

**Durham Convention Center Authority Meeting**

Thursday, June 28, 2018

Durham Convention Center

301 West Morgan Street

**DCC Authority Members** Present: *Jason Friday, Bill Kalkhof, Lew Myers, Alice Sharpe, and Craig Spitzer* **Spectra Venue Management (SVM)** Present: *Andrea Gliatta and Rebecca Bolton*

**City and County Representatives** Present: *Sharon DeShazo, April French, Steven Hicks, Todd Tingler and Josh Edwards*

1. A quorum was established for meeting minute’s approval. Lew Meyers made a motion to approve April 26, 2018, meeting minutes; seconded by Jason Friday, motion carried; minutes approved.

Before beginning the formal meeting, Bill Kalkhof and the Authority expressed its sincere appreciation for a job very well done partnering with Spectra, in collaboration with the owners and the Authority for an exceptional year for the Convention Center. While unaudited, the Durham Convention Center (DCC) appears to be in a position to make its first-ever operating profit, a significant change from not so long ago when the Center was losing more than a $1 million per year. Bill Kalkhof made a special note of thanks to Rebecca Bolton and her Spectra management team for this achievement.

1. **ECONOMIC IMPACT STUDY**

Based on how communities facilitate economic impact, a multiplier effect and formula provides data through an organization called Destinations International, an advocate for connecting clients with the goal to drive economic impact through events and travel. It composes multipliers and formulas for events that occur within a market; reports on the number of patrons attending an event, regions that patrons are coming from, the number of hotel rooms associated with the event and the type of group associated with the event. The data reports in an analysis. Rebecca Bolton has experience working with these analyses in all markets that she has operated. She met with Shelly Green, DCVB to discuss how to extract the economic impact of the DCC on a regular basis. Rebecca anticipates beginning this project by July 1, 2018. Currently, there is no process for collecting this data, and either the City or the County do not mandate it; however, the data will benefit the DCC in accomplishing future goals.

1. **REBRANDING:**

The rebranding identity project is on hold until the director of events services position is filled. The plan includes creating a new logo, signage, and photography to support the new brand and lines of business; all of which will roll out into the website, print advertising, and social media. Bill Kalkhof recommended Alice Sharpe, Craig Spitzer and Darah Whyte for inclusion in implementing this process.

1. **DCC AGREEMENT RENEWAL:**

The agreement is current per a two-year renewal through FY2019 (June 30, 2019). City/County team met on June 21, 2018, to discuss renewal options and contract terms. Drew Cummings, Durham County Chief of Staff will review with the County of Durham, the status of the bond financing/debt. David Boyd, City Finance Director, will review IRS rule revisions about the contract terms and framework for the length of the term. City and County will reconvene with additional information. Spectra to provide a proposal for term length and other proposed revisions for consideration.

Since its inception, Spectra Venue Management has achieved exceptional financial and programming successes for the DCC. Bill Kalkhof communicated its accomplishments with the City Manager, and the DCC staff team for the City and County administrations, noting that the Authority recommends (if legally possible) the owners waive an RFP process and negotiate a new contract with Spectra. The management agreement should be for a period of five years, with renewal for a second five years; and if possible for administrative approval of the new agreement or does the agreement need to be approved by the City Council and County Commission.

In an email correspondence following the June 28 DCCA meeting, Kalkhof was notified about the above inquiry that the administrative staffs favor the no RFP process and a longer-term agreement. The City can enter into a longer-term management agreement (of five years), and Drew Cummings is examining the same efforts for the County. The final vote on any agreement requires a vote of the City Council and County Commission.

1. **HOTELS AND THE DCC:**

The direction on how the market is influenced was led by Craig Spitzer. Craig enlightened the group on the course of future growth for the DCC. The type of events the DCC appeals to is a significant factor in generating revenue. It is what will help fill hotel rooms along with the collaborative nature of downtown hoteliers and the DCC. The possibility comes to play with downtown hotels ability to recognize opportunities that the DCC presents. Occupancy rates for downtown hotels are up. Craig acknowledged that Rebecca should continue her successful business acumen generating events, in addition to being able to navigate the approval of capital projects for operating the DCC in a first-class manner. The objective is the ability to accommodate large events considering the growth in downtown hotel rooms. The Authority thanked Spitzer for his informative presentation and was pleased to note that he will become the chair of the DCVB for 2018-19.

1. **DEDICATION PLAQUE:**

Rebecca Bolton and Sharon DeShazo will table details on the discussion of a dedication plaque until after the DCCA meeting. A request for a mock-up and three quotes are needed to proceed. Former City of Durham Mayor, Wib Gulley inquired about a previous plaque displayed at the DCC, commemorating internal and external stakeholders from the Durham Civic Center (the name of the facility at that time) 1982 – 1989 and fills it is necessary to fabricate a new plaque. Once the project is complete, the group is planning to engineer a first-class event to recognize stakeholders and successes of the DCC. The timeline of the plaque is 1982 – 1989 (Durham Civic Center).

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

**Utilities Analysis/Split:**

Per the agreed cost share of 50/50 indicated in Section D.1 of the third modification of the Air Lease agreement and the approximated 40% usage; an adjustment for electrical usage discloses a retroactive payment will be due to the Owners. Agreement with Shaner confirmed June 21, 2018, for retroactive pay for utility allocation and 60/40 apportionment moving forward. Retroactive payment adjustment of $104,754.07 to be reimbursed, pending City/County final review. New billing arrangement for the 60/40 share is in effect.

* During the discussion, there was a recommendation from the DCCA to allocate the retroactive payment adjustment of $104,754.07 from the General Fund to DCC Capital fund.

**Proposed Capital Request: FY17/18: Projected**

**Budget: $403,500**

* + Fireproofing (carry-over FY16)

PFC $66,000
Loading Dock - Shared $21,000

Fireproofing Technologies, a division of Axiom Logic of Seffner Florida, has been selected to make repairs to the fireproofing in both the Pre-function Corridor and the Loading Dock. The bid of $85,340 is $1,660 below budgeted funds. The Owners are currently working to secure a contract with Fireproofing Technologies, and the Durham Convention Center is holding available dates in late August for this project.

* + LED Lighting Replacement $137,500 (100% complete)

 (Includes rebates)

* + Boardroom and Alcove Carpet $10,000
	+ (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

**$30,511.46**

Bryant Durham and Atcom are regular vendors for the DCC. A part of the work for the boardrooms that is provided by two of the above vendors is coordinated through Bryant Durham and Atcom. The project will make network connectivity wireless and more appealing to clients.

* + New Trash and Recycling receptacles (two bids received) $12,500

Have been selected and waiting on PO from City

* + Kitchen Equipment Improvements

(Planning underway once boardroom project is complete) $53,000

* + Bathroom Renovation (Planning underway 2018) $50,000
		- Difficult to move forward; working with an interior designer.
	+ Fountain – Liner removal, leak repair, liner replacement $56,000

Approval to move forward $56,000 liner removal; leak repair;

Liner replacement (complete)

Currently operating

* **Capital Projects forecast/FY19 Budget:**

 **Proposed Capital Request $295,000**

 Exterior Signage $55,000

* Coordination with Shaner on re-branding
* DCCA will have the ability to review once plans are underway

 Kitchen Equipment Replacements $4,000

* + Hot Boxes

 Wireless Upgrade $50,000

 Air wall Damage $20,000

* + 14 panels to repair

 Fountain Pump Decommission and Rebuild $86,000

* + Waiting on PO to begin work
	+ Vendor needs six weeks to eight weeks to fabricate pit going down into the landscaping. The existing pit is considered hazardous.

 Tables $10,000

 Rooftop Air Handler (2) $40,000

* + Need to be refurbished

 Pre-function Furniture Replacement $30,000

Holly trees in City Plaza cut down due to issues with insects and to provide better visibility for both the DCC and The Carolina Theatre. The trees are not deemed salvageable for replanting in a different location. Steven Hicks, General Services Director, offered to assist with further needs.

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

**EVENTS FOR THE MONTH OF May 2018**

SVM held 34 events with 12,027 guests.

**Notable events: DCC Revenue Guests**

* + - * Duke University Phd. Hooding $82,455 1600
			* NCCU Faculty and Staff Banquet $25,865 400
			* BCBSNC Leadership Symposium $29,224 700
			* Client Savy $26,660

**New Bookings:**

* Chitlik Adrma Weddings $32,000 October 2018
* Durham Committee on the Affairs

Of Black People $22,000 August 2018

* Funeral Directors and Morticians of NC $25,000 June 2019

**Update:**

* LED Installation in progress – 75% complete
* Plaza water fountain repairs began the third week in May
* Director of Events Services position transition – the position is currently being posted
* Aisha Cotton has filled the sales Manager position
* Rebecca Bolton will proceed with researching protocol to acquire three quotes for a new Durham Convention Center logo. $15,000 is the cap to be expended for the new logo. The committee will work with Sales and Marketing in finding three agencies as choices for the scope.
* Phase I ($56,000) and Phase II ($90,000) for fountain repairs have been approved. Currently, there is no guaranteed timeline to date.
* Rebecca is in discussion with Downtown Durham, Inc. (DDI) regarding a mural for the loading dock doors. The project may require a certificate of appropriateness. One of the doors does not work correctly. There is no cost for producing the mural.
* There was a discussion on crosswalk safety for patrons crossing Morgan Street from and to the parking deck, particularly during busy hours. A fatality occurred in 2016 regarding a pedestrian crossing the street. The City of Durham Transportation Department is referenced as a contact.
* Rebecca to forward Sharon DeShazo, City of Durham, and a list of assets purchased this fiscal year and a list of assets to be replaced.

**FINANCIAL OVERVIEW FOR THE MONTH OF MAY 2018**

 **Actual Budget Variance**

Gross Revenues $277,754 $290,892 ($13,138)

Operating Expenses $239,003 $265,082 ($26,079)

Total Operating Income $38,750 $25,810 $12,941

**FINANCIAL OVERVIEW YTD**

**Actual Budget Variance**

Total Gross Revenues $2,718,013 $2,242,754 $475,259

Total Operating Expenses $2,631,807 $2,545,605 $86,202

Total Operating *(Net Subsidy)* $86,206 ($302,851) $389,057

**Annual Budget Revenue Projection Status**

|  |  |  |
| --- | --- | --- |
| Total Projection | Budgeted Total Gross Income | % of Gross Year-end Budget Achieved |
| $2,890,126.25 | $2,485,708 | 117% |

**CUSTOMER SURVEY SCORES:** 4.57 out of 5.

**WEBSITE ACTIVITY:** May 16th – June 16th

 **2018 2017**

* + Sessions (Visitors): 987 1,496
		- * New Sessions: 84.6% 88.3%
			* Page Views 2,876 3,948
	+ Page/Session: 2.91 2.64
	+ Average Session duration: 1.39 minutes 1.16 minutes
	+ Organic Search 531 815
	+ Direct Search 267 317
	+ Referral Search 24 176
	+ Social Search 17 7



1. **DURHAM CONVENTION CENTER AUTHORITY:**
* *Election of DCCA Chair and Vice Chair Positions:*Lew Myers made a motion to nominate Bill Kalkhof to continue as Authority chair for an additional year through August 2019; Alice Sharpe seconded, motion carried and approved by all.

Richard (Dick) Ford was nominated for the position of Vice Chair and was duly elected by the Authority.

Spitzer’s term on the DCCA Board: Craig Spitzer’s first term expires on July 31, 2018. Craig is a Durham County DCCA representative and is in good standing with attendance; he is, therefore, eligible to apply for an additional term. Stipulation requires 50% attendance for eligibility to serve other terms. His application is on file for a second term. Subsequent to this meeting, Spitzer was appointed by the County Commission.

**DCVB Board chair:** Effective Tuesday, June 26, 2018, Craig Spitzer became chair of the Durham Convention and Visitor’s Bureau (DCVB).

On behalf of the DCCA, Bill Kalkhof congratulated and thanked Spectra Management, and City and County staff for their dedication and hard work on an outstanding fiscal year.

Also, the DCCA thanked Bill Kalkhof for his leadership as chair.

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

City and County staff, the DCCA Finance Committee and members of SVM reviewed and analyzed the DCC May 2018 financials. Net income for May discloses a profit of $38,750. The DCC is anticipating a favorable variance to end the FY2018 in June.

* **MARKETING & SALES COMMITTEE***: Bill Kalkhof, Darah Whyte, Alice Sharpe and Craig Spitzer*

No update to report.