



Durham Convention Center Authority Meeting

Thursday April 28, 2022
Telecom Meeting via Zoom

DCC Authority Members Present: ~~Pashara Black~~, Ashley Ferrell, Marian Dillahunt, Richard Ford, Lew Myers, Alice Sharpe and ~~Joye Speight~~

Spectra Venue Management (SVM) Present: Rebecca Bolton, My Tran

City and County Representatives Present: ~~David Ades~~, Drew Cummings, Tim Flora, April French, ~~Carlos McCall~~, Trish Creta, ~~Jina Propst~~, Fallon Thompson, ~~Karmisha Wallace~~, and ~~Shaunecie Wardick~~

- I. A quorum was established for meeting minute’s approval. Lew Myers made a motion to approve February 24 meeting minutes; seconded by Richard Ford, motion carried; minutes approved.

II. DURHAM CITY/COUNTY ADMINISTRATION UPDATE:

<u>Capital Budget FY 23</u>	<u>Budget</u>	<u>Expended</u>	<u>Projected</u>
Additional Fireproofing (Carryover FY 21)	\$239,413	\$131,354	\$239,413
Modernfold Wall Repair Project	\$68,612	\$7,220	\$68,612
Drain Line Replacement	-	\$2,020	\$2,020
Loading Dock Sprinkler Repair	-	\$6,400	\$6,400
Carpet Replacement	-	\$217,479	\$217,479
Total	\$308,025	\$364,462	\$533,915

III. SPECTRA VENUE MANAGEMENT (SVM) UPDATE:

Year to date SVM had 53 event days and 6,231 in attendance.

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAV (UNFAV) VARIANCE</u>
NO OF EVENTS	53	84	(31)
ATTENDANCE	6,231	8,200	(1,969)
DIRECT EVENT INCOME	83,073	113,667	(30,594)
ANCILLARY INCOME	118,990	271,395	(152,406)
TOTAL EVENT INCOME	202,063	385,062	(182,999)
OTHER INCOME	3,839	2,915	924
INDIRECT EXPENSES	650,508	932,151	281,643
OPERATING NET INCOME(LOSS)	(444,607)	(544,174)	99,567

**Durham Convention Center
Rolling Forecast (Detail)
3/31/21**

Rolling Forecast

	ACTUAL	PROJECTED	TOTAL		
	JUL-JAN	FEB-JUN	ACT/PROJ	ORIG BUDGET	VARIANCE \$
	2022	2022	FY 2022	6/30/22	FAV(UNFAV)
# OF EVENT DAYS	50	35	85	203	(118)
DIRECT EVENT INCOME GROSS	122,134	181,449	303,583	380,303	(76,720)
ANCILLARY INCOME GROSS	200,789	725,798	926,587	1,122,724	(196,137)
TOTAL EVENT INCOME GROSS	322,923	907,247	1,230,170	1,503,027	(272,857)
OTHER INCOME	0	0	0	5,000	(5,000)
SERVICE EXPENSE	39,061	79,838	118,899	130,473	11,574
ANCILLARY EXPENSE	79,483	319,351	398,834	492,277	93,443
TOTAL EVENT EXPENSE	118,544	399,189	517,733	622,750	105,017
EXECUTIVE	112,936	133,487	246,423	215,075	(31,348)
SALES/MARKETING	74,869	76,582	151,451	218,248	66,797
FINANCE	71,350	38,940	110,290	133,921	23,631
EVENTS	26,016	44,900	70,916	109,176	38,260
OPERATIONS	180,602	151,587	332,189	396,106	63,917
FOOD & BEVERAGE	13,519	76,154	89,673	186,497	96,824
OVERHEAD	169,217	138,917	308,134	333,400	25,266
TOTAL INDIRECT EXPENSES	648,509	660,567	1,309,076	1,592,423	283,347
OPERATING NET INCOME (LOSS)	(444,130)	(152,509)	(596,639)	(707,146)	110,507



CITY OF DURHAM
GENERAL SERVICES DEPARTMENT
 2011 Fay Street
 Durham, North Carolina 27704
 Phone: (919) 560-4197
 Fax: (919) 560-4970

DURHAM CONVENTION CENTER FUND
For the Month Ended FEBRUARY 28, 2022

	FY 2022 Budget	Year to Date Actual	FY 2022 Projected
Fund Balance - Beginning	\$ 348,060	\$ 348,060	\$ 348,060
Net Income/(Loss) from Spectra Operations:	\$ (707,146)	\$ (444,607)	\$ (665,125)
Other Revenue:			
Interest Income	\$ -	\$ (1,386)	\$ (1,386)
Air Lease	\$ 50,000	\$ 99,824	\$ 150,000
Owner Contribution-Durham County	\$ 458,000	\$ 229,000	\$ 458,000
Owner Contribution-City of Durham	\$ 458,000	\$ 458,000	\$ 458,000
Contribution-Other Agency	\$ -	\$ 250,000	\$ 250,000
Total Other Revenue:	\$ 966,000	\$ 1,035,438	\$ 1,314,614
Other Expense:			
Staff Salary & Benefits	\$ 39,567	\$ 23,080	\$ 39,567
Buildings	\$ 308,025	\$ 146,994	\$ 316,445
Performance Incentive	\$ 32,978	\$ -	\$ 32,978
Other	\$ 15,000	\$ 13,500	\$ 13,500
Total Other Expense:	\$ 395,570	\$ 183,574	\$ 402,490
Net Income/(Loss):	\$ (136,716)	\$ 407,257	\$ 246,999
Fund Balance - Ending	\$ 211,344	\$ 755,316	\$ 595,059
Capital Budget FY22 - Buildings:			
Additional Fireproofing (carryover from FY21)	<u>Budget</u> 239,413	<u>Expended</u> 131,354	<u>Projected</u> 239,413
Modernfold Wall Repair Project	68,612	7,220	68,612
Drain Line Replacement	-	2,020	2,020
Loading Dock Sprinkler Repair	-	6,400	6,400
Total	\$ 308,025	\$ 146,994	\$ 316,445



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DURHAM CONVENTION CENTER FUND
For the Month Ended MARCH 31, 2022

	FY 2022 Budget	Year to Date Actual	FY 2022 Projected
Fund Balance - Beginning	\$ 348,060	\$ 348,060	\$ 348,060
Net Income/(Loss) from Spectra Operations:	\$ (707,146)	\$ (444,607)	\$ (665,125)
Other Revenue:			
Interest Income	\$ -	\$ (4,711)	\$ (4,711)
Air Lease	\$ 50,000	\$ 115,493	\$ 150,000
Owner Contribution-Durham County	\$ 458,000	\$ 343,500	\$ 458,000
Owner Contribution-City of Durham	\$ 458,000	\$ 458,000	\$ 458,000
Contribution-Other Agency	\$ -	\$ 250,000	\$ 250,000
Total Other Revenue:	\$ 966,000	\$ 1,162,283	\$ 1,311,289
Other Expense:			
Staff Salary & Benefits	\$ 39,567	\$ 23,080	\$ 39,567
Buildings	\$ 308,025	\$ 364,464	\$ 533,915
Performance Incentive	\$ 32,978	\$ -	\$ 32,978
Other	\$ 15,000	\$ 13,500	\$ 13,500
Total Other Expense:	\$ 395,570	\$ 401,044	\$ 619,960
Net Income/(Loss):	\$ (136,716)	\$ 316,632	\$ 26,204
Fund Balance - Ending	\$ 211,344	\$ 664,692	\$ 374,264
Capital Budget FY22 - Buildings:			
Additional Fireproofing (carryover from FY21)	<u>Budget</u> 239,413	<u>Expended</u> 131,354	<u>Projected</u> 239,413
Modernfold Wall Repair Project	68,612	7,220	68,612
Drain Line Replacement	-	2,020	2,020
Loading Dock Sprinkler Repair	-	6,400	6,400
Carpet Replacement	-	217,470	217,470
Total	\$ 308,025	\$ 364,464	\$ 533,915

IV. DURHAM CONVENTION CENTER AUTHORITY:

Trish Creta presented the Capital budget items. The fireproofing project is essentially complete. The Durham Convention Center (DCC) will have another phase of this project next fiscal year but it will focus more on the code compliance issues. The Modernfold wall repair project is also essentially complete. The drain line replacement project is underway and the carpet replacement is complete.

Rebecca Bolton presented the Spectra Manager Report. March 2022 was the highest revenue month (\$460,000) the DCC has had since the building opened in 1987. One notable event was the Visit NC annual conference with members gathering from all over the state providing free positive word or mouth advertising for the DCC. The Authority would like to recognize the employees who painted the inside walls of the DCC resulting in a huge savings. Their contribution was greatly appreciated! The DCC will typically forecast 39% in their event expenditures but for May and June they are forecasting 45% to give a 6% buffer to account for increased food and labor costs. The DCC is glad to welcome new employees:

- Veronica Mayo – Administrative Assistant
- Genevieve Young – Event Manager
- Eduardo Polit – Director of Food & Beverage
- Ayanna Dickens – Sales Manager
- Matthew Rosen – Food & Beverage Support
- My Tran – Director of Finance

The DCC is currently hiring for a Director of Operations, Banquet Manager, Sous Chef, Banquet Captain and Food and Beverage Steward.

The DCC presented at the City of Durham budget meeting in the first week of April 2022. They presented a projected loss of \$800,000 for the next fiscal year with a comparable \$1.5 million gross revenue. The DCC recommended a flat City and County contribution which was well received.

Authority members are encouraged to recruit residents of Durham County to apply for the position held by Richard Ford. Pashara Black will reapply for her City of Durham position. Lew Myers will continue to serve on the board until his City of Durham Mayor appointed replacement can be selected.

Alice Sharpe recommended that the board commission for a new DCC feasibility study. Drew Cunnings will send the board the previous feasibility study done by Hunden Strategic Partners. Alice Sharpe will discuss with Jina Propst about the proposal for the feasibility study, next steps on adding it to the budget, and getting it approved.

V. SUBCOMMITTEES

- **FINANCE COMMITTEE:** *Marian Dillahunt, Lew Myers, and Richard Ford*

New Finance Director, My Tran, started Monday April 25, 2022. She will be training for HR and Accounting next week. Rebecca Bolton stated the rolling forecast will show the DCC booking and projections but the fund balance will report on figures from January 2022. Tim Flora, Rebecca Bolton, and My Tran will meet to discuss financials and how the DCC reports its statements.

April French presented the fund balance. We started January with a beginning balance of \$348,060 and the net loss for January is \$444,607. It was again mentioned that once My Tran gets up to speed these numbers will be updated and the more accurate amounts will be published for the board. The other revenue expenses are up to date from the balance and is \$1,162,283. The other expenses total is \$401,044 including \$13,500 in accounting fees. The total net income is \$316,632 bringing the ending fund balance amount to \$664,692. The DCC had planned to use the remaining \$32,521 from the carpet replacement funds of \$250,000 to update their website. The DCC has put that plan on hold for now.

Trish Creta stated that the contracts for the work done at the DCC are being reconciled as General Services tries to move forward with the cabling work. The cabling contractor will be under contract in the next few weeks. Tim Flora asked to meet about how the DCC reports and tracks how funds are used. Tim Flora and April French would like to meet with Trish Creta, Rebecca Bolton and My Tran to exactly establish what funds were received, from what source, and how they were used for the carpet replacement.

In January, the DCC was ahead of their budget by \$10,330. Three out of twelve events were held. The year to date financials are ahead of budget by \$99,567 as of January 2022. The savings shown on the indirect expenses are due to the DCC hiring freeze. The rolling forecast has been updated from July to January. The projected net income loss is \$596,639. The DCC is still working to build out their bookings for May and June. The \$1,230,170 projected revenue is mostly from the last four months of the fiscal year. Covid impacts still continue to affect the DCC revenue. The Delta variant resulted in a loss of \$550,000 and the Omicron variant resulted in a loss of \$103,000. The fund balance will stay in the black if all projections hold true. Next year City and County contributions will remain flat and not increase. The DCC has \$300,000 booked for fiscal year 2023. Last year this time, the DCC had \$600,000 booked for fiscal year 2022 and the year before that it was \$1,000,000 booked for 2021. This shows there is a diminishing opportunity cost of the pandemic and momentum created to keep their long term bookings penciled in. Year out bookings reflect events with hotel nights because clients get priority rates for rooms. The DCC uses their year out bookings as key indicators of their ability to develop economic impact. Many of the bookings the DCC has are carryover from covid cancellations and pushed events. The DCC is committed to hiring full time employees to help with the revolving door of having to use temp servers and hosts for their events.

- **MARKETING & SALES COMMITTEE:** *Ashley Ferrell, Alice Sharpe and Joye Speight* Spectra Venue (OVA) and members of the Marketing and Sales committee continue to collaborate on OVA's DCC marketing plan.