



**FY 2024/25 QUARTERLY REPORT – 1<sup>st</sup> Quarter Ended September 30, 2024**

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**October 25, 2024**

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**Santa Clara Convention Center** is strategically located in the heart of Silicon Valley. The Convention Center offers a prime setting for conventions, trade shows, and exhibitions. The venue is just minutes from hotels, restaurants, Levi’s® Stadium, California’s Great America, and some of the world’s leading technology companies. With convenient access to major freeways and the Norman Y. Mineta San Jose International Airport, it is also 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, attracting over 300,000 visitors annually. As a key economic driver for the region, it contributes significantly to the local economy through attendee spending and supports over 500 local jobs.

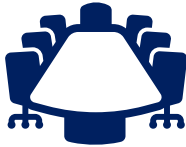
For more information, visit [www.santaclaraconventioncenter.com](http://www.santaclaraconventioncenter.com).

# 1<sup>st</sup> Quarter Highlights

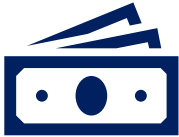
This quarterly report covers fiscal operations of the Santa Clara Convention Center for the first quarter ended September 30, 2024. This report is unaudited and, therefore, subject to change.



**52,600**  
Total Attendance



**35**  
Total Events



**\$3,099,835**  
Total Revenue

## Strategic Highlights

Oak View Group (OVG) continues to be actively involved with the City and its partners at the Silicon Valley/Santa Clara DMO, Inc dba Discover Santa Clara<sup>®</sup>. In collaboration with the City of Santa Clara and Discover Santa Clara (DMO), OVG conducted high-level meetings to prepare the venue for its role in global events, including Super Bowl 60 and the 2026 FIFA World Cup. The Santa Clara Convention Center secured a key partnership with Pinnacle Live by awarding them the preferred Audio-Visual Services contract, aimed at enhancing event production capabilities and financial commissions.

OVG stayed very involved in many activities, including partner meetings, reviewing contracts, and handling union negotiations. OVG continued labor discussions with both Local 2785 – Teamsters and Local 39 - Operating Engineers. The OVG GM updated and submitted proposals to the Bay Area Host Committee, positioning the Convention Center as a primary site for hospitality events tied to Super Bowl 60 and the 2026 FIFA World Cup. Additionally, as Vice-chair and Treasurer of the DMO, the OVG GM requested additional funding from the City to support Discover Santa Clara’s<sup>®</sup> expanding needs. OVG, along with Levy, Smart City, and its new preferred Audio-Visual provider, Pinnacle Live, continued utilizing the booking policy and actively sought new business opportunities aimed at attracting impactful events to the facility. The dedicated sales efforts of the Center team resulted in the booking of 49 events in the quarter, with 12 of them classified as new business.

The OVG GM continued to monitor event load and potential revenue throughout the quarter and made strategic decisions on labor levels based on event load.

## Financial Highlights

After a challenging July and August, business trends improved significantly in September. Gross revenue for Q1 reached \$3,099,835, or 79.8% of the budgeted \$3,882,511, reflecting a shortfall of \$782,676. Conversely, expenses were well-controlled, totaling \$3,086,828, which is 77.2% of the budgeted expenses of \$4,000,752, resulting in a savings of \$913,924. Overall, the net income for Q1 was a profit of \$13,007, surpassing the projected loss of \$118,241 by \$131,248.

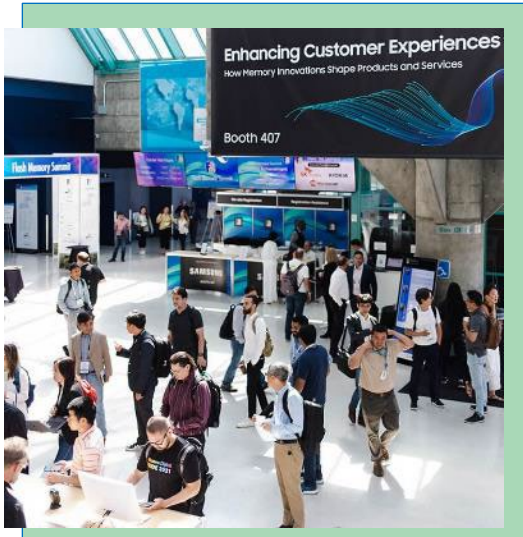
## Event Highlights

Thirty-five events took place during the quarter, 23 fewer than the budgeted 58. This decrease resulted primarily from a strict adherence to the booking policy and the fact that several DMO events on hold for Q1 did not come to fruition. Additional contributing factors include ongoing challenges in forecasting event schedules two years in advance and increased competition from other Bay Area venues, which impacted event volume at the center in July, August, and September. In Q1, one event canceled its date due to internal organizational issues. One event has reserved future dates but did not hold its planned event in Q1. A total of 26 clients did not move forward with their proposal.

In July, San Jose Made introduced a new event to the center calendar, the "Summer Fair," featuring over 300 artists, designers, and small businesses from the area. These vendors set up booths to showcase and sell their creations, attracting attendance of around 10,000 over the weekend following Independence Day. In August, the Flash Memory Summit (FMS) returned to the Center for its 36<sup>th</sup> annual event, continuing to be one of the largest gatherings focused on digital storage technologies. The event saw strong attendance and attendee engagement. September was marked by the Golden State International Wushu Championships, one of the largest Wushu competitions in the United States. Seventy-one teams from 15 countries and regions participated, with nearly 1,800 athletes, and the total number of participants exceeded 4,000 over two days of live competition.

*SJ Made Summer Craft Fair*





36<sup>th</sup> Annual Flash Memory Summit



Golden State International  
Wushu Championships

## Operational Highlights

- As mentioned above, 35 events took place in the first quarter. Eight in July, nine in August, and 18 in September.
- The OVG GM managed staffing and event load throughout the quarter, adjusting workforce levels based on event volume, which led to the temporary layoff of three employees in July and August. OVG did fill additional part-time openings within the Operations Department, therefore, employee levels varied from 35 to 37 throughout the quarter.
- The OVG GM ensured the Convention Center's compliance with California's safety laws by hosting two workplace violence prevention training sessions, reflecting a commitment to a safe work environment for all employees.
- The OVG GM and the negotiation team successfully concluded their review of the Local 39 International Union of Operating Engineers (IUOE) collective bargaining agreement, securing terms that benefit both the union and management, setting a positive precedent for future labor relations.
- The OVG GM facilitated an introduction meeting between Pinnacle Live's sales team and the sales and marketing employees from the Convention Center. This introductory meeting was used to help establish strong working relationships and ensure a smooth transition of services.
- The OVG GM worked closely with OVG Global Partnerships to compile and submit all requested information related to Santa Clara and the Convention Center, enabling the organization to explore potential sponsorship and partnership opportunities.

## Other Noteworthy Highlights

- In Q1, OVG hosted 30 site tours for potential future events at the Convention Center.

- In an effort to ensure the clarity and alignment of leadership roles, the OVG GM drafted a detailed job description for the Director of Operations position and submitted it to corporate for approval, ensuring that the role reflects the operational and strategic needs of the Convention Center.
- A comprehensive review and update of the Santa Clara Convention Center’s Facility Guide was conducted by the OVG GM and the Events Department, resulting in a more accurate and up-to-date resource for clients and visitors, enhancing the overall experience of using the venue.
- The OVG GM played a key role in the selection process for the DMO’s Business & Operations Manager, conducting multiple rounds of interviews and facilitating scoring discussions that ultimately led to a formal recommendation to the CEO.
- During a meeting with the DMO’s legal team, the OVG GM contributed to discussions about how compensation matters must be addressed in public meetings, ensuring that these issues are handled in accordance with legal and transparency standards.
- In a collaborative effort, the OVG GM participated in a KPI review meeting with representatives from the City, Levy Food & Beverage, and Discover Santa Clara®, ensuring that performance metrics were aligned with the long-term goals of the Convention Center and its stakeholders.



# Financial Summary

## Financial Results

Historically, the first quarter tends to be the slowest period of the fiscal year. While revenues were sluggish in July and August, business conditions improved notably in September. During this quarter, the Center welcomed the return of several annual clients, leading to slight increases in budgeted audio-visual and electrical commissions. OVG and its partners generated \$3,099,835 in gross revenue, which fell short of the budgeted amount of \$3,882,511 by \$782,676, primarily due to 23 fewer events than expected. Net income for Q1 was \$13,007, surpassing the budgeted loss of \$118,241 by \$131,248. This positive variance was driven by lower-than-anticipated event expenses and cost-saving measures implemented by OVG.

**Financial Summary – 1<sup>st</sup> Quarter Ended September 30, 2024**

	<b>Projected in Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>Gross Revenue</b>	\$3,882,511	\$3,099,835	(\$782,676)
<b>Total Expense</b>	4,000,752	3,086,828	913,924
<b>Net Income</b>	(\$118,241)	\$13,007	\$131,248

Total expenses for the quarter were \$3,086,828 or \$913,924 less than the budgeted amount of \$4,000,752. There was \$150,687 of other revenue recognized in Q1 primarily from cancelation fees and interest income.

## Income Statement

**SANTA CLARA CONVENTION CENTER**  
**QUARTERLY GROSS INCOME STATEMENT**  
For the Three Months Ending September 30, 2024

	QUARTER 1			YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Number of Events	58	35	(23)	58	35	(23)
Number of Event Days	133	84	(49)	133	84	(49)
Attendance	60,876	52,600	(8,276)	60,876	52,600	(8,276)
<b>Event Revenue</b>						
Rental	943,150	678,718	(264,432)	943,150	678,718	(264,432)
Services	55,027	76,192	21,165	55,027	76,192	21,165
IT/Telecom	336,189	203,916	(132,273)	336,189	203,916	(132,273)
Food & Beverage	2,070,701	1,338,704	(731,997)	2,070,701	1,338,704	(731,997)
Electrical	203,201	304,628	101,427	203,201	304,628	101,427
Audio Visual	226,060	346,990	120,930	226,060	346,990	120,930
<b>Total Event Revenue</b>	<b>3,834,328</b>	<b>2,949,148</b>	<b>(885,180)</b>	<b>3,834,328</b>	<b>2,949,148</b>	<b>(885,180)</b>
<b>Event Expenses</b>						
Services	-	9,025	(9,025)	-	9,025	(9,025)
IT/Telecom	248,780	138,663	110,117	248,780	138,663	110,117
Food & Beverage	1,798,453	1,254,663	543,790	1,798,453	1,254,663	543,790
Electrical	144,770	217,856	(73,086)	144,770	217,856	(73,086)
Audio Visual	151,460	248,262	(96,802)	151,460	248,262	(96,802)
<b>Total Event Expenses</b>	<b>2,343,463</b>	<b>1,868,469</b>	<b>474,994</b>	<b>2,343,463</b>	<b>1,868,469</b>	<b>474,994</b>
<b>Net Event Income (Loss)</b>	<b>1,490,865</b>	<b>1,080,679</b>	<b>(410,186)</b>	<b>1,490,865</b>	<b>1,080,679</b>	<b>(410,186)</b>
<b>Other Revenue</b>	<b>48,183</b>	<b>150,687</b>	<b>102,504</b>	<b>48,183</b>	<b>150,687</b>	<b>102,504</b>
<b>Total Net Event &amp; Other Revenue</b>	<b>1,539,048</b>	<b>1,231,366</b>	<b>(307,682)</b>	<b>1,539,048</b>	<b>1,231,366</b>	<b>(307,682)</b>
<b>Indirect Expenses</b>						
Executive	131,019	92,010	39,009	131,019	92,010	39,009
Finance	134,966	96,104	38,862	134,966	96,104	38,862
Event Services	134,684	113,252	21,432	134,684	113,252	21,432
Sales/Marketing	130,558	109,732	20,826	130,558	109,732	20,826
Operations	832,834	574,057	258,777	832,834	574,057	258,777
Overhead	293,228	233,204	60,024	293,228	233,204	60,024
Transition Costs						
<b>Total Indirect Expenses</b>	<b>1,657,289</b>	<b>1,218,359</b>	<b>438,930</b>	<b>1,657,289</b>	<b>1,218,359</b>	<b>438,930</b>
<b>Net Operating Income</b>	<b>(118,241)</b>	<b>13,007</b>	<b>131,248</b>	<b>(118,241)</b>	<b>13,007</b>	<b>131,248</b>
<b>Other Income/(Expense)</b>						
<b>Net Income</b>	<b>(118,241)</b>	<b>13,007</b>	<b>131,248</b>	<b>(118,241)</b>	<b>13,007</b>	<b>131,248</b>



## Event Statistics

There were 35 events scheduled in Q1 with \$2,949,148 in revenue and \$1,868,469 in expenses. 'Trade shows' and 'Conventions' generated the largest amount of revenue in the quarter.

## Event Revenue

### Event Net Revenue – 1<sup>st</sup> Quarter Ended September 30, 2024

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$199,101	\$141,010	\$58,091
Meetings	615,138	379,734	235,404
Consumer Shows	243,625	208,337	35,288
Trade Shows	956,293	570,563	385,730
Conventions	771,528	537,383	234,145
Special Events	63,161	24,934	38,227
Miscellaneous Events	-	-	-
Sporting Events	100,301	6,507	93,794
<b>Totals</b>	<b>\$2,949,148</b>	<b>\$1,868,469</b>	<b>\$1,080,679</b>

This quarter, there was a profit of \$1,080,679. Revenues generated were higher than anticipated due to increased audio-visual and electrical activity. Event expenses were lower versus budget due to the decrease in events during the quarter.

## Partners

### Partner Revenue – 1<sup>st</sup> Quarter Ended September 30, 2024

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$1,338,704	\$1,254,663	\$84,041
Smart City (IT services)	203,916	138,663	65,253
ENCORE-AV (AV services)	346,990	248,262	98,728
Electrical	304,628	217,856	86,772
<b>Totals</b>	<b>\$2,194,238</b>	<b>\$1,859,444</b>	<b>\$334,794</b>

Partner revenue for Q1 was \$2,194,238. The cost of sales was \$1,859,444 for a net profit of \$334,794.

## Indirect Expenses

OVG effectively managed costs, resulting in indirect expenses totaling \$1,218,359 for the quarter, with significant savings achieved in Operations and Overhead.

<b>Departments</b>	<b>Expense Description</b>	<b>Indirect Cost</b>
Executive	Senior personnel	\$92,010
Marketing	Sales and marketing related	109,732
Finance	Finance and Human Resources	96,104
Events	Staffing to manage events	113,252
Operations	Engineering, building services, security, and all other related expenses to operate the building	574,057
Overhead	Non-departmental expenses	233,204
<b>Totals</b>		<b>\$1,218,359</b>

## Previous Fiscal Year Comparison

Gross Revenue for Q1 of FY 2024/25 totaled \$3,099,835, which is \$460,421 below the Q1 amount of \$3,560,256 in FY 2023/24. This difference is due primarily to hosting 22 fewer events this quarter and a higher top-line revenue target for FY 2024/25, which is approximately \$2.5 million more than FY 2023/24, underscoring the shortfall. However, the per-event revenue has increased by over \$25,000 compared to 2023, indicating that OVG and its partners are booking higher-quality, more profitable business.

Total Expenses for Q1 of FY 2024/25 were \$3,086,828, a decrease of \$150,619 from the \$3,237,447 at the same time last year. This reduction helped counter some of the revenue drop, though it wasn't enough to match last year's overall financial performance. As a result, Net Income for Q1 of FY 2024/25 is at \$13,007, which, while positive, trails the Net Income of \$322,809 from FY 2023/24 by \$309,802.

### Quarter 1 Comparison

	Quarter ended September 30, 2024			Quarter ended September 30, 2023		
	Projected in Budget	Actual	Budgeted Overage / (Underage)	Projected in Budget	Actual	Budgeted Overage / (Underage)
<b>Number of Events</b>	58	35	(23)	51	57	6
<b>Number of Event Days</b>	133	84	(49)	136	133	(3)
<b>Attendance</b>	60,876	52,600	(8,276)	65,864	72,030	6,166
<b>Gross Revenue</b>	\$3,882,511	\$3,099,835	(\$782,676)	\$3,329,549	\$3,560,256	\$230,707
<b>Total Expense</b>	4,000,752	3,086,828	913,924	3,462,739	3,237,447	225,292
<b>Net Income</b>	(\$118,241)	\$13,007	\$131,248	(\$133,190)	\$322,809	\$455,999

### YTD Comparison

	YTD ended September 30, 2024			YTD ended September 30, 2023		
	Projected in Budget	Actual	Budgeted Overage / (Underage)	Projected in Budget	Actual	Budgeted Overage / (Underage)
<b>Number of Events</b>	58	35	(23)	51	57	6
<b>Number of Event Days</b>	133	84	(49)	136	133	(3)
<b>Attendance</b>	60,876	52,600	(8,276)	65,864	72,030	6,166
<b>Gross Revenue</b>	\$3,882,511	\$3,099,835	(\$782,676)	\$3,329,549	\$3,560,256	\$230,707
<b>Total Expense</b>	4,000,752	3,086,828	913,924	3,462,739	3,237,447	225,292
<b>Net Income</b>	(\$118,241)	\$13,007	\$131,248	(\$133,190)	\$322,809	\$455,999

## Other Activities

During the month of September, the OVG GM, along with the negotiation team, engaged in nine intensive sessions with Teamsters Local 2785. These efforts were aimed at addressing key labor issues and fostering a cooperative relationship with the unionized workforce. Parallel to these negotiations, the OVG GM and Human Resources team were diligently working to fill the Director of Operations position. Over the course of the month, nine interviews were conducted, leading to an offer being extended to a top candidate, strengthening the leadership team with experienced talent.

In addition to staffing efforts, the OVG GM facilitated crucial meetings with Pinnacle AV's new regional team and AV sales employees to ensure a smooth transition of services at the venue. The OVG GM was also instrumental in solidifying major event partnerships, engaging in multiple calls with the Made Hoops client to finalize event contracts and hotel agreements. These partnerships promise to bring significant business to both the Convention Center and local businesses. Furthermore, the OVG GM hosted a site visit for FIFA World Cup representatives, positioning the Convention Center as a prime venue for hosting FIFA-related activities during the 2026 tournament.

The Santa Clara Convention Center is also actively planning for Super Bowl 60 and future FIFA World Cup events. The OVG GM met with members of the Bay Area Host Committee to explore potential uses of the venue during these prestigious international events. In collaboration with Levy, the DMO, and the City, the sales team reconfirmed its prospect goals for FY 2024/25. By the end of the first quarter, OVG's sales team is actively working on 120 sales prospects, with a focus on converting Priority 3 business from tentative to definite bookings. Efforts are also ongoing to differentiate the Convention Center from its competitors, exploring various strategies to enhance its appeal.

Lastly, OVG completed and submitted the Building Condition and Maintenance report to the City, detailing the previous year's maintenance activities. This report is a key component of ensuring the ongoing upkeep and operational efficiency of the Convention Center, further highlighting the management's commitment to maintaining a state-of-the-art venue for future events and clients.

## Key Performance Indicators (KPIs)

Gross revenue was \$3,099,835 and net income was \$13,007 for Q1. Through the first quarter, the event mix shows the Convention Center hosted one P2, four P3s, two P4s and 28 P5s. The sales team engaged with 117 to 126 active prospects throughout the quarter, successfully converting 49 events into confirmed bookings, including 12 classified as new business. KPI Q1 and YTD results are reported below.

OVG Venue Management – Santa Clara Convention Center			
Performance Measures			
	2024/25 Target	YTD	NOTES
1. Convention Center Gross Revenue	\$18,193,013	\$3,099,835	
2. Net Income*	\$425,803	\$13,007	
3. Number of Room Nights Consumed	32,738	2,834	
4. Economic Impact	\$27,181,657	\$10,081,925	
5. Customer Service Survey Results ( <i>overall satisfaction</i> )	85%	-	Reported at year-end. There is no survey mechanism in place as of May 2024
<b>6. Event Mix at the Convention Center (<i>consumed</i>)</b>			
Percent of P1 Events	1.0%	0.00%	
Number of P1 Events	2	0	
Percent of P2 Events	2.0%	0.00%	
Number of P2 Events	4	1	
Percent of P3 Events	15.0%	11.43%	
Number of P3 Events	39	4	
Percent of P4 Events	20.0%	5.71%	
Number of P4 Events	50	2	
Percent of P5 Events	62.0%	80.00%	
Number of P5 Events	160	28	
Total Events	255	35	
<b>7. Community Benefit</b>			
Number of collaborative, community-based events hosted at the Center	2	0	
Percent of Center employees that volunteer in the community	60%	0%	Reported at year-end
Percent of small, local and M/WBE businesses/vendors	20%	0%	Reported at year-end
8. Number of Prospects (active) ( <i>non-cumulative</i> )	220	121	Average for the year of P3, P4, P5

\*City Council approved a budget amendment in June 2024. The net income target increased from \$425,803 to \$555,632

- **Priority 1 (P1) Event:** Large, multi-day convention or conference using the entire venue, extensive services (food & beverage, A/V, IT), and attracting significant out-of-town visitors staying across multiple hotels. Booking window: 18+ months.
- **Priority 2 (P2) Event:** Large, multi-day convention or conference utilizing most venue space and services with out-of-town visitors staying in multiple hotels. Booking window: 12–18 months.
- **Priority 3 (P3) Event:** Single or multi-day event with fewer attendees and visitors than P1 or P2 events (e.g., trade shows, smaller conferences). Booking window: 9–12 months.
- **Priority 4 (P4) Event:** One- or two-day event with mostly local attendees (e.g., graduations, smaller meetings). Booking window: 6–9 months.
- **Priority 5 (P5) Event:** Single-day event (e.g., banquets, galas, meetings). Booking window: 0–6 months.

## Forecast

**SANTA CLARA CONVENTION CENTER**  
**ROLLING FORECAST**  
**FY 2024/2025**

	ACTUAL YTD JUL - SEP FY 2025	PROJECTION OCT - JUN FY 2025	TOTAL FINAL FYE 6/30/25	ORIGINAL BUDGET FYE 6/30/25	VARIANCE
# OF EVENTS	35	110	145	255	(110)
DIRECT EVENT INCOME	\$ 811,138	\$ 2,739,387	\$ 3,550,525	\$ 4,876,950	\$ (1,326,425)
ANCILLARY INCOME	269,541	985,237	1,254,778	2,404,268	(1,149,490)
TOTAL NET EVENT INCOME	<u>1,080,679</u>	<u>3,724,624</u>	<u>4,805,303</u>	<u>7,281,218</u>	<u>(2,475,915)</u>
OTHER INCOME	<u>150,687</u>	<u>150,000</u>	<u>300,687</u>	<u>193,014</u>	<u>107,673</u>
EXECUTIVE	92,010	366,700	458,710	551,746	93,036
MARKETING	96,104	395,347	491,451	572,630	81,179
FINANCE	113,252	417,507	530,759	562,508	31,749
EVENTS OPERATIONS	109,732	395,773	505,505	560,396	54,891
OPERATIONS	574,057	2,313,523	2,887,580	3,498,406	610,826
OVERHEAD	<u>233,204</u>	<u>1,077,347</u>	<u>1,310,551</u>	<u>1,172,914</u>	<u>(137,637)</u>
INDIRECT EXPENSES	<u>1,218,359</u>	<u>4,966,197</u>	<u>6,184,556</u>	<u>6,918,601</u>	<u>734,044</u>
OPERATING NET INCOME (LOSS)	<u>13,007</u>	<u>(1,091,573)</u>	<u>(1,078,566)</u>	<u>555,631</u>	<u>(1,634,197)</u>
NET INCOME (LOSS)	<u>\$ 13,007</u>	<u>\$ (1,091,573)</u>	<u>\$ (1,078,566)</u>	<u>\$ 555,631</u>	<u>\$ (1,634,197)</u>

While the forecast currently demonstrates a loss at the end of the fiscal year, it only provides a financial snapshot of a specific point in time and solely includes ‘definite’ events. ‘Definite’ events are booked events with an executed license agreement for use of the SCCC (inclusive of services such as food & beverage, IT, AV, etc.) and an executed hotel agreement for room nights, as applicable. Moving forward, to provide a more accurate year-end estimate, events in the sales pipeline (highly likely to book a future date at the SCCC) will also be included in the rolling forecast.

The Center operated at a profit of \$13,007 through Q1 driven by higher-than-anticipated Other Revenue and OVG’s expense management, which included reducing staff during the first two months due to a lack of events. For the remainder of FY 2024/25, revenues are projected to result in a \$1,091,573 loss, leading to an overall projected loss of \$1,078,566 for the fiscal year. If these projections hold, the Center will miss its budgeted profit of \$555,632 by \$1,634,198. These figures are subject to change, and with a strong pipeline of 134 sales leads, OVG expects the projected deficit to shrink in the coming months, supported by new business bookings scheduled throughout the year.

However, the financial landscape for FY 2024/25 presents challenges for the Santa Clara Convention Center, particularly with a slower-than-expected start, as evidenced by only 35 events held in the first quarter compared to a budgeted 58. Economic uncertainty, alongside changing client preferences, is impacting event bookings. This issue is compounded by a regional downturn in group business, particularly as large hotels, SF Travel®, and San Francisco’s DMO, are absorbing self-contained groups which are traditionally a good fit for Santa Clara. With San Francisco expected to host fewer citywide groups in 2024, competition for events is heightened, making it crucial for the Santa Clara Convention Center to continue to make updates to the Center and become more flexible in its approach to sales strategies. There are some key points attributing to the potential challenges, please see below:

**Key Points:**

- ➔ **Demand for Modern Facilities:** As the competition intensifies, clients are showing a preference for updated, modern facilities. OVG continues to work with the City and SCCC partners to explore revenue growth opportunities that could support future CIP projects.
- ➔ **Increased Competition for Group Business:** The downturn in group bookings at San Francisco's Moscone Center, with just 25 citywide groups projected in 2024, is spilling over into the broader Bay Area. This has led large hotels and tourism organizations in San Francisco to absorb business that would typically fit well at the Santa Clara Convention Center, increasing competitive pressure.
- ➔ **Corporate Event Hesitancy, Cost Pressures, and Event Pricing:** Santa Clara's slower booking pace mirrors a broader trend of cautious corporate spending, further amplified by a reduction in citywide events in San Francisco. Additionally, operational costs are increasing as the number of events are slightly decreasing. To mitigate this, OVG is working with Levy and the DMO to refine the current booking strategy to streamline processes, maximize revenue potential and position all sales team to attract high-value events to Santa Clara. In addition, the teams are exploring innovative ways to drive additional revenue and enhance the overall client experience, i.e. developing initiatives like dynamic packaging that bundles venue space, catering, and AV or IT set-ups.
- ➔ **Travel and Tourism Recovery Delays:** The slow recovery in business travel, coupled with the shortfall in event numbers, suggests that the anticipated boost in large-scale conventions may take longer to materialize. For example, the DMO currently solely focuses on securing P1 and P2 events. P1 and P2 events typically book in the year for future years 12 months or more in advance. As noted above, refining the current booking strategy will provide additional sales opportunities for the DMO to prospect new P3 leads and book events within a shorter booking window.

## FY 2024/25 Capital Improvement Projects (CIP)

### CIP Project Updates

- ➔ The OVG GM coordinated a call with Skyline Engineering to discuss the next steps for the Roof Assessment project, later issuing a change order to proceed with the roof repair evaluation, ensuring the project remains on track.
- ➔ The OVG GM oversaw vendor meetings to update restroom stall measurements and sent photos to the City for final selection, while also reworking the painting and flooring schedule with the Operations Manager to minimize disruptions to the Convention Center's business. Painting and flooring are complete in seven of the 12 restrooms and the remaining five are in progress. Planned work on the stalls should occur in Q2.
- ➔ As part of the Kitchen renovation project, the OVG GM collaborated with Levy to send updated equipment tear sheets and held a strategic meeting with the Levy GM to outline next steps for the Kitchen refresh, Tech Café, and Stand B capital improvement projects.
- ➔ The OVG GM took critical steps in finalizing the Grand Ballroom Air Wall project by issuing a Notice to Proceed letter, reviewing vendor agreement redlines, and finalizing an agreement with BT Mancini to ensure the project's timely execution.
- ➔ The OVG GM reviewed Cupertino Electric's report and assessment for the Digital Signage project, ensuring all technical aspects were addressed before moving forward with next steps in modernizing the facility's signage.
- ➔ To advance the Outdoor Sign project, the OVG General Manager sent a follow-up email to the City requesting additional regulations and information. A meeting with the City has been scheduled during the second quarter to discuss project feasibility, current sign/billboard policies, and potential procurement requirements.
- ➔ The OVG GM reprioritized and completed the 5-Year Capital Plan, working with 6<sup>th</sup> Dimension to review pricing, and submitted the finalized plan to both OVG Corporate Operations and the City by the October 1, 2024, deadline.
- ➔ To address an urgent issue, the OVG GM issued a memo to the City requesting emergency funds for the replacement of the Elevator Key-switch in the Great America Wing. It was determined there were sufficient funds in the CIP budget to absorb the costs for the repair which has now been scheduled.



## CIP Project Budget

Proj. #	Project Name	Phase	CITY/OVG 360 REVISED BUDGET	LEVY	TOTAL BUDGET	Actual Exp.	Balance
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	\$ 172,831	\$ -	\$ 172,831	\$ 172,831	\$ -
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Completed FY 2021/22	\$ 479,300	\$ -	\$ 479,300	\$ 479,300	\$ -
008	Convention Center Interior Digital Signage and Display System	Implementation	\$ 1,160,386	\$ -	\$ 1,160,386	\$ 833,775	\$ 326,611
009	Convention Center Interior Paint	Completed FY 2021/22	\$ 648,052	\$ -	\$ 648,052	\$ 648,052	\$ -
012	Convention Center Riding Vacuum Purchase	Completed FY 2019/20	\$ 31,238	\$ -	\$ 31,238	\$ 31,238	\$ -
013	Convention Center Carpet Replacement	Completed FY 2021/22	\$ 1,509,869	\$ 241,856	\$ 1,751,725	\$ 1,618,382	\$ 133,343
014	Balance - Contingency (Electrical Assessment)	Implementation	\$ 143,556	\$ -	\$ 143,556	\$ 92,940	\$ 50,616
015	Kitchen/Tech Café/Stand B	Implementation	\$ -	\$ 1,997,944	\$ 1,997,944	\$ 833,997	\$ 1,163,947
016	Roof Assessment	Implementation	\$ 90,000	\$ -	\$ 90,000	\$ 17,500	\$ 72,500
017	Restroom Refresh	Implementation	\$ 600,000	\$ -	\$ 600,000	\$ 106,495	\$ 493,505
018	Air Wall Replacement	Planning	\$ 1,750,000	\$ -	\$ 1,750,000	\$ -	\$ 1,750,000
<b>TOTAL</b>			<b>\$ 6,681,032</b>	<b>\$ 2,239,800</b>	<b>\$ 8,920,832</b>	<b>\$ 4,930,310</b>	<b>\$ 3,990,522</b>

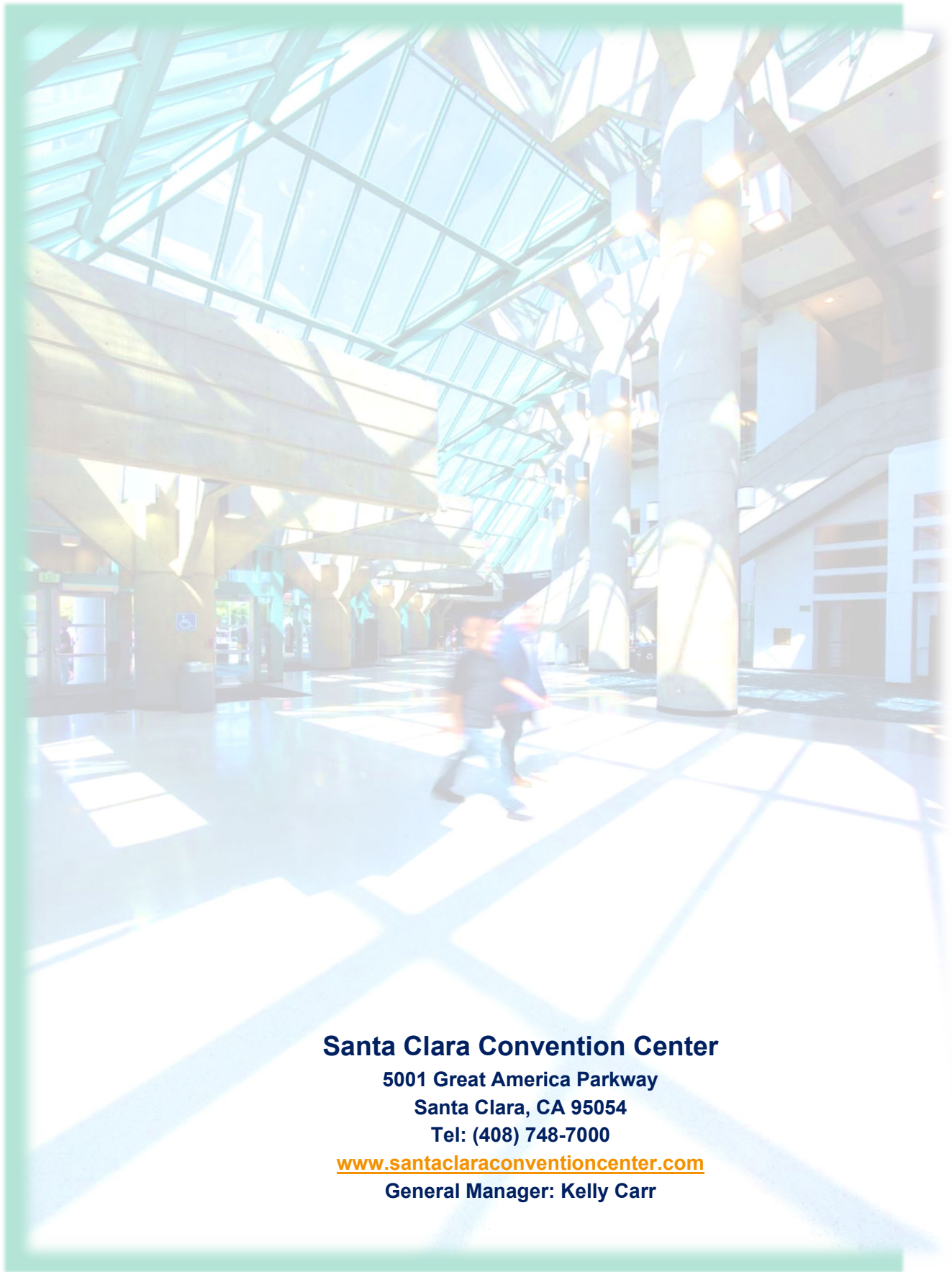
\*Council Action 06/25/2024 - addition of \$1,750,000 for Air Wall Replacement and \$400,000 for Restroom Refresh

## Community Involvement

In Q1, the OVG team met to discuss and strategize its Community Involvement plan for FY 2024/25. Throughout the year, OVG intends be involved in the following community activities:

- OVG employees will continue to volunteer for the Academy of Travel & Tourism program at Milpitas High School as mentors and judges - A small learning community that focuses on Hospitality, Tourism, and Recreation in partnership with local businesses. Teachers will integrate class subjects and projects.
- The OVG team has implemented strategic initiatives to engage with the community and fulfill its obligations under the Community Benefit KPI. This KPI measures the impact OVG has by collaborating with various partners within the Santa Clara community, particularly those holding their events at the Center. At the end of the year, these events are totaled to provide a comprehensive annual count.
- OVG employees will conduct a Creek Trail clean up behind the Convention Center – The SCCC team will volunteer to pick up trash along the Creek Trail behind the Convention Center from Tasman to Great America Parkway.
- OVG employees joined the Santa Clara County volunteer website and attended the Coastal Cleanup Day on September 21, 2024. There will also be future opportunities for the team to volunteer within the community.





## **Santa Clara Convention Center**

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