



FY 19/20 QUARTERLY REPORT – 4th Quarter Ended June 30, 2020



July 25, 2020

Table of Contents

4 th Quarter Highlights	2
Strategic Highlights	2
Financial Highlights	2
Event Highlight.....	2
Operational Highlights	3
Other Noteworthy Highlights	3
Financial Summary	4
Financial Results	4
Income Statement	5
Event Statistics	6
Event Revenue	7
Partners	8
Indirect Expenses	8
Key Performance Indicators (KPIs)	9
FY 2019/20 Capital Improvement Projects (CIP) Budget.....	13
Community Involvement.....	14

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 607seat 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.

4th Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 4th quarter ended June 30, 2020. This report is unaudited and, therefore, subject to change.



20

Total Attendance



1

Total Event



\$500,999

Total Revenue

Strategic Highlights

Santa Clara is in the process of restructuring all aspects of its approach to attracting and servicing conventions and meetings. Spectra has been actively involved with the City and its consultant, Jones Lang LaSalle (JLL) on the development of a new Destination Marketing Organization for Santa Clara. Job descriptions for a new CEO and a Sales Manager were completed in the 4th Quarter. Additionally, work continues with the City, JLL and the Tourism Improvement District (TID) on the development of a new booking strategy as the basis to establish lists of targeted business and events which will meet or exceed economic impact goals and objectives, as well as, build venue and destination brand awareness.

Financial Highlights

Gross Revenue through June of FY 19/20 was \$13,958,984 representing 75.5% of the overall budget for revenue; expenses totaled \$13,812,058 representing 85.3% of the overall budget for expenses.

Event Highlight

Due to the COVID-19 pandemic and the orders issued by the State of California and the Santa Clara County Department of Health, there was only one event at the Center this quarter. This event generated \$3,727 and brought together approximately 20 attendees on one day.

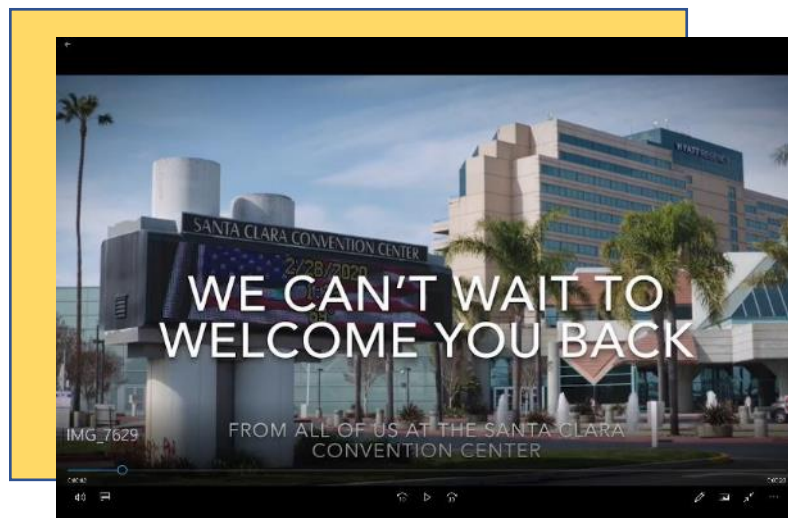


Operational Highlights

- ➔ Spectra, in conjunction with the City, County and State of California, finalized preparation and opened a Federal Medical Station (FMS) at the Convention Center
 - The FMS accepted its first patient on April 5, 2020
 - The FMS discharged its final patient on April 28, 2020
 - The FMS provided care for 20-individuals during its operation at the Convention Center.
- ➔ Spectra issued furloughs and layoffs for 36 employees in the quarter due to the COVID-19 pandemic.
- ➔ Spectra completed repairs on the main lobby escalator.
- ➔ Spectra submitted documents for the award of the Glass Pyramid capital project to the City for review.

Other Noteworthy Highlights

- ➔ Spectra finalized its FY 20/21 budget in accordance with the Spectra proforma.
- ➔ Spectra's General Manager joined the California Coalition of Convention Centers to prepare and present a "Safe Reopening" strategy for convention centers to the Governor of California.
- ➔ Spectra created its own reopening plan "Together Again!" for the Convention Center outlining future protocols and procedures for post COVID-19.
- ➔ Spectra created a "Welcome Back" Video that can be utilized to reach out to clients.



Financial Summary

Financial Results

Financial Summary – 4th Quarter ended June 30, 2020

	Projected in Budget	Actual	Difference
Gross Revenue	\$3,930,568	\$500,999	(\$3,429,569)
Total Expense	3,689,059	1,574,729	2,114,330
Net Income	\$241,508	(\$1,073,730)	(\$1,315,238)

As detailed in Table 1, the net operating income financial results for the fourth quarter ended June 30, 2020 were under the projected amount by \$1,315,238. This was due to the COVID-19 pandemic and the Shelter in Place order issued. Gross Revenues were under budget by \$3,429,569 as all but one event canceled due to the COVID-19 situation.

Total expenses showed a savings of \$2,114,330 for the quarter. This was primarily due cost cutting measures and furloughs/layoffs of staff.

Financial Summary – YTD ended June 30, 2020

	Projected in Budget	Actual	Difference
Gross Revenue	\$18,483,350	\$13,958,984	(\$4,524,366)
Total Expense	16,199,652	13,812,058	2,387,594
Net Income	\$2,283,697	\$146,926	(\$2,136,771)

As noted in Table 2, the current year finished with a Net Operating Income of \$146,926 versus a budget of \$2,283,697, under budget by \$2,136,771 due to event cancellations because of COVID-19.

Utilizing preventative measures in cost cutting, the facility was able to minimize the variance of \$4,524,366 in lost Gross Revenue with expense savings. Event Expenses finished \$995,283 under budget; Indirect Expenses finished \$1,392,312 under budget; totaling an overall savings versus budget of \$2,387,594.

Income Statement

SANTA CLARA CONVENTION CENTER
QUARTERLY GROSS INCOME STATEMENT
For the Twelve Months Ending June 30, 2020

	QUARTER 4 TO DATE			YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Number of Events	121	1	(120)	479	288	(191)
Number of Event Days	185	1	(184)	904	578	(326)
Attendance	99,780	20	(99,760)	458,770	229,000	(229,770)
Event Revenue						
Rental	\$1,219,594	\$160	(\$1,219,434)	\$5,539,868	\$2,576,936	(\$2,962,931)
Services	14,432	-	(14,432)	220,387	358,459	138,072
IT/Telecom	449,099	350	(448,749)	1,817,741	838,047	(979,695)
Food & Beverage	1,614,460	49,304	(1,565,156)	7,764,960	7,050,270	(714,690)
Electrical	91,361	-	(91,361)	345,606	603,307	257,701
Audio Visual	498,068	(1,412)	(499,480)	2,620,587	1,475,647	(1,144,941)
Total Event Revenue	3,887,015	48,402	(3,838,612)	18,309,150	12,902,666	(5,406,484)
Event Expenses						
Services	-	4,236	(4,236)	(1,190)	32,609	(33,799)
IT/Telecom	332,334	350	331,984	1,395,081	686,179	708,902
Food & Beverage	1,176,941	330,107	846,834	5,349,806	5,260,791	89,015
Electrical	-	-	-	-	410,846	(410,846)
Audio Visual	328,725	(618)	329,343	1,729,588	1,087,577	642,011
Total Event Expenses	1,838,000	334,074	1,503,926	8,473,284	7,478,002	995,283
Net Event Income (Loss)	2,049,015	(285,672)	(2,334,687)	9,835,865	5,424,664	(4,411,201)
Other Revenue	43,553	452,597	409,044	174,200	1,056,318	882,118
Total Revenue	2,092,568	166,925	(1,925,643)	10,010,065	6,480,982	(3,529,083)
Indirect Expenses						
Executive	167,457	104,028	63,430	714,027	577,066	136,961
Finance	124,602	105,075	19,528	521,694	489,741	31,953
Event Services	148,091	68,064	80,026	632,968	418,860	214,108
Sales/Marketing	80,800	76,605	4,195	344,579	306,918	37,661
Operations	983,900	534,598	449,302	4,128,248	3,084,734	1,043,514
Overhead	346,209	352,284	(6,076)	1,384,852	1,420,809	(35,957)
Transition Costs	-	-	-	-	35,928	(35,928)
Total Indirect Expenses	1,851,059	1,240,654	610,405	7,726,368	6,334,056	1,392,312
Net Operating Income	241,508	(1,073,730)	(1,315,238)	2,283,697	146,926	(2,136,771)
Other Income/(Expense)	-	(113,987)	(113,987)	-	(113,987)	(113,987)
Net Income	\$241,508	(\$1,187,717)	(\$1,429,226)	\$2,283,697	\$32,939	(\$2,250,758)

Event Statistics

Due to the COVID-19 pandemic, the Convention Center only hosted one event for the quarter. For the year, Spectra hosted 288 events over 578 days, total estimated attendance for FY 19/20 was 229,000.

Event Statistics – 4th Quarter ended June 30, 2020

Event Types	Percentage	# of Events	# of Days	Attendance
Banquets	0%	-	-	-
Meetings	100%	1	1	20
Consumer Shows	0%	-	-	-
Trade Shows	0%	-	-	-
Conventions	0%	-	-	-
Special Events	0%	-	-	-
Sporting Events	0%	-	-	-
Totals	100%	1	1	20

Event Statistics – YTD ended June 30, 2020

Event Types	Percentage	# of Events	# of Days	Attendance
Banquets	8%	23	26	18,315
Meetings	52%	151	246	69,119
Consumer Shows	4%	13	28	24,600
Trade Shows	6%	15	51	30,100
Conventions	6%	18	90	32,475
Special Events	16%	46	85	33,941
Sporting Events	8%	22	52	20,450
Totals	100%	288	578	229,000

Event Revenue

Event Net Revenue – 4th Quarter ended June 30, 2020

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$-	\$-	\$-
Meetings	50,911	161,266	(110,355)
Consumer Shows	(1,254)	255	(1,509)
Trade Shows	-	-	-
Conventions	(1,255)	172,553	(173,808)
Special Events	-	-	-
Sporting Events	-	-	-
Totals	\$48,402	\$334,074	(\$285,672)

Event Net Revenue for the quarter was a loss of \$285,672 or \$2,334,687 below budget. The missed projections in all categories were due to the cancelation or rebooking of events outside of FY 19/20 due to COVID-19. The \$48,402 recognized in Gross Revenue was due to credit memos offered by the audio-visual provider for events that canceled due to the pandemic and recognizing F&B revenue. The \$334,074 in overall cost of sales for the quarter was a combination of management salaries for Levy and the result of the finalized settlement with the interim F&B provider, Ovations, that operated at the Center from July 2019 to December 2019.

Event Net Revenue – YTD ended June 30, 2020

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$1,806,249	\$1,156,917	\$649,332
Meetings	2,776,180	1,761,945	1,014,235
Consumer Shows	317,608	97,738	219,870
Trade Shows	2,128,780	1,178,148	950,632
Conventions	5,045,733	3,028,594	2,017,139
Special Events	388,970	108,307	280,663
Sporting Events	439,145	146,352	292,793
Totals	\$12,902,666	\$7,478,002	\$5,424,664

Year-to-date, Event Net Revenue is \$5,424,664, \$4,411,201 under budget. The major factor being rental revenues posting under budget by \$2,962,931 due to cancellations or rescheduling of events to the next fiscal year due to COVID-19. AV and IT showed unfavorable net budget variances of \$502,930 and \$270,793, again due event cancellations due to the COVID-19 pandemic. Other Revenue exceeded the budget by \$882,118 comprised of collected cancelation fees. Indirect expenses were \$1,392,312 under budget for the year as a result of cost cutting measures and staff furloughs/layoffs.

Partners

Partner Revenue – 4th Quarter ended June 30, 2020

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants/Ovations	\$49,304	\$330,107	(\$280,803)
Smart City (IT services)	350	350	-
PSAV-AV (AV services)	(1,412)	(619)	(793)
Electrical	-	-	-
UPS	-	-	-
Totals	\$48,241	\$329,837	(\$281,596)

Due to event cancellations, partner revenue showed a \$281,596 loss for the quarter. Gross Revenue of \$49,304 in Food & Beverage (F&B) was the result of funds transferred from Ovations, the interim provider of F&B at the Center from July 2019 to December 2019. Cost of Sales was \$330,107 for Q4, the primary expense coming from Levy's management salaries and \$170,448 in expense recognized from the Ovations settlement. AV and IT quarterly gross revenue was under budget by \$499,480 and \$448,749 respectively, again due to the COVID-19 pandemic. With the building closed for events, there was no electrical or UPS revenue or expenses recognized in the quarter.

Partner Revenue – YTD ended June 30, 2020

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants/Ovations	\$7,050,270	\$5,260,791	\$1,789,479
Smart City (IT services)	838,047	686,179	151,868
PSAV-AV (AV services)	1,475,647	1,087,577	388,070
Electrical	603,307	410,846	192,461
UPS	11,656	-	11,656
Totals	\$10,156,625	\$7,445,392	\$2,711,233

Year-to-date Net Event Income for F&B was \$625,675 under budget while IT and AV were also both under budget by \$270,793 and \$502,930 respectively.

Indirect Expenses

Total Indirect Expenses were \$610,405 under budget for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$104,028
Marketing	Sales and marketing related	76,605
Finance	Finance and Human Resources	105,075
Events	Staffing to manage events	68,064
Operations	Engineering, building services, security, and all other related expenses to operate the building	534,598
Overhead	Non-departmental expenses	352,284
Transition Costs	Costs related to the transition to Spectra	-
Totals		\$1,240,654

Key Performance Indicators (KPIs)

1) Gross Revenue

Goal

Meet or exceed \$18,484,540 in Gross Revenue for FY 19/20.

Progress

Year-to-date totals in gross revenue is \$13,958,984 representing 75.5% of the overall budget for gross revenue.

2) Net Income

Goal

Meet or exceed \$1,933,698 in Net Income for FY 19/20. The Net Income amount was updated to reflect the budget adjustment that was approved for FY 19/20.

Progress

Year-to-date net income is \$146,926, representing 6% of the overall budget for net income.

3) Room Nights Consumed

Goal(s)

1. In FY 19/20, Spectra will establish an agreeable tracking and reporting system and a baseline number of room nights consumed for the first full operation year. Historically, this number has been 33,000 (no clear supporting data was available from previous operator). Reports will be submitted monthly with tracking by room night generating group.
2. In FY 19/20, Spectra will provide the City with a list of current events in which room nights have historically been tracked. In addition, Spectra will work with clients to create a new reporting model for total room nights consumed based on all events that take place at the Center.
3. A reporting mechanism from the hotels to Spectra will be established (i.e. Survey Monkey survey sent to hotels post-event) by Spectra and tracked by SCCC until the DMO is established. A report will be developed to report on room nights consumed by event and participating hotels.

Progress

A total of 0 room nights were accounted for in the 4th Quarter due to COVID-19. For the year Spectra tracked 27,923 room nights.

4) Economic Impact

Goal

In FY 19/20, Spectra will establish a baseline and document experience/economic impact for all events at the Center using the Destinations International Event Impact calculator.

Progress

During this quarter, Spectra began running different event models to determine the estimated Economic Impact on the new event types outlined in the Santa Clara Booking Strategy.

5) Customer Service Survey Results Scores

Goal(s)

1. Spectra will create a standard survey instrument containing a series of product and service rating metrics, including the following summary question: "Based on services provided, please rate our overall performance. The post facility use survey data will be sent directly to the City for review.
2. Spectra will ask the decision-maker of each event to rate their overall satisfaction with the product and services provided.
3. Spectra will work on developing an attendee survey to be distributed to convention attendees, subject to approval of convention sponsor.
4. Data provided to the City includes:
 - a. Total number of surveys distributed.
 - b. Total number of responses.
 - c. Response rate; and
 - d. Overall customer survey score (Overall experience minimum rating of Satisfied or Very Satisfied is 85%)

Progress

There were no surveys issued in the 4th quarter.

6) Event Mix

Goal(s)

In FY 19/20, Spectra will report out on the various event types and will review the mix of business at the Convention Center. The data collected will be used to establish a baseline and to create future goals for the overall types and numbers of events with the expectation of an increase in the mix of business.

Currently, Spectra reports out on the type of event, such as One-Day, Multi-Day Conference, Citywide/Convention, Sporting Events or Trade Shows. In the 4th quarter there were no events held at the Convention Center due to COVID-19.

Progress

For the majority of the 4th Quarter, the Spectra sales team worked to relocate, or rebook client's events affected by the COVID-19 pandemic.

7) Community Benefit

Goal(s)

In FY 19/20, Spectra will demonstrate and report out on a conscious effort to support community and local groups by implementing the following:

1. Spectra will create and implement a non-for-profit rate/program to assist local groups to utilize the Convention Center.
2. Spectra will be involved in the community through volunteer and food donation programs that benefit the residents, businesses, and organizations of Santa Clara.
3. Spectra will hire local individuals (Santa Clara residents) and companies when possible under Spectra SOPs. Spectra will report on the number of offers, successful hires and business engagements.
4. Spectra will collaborate with Levy to propose future events that are designed to engage the Santa Clara Community.

Progress

In the 4th quarter, Spectra assisted the State of California and the City and County of Santa Clara in mobilizing a Federal Medical Station (FMS). The FMS operated for approximately three weeks and provided care for 20 patients with low acuity symptoms of COVID-19.



Forecast

Below is a spreadsheet highlighting the final Forecast for the Fiscal Year. The first column shows the actuals through the first three quarters of FY 19/20. Column two is the forecast of events that are expected to come to fruition during the final quarter of FY 19/20. Column three combines column one and column two, the actuals and the forecasted numbers to present the estimated financials for the fiscal year. The fourth column is the original budget submitted by Spectra for FY 19/20, showing the original pro forma less the approved amended budgeted expenses. The fifth column shows the variances from the originally submitted budget.

As of the end of Q4, Spectra generated an overall Net Income of \$146,926, \$2,136,770 under the submitted budget. This lack of revenue generation was due to the closure of the Center to social gatherings directly related to the COVID-19 pandemic. There was only one event held in Q4. March through May are historically three of the busiest and financially lucrative months at the Center. Spectra, through cost cutting measures and reduction in staff, was still able to generate a profit for the fiscal year reversing the Q3 forecast of (\$562,916) by \$709,842.

SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY 2020					
	ACTUAL Jul'19-Jun'20 FY 2020	Forecast FY 2020	TOTAL FYE 6/30/20	ORIG BUDGET FYE 6/30/20	VARIANCE
# OF EVENTS	288	0	288	479	(191)
DIRECT EVENT INCOME	3,247,116	0	3,247,116	6,529,711	(3,282,596)
ANCILLARY INCOME	2,177,548	0	2,177,548	3,306,154	(1,128,605)
TOTAL EVENT INCOME	5,424,664	-	5,424,664	9,835,865	(4,411,201)
OTHER INCOME	1,056,318	0	1,056,318	174,200	882,118
EXECUTIVE	577,066	0	577,066	714,027	136,961
MARKETING	306,918	0	306,918	344,579	37,661
FINANCE	489,741	0	489,741	521,694	31,953
EVENTS OPERATIONS	418,860	0	418,860	632,968	214,108
OPERATIONS	3,084,734	0	3,084,734	4,128,248	1,043,514
OVERHEAD	1,420,809	0	1,420,809	1,384,852	(35,957)
TRANSITION COSTS	35,928	0	35,928	0	(35,928)
INDIRECT EXPENSES	6,334,056	0	6,334,056	7,726,368	1,392,312
OPERATING NET INCOME (LOSS)	146,926	-	146,926	2,283,697	(2,136,771)
OTHER EXPENSES - AMENDED BUDGET	0	0	0	350,000	350,000
NET INCOME (LOSS)	146,926	-	146,926	1,933,697	(1,786,771)

FY 2019/20 Capital Improvement Projects (CIP) Budget

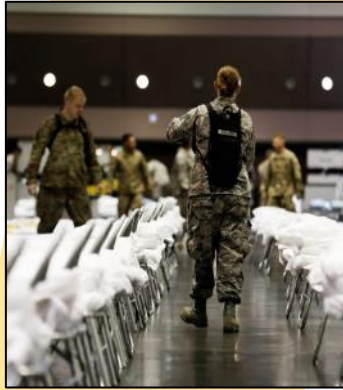
In Q4, Spectra reorganized its overall strategy for the completion of the capital projects. The priority projects are 009-Interior Paint and 013-Carpet Replacement as well as project 008-Message Boards, Marquees and Digital Signage. Spectra is continuing to work with the City to ensure compliance with procurement process and capital project rules and regulations. Spectra is focusing on issuing and completing as many capital projects in the next several months while the Convention Center is closed to large gatherings due to Santa Clara County orders. Additionally, the City and Spectra are working collaboratively with guidance from the City's procurement department to streamline the process. The following is the activity for capital projects in Q4:

- Spectra submitted a request for the emergency purchase and implementation of the interior painting and carpet replacement projects in Q4 to the contract administrator. The request was assessed by the City and determined the project did not meet the meet emergency procurement criteria.
- Spectra submitted a new strategy, timeline and action plan for the completion of the interior painting and carpet replacement project.
- Spectra presented its recommendation for the Glass Pyramid project vendor to the City and is working with City on finalizing process and documents.
- Bid for project 004-HVAC portable A/C was re-issued on BidSync in June.

Proj. #	Project Name	FY 19/20 Budget	YTD Exp.	Balance	% Exp.	Phase
001	Convention Center HVAC Study	\$11,250	\$0	\$11,250	0.00%	Planning
002	Convention Center HVAC - Duct	\$57,375	\$0	\$57,375	0.00%	Planning
003	Convention Center HVAC - BMS System Upgrade	\$23,006	\$20,450	\$2,556	88.89%	Complete
004	Convention Center HVAC Portable A/C Units	\$50,625	\$0	\$50,625	0.00%	Procurement
005	Convention Center Security System	\$168,750	\$0	\$168,750	0.00%	Planning
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	\$1,125,000	\$0	\$1,125,000	0.00%	Procurement
007	Convention Center Building Envelope Repair - Terrace Building	\$111,875	\$0	\$111,875	0.00%	Planning
008	Convention Center Message Boards, Marquees, Digital Signage	\$562,500	\$0	\$562,500	0.00%	Planning
009	Convention Center Interior Paint	\$506,250	\$0	\$506,250	0.00%	Planning
010	Convention Center Door Replacements	\$56,250	\$0	\$56,250	0.00%	Planning
011	Convention Center Facility Lighting Project	\$22,500	\$0	\$22,500	0.00%	Planning
012	Convention Center Riding Vacuum Purchase	\$39,375	\$31,238	\$8,137	79.33%	Complete
013	Convention Center Carpet Replacement	\$1,225,000	\$0	\$1,225,000	0.00%	Planning
014	Balance - Contingency	\$190,244	\$0	\$190,244	0.00%	n/a
GRAND TOTAL		\$4,150,000	\$51,688	\$4,098,312	1.25%	

Community Involvement

April



In the 4th quarter, Spectra assisted the State of California and the County of Santa Clara in mobilizing a Federal Medical Station (FMS) at the Convention Center. The FMS operated for approximately three weeks.

May



In the 4th quarter, Spectra worked with the State of California and County of Santa Clara to demobilize the FMS and provide a complete and thorough cleaning of the entire facility.

April



May





Santa Clara Convention Center

5001 Great America Parkway

Santa Clara, CA 95054

Tel: (408) 748-7000

www.santaclaraconventioncenter.com

General Manager: Kelly Carr