

**Durham Convention Center Authority Meeting**

Thursday, August 25, 2016

Durham Convention Center

301 West Morgan Street

11:30 AM (Lunch)

**DCC Authority Members Present**: *Jason Friday, Richard Ford,* *Bill Kalkhof, Gerry Link, Alice Sharpe and Darah Whyte.*

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

**City and County Representatives Present**: *Sharon DeShazo, Carl Deckard, Jina Propst, Todd Tingler, and Al Walker.*

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. Alice Sharpe made a motion to approve July 28, 2016, meeting minutes; seconded by Richard Ford, motion carried; minutes approved.
3. The group welcomed Jason Friday, new DCCA representative for the City of Durham. Jason will be joining the Finance sub-committee.
4. Al Walker provided a review of the audit process and how the City of Durham tracks and records financial data for Durham Convention Center reconciliation. Carl Deckard presented the FY2015/16 Financial Statement of revenues and fund balance; in addition to the audit review which is technically termed a list of twelve agreed-upon procedures performed by Cherry Bekaert. Only two comments were found on two of the twelve procedures and findings. The comments highlight how cash balance information is recorded and data received from an accounts receivable amount not collected at the time of the report. Both City and County Finance Directors provided correspondence to note agreement of the audit review performed. Per accounting terminology, this is a “clean audit.” On behalf of the DCCA, Alice Sharpe made a motion to move and accept the DCC FY2015/16 audit report; seconded by Darah Whyte, motion carried and approved by all.

The Authority expressed its appreciation to the Owners, Jen Noble, and her team, for a report well done and an excellent financial year for the Durham Convention Center.

1. **HOTEL SHARED LOBBY IMPROVEMENTS:**
	* **First, Floor Lobby renovation of Shaner leased space and shared public space:**

Part one of the Project began on July 25. It is broken into four Phases and includes a full renovation of leased lobby spaces and elevators, as well as the ninth-floor Concierge Lounge.

**Shaner Leased Space:**

**Phase I:** The Lobby renovation is in progress. Demolition is complete. Triple Crown Construction is constructing the new Flex Dining Area with completion an expected date for September 15, and the overall Project is expected completion mid-November.

**Phase II:** The Main Registration Desk, Administrative Offices, Market Area and Fitness Room (September 15- October 15). A temporary Registration Desk will be erected in the current bar area until the Phase is complete.

**Phase III:** The Bar area, Business Center and Bellman’s Closet (October 15 - November 15)

**Phase IV:** Both elevator interiors will be fully upgraded and modernized one-at-a-time to limit the impact on hotel guests. This work will be scheduled off-hours during the other three Phases as it can be completed independently.

**Shared Public Space**:

GSD-Project Management met with Shaner/Marriott and MGCA on August 23 to discuss completion of construction documents for Part II work, and the bidding schedule. All documents are complete. GSD is collaborating with MGCA to complete the Bid Manual with plans to issue documents for bidding Monday, September 5. MOU process and development are in process. Bids are tentatively scheduled to be received approximately October 6.

Anticipated construction will begin mid-January 2017. The tentative completion date is March 15, 2017.

1. **Durham City/County Administration Update: PRIORITY ITEMS**
* **FIREPROOFING DELAMINATION:** Todd Tingler, GSD Project Management will initiate next steps with this project. 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 is initiated in July/August 2017 with pre-identified black-out dates so entire PFC can be turned over to the contractor**.**
* **GRAND BALLROOM DOORS:** GSD met with the vendor to match existing color and finish to gain sign off for the installation (week of August 22, 2016). Substantial completion is expected by August 30, 2016.
* **RETRO-COMMISSIONING:** City Staff contacted Heery and Skanska (from the Phase II renovation project in 2013) regarding several HVAC items identified in the MBP final report. MBP provided an updated prioritization list on seven of recommended action items, some of which would be performed concurrently. City staff is reviewing the action items and attendant cost recommendations for further discussion with MBP and Shaner.
	+ **UTILITIES ANALYSIS:**

The electrician has installed the meters in the mechanical room and will complete the wiring and installation in the Marriott kitchen this week. MBP is planning to meet with the electrician Monday, August 29 for an inspection and to begin work on the final portion of the installation. The programming and testing of the algorithm is planned through October and November to share the electricity cost accurately.

* **FACILITY MAINTENANCE PLAN DCC AND SHARED EQUIPMENT:**  The reconciliation facility maintenance plan is on-going and will occur by August 31, 2016. The Owners and Shaner agreed that one HVAC contractor would hold all three agreements. The contract is a three-way split to allocate scope of work to be completed. This work is on-going.
* **CAPITAL REPLACEMENTS PLAN:**

MBP prepared a draft, and final revisions are being made along with final scrutinizing of FFE inventory as part of a replacement plan. First draft review meeting occurred August 4, 2016. Meetings with DCC and City Staff to review draft plan are in process. MBP will present its findings at the September or October DCC meeting.

* **ANNUAL PERFORMANCE REVIEW - Incentive Fee:**

The City/County ownership supports the incentive payment of $106,737.88. The language in the management agreement defines how the incentive fee is calculated (Section 3.2 Incentive Fee). The incentive fee is maximized at the amount of the Flat Management Fee which is $107,080 for FY2015/16. The Owners agree with Spectra’s self-evaluation indicating they are entitled to 100% of the overall management performance calculated at $16,266, Corporate Citizenry at $5,422, Customer Service at $5,076, and Asset Management at $5,422. On behalf of the DCCA, Alice Sharpe made a motion to support the recommendation of the Owners to provide the FY2015/16 incentive fee due to Spectra Venue Management for their financial and management performance; seconded by Gerry Link, motion carried and approved by all. On behalf of the DCCA, Bill Kalkhof, chair, composed a cover letter of commendation regarding Spectra’s FY2015/16 performance for the annual report.

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

**EVENTS FOR THE MONTH OF JULY 2016**

SVM held 16 events with 28 event days’ booked and 5,360 guests.

**Notable events: Guests Gross Revenues**

* New Hope 1500 $16,000
	+ - * Foundations for Earth Science 1800 $53,000
			* One Hit Promotions Boxing 600 $15,000

**OCCUPANCY**: For the month of July 2016 is 31%.

**CURRENT FINANCES FOR THE MONTH OF JULY**

 **Actual Budget Variance**

Gross Revenues $119,676 $84,737 $34,939

Less Event Expenses ($49,468) ($32,486) ($16,983)

Less Indirect Expense ($120,242) ($139,658) ($19,416)

Net Income (Loss) ($49,193) ($86,673) $37,380

**Year to Date**

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**Sales Pace: FY2015/16**: Current Sales Bookings as of August 23, 2016.

|  |  |
| --- | --- |
|  |  |
| * + Definite Total
 | * + $1,087,652.63
 |
| * + Tentative Total
 | * + $157,550.00
 |
| * + Proposal Total
 | * + $150,700.00
 |
| * + Grand TOTALS
 | * + $1,395,902.63
 |

**CUSTOMER SURVEY SCORES:** There are no results thus far to report for the current fiscal year.

**STAFFING:**

* Currently, looking for a Director of Sales and Marketing.

**SVM PUBLIC RELATIONS:**

* Weekly Rotary meetings and Board meetings
* Social media Facebook/Twitter/Pinterest and website updates
* Completing Annual Report
* Beginning stages of New Year’s Eve event

**WEBSITE ACTIVITY:**

* + Visitors: 2181 New: 81.34%
		- * Demographic: 984 Google organic, 859 Direct,

322 Referral, 0 emails and 16 Social

* + Page views: 5,787
	+ Pages/Session: 2.65
	+ Average Session duration: 1.47 minutes

Spectra is working on updating the website through the corporate office; currently in the final stages.

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

* **PARKING ISSUES:** The Authority received an update on Lot 14 and requested City staff to enter into discussions with private developers on use of parking spaces in decks renovated and built for the One City Center project and the Durham Innovation District. Since these decks will be completed on a similar timeline with the development projects, and the projects will take time to achieve a full lease status, there will be a period where more parking spaces are available than needed by the owners.
* **DCCA Appointments:**

Due to time constraints, the Authority decided to table the vote for the chair and vice-chair positions until the September meeting.

**VIX. SUBCOMMITTEES**

* **FINANCE COMMITTEE**: *Lew Myers, Richard Ford, and Jason Friday (to replace Dawn Paffenroth)*

City and County staff, the DCCA Finance Committee and members of SVM reviewed and discussed the DCC July 2016 financials. Jason Friday was appointed by the chair to the Finance subcommittee.

* **MARKETING & SALES COMMITTEE***: Bill Kalkhof, Darah Whyte, Alice Sharpe, and Gerry Link*
* Shelly Greene, DCVB is unavailable for the September or October DCCA meetings. Once dates are established, Bill Kalkhof will invite Shelly Green to a future Authority meeting to discuss the DCVB’s marketing efforts for Durham and the Convention Center.
* Bill Kalkhof conferred with the City Manager on the possibility of a portion of the DCC fund balance being committed to marketing the facility with the development of a detailed marketing plan and budget. The City Manager indicated that he would welcome a detailed marketing plan and budget developed by the Authority and the Spectra management team for review.
* Bill Kalkhof noted that the DCVB is hiring a new chief marketing officer and would like to invite the candidate to a future DCCA meeting.