



Durham Convention Center Authority Meeting

Thursday, May 21, 2020

Telecom Meeting via Zoom

DCC Authority Members Present: *Richard Ford, Bill Kalkhof, Lew Myers, Alice Sharpe, Craig Spitzer, and Darah Whyte.*

Spectra Venue Management (SVM) Present: *Rebecca Bolton and Andrea Gliatta*

City and County Representatives Present: *David Boyd, Trish Creta, Drew Cummings, 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 March 26 meeting minutes; seconded by Richard Ford, motion carried; minutes approved.

II. DURHAM City/County Administration Update:

Capital Projects FY2019:	<u>Budget:</u>	<u>Projected</u>	<u>Actual</u>
Kitchen Equipment Improvements	\$53,000	\$53,000	\$53,000
Fireproofing	\$93,341	\$87,515	\$ -
Tables	\$9,130	\$9,130	\$9,130
Wireless Upgrades	\$9,975	\$9,975	\$ -
Subtotal FY 19 Projects	\$165,446	\$159,620	\$62,130
Capital Project FY2020:	<u>Budget:</u>	<u>Projected</u>	<u>Actual</u>
Exterior Signage (carryover to FY2021)	\$55,000	\$12,820	\$6,951
▪ Balance deferred to 2022			
Kitchen Combi-Oven	\$24,000	\$ -	\$ -
▪ Deferred to 2022			
Kitchen Equipment Phase 2 (complete)	\$50,000	\$50,000	\$48,250.44
Walk-in Freezer (Deferred to 2023)	\$28,000	\$ -	\$ -
Hot Boxes (Deferred to 2022)	\$4,000	\$ -	\$ -
Small-wares	\$30,000	\$30,000	\$ 13,012.86
▪ Half ordered \$13K, second half in May/June 17K			
Interior Designer	\$30,000	\$ -	\$ -
▪ Deferred to 2022			
Bathroom Renovation (move to 2023)	\$50,000	\$ -	\$ -
Prefunction Furniture (move to 2022)	\$29,274	\$ -	\$ -
Air wall Damage	\$44,000	\$ -	\$ -
Wireless Upgrade	\$40,000	\$29,475	\$29,475
▪ Purchase delivered and paid; installation coordination underway			
Rooftop Air-handler (Deferred to 2024)	\$40,000	\$ -	\$ -

Security System	\$40,000	\$ -	\$ -
▪ Deferred to 2021			
Mural* (complete)	\$ -	\$14,000	\$ -
Computers*	\$ -	\$16,540	\$ -
▪ Memo execution underway; PO ready to process			
Backflow Emergency Repair*^	\$ -	\$5,358	\$ -
Dock Can Wash Drain Emergency Repair*^	\$ -	\$5,659	\$ -
Fire Suppression System Emergency Repair*^	\$ -	\$6,163	\$ -
Fire Proofing Inspection and Design Phase*^	\$ -	\$10,000	\$ -
Subtotal FY 20 Projects	\$464,274	\$180,015	\$97,689.30
Total	\$629,700	\$339,635	\$159,818.30
	Projected Amount Remaining	\$290,085	
	Total Budgeted	\$629,720	

* Budget Increase requires memo to City Manager and County Manager
^Memo execution underway; Shared Allocation

Projects FY 21

Capital Budget FY21:	Budget
Security System (carry-over to 2021)	\$60,000
Additional Fireproofing	\$100,000
Ice Machines Maker and Holder	\$19,000
Total	\$179,000

III. SPECTRA VENUE MANAGEMENT (SVM) UPDATE: SVM held 0 events for April & May 2020

FY2021 Budget

	FY 2020 Budget	FY 2020 Projection	FY 2021 Original Budget	FY 2021 25% Reduction Budget	FY 2021 50% Reduction Budget
Direct Event Revenue	\$ 649,180	\$ 588,193	\$ 821,771	\$ 593,037	\$ 401,822
Ancillary Revenue	\$ 2,058,952	\$ 1,695,726	\$ 2,322,357	\$ 1,768,810	\$ 1,172,742
Gross Income	\$ 2,708,132	\$ 2,283,919	\$ 3,149,128	\$ 2,361,847	\$ 1,574,564
Direct Events Expenses	\$ (1,068,093)	\$ (1,013,898)	\$ (1,245,060)	\$ (946,431)	\$ (628,943)
Indirect Expenses					
Administrative	\$ 387,285	\$ 376,274	\$ 402,048	\$ 400,355	\$ 394,605
Marketing & Sales	\$ 306,846	\$ 287,542	\$ 319,868	\$ 318,912	\$ 247,640
Events	\$ 227,256	\$ 180,175	\$ 233,825	\$ 239,779	\$ 176,362
Operations	\$ 436,332	\$ 427,250	\$ 514,694	\$ 494,476	\$ 463,738
Overhead	\$ 231,550	\$ 245,573	\$ 291,250	\$ 266,750	\$ 242,250
Food & Beverage	\$ 212,995	\$ 205,630	\$ 309,942	\$ 244,612	\$ 231,668
Fixed Management Fee	\$ 108,000	\$ 108,000	\$ 110,000	\$ 110,000	\$ 110,000
Total Indirect Expenses	\$ 1,910,264	\$ 1,830,444	\$ 2,181,627	\$ 2,074,884	\$ 1,866,263
Net Income/(Loss) from Operations	\$ (270,225)	\$ (560,423)	\$ (277,559)	\$ (659,468)	\$ (920,642)

FINANCIAL OVERVIEW FOR MARCH 2020

	Actual	Budget	Variance
Gross Revenues	\$230,800	\$278,661	(\$47,861)
Less Event Expenses	(\$106,645)	(\$103,453)	(\$3,192)
Less Indirect Expense	(\$162,009)	(\$152,993)	(\$9,016)
Net Income (Loss)	(\$37,854)	\$22,215	(\$60,069)

FINANCIAL OVERVIEW FOR APRIL 2020

	Actual	Budget	Variance
Gross Revenues	\$13	\$283,252	(\$283,063)
Less Event Expenses	(\$257)	(\$122,750)	(\$123,007)
Less Indirect Expense	(\$126,859)	(\$154,496)	\$27,637
Net Income (Loss)	(\$126,589)	\$6,006	(\$132,595)

FINANCIAL OVERVIEW Year-To-Date FY2020

	Actual	Budget	Variance
Gross Revenues	\$2,297,967	\$2,232,875	\$65,092
Less Event Expenses	(\$1,002,213)	(\$877,179)	(\$125,033)
Less Indirect Expense	(\$1,524,161)	(\$1,598,767)	\$74,606
Net Income (Loss)	(\$228,406)	(\$243,071)	\$14,665

Rolling Forecast (Detail)

	ACTUAL JUL-APR 2020	PROJECTED MAY-JUN 2020	TOTAL ACT/PROJ FY 2020	ORIG BUDGET 6/30/20	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	293	0	293	424	(131)
DIRECT EVENT INCOME GROSS	637,654	0	637,654	649,180	(11,526)
ANCILLARY INCOME GROSS	1,645,884	0	1,645,884	2,053,952	(408,068)
TOTAL EVENT INCOME GROSS	2,283,538	-	2,283,538	2,703,132	(419,594)
OTHER INCOME	14,430	500	14,930	5,000	9,930
SERVICE EXPENSE	254,226	0	254,226	226,054	(28,172)
ANCILLARY EXPENSE	747,987	0	747,987	842,039	94,052
TOTAL EVENT EXPENSE	1,002,213	0	1,002,213	1,068,093	65,880
EXECUTIVE	196,227	28,704	224,931	245,114	20,183
SALES/MARKETING	237,494	35,303	272,797	306,846	34,049
FINANCE	126,188	23,132	149,320	142,171	(7,149)
EVENTS	144,737	21,195	165,932	227,256	61,324
OPERATIONS	355,383	64,064	419,447	436,332	16,885
FOOD & BEVERAGE	160,285	21,107	181,392	212,995	31,603
OVERHEAD	303,846	48,525	352,371	339,550	(12,821)
TOTAL INDIRECT EXPENSES	1,524,160	242,030	1,766,190	1,910,264	144,074
OPERATING NET INCOME (LOSS)	(228,405)	(241,530)	(469,935)	(270,225)	(199,710)

ADDITIONAL NOTES:

- NC Live – Coalition of NC Venue Managers
- IAVM – Convention Center Division
- 300 lbs of food donation to Urban Ministries
- Manager Projects
 - Procedures, Guides, and Policies
 - Initiatives – Green, Local
 - Training
 - Pricing updates
 - Ungerboeck – Database Upgrade
- Inventories – All equipment
- Building Detailing
- Presentations – 14 presentations – cross training and process documentation
 - Part Time Hiring Process
 - DCC Wellness Program
 - Financial Income Statement Comprehension
 - Sustainability – Diversion & Composting
 - Banana Bread – DCC Specialty
 - Emergency Procedures – 3 parts
 - Facility Dude – Work Order Process
 - Sales 101: Guide to Sales Process
 - Citywide Leads – How we Handle Them
 - Ultimate Guide to Weddings at DCC
 - DISC Assessment
 - Post Hire Training process
 - Wedding Planning
 - Social Tables – Diagramming Software

IV. DURHAM CONVENTION CENTER AUTHORITY:

The Durham Convention Center (DCC) presented their Reopening Plan. The plan detailed the DCC's COVID-19 policies, social distancing capacities and floorplans, signage, and staff safety. The new Logo Development was also discussed. It is no surprise that revenue losses and the canceling of events due to COVID-19 has hit the DCC hard. The DCC is committed to keeping the business they have and making needs of local clients a priority. While the DCC has been flexible they are trying to hold clients responsible for contracts established before COVID-19. The DCC is asking clients to hold or delay events instead of completely cancelling. Staff is encouraged to be creative and imagine how to book events that can be executed effectively while safely continue social distancing practices. The Durham Convention Center Authority board requested monthly meeting check ins with the DCC to discuss future plans and budget needs. A quorum was established for monthly meetings until further notice. Craig Spitzer made a motion to approve; seconded by Bill Kalkhof, motion carried; monthly meetings approved.

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 March 2020 and April 2020 financials. No events took place in April, resulting in a net loss for the month of \$126,589. This brings year to date loss to \$228,406. DCC will end the fiscal year with a net loss of

\$469,935. Projected loss at March 31, 2020 for FY20 was \$560,000, but after cutting more expenses the DCC lowered projected loss by about \$91,000. This includes a furlough of six (6) full time employees beginning May 23, 2020. Aside from April, March was projected to be a \$530,000 month, the biggest month in the DCC's existence. The DCC closed on March 12, 2020 and still generated \$230,000 which is an average month's income for our venue. As of May 21, 2020, the lost to date is about \$500,000 in definite business. The total current year impact for FY20 is about \$1,000,000 whereas FY20 had been positioned to be the best year to date in gross revenues.

- **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.