



FY 2021/22 QUARTERLY REPORT – 3rd Quarter Ended March 31, 2022



April 25, 2022

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Santa Clara Convention Center is strategically located in the heart of Silicon Valley, a prime location for conventions, trade shows and exhibitions. The Santa Clara Convention Center is minutes from hotels, restaurants, Levi’s Stadium, California’s Great America Theme Park, and many of the largest and most influential technology companies in the world, with easy access to freeways and Norman Y. Mineta San Jose International Airport and only 45 miles south of San Francisco. The Convention Center features 100,000 square feet of exhibit space, a 22,400 square foot ballroom, 31 breakout rooms and a 607-seat theater and attracts over 350,000 visitors annually. The facility is an integral economic component of Santa Clara, generating economic benefits through attendee direct and indirect spending and sustaining over 500 local jobs.

For more information, visit www.santaclaraconventioncenter.com.

3rd Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 3rd quarter ended March 31, 2022. This report is unaudited and, therefore, subject to change.



36,309
Total Attendance



46
Total Events



\$1,318,218
Total Revenue

Strategic Highlights

Spectra continues to be actively involved with the City and its consultant, Jones Lang LaSalle (JLL) on the development of a new Destination Marketing Organization (DMO) for Santa Clara. Spectra and its partners from Levy, Smart City and Encore continued utilizing the interim booking policy and prospecting new business focused on bringing high impact events to the destination. Sales efforts were aligned with Spectra, Levy and the DMO's overlapping key performance indicators (KPI's). Capital projects were also a focus in Q3 including finalizing upgrades to lobby flooring and repurposing space to provide more convenient food and beverage service by Levy. Spectra continued to phase in and out employees. Employee totals varied from 10 to 17 based on event load and projected revenue generation. All employees were brought back in accordance with California's Rehiring and Retention Law.

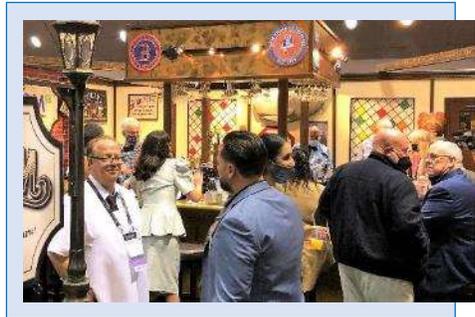
Financial Highlights

In Q3, the COVID variant - Omicron - continued to have an impact on the building. Gross revenue January through March was \$1,318,218 representing 48.26% of the overall budget for revenue. Conversely, expenses totaled \$1,401,425, 53.90% of the budgeted expenses for the quarter, resulting in an overall loss of \$83,207 for Q3.

Event Highlights

Forty-six events took place during the third quarter; 24 less than the budgeted number of 70. Twenty-three events canceled or rescheduled due to concerns regarding the Omicron variant in Q3. In January, the Center hosted two Northern California Volleyball Association events, one for boys and one for girls, attendance was nearly 8,000 over the 6-days of competition. In February, the SCCC had its largest event of the year cancel due to COVID, however the Center did host the 30th Annual California Association of Community Managers event. The theme for 2022 was "Cheers! To 30-

years". In March, International Data Corporation (IDC) Directions returned to Santa Clara with their in-person event focused on thriving in today's digital-first world.



California Association of
Community Managers –
Cheers! To 30-Years

IDC Directions
Thriving in Today's Digital-First World



Operational Highlights

- As mentioned above, 46 events took place in the third quarter. Ten in January, 16 in February, and 20 in March.
- The General Manager (GM) monitored and defined the requirement of staffing levels based on business quantity and projected revenue generation. Therefore, employee enrollment varied from 10 to 17 throughout the quarter.
 - Staffing levels are discussed with the Contract Administrator on a bi-weekly basis.
 - All employees continued to be provided with a return-to-work orientation, outlining the facilities new COVID protocols and procedures.
 - The GM attended multiple meetings with Lotus Marketing, the marketing firm representing Discover Santa Clara™, Spectra and Levy. Topics discussed and reviewed included: photography, website upgrades, branding verbiage, and brand strategy guide.
- In March, the GM worked with the Operations team to conduct further assessments of the HVAC systems within the facility.
- Spectra, Levy, the DMO, the City and JLL continued holding bi-monthly sales meetings to further develop the long-term sales strategy for the Center. The strategy defines goals and responsibilities of Spectra, Levy and the DMO as all partners strive to optimize the building's business and revenues over future years. An updated Sales & Marketing campaign was the focus of several meetings during the quarter.

Other Noteworthy Highlights

- In Q3, Spectra's merger with Oak View Group (OVG) continued to evolve. In February, Oak View Group announced that moving forward, its Venue Management department would be known as OVG360.
- In March, the GM attended a meeting on Spectra/Oak View Group updating its vaccination policy:
 - Oak View Group decided to terminate its vaccination requirement eliminating the need to be fully vaccinated in order to work for the company.
 - GM shared this update with its partners at Encore AV, Smart City, Levy, and the Hyatt.
- The Center and its partners continued to monitor the updated health orders issued by the California Department of Public Health and how they may impact upcoming events.
- The GM held multiple interviews with applicants for a vacant Event Manager position. An offer was extended and accepted by the chosen candidate. Start date is scheduled for mid-April.
- In February, the GM attended the OVG Leadership Conference in Los Angeles.



Financial Summary

Financial Results

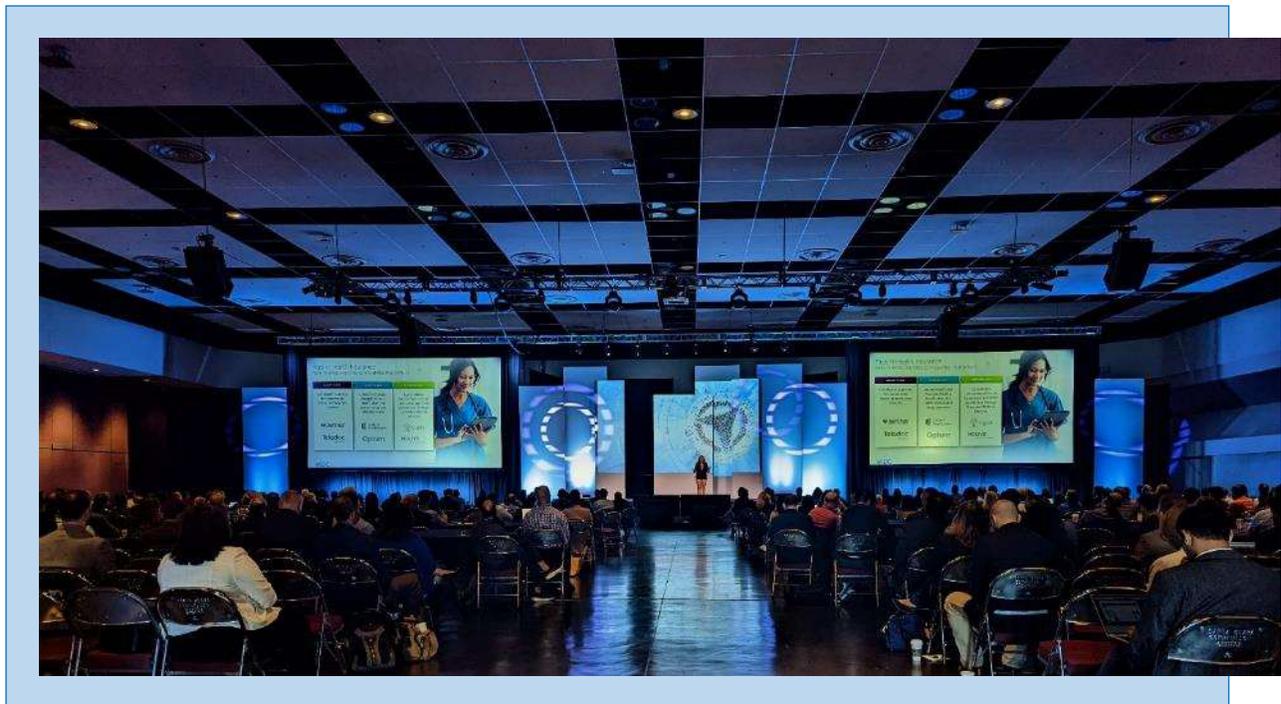
The Convention Center continued hosting events in the third quarter. Revenues were impacted by cancellations and postponements due to the Omicron variant. This included cancellation of the facility's largest budgeted event in February. Spectra and its partners did generate \$1,318,218 in gross revenue during the quarter. Spectra/Oak View made best efforts to react to the unplanned cancellations and worked diligently to monitor expenditures in an effort to control losses.

Financial Summary – 3rd Quarter ended March 31, 2022

	Projected in Budget	Actual	Difference
Gross Revenue	\$2,731,735	\$1,318,218	(\$1,413,517)
Total Expense	2,599,936	1,401,425	1,198,511
Net Income	\$131,799	(\$83,207)	(\$215,006)

Total expenses for the quarter were \$1,401,425, or \$1,198,511 less than the budgeted amount of \$2,599,936. There was \$27,205 of other revenue recognized in Q3 primarily from cancellation fees.

The year-to-date expenses were \$3,685,314 and year-to-date net loss was \$405,049.



Income Statement

	PERIOD TO DATE -3rd Quarter			YEAR TO DATE -Ended 3.31.2022		
	Budget	Actual	Budget Variance	Budget	Actual	Budget Variance
# of Events	70	46	(24)	127	83	(44)
# of Event Days	0	76	76	-	171	171
Annual Attendance	158,490	36,309	(122,181)	195,290	67,096	(128,194)
Event Revenue						
Rental	\$532,110	\$520,966	(\$11,144)	\$1,140,750	\$1,073,060	(\$67,690)
Services	\$18,750	\$72,980	\$54,230	\$88,200	\$97,008	\$8,808
IT/Telecom	\$212,000	\$60,714	(\$151,286)	\$397,500	\$366,655	(\$30,845)
Food & Beverage	\$1,563,775	\$375,659	(\$1,188,116)	\$2,868,352	\$1,078,117	(\$1,790,235)
Audio Visual	\$71,500	\$128,291	\$ 56,791	\$135,300	\$274,804	\$139,504
Electrical	\$318,312	\$132,403	(\$185,909)	\$749,212	\$284,649	(\$464,563)
Total Event Revenue	\$2,716,447	\$1,291,013	\$(1,425,434)	\$5,379,314	\$3,174,293	\$(2,205,021)
Event Expenses						
Services	-	\$52	(\$52)	-	\$52	(\$52)
IT/Telecom	\$156,880	\$41,286	\$115,594	\$294,150	\$253,835	\$40,315
Food & Beverage	\$1,239,513	\$438,283	\$801,230	\$2,513,510	\$1,169,804	\$1,343,706
Audio Visual	\$53,625	\$100,407	(\$46,782)	\$101,475	\$209,979	(\$108,504)
Electrical	\$213,269	\$95,764	\$117,505	\$501,972	\$202,326	\$299,646
Total Event Expenses	\$1,663,287	\$675,792	\$987,495	3,411,107	1,835,996	1,575,111
Net Event Income (Loss)	\$1,053,160	\$615,221	(\$437,939)	\$1,968,207	\$1,338,297	(\$629,910)
Other Revenue	\$15,288	\$27,205	\$11,917	\$45,864	\$105,972	\$60,108
Total Revenue	\$1,068,448	\$642,426	(\$426,022)	\$2,014,071	\$1,444,269	(\$569,802)
Indirect Expenses						
Executive	\$77,286	\$52,436	\$24,850	\$254,858	\$223,027	\$31,831
Marketing	54,027	46,243	7,784	174,537	104,580	69,957
Finance	58,425	52,870	5,555	186,649	165,708	20,941
Event Services	88,282	97,738	(9,456)	277,281	185,285	91,996
Operations	358,383	117,123	241,260	1,134,147	573,398	560,749
Overhead	\$300,246	\$359,223	(\$58,977)	\$900,738	\$597,320	\$303,418
Transition Costs	-	-	-	-	-	-
Total Indirect Expenses	\$936,649	\$725,633	\$211,016	\$2,928,210	\$1,849,318	\$1,078,891
Net Operating Income	\$131,799	(\$83,207)	(\$215,006)	(\$914,139)	(\$405,049)	\$509,089

Event Statistics

There were 46 events scheduled in Q3 with \$1,291,013 in revenue and \$675,792 in expenses. 'Conventions' and 'Sporting Events' generated the largest amount of revenue in the quarter.

Event Revenue

Event Net Revenue – 3rd Quarter ended March 31, 2022

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$26,140	\$23,023	\$3,117
Meetings	139,973	28,711	111,262
Consumer Shows	8,037	611	7,426
Trade Shows	239,276	174,792	64,484
Conventions	394,535	282,049	112,486
Special Events	94,817	30,467	64,350
Miscellaneous Events	-	-	-
Sporting Events	388,235	136,139	252,096
Totals	\$1,291,013	\$675,792	\$615,221

This quarter, there was a net loss of \$83,207. The loss was the result multiple cancellations due to the Omicron variant. Event expenses of \$675,792 were a combination of Levy's labor and indirect expenses as well as expense generated by Encore and Smart City to provide services for contracted events. Year-to-date, the Center's net income is a negative \$405,049.

Partners

Partner Revenue – 3rd Quarter ended March 31, 2022

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$375,659	\$438,283	(\$62,624)
Smart City (IT services)	60,714	41,286	19,428
ENCORE-AV (AV services)	128,291	100,407	27,884
Electrical	132,403	95,764	36,639
Totals	\$697,067	\$675,740	21,327

Partner revenue for Q3 was \$697,067. The cost of sales was \$675,740 for a net profit of \$21,327. Year-to-date, net partner revenue is showing a \$168,281 profit versus budget.

Indirect Expenses

Total indirect expenses were \$725,633 for the quarter.

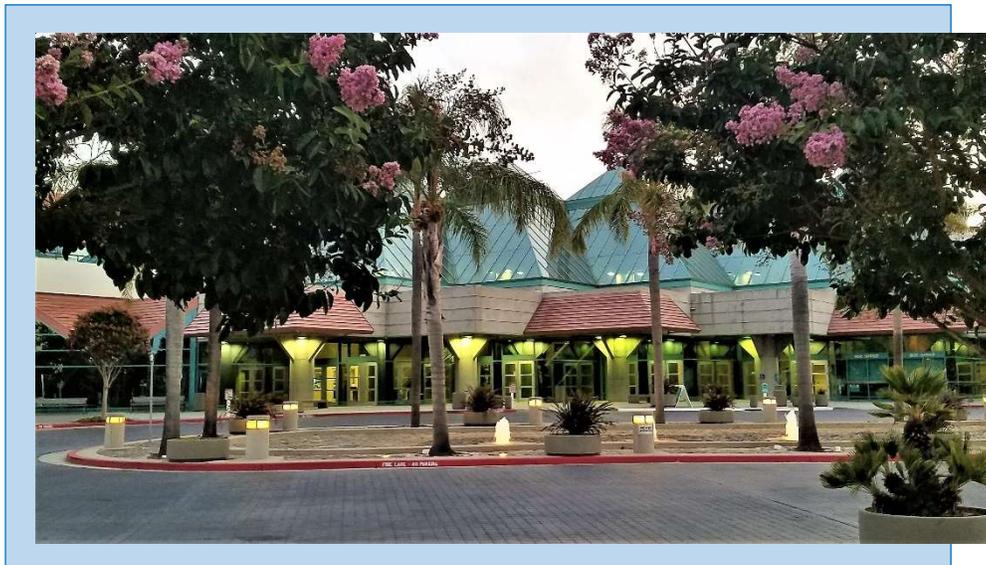
Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$52,436
Marketing	Sales and marketing related	46,243
Finance	Finance and Human Resources	52,870
Events	Staffing to manage events	97,738
Operations	Engineering, building services, security, and all other related expenses to operate the building	117,123
Overhead	Non-departmental expenses	359,223
Totals		\$725,633

Other Activities

Both Spectra and Levy continued to review staffing levels and expenditures in an effort to mitigate financial losses to the City. Indirect expenses for Q3 were \$211,016 under budget primarily due to overhead expenditures.

Working in conjunction with Levy, the DMO, the City and JLL, the sales team reconfirmed their prospect goals for FY 2021/22. Spectra's goal for the year is to average 204 active business prospects throughout the fiscal year. As of the end of the third quarter, Spectra's sales team is actively working 170 sales prospects. Applying the goals of the booking strategy, Spectra has put an emphasis on prospecting and generating leads for Priority 3 business. Spectra is aiming to convert 20% of those prospects into tentative¹ business. Of those tentative events, Spectra will work to reach a conversion ratio of 20% into definite² business throughout the fiscal year. Due to COVID, eleven Priority 3 pieces of business have canceled or postponed for this fiscal year. The partners and sales team continue to discuss and identify ideas or concepts that will differentiate the Santa Clara Convention Center from its competitors.

In the third quarter, the GM continued service as the Treasurer for the DMO, reviewing and updating the financials for Discover Santa Clara™ as well as generating a rolling forecast. GM also updated the proposal template for the DMO sales staff and continued assisting in the oversight of the sales team.



¹ A tentative is defined as having dates held and/or proposals issued to the client.

² A definite is realized when a client signs its Use License Agreement for an event at Convention Center.

Key Performance Indicators (KPIs)

Gross revenue for Q3 was \$1,318,218, while net income was a loss of \$83,207 for the quarter. Through the third quarter the event mix shows the Convention Center has hosted 44% of its targeted P3's, 17% of its P4 goal and 46% of its P5 mark. Prospecting numbers remain strong as the Sales Manager continues to focus on bringing new business to the facility. Monthly results of the KPI's for Q3 are included below.

Spectra Venue Management – Santa Clara Convention Center						
Performance Measures						
	2021/22 Target	YTD Results	January	February	March	NOTES
1. Convention Center Gross Revenue	\$8,352,205	\$3,280,265	\$359,586	\$479,711	\$478,922	
2. Net Income	(\$646,267)	(\$405,047)	(\$95,639)	(\$74,887)	(\$33,831)	
3. Number of Room Nights Consumed	6,605	7,273	1,871	463	1,171	
4. Economic Impact	\$8,980,044	TBD	TBD	TBD	TBD	
5. Customer Service Survey Results (<i>overall satisfaction</i>)	85%	-	-	-	-	Reported at year-end
6. Event Mix at the Convention Center (<i>consumed</i>)						
Percent of P1 Events	1%	-	0%	0%	0%	
Number of P1 Events	1	-	0	0	0	
Percent of P2 Events	1%	-	0%	0%	0%	
Number of P2 Events	2	-	0	0	0	
Percent of P3 Events	8%	44%	25%	31%	44%	
Number of P3 Events	16	7	0	1	2	
Percent of P4 Events	20%	17%	14%	14%	17%	
Number of P4 Events	42	7	2	0	1	
Percent of P5 Events	71%	46%	25%	35%	46%	
Number of P5 Events	150	69	8	15	17	
7. Community Benefit						
Number of collaborative, community-based events hosted at the Center	1	0	0	0	0	
Percent of Center employees that volunteer in the community	50%	-	-	-	-	Reported at year-end
Percent of small, local and MWBE businesses/vendors	20%	-	-	-	-	Reported at year-end
8. Number of Prospects (active) (<i>non-cumulative</i>)	204	202	192	182	170	Average for the year of P3, P4, P5

Forecast

The Center operated at a loss of \$405,049 through Q3 as a result of canceled or rescheduled events. For the remainder of FY 2021/22, revenues are projected at a \$119,375 profit resulting in an overall loss of \$285,674 for the fiscal year. If these projections hold, the Center will exceed its budgeted loss of \$646,267 by \$360,593. However, this number is fluid and will continue to fluctuate based on the on-going challenges due to any new COVID-19 variants and the impact of California's mandate for indoor mega events which is expected to be lifted in April 2022.

SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY2021/2022

	ACTUAL YTD July - Mar FY 2022	FORECAST Apr - June FY 2022	TOTAL PROJECTION FYE 6/30/22	ORIGINAL BUDGET FYE 6/30/22	VARIANCE
# OF EVENTS	83	79	162	211	(49)
DIRECT EVENT INCOME	\$1,282,836	\$1,182,087	\$2,464,923	\$ 2,144,697	\$320,226
ANCILLARY INCOME	55,461	322,728	378,189	1,012,652	(634,463)
TOTAL EVENT INCOME	<u>1,338,297</u>	<u>1,504,815</u>	<u>2,843,112</u>	<u>3,157,349</u>	<u>(314,236)</u>
OTHER INCOME	<u>105,972</u>	-	<u>105,972</u>	<u>61,150</u>	<u>44,822</u>
EXECUTIVE	223,027	83,342	306,369	332,143	25,774
MARKETING	165,708	75,236	240,944	245,052	4,108
FINANCE	185,285	91,762	277,047	365,547	88,500
EVENTS OPERATIONS	104,580	94,860	199,440	228,558	29,118
OPERATIONS	573,398	591,133	1,164,531	1,492,492	327,961
OVERHEAD	597,320	449,107	1,046,427	1,200,974	154,547
INDIRECT EXPENSES	<u>1,849,318</u>	<u>1,385,440</u>	<u>3,234,758</u>	<u>3,864,766</u>	<u>630,008</u>
OPERATING NET INCOME (LOSS)	<u>(405,049)</u>	<u>119,375</u>	<u>(285,674)</u>	<u>(646,267)</u>	<u>360,593</u>
NET INCOME (LOSS)	<u>\$ (405,049)</u>	<u>\$ 119,375</u>	<u>\$ (285,674)</u>	<u>\$ (646,267)</u>	<u>\$ 360,593</u>

FY 2021/22 Capital Improvement Projects (CIP) Budget

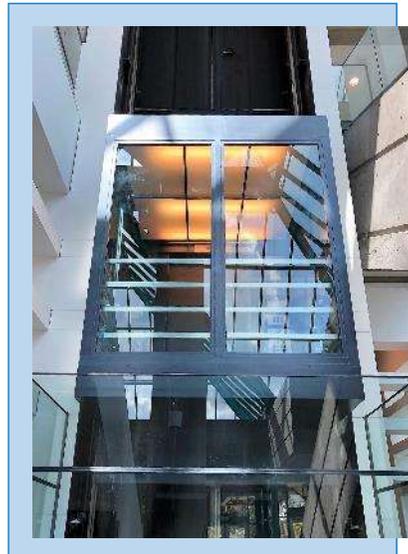
CIP Project Updates

Flooring/Painting projects

- Repairs and updates on the polished concrete project in the main lobby continued in Q3. There is still one area that needs attention, and it will be completed when the event load permits. Final payment for the polished concrete is being withheld until all areas of concern are resolved.
- Final payment for the carpeting was invoiced and paid to the contractor.
- Painting of the main lobby elevator was completed in Q3.
- A change order for additional painting of the lower lobby was issued and work was completed.
- The wall panels were recovered and installed in the meeting rooms and the final invoice was received and paid.
- The installation of the corner guards is completed, and final payment has been issued.
- The installation of the wall bases was completed, and final payment was made.

Kitchen & Digital Signage projects

- Spectra continued conversation with its third-party project manager for the Kitchen & Digital Signage projects.
- New documents were issued to the project manager for the Digital Signage package and the RFP is expected to be released in Q4.
- Work continues on the Kitchen and Tech Café/Stand B RFBs which are expected to be released in late Q4.



CIP Project Budget

- Levy continues to contribute investments funds as needed for the improvement projects related to the food and beverage operational and service areas.

Proj. #	Project Name	Phase	CITY/SPECTRA REVISED BUDGET	LEVY	TOTAL BUDGET	YTD Exp.	Balance
001	Convention Center HVAC Study	-	\$ -	\$ -	\$ -	\$ -	\$ -
002	Convention Center HVAC - Duct Work	-	\$ -	\$ -	\$ -	\$ -	\$ -
003	Convention Center HVAC - BMS System Upgrade	Completed FY 2019/20	\$ 20,450	\$ -	\$ 20,450	\$ 20,450	\$ -
004	Convention Center HVAC Portable A/C Units	Completed FY 2020/21	\$ 75,350	\$ -	\$ 75,350	\$ 75,350	\$ -
005	Convention Center Security System	Completed FY 2021/22	\$ 177,381	\$ -	\$ 177,381	\$ 89,575	\$ 87,806
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Completed FY 2021/22	\$ 480,787	\$ -	\$ 480,787	\$ 479,300	\$ 1,487
007	Convention Center Building Envelope Repair - Terrace Building Front	-	\$ -	\$ -	\$ -	\$ -	\$ -
008	Convention Center Interior Digital Signage and Display System	Implementation	\$ 855,386	\$ -	\$ 855,386	\$ 43,039	\$ 812,347
009	Convention Center Interior Paint	Implementation	\$ 694,994	\$ -	\$ 694,994	\$ 577,192	\$ 117,802
010	Convention Center Door Replacements	-	\$ -	\$ -	\$ -	\$ -	\$ -
011	Convention Center Facility Lighting Project	-	\$ -	\$ -	\$ -	\$ -	\$ -
012	Convention Center Riding Vacuum Purchase	Completed FY 2019/20	\$ 31,238	\$ -	\$ 31,238	\$ 31,238	\$ -
013	Convention Center Carpet Replacement	Implementation	\$ 1,628,720	\$ 241,856	\$ 1,870,576	\$ 1,417,371	\$ 453,205
014	Balance - Contingency	-	\$ 145,694	\$ -	\$ 145,694	\$ -	\$ 145,694
015	Kitchen/Tech Café/Stand B	Pending	\$ -	\$ 1,757,065	\$ 1,757,065	\$ 37,903	\$ 1,719,162
TOTAL			\$ 4,110,000	\$ 1,998,921	\$ 6,108,921	\$ 2,771,418	\$ 3,337,503

Community Involvement

GM met with representatives from Cardinal Robotics. A local company based in Palo Alto, who discussed new technology being produced locally which can provide state-of-the-art UV cleaning and vacuuming options in robotic form. These robots are being used throughout the world in large venues, such as airports and hospitals.



Discover the Disinfecting Power of Cardinal Robotics

99.99999%	10	70
Reduction of Viruses and Bacteria	Average Time to Disinfect	Number of Countries Our Robots are Deployed

cardinal
ROBOTICS



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