

**Durham Convention Center Authority Meeting**

Thursday, May 26, 2016

Audit Services Conference Room (first floor City Hall)

101 City Hall Plaza

11:30 AM (Lunch)

**DCC Authority Members Present**: *Bill Kalkhof, Gerry Link, Lew Myers, and Dawn Paffenroth,*

**Spectra Venue Management (SVM) Present**: *Andrea Gliatta and Jen Noble*

**City and County Representatives Present**: *Steven Hicks, Jina Propst, and Sharon DeShazo*

1. The meeting was called to order at 12:00 PM by Bill Kalkhof, DCCA chairperson.
2. A quorum was established with meeting minutes approval. Lew Myers made a motion to approve April 28, 2016, meeting minutes; seconded by Dawn Paffenroth, motion carried; minutes approved.
3. A moment of silence was acknowledged for the passing of City of Durham Councilman, Howard Clement.
4. **HOTEL SHARED LOBBY IMPROVEMENTS:**
	* **Hotel guest room renovations:**Work is complete.

**First, Floor Lobby renovation of Shaner leased space and shared public space:**

Improvements/Upgrades are part of the Marriott franchise agreement requirements. Shaner has revised improvements plan so that the net public shared space will not change in square footage. Shaner is proceeding with the retail area construction package first, (as no public dollars are required for those improvements). Permits have been submitted. During permit the review, it was noted that two 4 inch reduced pressure backflow preventers are needed for containment on the incoming water lines (This is unforeseen, but required expense). The backflow preventer required scope of work will be added to the shared space renovation project.

Project 1 has been bid and is in contract negotiation. The anticipated start date is early July to extend approximately 16 weeks. Project 2-Shaner/DCC shared space project is scheduled to begin immediately following Project 1 as to avoid any potential conflicts resulting from multiple contractors conflicting schedules.  Project 2 drawings were resubmitted with an added note for new back flow prevention devices installed as part of the renovation. The drawings are under review by the building department. Project 2 anticipates beginning late Fall for approximately 10-12 weeks. Shaner has divided the design/construction into two packages so that public dollars used in the shared public space are in compliance with public bidding.

1. **Durham City/County Administration Update: PRIORITY ITEMS**
* **FIREPROOFING DELAMINATION:** The contract has been finalized and is in the City Manager’s office for execution (to repair and test for fireproofing improvements). The Owners and Spectra Venue Management will formulate repairs to DCC areas to occur during the least busy season for the DCC (summer).
* **GRAND BALLROOM DOORS:** The purchase order has been issued to order the doors for $26,000. Door specification and measurements are verified. Doors are ordered with a six-week lead time for an early June delivery, and up to two weeks for installation. Completion is anticipated by mid-June 2016.
	+ **RETRO-COMMISSIONING:** MBP is completing a final report of recommendations and prioritization. Upon completion of the report, Owners/DCC/Shaner will provide a recommendation regarding next steps and potential future projects. A contract amendment for oversight and implementation of chiller system issues application is forthcoming. Shaner concurs with the amendment and participating in a reconciliation process for the shared equipment. A meeting will resume the first of June with Comfort Engineers, Shaner, and MBP. (The MOU outlines a 50/50 cost share with Shaner. The revised contract amount is $13,000.00)
	+ **UTILITIES ANALYSIS:** The contract with MBP has been finalized, and execution is underway. A project kick-off meeting was held on May 4 with Shaner, DCC and City staff to review next steps in the process.  This project will involve adding Btu meters to the chilled water to determine the correct usage split between the Convention Center and the Hotel.  The contract with ActiveLogix for the Periscope programming and support has been approved to allow the algorithm to be performed. GSD staff will meet with ActiveLogix in June. Preparation for bidding the electrical portion of the work to install the BTU meters is underway. (A Memorandum of Understanding) MOU outlines 50-50 cost share with Shaner. Project budget estimate, not to exceed is $60,000.)

MBP – Project Management – Flat Fee: $20,000

BTU Meter Acquisition – Materials Estimate: $25,000

Wiring – Materials and Labor Estimate: $ 5,000

Jace Programming Contractor Estimate: $ 5,000

Subtotal $55,000

Contingency $ 5,000

Project Budget Estimate $60,000

* **FACILITY MAINTENANCE PLAN DCC AND SHARED EQUIPMENT:**  The reconciliation meeting was May 4, 2016, with MBP, DCC, and Shaner to discuss reconciliation of facility maintenance plan for shared equipment and additional steps. The next meeting is held on May 31, 2016, to include all stakeholders to discuss contractual maintenance plans for shared equipment and to ensure third party contracts are in compliance. This work is on-going.
* **CAPITAL REPLACEMENTS PLAN:** The contract with MBP is executed. A kick-off meeting was held on May 4, 2016. MBP will provide a customized software tool and a four-hour training session. The contract completion date is July 15, 2016, to include a walk through to ensure FF&E. The DCC Capital replacement plan is $14,900.
* The DCC Budget presented at the budget hearing identified assets for funding.

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

**EVENTS FOR THE MONTH OF APRIL 2016**

SVM held 32 events with 48 event days’ booked and 19,000 guests.

**Notable events: Guests DCC Revenue**

* Full Frame Film Festival 12,000 $54,510.43
	+ - * MDC 420 $13,332.30
* DCVB (Annual Tribute Luncheon) 320 $10,408.00
* Wal-Mart Day/Duke’s Children’s Hospital 485 $11,085.60
* Duke HUERUG 453 $47,500.50
* On Stage NY 1,000 $18,564.00

The Moogfest event rented a tent in the DCC Plaza area. Next year the DCC anticipates Moogfest renting the entire facility. Discussions are in process.

**OCCUPANCY**: For the month of April 2016 is 71%. (The highest percentage this fiscal year)

**CURRENT FINANCES FOR THE MONTH OF APRIL**

 **Actual Budget Variance**

Gross Revenues $318,883 $222,242 $96,641

Less Event Expenses ($147,589) ($106,737) ($40,851)

Less Indirect Expense ($180,527) ($169,968) ($10,559)

Net Income (Loss) ($8,508) ($53,964) $45,456

**Year to Date**

**Actual Budget Variance**

Gross Revenues $2,137,399 $1,780,690 $356,709

Less Event Expenses ($891,963) ($740,733) ($151,230)

Less Indirect Expense ($1,310,872) ($1,463,139) $152,268

Net Income (Loss)  **(**$65,436) ($423,182) $357,746

Anticipate May 2016 Net Income is anticipated to be slightly soft.

**Sales Pace: FY2015/16**: Current Sales Bookings as of May 18, 2016.

|  |  |
| --- | --- |
|  |  |
| * + Definite Total
 | * + $2,564,914.10
 |
| * + Tentative Total
 | * + $8,150.00
 |
| * + Proposal Total
 | * + $9,450.00
 |
| * + Grand TOTALS
 | * + $2,592,964.10
 |

The DCC has $2,200 in tentative contracts with approximately $25,000 remaining to achieve the year-end $2.5million anticipated.

**CUSTOMER SURVEY SCORES:** Currently 4.46 out of 5 responses that have returned.

**STAFFING:**

* Need to fill Director of Operations position.

**SVM PUBLIC RELATIONS:**

* Weekly Rotary meetings and Board meetings
* Social media Facebook/Twitter/Pinterest and website updates
* MPI – Annual Directory

**WEBSITE ACTIVITY:**

* + Visitors: 2,039 New: 83.37%
		- * Demographic: 1047 Google organic, 510 Direct,

464 Referral, 7 emails and 11 Social

* + Page views: 4,571
	+ Page Visits: 2.24
	+ Average Session duration: 1.16 minutes

Expenses increased this month due to new management of the Plaza and fountain. These costs include a new motor for the Plaza fountain and preparations for the Full Frame Festival.

**VII. Durham Convention Center Authority (DCCA):**

* **PARKING ISSUES and ACTION taken by the DCC AUTHORITY:** Bill Kalkhof, DCCA Chair and Tom Bonfield, City Manager discussed the proposal for a parking deck to be constructed in Lot 14. The City Administration’s recommendation, which was supported by the DCCA, to move forward with the design of an 800 space deck with 15,000 square feet of office and retail on the ground level, was not approved by the City Council. The Council referred the item back to the City Administration for further review to consider the addition of affordable housing in the deck design.
* **DCCA Appointments:**

The City has an upcoming DCCA vacancy to begin on August 1, 2016; The City Clerk’s Office has been advertising since April 2016. To date, no applications are received. If Dawn Paffenroth agrees, she will hold the position until filled; if not the remaining members will need to operate with six members. The Authority prefers a candidate with a financial background (CPA preferred) and willing to attend/participate regularly.

Lew Myers, the Mayor’s appointee, upon contact from the City’s Clerk Office has agreed to re-apply for his first full term (07/31/2016 through 07/31/2019). A decision will be confirmed August 1, 2016, during the City Council meeting.

Bill Kalkhof, the DCCA’s appointee, will be voted for reappointment during a DCCA meeting before July 31, 2016, to serve for another three-year term ending 07/31/2019. The vote will occur when most or all members are in attendance.

Macio Carlton in the County Clerk’s Office will contact Richard Ford for his interest in serving a third term. Richard has confirmed his interest in serving a third term with Bill Kalkhof, DCCA chair.

**VIII. SUBCOMMITTEES**

* **FINANCE COMMITTEE**: *Lew Myers, Richard Ford, and Dawn Paffenroth*

City and County staff, the DCCA Finance Committee and members of SVM reviewed and discussed the DCC April 2016 financials. All continue to be pleased with the year-to-date positive variance.

* **MARKETING & SALES COMMITTEE***: Bill Kalkhof, Darah Whyte, Alice Sharpe, and Gerry Link*
* No update to report.
* Committee members will meet and discuss with the DCVB regarding recommendations to intensify Durham’s brand for convention business.
* Bill Kalkhof, representing the Marketing Committee will meet with the City Manager to discuss possible additional funding for DCC marketing efforts.