



Date: June 20, 2023

To: Wanda S. Page, City Manager
Through: Bertha T. Johnson, Deputy City Manager
From: Jina B. Propst, Director, General Services Department
Subject: Interlocal Agreement with Durham Convention & Visitor's Bureau (d/b/a Discover Durham) to add the Durham Convention Center Study to the Destination Master Plan

Executive Summary

The City recommends entering into an Interlocal Agreement with Discover Durham for the purpose of remitting to Discover Durham an amount not to exceed \$88,000, for entering into a change order to the Destination Master Plan to include a convention center feasibility study. The funding will be used to study the market and financial feasibility for three primary opportunities:

- a) renovation of the existing facility
- b) expansion of the existing facility
- c) complete new build convention center and headquartered hotel

Motion

To resolve that the City Manager be authorized to execute an Interlocal Agreement with Durham Convention & Visitors Bureau to add the Durham Convention Center Study to the Destination Master Plan in the amount of \$88,000.

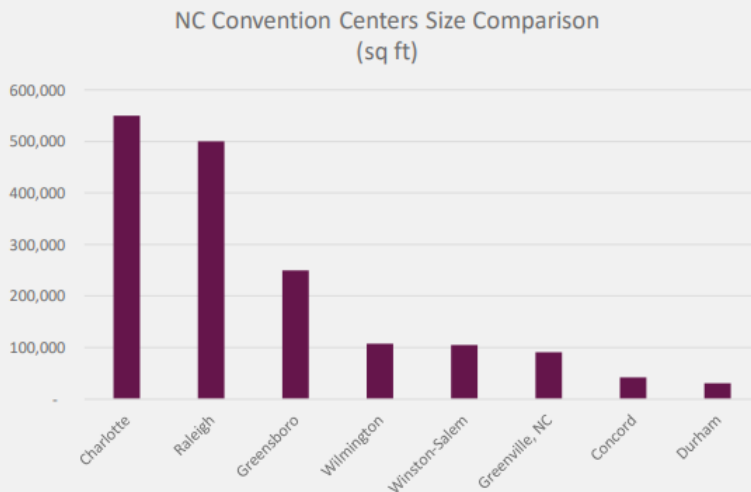
Background

Meetings and conventions bring millions of dollars in economic impact to cities that host them. Revenue benefits not only the convention center, but area hotels, restaurants, bars, entertainment districts, attractions, caterers, AV companies, airlines/airports, car rental companies, taxis and ride shares, private coach companies, florists, and more.

Durham's current convention center is small compared to markets of similar size, as the chart below for North Carolina conference exhibit space illustrates.

Durham's Convention Center size limits us to smaller meetings

Lack of exhibit hall, limited breakout spaces



Meetings & conventions bring \$M in revenue to hotels, restaurants, entertainment venues, performing artists, caterers, production companies, rental companies, florists, and more



The city and county funded a project now known as the Durham Convention & Arts Complex (DPLEX) to help Durham expand its capacity to host larger groups, still in development. In addition to this project, Durham also needs a long term vision for how it will address its ability to host meeting, event, and convention business.

It is important that the future of the Durham Convention Center (“DCC”) and headquarter hotel support be considered simultaneously. The recommendations for an expansion will differ based on whether a headquarters hotel is also added or expanded and likewise, the sizing of the hotel will be determined based on the redevelopment of the convention center. Both are linked and must be balanced in order to be successful. Demand, financial and impact projections are also reliant upon market findings and assumptions for both elements to be coordinated.

Discover Durham has already conducted a nationwide RFP process to hire industry-leading consultants to complete a Destination Master Plan (DMP) for Durham, one component of which will be a high-level assessment of the need for convention and adjacent hotel space. One of the consultants on the DMP team previously completed a study for the Durham Convention Center in 2011. Leveraging the existing DMP contract and consultant team in place, would be in the best interests of the City for the more detailed assessment of the convention center capacity needs and options, and provide a holistic recommendation.

Issues and Analysis

Funding is available in the DCC fund to effectuate this Interlocal Agreement. The consultant scope of work includes the following tasks:

Task 1	Kickoff, Project Orientation, and Stakeholder Interviews
Task 2	Profile of Existing Facilities at the Durham Convention Center
Task 3	Economic, Demographic and Tourism Analysis
Task 4	Convention, Conference and Meetings Market Analysis
Task 5	Demand Interviews
Task 6	Headquarter Hotel Trends and Walkable Package Analysis
Task 7	Hotel Market Analysis
Task 8	Case Studies
Task 9	Recommendations, Drawings and Cost Estimates
Task 10	Demand and Financial Projections
Task 11	Economic, Fiscal, and Employment Impact Analysis

The milestone deliverables include the following:

Project Kickoff (Task 1)	Consultant will travel to Durham to conduct in person meetings and interviews, a site tour, and tours of the surrounding area.
Market Findings (Tasks 2-9)	Consultant will present PowerPoint style deliverable to the City to include recommended scenarios, drawings, and cost estimates.
Draft Analysis (Tasks 10-11)	Consultant will complete all financial and impact modeling elements of the scope of work and compile the results into a draft analysis of its financial outputs, which will be presented to the Client electronically for review and comment.
Final Analysis	After receiving comments from the Client on the draft analysis, Consultant will issue its final analysis.

General Services Department anticipates project to be delivered in 5 months.

Alternatives

Discover Durham is scheduled to kick off the Destination Master Plan in June 2023. City Council could choose not to approve the Interlocal Agreement with Discover Durham, and instead General Services could publically advertise a feasibility study RFQ separate from the Destination Master Plan, which would not be as timely, nor as efficient.

Financial Impact

Funds for this project are currently budgeted and available as follows:

FUNDING SOURCES

FY 22-23	<u>\$88,000.00</u>
Totals Revenues	\$88,000.00

PROJECT COSTS

Interlocal Agreement	<u>\$ 88,000.00</u>
	\$ 88,000.00

Funding for this project is available in the following accounts:

Fund	Organization Code	Object Code	Project Code	Amount
Convention Center Operating	5600C310	728840		\$88,000

Equal Business Opportunity Summary

This is an agreement that was not reviewed by the Department of Finance – Underutilized Business Compliance for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Contractor Workforce Diversity & Hiring Practices

Due to the nature of this agenda item, obtaining Contractor Workforce Diversity & Hiring Practices information is not applicable.

Attachments

Interlocal Agreement

Attachment A – Scope and Schedule of Deliverables

Attachment B – Budgeted City-Funded Expenditures