



## **Durham Convention Center Authority Meeting**

Thursday, October 26, 2017

Durham Convention Center

301 West Morgan Street

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**DCC Authority Members** Present: *Richard Ford, 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: *Steven Hicks, David Boyd, Sharon DeShazo, Jina Propst, Todd Tingler, Drew Cummings, David Ades, Stacey Poston, Rachel Wexler, Downtown Durham Inc., Special Projects Coordinator, Chris Ogden, Public Art Committee, chair along with Cason Whitcomb and Eliza Meredith (Public Art Interns)*

- I. The meeting was called to order at 11:45 PM by Bill Kalkhof, DCCA chairperson.
- II. A quorum was established for meeting minute's approval. Lew Meyers made a motion to approve August 31, 2017, meeting minutes; seconded by Alice Sharpe, motion carried; minutes approved.

**III. SOCIAL MEDIA POLICY:**

- City Council approved a Social Media Policy. The DCCA members will receive a copy.

**IV. PUBLIC ART COMMITTEE PRESENTATION:**

Chris Ogden, Public Art Committee, chair gave a presentation on the purpose and history of the Public Art displays throughout the Durham community. The Public Arts Committee is a subcommittee of the Cultural Advisory Board and appointed by City Council. The Public Art interns were present, and two interns are housed in General Services Department managed by Stacey Poston. The interns are writing grants that will expectantly increase operating funds for this initiative. This effort is officially supported by the Economic and Workforce Development Department and can be used as a tool to help activate the Plaza space. The committee has successfully launched twenty-nine active projects since its inception. Funding sources are aggregated through various opportunities including an operating budget, gifts, and grants. Durham is currently behind schedule in its funding effort for Public Art according to other cities its size.

David Boyd, City of Durham Finance Director, made note that a specific line item included in the City's CIP Funding source for Public Art which is a dollar allocation and not a percentage and the Police Department project has budgeted funds available for Public Art.

Bill Kalkhof presented opportunities in which the Public Art initiative would benefit the DCC by utilizing the loading dock doors.

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

**UTILITIES ANALYSIS/SPLIT AND RETRO-COMMISSIONING:**

- **Utilities analysis:** MBP continues to monitor the chilled water BTU demand and overall electric split several times per month. Results indicate a global allocation of 60/40 instead of 50/50 based on usage. Per November 1, 2017, staff will have twelve months of electricity usage data. Staff is collecting historical billing information, dating back from fall 2014, and will combine with the actual user data for the past year, prior to implementation and any retroactive payments; follow-up will include a meeting with Shaner to discuss results and next steps in the process.
  
- **CAPITAL REPLACEMENTS PLAN:** The Capital Replacement Plan tool was reviewed on September 29, with GSD and DCC Spectra staff to begin planning for FY 18 project implementation. A Review of capital planning tool was provided by MBP to finalize needs for the next five years and specific project needs for FY 19/20.
  
- **DCC PROJECTS (including joint Shaner projects):**  
Shared public space:
  - The staff will continue to monitor throughout the one year warranty period. Final walk-through with Shaner was held on October 10. Warranty and Maintenance manuals are delivered to General Services. The attic stock is being compiled and stored.**Loading Dock and PFC Fireproofing:** Project Manager will seek a General Contractor to administer the Loading Dock repair and the PFC investigation due to the nature of the work necessary.

**Approved projects: FY17/18:**

- Fireproofing (carry-over FY16)
  - PFC \$60,000
  - Loading Dock \$21,000
- LED Lighting Replacement \$137,500  
PFC, Meeting Rooms, Back of House  
and Loading Dock (Loading Dock completed, in process of finalizing procurement for other areas)
- Boardroom and Alcove Carpet \$10,000  
(Carpet selected, anticipated completion November 2017)
- MBP Implementation/Facility Dude PM \$10,000  
Underway
- Kitchen Equipment Improvements \$53,000  
(Conceptual planning underway)
- Carpet Extractor \$10,000
- Trash Cans and Recycling Receptacles \$10,000
- A/V Upgrade \$10,000  
(Scott Brown Media contract implemented, A/V upgraded no longer an option – reallocate funds)
- Bathroom Renovation \$50,000  
(Initiate in September 2017)
- Fountain-shut down early August. Repairs next steps and corrective action/estimating under review

- **END OF YEAR PERFORMANCE – Review and approve incentive recommendation:** Corporate Citizenry survey from DCVB has been received. DCC self - evaluation received. City and County ownership support incentive payment in the amount of \$106,850.92 has been implemented.

**VI. Spectra Venue Management (SVM) Update:**  
**EVENTS FOR THE MONTH OF September 2017**

SVM held 26 events with 6,659 guests.

<b>Notable events:</b>	<b><u>DCC Revenue</u></b>	<b><u>Guests</u></b>
▪ NCHICA (3 day meeting)	\$40,192	600
▪ Indian Wedding Receptions (2)	\$55,000	800
▪ Duke Cell Therapy Dept.	\$19,825	420
▪ Veritas - (two day meeting)	\$46,343	415

**New Bookings:**

- |                                     |                |
|-------------------------------------|----------------|
| ▪ New Hope Convention               | July 2018      |
| ▪ NC Retired Gov. Employee’s Assoc. | April 2018     |
| ▪ Outside catered Wedding           | September 2017 |

**Public Relations/Advertising/Networking**

- Duke Special Event Planning Committee Breakfast
- Biweekly DOS meetings

**OCCUPANCY:** For the month of September 2017 is 36%.

**FINANCIAL OVERVIEW FOR THE MONTH OF SEPTEMBER 2017**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Gross Revenues	\$271,245	\$188,214	\$83,031
Less Event Expenses	(\$99,938)	(\$77,329)	(\$22,609)
<u>Less Indirect Expense</u>	<u>(\$157,426)</u>	<u>(\$165,755)</u>	<u>\$8,329</u>
Net Income (Loss)	\$13,881	\$54,870	\$68,751

**FINANCIAL OVERVIEW YTD 2017**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Gross Revenues	\$586,377	\$404,397	\$181,980
Less Event Expenses	(\$233,689)	(\$164,774)	(\$68,915)
<u>Less Indirect Expense</u>	<u>(\$423,234)</u>	<u>(\$451,748)</u>	<u>\$28,513</u>
Net Income (Loss)	(\$70,547)	(\$212,126)	\$141,579

**Sales Pace for FY2017/18 as of 10/20/2017**

▪ Definite Total	▪ \$1,779,441
▪ Firm Total	▪ \$49,935
▪ Proposal Total	▪ \$201,578
▪ Total Projection	▪ \$2,030,954

### Annual Budget Revenue Status – FY 2017/18:

Total Projection	Budgeted Total Gross Income	% of Gross Year-end Budget Achieved
\$2,030,954	\$2,485,708	82%

### FORECAST

	ACTUAL JUL-SEP 2017	PROJECTED OCT-JUN 2018	TOTAL ACT/PROJ FY 2018	ORIG BUDGET 6/30/18	VARIANCE \$ FAV(UNFAV)
# OF EVENT DAYS	80	348	428	454	(26)
DIRECT EVENT INCOME GROSS	126,750	369,446	496,196	625,453	(129,257)
ANCILLARY INCOME GROSS	458,751	1,477,784	1,936,535	1,764,656	171,879
TOTAL EVENT INCOME GROSS	585,501	1,847,230	2,432,731	2,390,109	42,622
OTHER INCOME	876	6,000	6,876	8,000	(1,124)
SERVICE EXPENSE	43,388	140,389	183,777	238,207	54,430
ANCILLARY EXPENSE	190,302	635,447	825,749	754,312	(71,437)
TOTAL EVENT EXPENSE	233,690	775,837	1,009,527	992,519	(17,008)
EXECUTIVE	62,301	178,653	240,954	242,238	1,284
SALES/MARKETING	56,567	182,430	238,997	239,829	832
FINANCE	30,885	100,320	131,205	134,133	2,928
EVENTS	48,134	155,136	203,270	209,114	5,844
OPERATIONS	87,846	275,203	363,049	367,343	4,294
FOOD & BEVERAGE	49,302	146,352	195,654	187,501	(8,153)
OVERHEAD	88,199	291,071	379,270	387,207	7,937
TOTAL INDIRECT EXPENSES	423,234	1,329,165	1,752,399	1,767,365	14,966
OPERATING NET INCOME (LOSS)	(70,547)	(251,772)	(322,319)	(361,775)	39,456

**CUSTOMER SURVEY SCORES:** 4.64 out of 5.

### WEBSITE ACTIVITY:

	2017	2016
▪ Sessions (Visitors):	1,463	2,742
▪ New Sessions:	83.53%	76.04%
▪ Page Views	3,346	5,537
▪ Page/Session:	2.29	2.72
▪ Average Session duration:	1.06 minutes	2:14 minutes
▪ Organic Search	786	1,199
▪ Direct Search	534	1,139
▪ Referral Search	134	394
▪ Social Search	9	9

### VII. DURHAM CONVENTION CENTER AUTHORITY:

- Bill Kalkhof met with the Durham Sports commission on behalf of the Durham Convention Center Authority. Rebecca Bolton is additionally involved. The discussion included a need to build a sports complex.
- Plan a meeting with the Carolina Theatre's new CEO – Rebecca Newton.
- DCCA to support the DCVB master plan.
- Discussion of DCCA taking the lead in developing a forum of downtown associates to discuss a partnership. The recommendation is to begin this initiative in the spring of 2018.

## **VIII. FUTURE OF THE CONVENTION CENTER:**

- a. Rebecca Bolton has had success with downtown Durham hoteliers' sales managers and DCC sales working together.
- b. There are over 700 rooms currently in the downtown Durham area that support both the hotels and the DCC.
  - i. We need more time to determine the gaps in bookings and price ranges for both entities (hotels and DCC).
- c. DCVB to conduct a "Tourism Master Plan" in the upcoming fiscal year – 2018/19. Many of the inquiries outlined in Bill's report to the DCC will be addressed in the master plan to include "what is the future of the DCC." The master plan will be prepared by a third party consultant with knowledge of the industry.
- d. How do we cultivate a partnership with the downtown complex composed of the DCC, the Armory, the Carolina Theatre and the Arts Council understanding that each facility has its mission; working in its domain?
- e. An opportunity for a partnership with an "expanded sales team" seeking long-range bookings to benefit each partner included in the partnership mentioned above.

Alice Sharpe made a motion for the DCCA to support the action plan via the bullets outlined in the "future of the convention center" discussed above (a through e); motion carried and approved by all.

## **IX. 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 September 2017 financials. The net subsidy for the month reveals a profit of \$13,881 and a favorable year to date variance of \$68,751. Revenues are higher than budget for September. The number of attendance for September is more significant than budget by 2,377 attendees. There are over \$51,076 of receivables not yet collected up to 120 days old.
- **MARKETING & SALES COMMITTEE:** *Bill Kalkhof, Darah Whyte, Alice Sharpe and Craig Spitzer*  
No update to report.