

**Durham Convention Center Authority Meeting**

Thursday, April 27, 2017

Durham Convention Center

301 West Morgan Street

11:30 AM (Lunch)

**DCC Authority Members** Present: *Richard Ford*, *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: *Steven Hicks,* *David Boyd*, *Sharon DeShazo, Jina Propst, Todd Tingler, Drew Cummings, Al Walker, and Karmisha Wallace.*

1. The meeting was called to order at 11:45 PM by Bill Kalkhof, DCCA chairperson.
2. A quorum was established for meeting minutes approval. Lew Meyers made a motion to approve March 30, 2017, meeting minutes; seconded by Alice Sharpe, motion carried; minutes approved.
3. **CONSULTANT REPORT UPDATE:**

Bill Kalkhof made a recommendation for the City of Durham to move forward with creating a report similar to the Hunden Report. After considerable discussion, the Authority asked Kalkhof to compose an array of questions and issues that a consultant study should address. Following to the DCCA meeting, Kalkhof developed the list of questions and issues and shared it with DCCA members for review. The draft will be discussed at the Authority’s June 29th meeting. On behalf of the DCCA, Lew Myers made a motion to accept Kalkhof’s recommendation for the DCC to pursue a study to update the Hunden Report and accepted by all.

1. **DCCA meetings:**

Due to the exceptional operational and financial position of the partnership and the owners, Spectra management team, and the Authority, the Authority discussed moving from monthly meetings to bi-monthly meetings beginning in June. There are no legal ramifications prohibiting the DCCA from moving the meeting from monthly to bi-monthly as reported by City management. The managerial and financial supporting documentation will continue to be distributed monthly. Special meetings, if necessary, may be scheduled by the DCCA. Jina Propst along with Bill Kalkhof and Rebecca Bolton will determine on dates to meet. The meetings will convene at 11:45 AM and dismiss at 1:30 PM. The Finance Sub-committee will mirror the identical meeting dates as the DCCA but will continue to receive financial reports monthly. If members of the DCCA have questions regarding the monthly reports, please respond to Bill Kalkhof. Therefore; on behalf of the DCCA, Lew Myers made a motion to move that the DCCA meet bi-monthly beginning in June; seconded by Alice Sharpe; motion carried and approved by all.

1. **UTILITIES ANALYSIS/SPLIT AND RETRO-COMMISSIONING:**
   * **Utilities analysis**: MBP continues to monitor the Periscope system and the chilled water BTU demand on a monthly basis since November 2016. Per the Third Modification of the Air Lease, Section 2, the electricity charges are split 50/50 until a just apportionment is determined and agreed. A rebate will be made retroactive to August 1, 2014. Discussions with Shaner on the method of calculation of the rebate as well as billing split going forward will be held when additional monthly data is gathered.
   * **Retro-commissioning project:** Purchase Orders have been issued with Comfort Engineers for the cooling tower isolation and with Champion Systems, Inc. for the controls sequence change related to the cooling tower isolation. Champion Systems also provided a quote for software and hardware upgrade to the existing system, which is under evaluation. The cooling tower isolation will allow for cleaning and another service of each of the 2 cooling towers independently without having to shut down the system. Additionally, we expect increased operating efficiency with the modified cooling tower controls sequence.
2. **HOTEL SHARED LOBBY IMPROVEMENTS:** 
   * **First, Floor Lobby renovation of Shaner leased space and shared public space:**

**Shaner Leased Space:**

**Phase IIIa:** Project Management is meeting with Rebecca to set a date to commence repairs to the spray-on fireproofing in the Pre-Function Corridor (PFC) and the Loading Dock. Tentative dates are Aug/Sept. 2017. Several aspects of the Loading Dock work should be resolved, with direction provided: Repair/replacement of all sprinkler heads; painting the loading dock; replace/repair the O/H door (Hotel side); new lighting; removal of trash compactor; any other issues.

**Shared Public Space**:

The Shared Space Renovation work is approximately 95% complete.

**All Lobby floor tile** is complete; the new entrance doors are installed; the public toilets are complete and open; the new “Bull” panels behind the Service Stations are installed; Lobby finishes are complete

**Final Items being scheduled for the next two weeks:** Installation of the Banquette (delivered too big, must be altered); Installation of Pediment walk-off mats at the Morgan and Chapel Hill Street vestibules; installing floor tile at the new main entrance doors and under the Banquette; Installing the wooden handrails at both Lobby Stairs; Painting the metal railing; Installing lights at the Bar; Removal of the old irrigation controller; Sand Blasting the concrete entrance drive, and repairing the sidewalks; Painting the metal window system at the Morgan Street entrance.

**Punch List items underway:** Testing and adjusting the new entrance doors; replacing floor tile that was not set correctly; painting and VWC repair.

**New Items to Investigate:** The new entrance H/C doors are too narrow for luggage carts. Staff will investigate wider doors.

Completion: May 5 2017.

1. **Durham City/County Administration Update: PRIORITY ITEMS**

* **FACILITY MAINTENANCE PLAN DCC AND SHARED EQUIPMENT:**

MBP has completed the contract for the mechanical equipment preventative maintenance services to divide the single current facility maintenance plan into the three components – DCC, Hotel, and shared equipment for the Owners review. City and Spectra reviewed the facility maintenance and mechanical equipment scope of work to ensure FMP requirements are met, and are working toward next steps with securing proposals for new HVAC maintenance agreements. (No update to report)

* **CAPITAL REPLACEMENTS PLAN:** The Capital Replacement Plan tool has been submitted to the City, and a demonstration was shared with the DCCA in March. A Microsoft upgrade to Excel 2013 is needed to use the tool, and Spectra staff is planning to purchase the upgrade.
* **PFC FIREPROOFING DELAMINATION PROJECT**: No update to report: The project will be initiated and completed during the July/August 2017 shut down period**.** Todd Tingler, GSD Senior Project Manager, will undertake the next steps. The contract with Terracon has been executed, and design specifications finalized. Given extensive work and disruption with lobby improvements and scheduled events, it is recommended that work be initiated in July/August 2017 with pre-identified black-out dates so the entire PFC can be turned over to the contractor.
* **MODERNERIZING ELEVATORS DOWNTOWN PARKING GARAGES:**

New project for Todd Tingler. Elevators on Corcoran Street will be shut down for a month to six weeks for upgrades. The project will begin with the single elevator on Morgan Street. The interior elevators will be accessible for patrons. Signage will be available to alert users on the process.

**VII. Spectra Venue Management (SVM) Update:**

**EVENTS FOR THE MONTH OF March 2017**

SVM held 19 events with 34 event days’ booked and 7,646 guests.

**Notable events: DCC Revenue Guests**

* + - * Links Shades of Green Fashion Show $51,460 300
      * Prevent Child Abuse $109,890 500
      * Alpha Zeta Omega $13,621 500
      * Durham County Youth Summit $57,996 175
      * RAFI $36,582 500
      * Duke University Health System $54,346 450
      * Delta Sigma Theta Alumni $67,860 800
      * NAEP (Assoc. of Environmental Prof $130,693 400
      * On Stage New York $17,896 600

**New Bookings:**

* + - * NCCU: New – 2 Banquets - $40,000
      * September Indian Wedding - $15,000
      * Duke Financial Services Holiday Party - $14,000
      * Unplugged Gaming: New - $17,000
      * NC Speech Hearing Association: New - $5,000 (January sales blitz)
      * NASW: New - $19,000 (January sales blitz)

**OCCUPANCY**: For the month of March 2017 is 57%.

**CURRENT FINANCES FOR THE MONTH OF MARCH**

**Actual Budget Variance**

Gross Revenues $270,812 $176,802 $94,011

Less Event Expenses ($93,476) ($68,686) ($24,790)

Less Indirect Expense ($162,566) ($166,379) $3,813

Net Income (Loss) $14,770 ($58,263) $73,034

**Year to Date**

**Actual Budget Variance**

Gross Revenues $1,856,789 $1,587,228 $269,560

Less Event Expenses ($777,149) ($637,801) ($139,348)

Less Indirect Expense ($1,184,365) ($1,298,854) $114,489

Net Income (Loss) ($104,725) ($349,427) $244,701

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| * + Definite Total | * + $2,340,136 |
| * + Firm Total | * + $5,503 |
| * + Proposal Total | * + $2,100 |
| * + Total Projection | * + $2,347,739 |

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| --- | --- | --- |
| **Total Projection** | **Budgeted Total Gross Income** | **% of Gross Year-To-Date** |
| $2,347,739 | $2,260,530 | 104% |

**CUSTOMER SURVEY SCORES:** 4.89 out of 5.

**STAFFING:** Looking to replace Event Manager

**Event Manager** – Position open; banquet experience preferred

**SVM PUBLIC RELATIONS:**

* March Madness – NC NAMI – Booking $25,000.
* Facilities and Destinations – April Publication
* CITE – Sheraton Imperial
* Sheraton – Naming themselves “Durham Convention Center” http://ww.sheratonrtp.com/durham-convention-center

**WEBSITE ACTIVITY:**

**2017 2016**

* + Sessions (Visitors): 1,807 2,221
    - * New Sessions: 81.79% 83.48%
      * Page Views 4,499 4,976
  + Page/Session: 2.49 2.24
  + Average Session duration: 1.11 minutes 1:18 minutes
  + Organic Search 1,167 1,255
  + Direct Search 443 430
  + Referral Search 100 528
  + Social Search 8 8

There are branding concerns regarding the Sheraton Imperial Hotel & Convention Center located in RTP. The website labels the convention center as Durham Convention Center.

1. **DURHAM CONVENTION CENTER AUTHORITY:**

* Alice Sharpe commented on the impressiveness and quality of the Raleigh Convention Center as a means of Durham acquiring a center on that scale. Her question was based on DCC’s growth and hotel rooms “what additional business and facilities could we support in expanding the DCC”. How do we make Durham what we want it to be with the growth that is coming?
* Bill Kalkhof’s recommendations to the DCCA for the DCC:
  + We request staff and the management of the DCC to look at the feasibility of the FY2017/18 to undergo a consultant’s report to look into the future. (Bill will provide a list of bullet points on why this should happen).
* **POSSIBLE FUTURE EXPANSIONOF THE CONVENTION CENTER:** The DCC is not in the City of Durham’s ten-year expansion plan.

**VIX. SUBCOMMITTEES**

* **FINANCE COMMITTEE**: *Lew Myers, Richard Ford, and Jason Friday*

City and County staff, the DCCA Finance Committee and members of SVM reviewed and discussed the DCC March 2017 financials. The income forecast for the year reveals that the DCC has met budget requirements. The net subsidy for March is $14,771 with a positive budget variance of $73,034. March had a larger attendance per event which results in more significant direct and ancillary revenue. The year to date net operating income is ($104,726).

* **MARKETING & SALES COMMITTEE***: Bill Kalkhof, Darah Whyte, Craig Spitzer and No Update to report*.