

Durham Civic Center Authority Meeting Minutes

Tuesday, October 21, 2008

8:00 am

The meeting was called to order at 8:00am with the following members present/absent:

Present: Rob VanDewoestine, Rosemarie Kitchin, Patrick Byker, Billy Ruffin, Henry Sims, Robert Sinclair, and Al Bass

Owner's representation: Karmisha Wallace, Sharon DeShazo, Pam Meyer, Harmon Crutchfield, Micheal Lynch and Shelia Huggins.

Management Company: Richard Brezinski, Alfredo Garner and Jamie Frydlo.

Motion of approval for September 16, 2008 minutes moved by Rosemarie Kitchin, seconded by Patrick Byker, voted and agreed upon by all.

Action Items for November meeting

- Update of signage displaying name change, date and payment process.
 - Ms. Wallace to follow-up on downtown outside signage
 - *When will the Authority officially change the DCCA name?*
- Report on "Lessons Learned" Phase I review meeting
- What are the requirements for design work
 - *Who defines the requirements for the project scope?*
 - *General Services will be reviewing costs proposals and both contracts will be submitted to Council for approval. Construction funds estimated availability a year after design approval.*
 - *Cost proposal and scope of work will be shared and discussed with the County prior to approval process.*
 - *The project will need agreement from all three entities prior to going before elected officials (City, County and DCCA).*
- Assessment of full inventory and useful life of assets for review on future needs. These assets are not included in Capital Projects.

Discussion of October Action Items

- Process of name transition to Durham Convention Center.
 - *Dual Branding*
 - *Owners Space – Durham Convention Center*
 - *Shaner – Durham Marriott Convention Center*

Status of September Action Items

- Meeting to discuss "lessons learned" with phase 1 of the Civic Center capital project.
 - A review meeting will convene October 22 at 1:00pm in Boardroom II at the Civic Center regarding project scope, budget, scheduling, how changes were handled and how requirements are set.

Meeting Details

Rollout name change:

Mr. Byker suggested a ceremony to rollout the new name change with the media involved once signage is in place. Refer to City and County Public Information for leadership.

Food Tax Referendum:

Ms. Kitchin led the discussion on Food Tax referendum included on the ballot for November 4. It is a penny-a-dollar prepared food tax which is subject for renewal. It will include: foods served in restaurants, prepared foods in grocery stores (not to include frozen dinners) and foods served at catered events). Statistics show that 40% of the revenue is expected to be achieved by out-of-town citizens. Ms. Kitchin distributed correspondence found on the website below:

[www.co.durham.nc.us/departments/bocc/2008 Prepared Food Tax Referendum/2008 Bond-FAQ.html](http://www.co.durham.nc.us/departments/bocc/2008%20Prepared%20Food%20Tax%20Referendum/2008%20Bond-FAQ.html) . If approved, the tax will designate a positive revenue stream for downtown facilities. Mr. Byker made a motion for the Authority to support the food tax;

seconded by Al Bass, voted on and approved by all.

Capital Project Update October 2008:

Phase I

The project is within budget, at 99% complete and is eleven weeks behind schedule. The August 03 completion date was delayed due to power supply problems. Completion of this issue is expected to extend into November 2008. The Architect and Engineer are reviewing the status of the original ADA scope to allow the City report to the department of Justice. Additional scope of \$296,831.00 was added after the project construction began to include upgrading the lower pre-function corridor and replacing folding partitions in the original ballrooms. This does not include costs for the 6 items listed under Additional Scope Currently Requested outlined below, but are budgeted within the project construction contingency (155,617.95).

Punch-list.

The schedule for punch-work was extended to allow Shaner immediate occupation and the CM@R's agreement to work under the access restrictions imposed by Shaner's booking schedule. The punch-work was further controlled by the manufacturer's lead-in time for both the carpet end-caps and the wallpaper.

- 180 items were originally identified, and the following remain incomplete;
 - Signage; original scope completed apart from two items where additional changes were requested and anticipated completion by mid-November.
 - CFL lamps failing in the grand ballrooms. The Architect/Engineer and CM@R are continuing to liaise with the suppliers regarding resolution with the lamp, ballast and dimmer.
 - The Architect/Engineer has approved the CM@R's proposal solution to rebuild the north wall of the Grand Ballroom which has insufficient bracing. This will be scheduled to suit Shaner's bookings for the rooms and is likely to be deferred until January 25 through February 2009.

- Install four missed can lights in grand ballroom 'C'; originally scheduled for completion by mid-October, now due to be completed by mid- November.
- Minor paint touch-up; completed.
- Complete wallpaper to folding partition 'pocket' in grand ballroom 'C'; completed.

Additional Scope Currently Requested.

The CM@R has tentatively agreed to address these requests without imposing the usual overhead costs allowed by contract.

- Upgrade the floor boxes in the Grand Ballrooms; the CM@R will arrange repairs to the 8x8 access plates and the Architect/Engineer will review improvements under the Phase II FY 08/09 project.
- Add 'line-reactors' to the HVAC plant; previously forecast for installation by mid-November. Eight are scheduled for installation October 20 & 21. The design for the remaining four (roof top units) are contingent on further monitoring of the equipment anticipated by late October.
- Add electronic thermostats to the grand ballrooms and remove existing pneumatic control thermostats from the new service corridor; anticipated by mid-Nov. These were not addressed under the agreed scope for the current project due to budget constraints. Shaner has been advised to adjust the existing settings temporarily to achieve the desired room temperatures.
- Refit new Pre-function Corridor light fixtures for local switching and dimming controls; the Architect/Engineer is reviewing with the lighting suppliers.
- Add E-mail alert system for HVAC outages; the CM@R installed the alert system to the HVAC controls on June 26 and Shaner's Technology department enabled e-mail access on October 03. Shaner is requested to clarify any training requirements.
- Paint wall access panels in grand ballroom 'C'; completed.

FY 08/09 Project (Phase II)

Preparations for the new project are not affected by completion of the current project (Phase I). A preliminary meeting was held with stakeholders to develop the project scope based on the un-funded list (appendix B) from the current project. The Architect/Engineer will produce a design cost proposal for the FY 08/09 Project; the CM@R will submit their cost proposal for design-phase pre-construction services.

Owners Administration Update:

The position of vice chairman has been vacant since July 1, 2008. George Stanziale, a former City appointee served as vice chairman for more than one term. The position should alternate between both governing bodies and the board shall vote on that individual. Rosemarie Kitchin, a City appointee volunteered for position of vice-chair. A motion of approval was made by Patrick Byker, seconded by Henry Sims, voted and approved by all.

The Civic Center Authority approved purchase of a new dance floor since the existing floor has gone beyond its useful life, posing a safety liability to patrons. Shaner is waiting

on formal agreement between the County and County whether through a memo generated through the City and County Managers offices or via email from the City and County representatives. Documentation is for tracking purposes. The estimated quote is \$31,546.00 from Shaner's recommended vendor. Shaner will direct payment from the operating budget. The funds will be reconciled near the end of the fiscal year through a carryover or budget transfer. We caution Shaner about spending as it relates to revenues, due to first quarter data. We want to maintain the same level of subsidy without exceeding the deficit. Mr. Brezinski suggested escrowing money out of sales for future expenditures (banquet chairs, tables, kitchen floor, etc) not included in Capital Projects. Since sales do not cover the total operating costs and the Civic Center does not make a profit, the City and County will need to set aside an allocation for these expenditures based on the prior end of year deficit being lower than forecast. A suggestion was made to set aside a capital reserve in next year's budget for emergency repairs. We have two courses of action:

- Continue process as is – submit annual CIP request, and as emergencies arise submit expenditures for approval.
- Show an accrual line item for purchases not included in the Capital Project in FY 2009/10 budget.

Mr. Crutchfield distributed and discussed the funding source and allocation for Phase I and II Capital projects, and how these funds are spent. (The County's 50% share is based on the project cost). The City is preparing an invoice for the County's Phase I contribution. Mr. VanDewostine inquired about the document which defines Phase II of the project and proposed implementing such information for distribution for November's meeting. (*What are the requirements against each line item?*)

Business Plan:

Mr. VanDewostine expects notification by October 24 regarding student participation from Duke Fuqua School of Business. (*Refer to the Business/Management Timeline in contract– Submit Business Plan to Authority for review: November*)

Downtown Meeting:

This discussion was driven by the Civic Center expansion based on the Johnston Consulting Study. The study laid out a myriad of thoughts.

Management Company Status Report:

The sales department is working at capacity with the intention of being more proactive in sales. The expectation of a full staff is to increase revenues. Shaner is re-evaluating the market due to an unstable economy. Rates have been recently updated and occupancy improved. September revenues came in at \$164,666 less than the prior year and down for this quarter. There is concern regarding elevated food department labor cost. Cost controls are being implemented. There were no Minor Fixed Asset purchases made in September due to increased August (\$27,096) purchases with only half of the budgeted line item remaining. The net loss for September is \$35,021 more than the prior year. Shaner anticipates a reduction in the end of year deficit. Presently it is over budget. In an effort to save money, Shaner is investing in increased cross training efforts. There is

concern on how DCVB markets the Civic Center and how Shaner can discourage discounts.

Agenda for next meeting

- Status of Capital projects
- Management report
- Status of “Lessons Learned” meeting
- Business Plan
- Parking