Projected</u></b>	<b><u>Actual</u></b>
<b>Exterior Signage</b> (carryover to FY2021)	\$55,000	\$12,820	\$12,511
▪ Bidding over budget; redesign/updated pricing underway			
<b>Kitchen Combi-Oven*</b>	\$24,000	\$42,000	\$ -
▪ Considering using certified demo unit oven – saves 6K if available			
<b>Kitchen Equipment Phase 2</b> (complete)	\$50,000	\$50,000	\$48,250.44
<b>Walk-in Freezer</b> (move to 2021)	\$28,000	\$ -	\$ -
<b>Hot Boxes</b> (proceeding with PO)	\$4,000	\$4,000	\$ -
<b>Small-wares</b>	\$30,000	\$30,000	\$ 13,012.86
▪ Half ordered \$13K, second half in April 17K			
<b>Interior Designer</b>	\$30,000	\$30,000	\$ -
▪ Anticipate RFQ advertisement in early March; under contract late May			
<b>Bathroom Renovation</b> (move to 2021)	\$50,000	\$ -	\$ -
<b>Prefunction Furniture</b> (move to 2021)	\$29,274	\$ -	\$ -
<b>Air wall Damage*</b>	\$44,000	\$58,671.50	\$ -
\$20K + \$24K; receiving additional pricing in March 2020			
<b>Wireless Upgrade</b>	\$40,000	\$29,475	\$29,475

<b>Rooftop Air-handler</b> (deferred for 3 to 5 years)	\$40,000	\$ -	\$ -
<b>Security System*</b>	\$40,000	\$60,000	\$ -
▪ Final pricing under review; proceeding with doors; access control requires additional with Shaner			
<b>Mural*</b> (complete)	\$ -	\$14,000	\$ -
<b>Computers*</b> (confirming quantities)	\$ -	\$16,530.10	\$ -
▪ Pricing complete; purchase orders in process; expect install in April/May			
<b>Collapsed Pipe*</b> (Emergency Repair)	\$ -	\$5,500	\$ -
<b>Fire Suppression System*</b> (Emergency Repair)	\$ -	\$6,000	\$ -
<b>Subtotal FY 20 Projects</b>	\$464,274	\$358,996.60	103,249.30
<b>Total</b>	<b>\$629,700</b>	<b>\$111,799</b>	<b>\$165,379.30</b>

\* Budget Increase requires memo to City Manager and County Manager

### III. SPECTRA VENUE MANAGEMENT (SVM) UPDATE:

#### Events for the month of December 2019

SVM held 22 events with 4,260 guests.

#### Notable events in December:

	<u>DCC Revenue</u>	<u>Guests</u>
▪ Duke Health Tech (one-day banquet)	\$27,192	308
▪ Banks Rogers Williams (one-day banquet)	\$24,109	600
▪ Debutante Ball (one-day banquet)	\$19,429	366
▪ Duke Transplant Center (one-day banquet)	\$16,188	350

#### Events for the month of January 2020

SVM held 16 events with 2,093 guests.

#### Notable events in January:

	<u>DCC Revenue</u>	<u>Guests</u>
▪ Starquest (three-day special event)	\$17,594	150
▪ Unplugged Gaming (four-day special event)	\$25,952	1,600
▪ Duke Office of Development (one-day banquet)	\$30,376	350

#### ADDITIONAL NOTES:

- Congrats Ryan Byrnes on new baby Theodore Byrnes!
- Gianni Fitts – Events Manager from Fayetteville NC
- Operations Manager – Dennis Chinault
- Banquet Manger – Open Position
- Bernie Sanders – 5 days out \$25K
- March - \$400K – 3 conventions, 2 events over \$110K each
- Kitchen Phase 1 & 2 Completed
- Loading Dock Pipes - \$17K
- Computers
- Wireless AP Upgrades
- Spectrum Wi Fi upgrade
- Discover Durham Steering Committee Kick Off
- Convention Center – Future Growth
- Mariposa – AR Application by Google Fiber

**FINANCIAL OVERVIEW FOR DECEMBER 2019**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Gross Revenues	\$210,825	\$152,303	\$58,069
Less Event Expenses	(\$117,829)	(\$62,760)	(\$55,068)
<u>Less Indirect Expense</u>	<u>(\$151,320)</u>	<u>(\$155,675)</u>	<u>\$4,355</u>
Net Income (Loss)	(\$58,524)	(\$65,715)	\$7,192

**FINANCIAL OVERVIEW FOR JANUARY 2020**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Gross Revenues	\$162,231	\$152,727	\$9,504
Less Event Expenses	(\$77,536)	(\$53,523)	(\$24,013)
<u>Less Indirect Expense</u>	<u>(\$187,493)</u>	<u>(\$184,746)</u>	<u>(\$2,747)</u>
Net Income (Loss)	(\$102,790)	(\$85,542)	(\$17,256)

**FINANCIAL OVERVIEW Year-To-Date FY2020**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Gross Revenues	\$1,770,637	\$1,436,556	\$334,081
Less Event Expenses	(\$753,706)	(\$559,476)	(\$194,230)
<u>Less Indirect Expense</u>	<u>(\$1,082,888)</u>	<u>(\$1,138,287)</u>	<u>\$55,400</u>
Net Income (Loss)	(\$65,957)	(\$261,207)	\$195,251

**2020 Annual Budget Revenue Projection Status**

Total Projection	Budgeted Total Gross Income	% of the Gross Year-end Budget
\$3,015,563	\$2,708,132	111%

**Sales Pace for FY2020 as of October 29, 2019**

Definite/Actual Total	\$ 2,885,382
Firm Total	\$ 24,283
Proposal Total	\$ 105,898
Total Projection	\$ 3,015,563

### Rolling Forecast (Detail)

	ACTUAL JUL-SEP 2019	PROJECTED OCT-JUN 2020	TOTAL ACT/PROJ FY 2020	ORIG BUDGET 6/30/20	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	104	301	405	424	(19)
DIRECT EVENT INCOME GROSS	177,134	423,749	600,883	649,180	(48,297)
ANCILLARY INCOME GROSS	538,710	1,694,997	2,233,707	2,053,952	179,755
TOTAL EVENT INCOME GROSS	715,844	2,118,746	2,834,590	2,703,132	131,458
OTHER INCOME	2,542	2,412	4,954	5,000	(46)
SERVICE EXPENSE	62,598	173,737	236,335	226,054	(10,281)
ANCILLARY EXPENSE	227,362	694,949	922,311	842,039	(80,272)
TOTAL EVENT EXPENSE	289,960	868,686	1,158,646	1,068,093	(90,553)
EXECUTIVE	62,658	179,220	241,878	245,114	3,236
SALES/MARKETING	79,900	226,460	306,360	306,846	486
FINANCE	32,935	105,476	138,411	142,171	3,760
EVENTS	40,076	167,557	207,633	227,256	19,623
OPERATIONS	90,580	371,222	461,802	436,332	(25,470)
FOOD & BEVERAGE	33,911	159,070	192,981	212,995	20,014
OVERHEAD	91,950	255,334	347,284	339,550	(7,734)
TOTAL INDIRECT EXPENSES	432,010	1,464,339	1,896,349	1,910,264	13,915
OPERATING NET INCOME (LOSS)	(3,584)	(211,867)	(215,451)	(270,225)	54,774

**CUSTOMER SURVEY SCORES:** 4.63 out of 5

**January Occupancy:** 36%

**WEBSITE ACTIVITY:** December 16<sup>th</sup> – January 16<sup>th</sup>

	<b>2020</b>	<b>2019</b>
▪ Sessions (Visitors):	1,442	1,241
▪ New Sessions:	91%	89.6%
▪ Page Views	3,134	2,853
▪ Page/Session:	2.17	2.30
▪ Average Session duration:	2.38 minutes	1.23 minutes
▪ Organic Search	550	560
▪ Direct Search	509	284
▪ Referral Search	255	246

#### **IV. DURHAM CONVENTION CENTER AUTHORITY:**

The Durham Convention Center Authority (DCCA) is a City/County joint establishment with three members governed by the City; and three members governed by the County. A seventh DCCA member is chosen by the six members appointed by the City and County officials. All members are administered by at least one term (each term for all members is three years). The three City appointed members serve two consecutive three-year terms (maximum of six years total) and the three County appointed members serve three consecutive three-year terms (maximum of nine years total). When terms expire, the expired member can elect to serve until the position is filled. The at-large member seat for the DCCA is currently vacant. Bill Kalkhof has agreed to remain on the Authority through June 30, 2020 or until the new member is selected. All members are encouraged to suggest potential candidates. County appointed Vice Chair Alice Sharpe second term will expire on July 31, 2020. City appointed member Darah Whyte second term also expires on July 31, 2020. Alice and Darah are eligible to continue serving for their third terms.

### **Board Member Terms:**

- Richard Ford (County) – Final Term Ending July 31, 2022
- Alice L. Sharpe (County) Vice Chair – Second Term expires July 31, 2020
- Lew Myers (City – Mayor’s Appointee) – Second Term expires July 31, 2022
- Darah R. Whyte (City) – Second Term expires July 31, 2020
- Craig Spitzer (County) DCCA Chair – Second Term expires July 31, 2021
- Pashara Black (City) – First Term expires July 31, 2022
- Board appointee currently vacant (formerly Bill Kalkhof)

As of February 27, 2020 the DCC has \$2.8 million in definite revenue which is 24% ahead of last year at this time. Bookings for events are still 18 months out and the DCC has seen an increase in demand for multiple venue requests. The multiple venue contracts are highly involved and require aligning policies between venues in addition to coordination with the clients. Bill Kalkhof and Rebecca Bolton are members of the Discover Durham Steering Committee which will work on future Durham needs including those of the DCC.

### **V. 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 December 2019 and January 2020 financials. January was expected to be a slow month. DCC has a new executive chef and implemented a new food inventory system. Changes in staff and processes can account for some reasons why January had low revenue and food sales of only \$40,000. The GM Report projections assume everything budgeted is spent but that does not usually happen. The goal is to accurately budget next year to reflect what we achieve and be proactive about what is planned for and needed. The overall budget for next year will be discussed after the CIP budget process is completed. City representatives suggest having a March meeting for more in depth budget discussions. After receiving feedback from City officials about possibly paying the living wage, the DCC starting rate per hour was raised to \$11. DCC staff drafted a budget evaluation in response to the question and it showed fully adopting the living wage would cost \$130,000. The City and County will meet to determine if both parties conceptually and financially support the decision to ask for living wages to be paid. All contracts include a force majeure clause that would allow cancellations in regard to the growing concern of the Coronavirus. Hand sanitizer stands are distributed around the building and the DCC remains in contact with industry leaders about best practices for keeping guests and employees safe.
- **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.