



Durham Convention Center Authority Meeting

Thursday, January 3, 2019
Durham Convention Center
301 West Morgan Street

DCC Authority Members Present: *Jason Friday, Bill Kalkhof, Lew Myers, Alice Sharpe, Craig Spitzer and Darah Whyte.* **Spectra Venue Management (SVM)** Present: *Andrea Gliatta and Rebecca Bolton*
City and County Representatives Present: *David Boyd, Sharon DeShazo, Carlos McCall, and Jina Propst*

- I. A quorum was established for meeting minute's approval. Lew Myers made a motion to approve October 25, 2018, meeting minutes; seconded by Craig Spitzer, motion carried; minutes approved.

- II. **DURHAM Orange Light Rail Downtown Proposed Plan – Closing of Blackwell Street**

The Board held a lengthy discussion about the closing of Blackwell Street as it related to the Durham Orange Light Rail (DOLR) project by Go Triangle. Representatives from Capitol Broadcasting, DPAC, the Durham Bulls and Duke University opposed the closing of Blackwell Street for the DOLR. While the DCC Authority Board is supportive of light rail, it is not in favor of the closing of Blackwell Street due to its potential impact on the Durham Convention Center.

The Board still has some questions related to the DOLR project as follows: (1) what will be the total financial impact for the Durham taxpayers related to DOLR? (2) If Go Triangle cannot build the tunnel for any reason, does Go Triangle have the legal authority to move forward with its original plan to close Blackwell Street? (3) Given the ever changing engineering plans and financial impacts, what is the confidence level in Go Triangle's ridership numbers? (4) If these projected ridership numbers are not met, who covers the operating loss for the system? (5) Given that much development has already taken place, or is currently under construction at proposed light rail stations, will there be the level of development along the stops as projected by Go Triangle to justify building the light rail?

As an advisory board, the DCCA decided to (1) wait for further information about the project before making any statement about DOLR; (2) asked chairman Kalkhof to provide additional information as it becomes known; (3) draft a letter to the DCC owners for review by members of the DCCA if such action is deemed necessary; and, (4) revisit this issue at it February meeting.

- III. **REBRANDING:**

Rebecca Bolton and Craig Spitzer continue to collaborate on rebranding to support a new or refreshed logo, improved signage, and various lines of business tactics. Bolton and Spitzer are currently reviewing proposals from consultants to assist with the rebranding. Quotes have ranged

from \$15,000 - \$20,000. \$8,000 is budgeted for the rebranding project. Rebecca will follow-up with the DCCA Marketing Committee before final decisions.

IV. DCC AGREEMENT RENEWAL:

Jina Propst and Rebecca Bolton met on October 5, 2018, to review significant contract clauses for further scrutiny in addition to crafting draft modifications. The Authority strongly supports maintaining the current very successful partnership built among the Authority, the Owners and Spectra. The Owners received Spectra’s proposal on November 21, 2018. A City/County staff meeting is January 14, 2019, to provide recommendations to both municipalities and the DCC Authority.

V. DEDICATION PLAQUE:

AOA Signs is in the process of replicating the re-dedication plaque. A draft has been reviewed and accepted, and a design choice has been agreed. The option is expected to complement the building décor. The DCC is paying the cost. Estimated time-frame on completion is six weeks. February 26, 2018, or early March has been identified as acceptable dates to have the ceremony pending plaque delivery. This date is based on the availability of the facility. Once the plaque is complete, the group is planning to engineer an event to recognize the original stakeholders and successes of the DCC operations. The event will be framed as a 30-year celebration from 1989. The discussion is on-going with whom to invite outside of the names commemorated on the plaque. Lew volunteered to contact Shelly Green for public relations assistance. A noontime meeting is planned for January 7, 2019.

VI. Durham City/County Administration Update:

Capital Request: FY17/18:

Projected

Budget:

\$403,500

- Fireproofing (carry-over FY16)
 - PFC \$66,000
 - Loading Dock - Shared \$21,000

A division of Axiom Logic of Seffner Florida will make repairs to the fireproofing in both the Pre-function Corridor and the Loading Dock. The permitting documents are complete. Terracon has been selected to perform engineering inspections of the completed fireproofing as required by City/County Inspections. A local office is established. Fireproofing Technologies and Durham Convention Center (DCC) will coordinate available dates for the work to begin. Anticipated completion is March 2019.

- LED Lighting Replacement \$137,500 (100% complete)
- Boardroom and Alcove Carpet \$30,511.46
 - (Carpet selected and aligned with refit of the lobby, anticipated completion is end of FY2017/18)
 - Saf-Cut \$2,072.50
 - Atcom \$6,906.88
 - Cable Concepts \$1,370.25
 - Environmental Flooring \$8,444.33
 - Bryant Durham \$11,717.50

- New Trash and Recycling receptacles (complete) \$12,501 (complete)
- Kitchen Equipment Improvements

(Planning phase – carried over to FY2019)

Spectra is taking the lead on this project. \$53,000

- Bathroom Renovation \$50,000

(Planning phase – carried over to FY2019)

- Fountain – Liner removal, leak repair, liner replacement \$56,000

General Services Department hired a mechanical Engineer to resolve ventilation issues in the bathrooms. Next steps are hiring an interior designer to develop documents on upgrading restrooms.

Capital Projects forecast/FY19 Budget:

Proposed Capital Request \$295,000

- Exterior Signage (to coordinate with Shaner) \$55,000
- Small Kitchen Equipment Replacements \$4,000
 - Hot Boxes – Spectrum taking the lead on this project.
- Wireless Upgrade \$50,000
 - Access points upgraded/approximately \$8,000
 - May be deferred for access points upgrades.
- Air wall Damage \$20,000
 - 14 air wall panels to repair – current quote \$32,000; additional quote procured
- Fountain Pump Decommission and Rebuild (complete) \$86,215
- Tables \$10,000
- Rooftop Air Handler (2) \$40,000
 - Incorporated an economical solution of less than \$40,000.
 - GSD mechanical engineer has done a preliminary investigation.
- Pre-function Furniture Replacement \$30,000
 - Met with potential vendors
 - May carry over to FY20 due to timing and coordination efforts with carpet and bathroom renovation.

NEW ITEM

Loading Dock door failure \$32,339

Overhead door is on-site January 3, 2019, to remove damage door curtain and for dumpster removal. General Services staff is installing temporary wall pending arrival of a new door.

Management Agreement Renewal Options:

The management agreement is current through FY2019 (June 30, 2019). Rebecca Bolton and Jina Propst met to discuss key contract clauses and terms. The Owners received proposals from Spectra in November 2018. The City/County team has a meeting on January 4 to continue review of renewal options and terms. Staff to provide an update at the next DCCA meeting scheduled on February 28. All are working towards a negotiation/resolution and City/County Board approvals by the end of the 2018 calendar year, in advance of the FY2019/20 budget discussions.

VII. Spectra Venue Management (SVM) Update:

EVENTS FOR THE MONTH OF November 2018

SVM held 41 events with 13,178 guests.

Notable events:	<u>DCC Revenue</u>	<u>Guests</u>
▪ NC Comic Conference (four-consumer show)	\$33,617	6,000
▪ Duke Research Symposium (two-day meeting)	\$32,433	479
▪ Business Magazine (three day convention)	\$48,713	960
▪ Dave/Pate Wedding (two day banquet)	\$29,585	1000

Additional Update:

- Hurricane effects - \$110k in business deferred. Spectra continues to work diligently to close the gap of loss from cancellations and from Global Knowledge. This was a combined \$180,000 loss. UNC event rescheduled for April 2019; but displaces other potential business in a high grossing month.
- Boardroom and alcove carpet project complete - \$30,511.46.
- Annual Report distributed to the Durham Convention Center Authority.
- Loading Dock door being removed and replaced.
- Art mural on the garage doors – project remains committed but pushed back.
- Received great feedback from using Trosa Christmas trees and garland throughout the facility.
- Crosswalk – hazardous to guest safety – NC Department of Transportation has shared plans for a new crosswalk to include caution lights. Will work together with the Carolina Theatre on the crosswalk.

FINANCIAL OVERVIEW FOR NOVEMBER 2018

	Actual	Budget	Variance
Gross Revenues	\$353,812	\$371,360	(\$17,818)
Less Event Expenses	(\$148,731)	(\$145,209)	(\$3,522)
Less Indirect Expense	(\$137,143)	(\$149,753)	\$12,610
Net Income (Loss)	(\$67,938)	\$76,667	(\$8,729)

FISCAL YEAR 2019 YTD AS OF NOVEMBER 2018

	Actual	Budget	Variance
Gross Revenues	\$1,103,159	\$1,102,378	\$782
Less Event Expenses	(\$451,088)	(\$424,918)	(\$26,169)
Less Indirect Expense	(\$747,651)	(\$780,266)	\$12,683
Net Income (Loss)	(\$95,579)	(\$102,807)	\$7,228

Annual Budget Revenue Projection Status

Total Projection	Budgeted Total Gross Income	% of the Gross Year-end Budget
\$2,206,144	\$2,607,434	85%

YTD Same Time Last Year Annual Budget Revenue Projection Status

Total Projection	Budgeted Total Gross Income	% of the Gross Year-end Budget
\$2,260,992	\$2,485,708	91%

Durham Convention Center
Rolling Forecast (Detail)
11/30/2018

	ACTUAL JUL-NOV 2018	PROJECTED DEC-JUN 2019	TOTAL ACT/PROJ FY 2019	ORIG BUDGET 6/30/19	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	170	225	395	428	(33)
DIRECT EVENT INCOME GROSS	291,465	305,802	597,267	610,820	(13,553)
ANCILLARY INCOME GROSS	778,972	1,223,207	2,002,179	1,991,611	10,568
TOTAL EVENT INCOME GROSS	1,070,437	1,529,009	2,599,446	2,602,431	(2,985)
OTHER INCOME	32,722	1,750	34,472	5,000	29,472
SERVICE EXPENSE	99,243	125,379	224,622	209,567	(15,055)
ANCILLARY EXPENSE	351,845	501,515	853,360	812,021	(41,339)
TOTAL EVENT EXPENSE	451,088	626,894	1,077,982	1,021,588	(56,394)
EXECUTIVE	97,822	136,400	234,222	245,965	11,743
SALES/MARKETING	124,431	183,033	307,464	312,864	5,400
FINANCE	53,363	81,076	134,439	138,764	4,325
EVENTS	72,453	124,593	197,046	213,517	16,471
OPERATIONS	157,933	239,758	397,691	410,383	12,692
FOOD & BEVERAGE	97,109	123,266	220,375	211,658	(8,717)
OVERHEAD	144,539	199,006	343,545	339,225	(4,320)
TOTAL INDIRECT EXPENSES	747,650	1,087,132	1,834,782	1,872,376	37,594
OPERATING NET INCOME (LOSS)	(95,579)	(183,267)	(278,846)	(286,533)	7,687

Gross Revenue by Month YOY

	July	August	September	October	November	December	January	February	March	April	May	June	Average
FY 14-15	\$106,360	\$95,500	\$193,092	\$202,786	\$195,489	\$272,902	\$139,330	\$115,843	\$266,474	\$241,571	\$269,655	\$193,896	\$191,075
FY 15-16	\$152,331	\$164,393	\$206,531	\$249,995	\$193,613	\$178,894	\$210,376	\$246,415	\$215,073	\$319,607	\$299,944	\$200,314	\$219,791
FY 16-17	\$120,517	\$152,915	\$204,095	\$233,069	\$265,789	\$246,735	\$148,450	\$211,673	\$270,812	\$321,000	\$260,681	\$169,659	\$217,116
FY 17-18	\$74,106	\$241,026	\$271,245	\$302,928	\$355,977	\$151,490	\$158,126	\$266,876	\$282,675	\$335,810	\$277,574	\$224,154	\$245,166
FY 18-19	\$116,692	\$239,960	\$159,420	\$233,276	\$353,812								\$220,632

Sales Pace for FY2019 as of December 31, 2018

Definite/Actual Total	\$2,000,420
Firm Total	\$51,986
Proposal Total	\$153,738
TOTAL PROJECTION	\$2,206,144

CUSTOMER SURVEY SCORES: 4.73 out of 5

OCCUPANCY for November 2018: 56%

WEBSITE ACTIVITY: October 16th – November 16th

	2018	2017
▪ Sessions (Visitors):	2,088	2,965
▪ New Sessions:	86.7%	86.7%
▪ Page Views	4,834	5,549

- Page/Session: 2.32 1.87
- Average Session duration: 1.11 minutes 0.52 minutes
- Organic Search 1,093 894
- Direct Search 529 1,455
- Referral Search 171 161

VIII. DURHAM CONVENTION CENTER AUTHORITY:

- DCCA to compose a letter to the owners concerning the closing of Blackwell Street. Bill Kalkhof will draft the letter and share with the members.

IX. SUBCOMMITTEES

- **FINANCE COMMITTEE:** *Lew Myers, Richard Ford, and Jason Friday*
 City and County staff, the DCCA Finance Committee and members of Spectra Venue Management reviewed and analyzed November 2018 financial results. Revenues for the month exceeds expenses but are below budget by (\$17,818) with a \$67,938 positive variance. Spectra is working diligently to fill the gap of business lost during inclement weather.
 The projected capital budget for FY2019 is \$528,227. The boardroom and alcove carpet project carried over to FY2019 at \$30,511, and trash receptacles at \$12,501 are complete with vendors paid.
 December anticipates being close to budget, mainly since it is generally a low performing month.
- **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.