



FY 2020/21 QUARTERLY REPORT – 4th Quarter Ended June 30, 2021



July 25, 2021

Table of Contents

4 th Quarter Highlights.....	2
Strategic Highlights	2
Financial Highlights.....	2
Event Highlights.....	2
Operational Highlights.....	2
Other Noteworthy Highlights	3
Financial Summary	4
Financial Results	4
Income Statement	5
Event Statistics	6
Event Revenue	6
Partners	7
Other Activities.....	8
Key Performance Indicators (KPIs)	9
Forecast	9
FY 2020/21 Capital Improvement Projects (CIP) Budget.....	10

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.

4th Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 4th quarter ended June 30, 2021. This report is unaudited and, therefore, subject to change.



21,000
Total Attendance



1
Total Events



\$281,364
Total Revenue

Strategic Highlights

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. In Q4, Spectra worked in conjunction with the DMO and its partners from Levy, Smart City and Encore updating its 2-year operating budget for fiscal years 2021/22 and 2022/23. Spectra, Levy and the DMO have shared key performance indicators (KPIs) and collaborated to ensure the KPIs aligned for the upcoming fiscal years. The sales teams generated prospects and tentative business in Q4 for future years. The teams continued utilizing the interim booking policy that was put into effect to counter the challenges created by the COVID-19 pandemic. In Q4, Spectra continued to monitor the effects of the pandemic on the facility. Spectra continued to operate with two (2) employees to continue to control expenses.

Financial Highlights

COVID-19 has continued to have an impact on the building. Gross revenue through June was \$236,967 representing 1.08% of the overall budget for revenue; conversely expenses totaled \$2,499,111, 13.26% of the budgeted expenses.

Event Highlights

Spectra contracted with Sutter Health/Palo Alto Medical Foundation to host their COVID-19 vaccination clinic. Operation of the clinic began on February 19, 2021 and ended its operation on June 4, 2021.

Operational Highlights

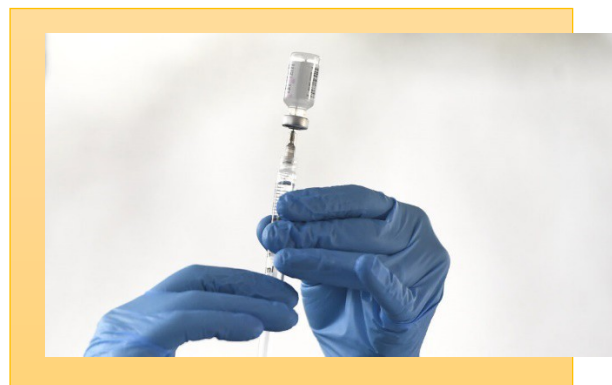
- Other than the vaccination clinic, the Convention Center did not host any additional events for the remainder of the Fiscal Year. Spectra has continued to utilize this time

to complete Capital Improvement Projects, prepare for reopening and work with clients and partners to move events into the next Fiscal Year.

- Spectra, Levy, the DMO, the City and JLL continued holding bi-monthly sales meetings and further developed 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.
- Spectra, in conjunction with Levy and the DMO issued, interviewed, and selected a new marketing firm to brand the destination, convention center and food service beginning in FY 2021/22.
- Spectra continued to operate with a full-time staff of two (2) employees overall, the General Manager and a Sales Manager.
- In the 4th quarter Spectra issued RFB's for the painting and roof repair capital projects and also finalized purchase orders for the flooring capital project securing the products from a global procurement agreement.
- The Digital Signage and Security Camera projects conducted walk throughs of the facility and submitted initial plans for the completion of their projects in the 4th quarter.

Other Noteworthy Highlights

- Spectra re-issued its proposed operating budgets for FY 2021/22 and FY 2022/23, updated to reflect new KPI's for the DMO.
- Spectra continued to oversee operations of a vaccination clinic at the Convention Center hosted by Sutter Health/Palo Alto Medical Foundation (PAMF) until its closing in early June.
- With the implementation of the vaccination clinic, Spectra had returned four employees to work in Q3 with their salaries and benefits being covered by PAMF as part of their license agreement with Spectra. Their return did not result in any additional expense to the City for the operation of the Convention Center. In Q4 unfortunately all four employees were laid off again when the clinic closed June 4, 2021.
- Spectra and Teamsters Local 853 began conversations on the renegotiation of their Collective Bargaining Agreement.



Financial Summary

Financial Results

As health organizations push to vaccinate the public, the environment and restrictions continue to prohibit large indoor gatherings/events; therefore, other than the vaccination clinic no other events were hosted at the Convention Center in the 4th quarter. Spectra continues to control and monitor any unnecessary expenditures in an effort to control losses.

Financial Summary – 4th Quarter ended June 30, 2021

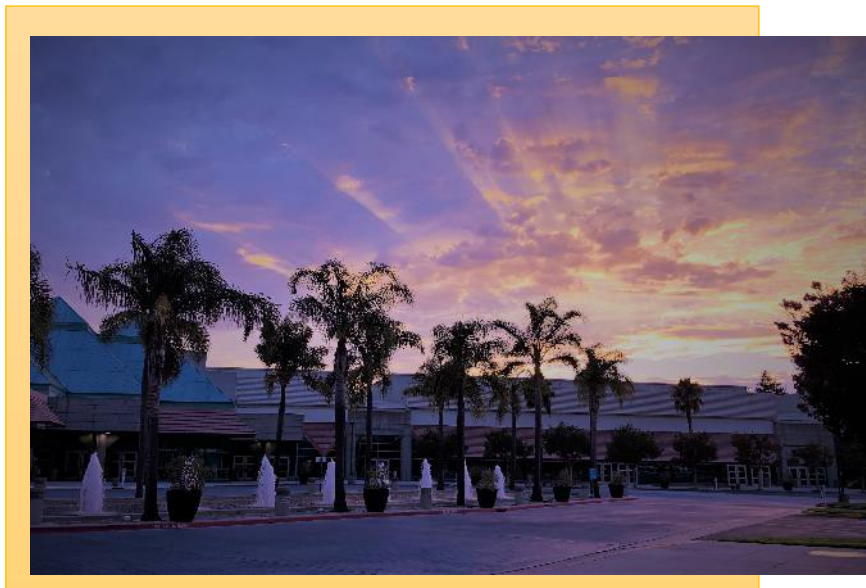
	Projected in Budget	Actual	Difference
Gross Revenue	\$6,008,802	\$117,038	(\$5,891,764)
Total Expense	4,845,666	647,024	4,198,642
Net Income	\$1,163,136	(\$529,986)	(\$1,693,122)

Total expenses for the quarter were \$647,024. There was \$117,038 of event revenue from the vaccination clinic and additional dollars generated in other revenue with the majority coming from sponsorships and cellular site revenue.

Financial Summary – YTD ended June 30, 2021

	Projected in Budget	Actual	Difference
Gross Revenue	\$21,912,206	\$236,967	\$(21,675,239)
Total Expense	18,845,425	2,499,111	16,346,314
Net Income	\$3,066,781	(\$2,262,144)	(\$5,328,925)

Year-to-date expenses were \$2,499,111 and year-to-date net loss was \$2,262,144.



Income Statement

SANTA CLARA CONVENTION CENTER

GROSS INCOME STATEMENT Per City Budget
For the Period ended June 30, 2021

	Period to Date-Q4			YEAR TO DATE - June 30, 2021		
	Curr Budget	Actual	Budget Variance	Curr Budget	Actual	Budget Variance
# of Events	99	1	(98)	436	3	(433)
# of Event Days	210	31	(179)	1,059	73	(986)
Annual Attendance	82,710	21,000	(61,710)	344,164	31,000	(313,164)
Event Revenue						
Rental	\$ 1,833,599	\$ 29,655	\$ (1,803,944)	\$ 5,789,533	\$ 36,495	\$ (5,753,038)
Services	19,350	181,152	161,802	80,242	211,983	131,741
IT/Telecom	724,506	12,973	(711,533)	2,000,000	17,297	(1,982,703)
Food & Beverage	2,535,257	3,984	(2,531,273)	11,044,000	11,679	(11,032,321)
Audio Visual	700,781	(140)	(700,921)	2,304,995	(140)	(2,305,135)
Electrical	153,100	53,740	(99,360)	524,600	53,600	(471,000)
Total Event Revenue	5,966,593	281,364	(5,685,299)	21,743,370	330,914	(21,412,456)
Event Expenses						
Services	-	-	-	-	-	-
IT/Telecom	536,134	8,649	527,485	1,480,000	12,973	1,467,027
Food & Beverage	1,723,120	134,103	1,589,017	7,505,662	808,626	6,697,036
Audio Visual	600,177	-	600,177	1,675,000	(109)	1,675,109
Electrical	114,825	49,254	65,571	393,450	49,254	344,196
Total Event Expenses	2,974,256	192,006	2,782,250	11,054,112	870,744	10,183,368
Net Event Income (Loss)	2,992,337	89,358	(2,902,979)	10,689,258	(539,830)	(11,229,088)
Other Revenue	42,209	(164,326)	(206,535)	168,836	(93,947)	(262,783)
Total Revenue	3,034,546	(74,968)	(3,109,514)	10,858,094	(633,777)	(11,491,871)
Indirect Expenses						
Executive	176,568	73,605	102,963	752,860	390,893	361,967
Marketing	142,078	24,100	117,978	598,924	109,777	489,147
Finance	138,042	27,254	110,788	580,927	116,346	464,581
Event Services	123,674	1,819	121,856	530,531	38,218	492,313
Operations	920,211	180,848	739,363	3,844,722	388,728	3,455,994
Overhead	370,837	147,393	223,444	1,483,349	584,405	898,944
Transition Costs	-	-	-	-	-	-
Total Indirect Expenses	1,871,410	455,018	1,416,392	7,791,313	1,628,367	6,162,946
Net Operating Income	1,163,136	(529,986)	(1,693,122)	3,066,781	(2,262,144)	(5,328,925)
Net Income	\$ 1,163,136	\$ (529,986)	\$ (1,693,122)	\$ 3,066,781	\$ (2,262,144)	\$ (5,328,925)

Event Statistics

The only event that took place was the Sutter Health/Palo Alto Medical Foundation vaccination clinic.

Event Revenue

Event Net Revenue – 4th Quarter ended June 30, 2021

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$-	\$-	\$-
Meetings	3,984	(134,103)	(130,119)
Consumer Shows	-	-	-
Trade Shows	-	-	-
Conventions	-	-	-
Special Events	277,380	(57,903)	\$219,477
Miscellaneous Events	-	-	-
Sporting Events	-	-	-
Totals	\$281,364	(\$192,006)	\$89,358

This quarter, there was a profit of \$89,358. Revenues were generated by the vaccination clinic, through rent, labor, services, and utility payments. Event expenses of \$192,006 were a combination of labor to operate the facility for the vaccination clinic and Levy's staff salaries and indirect expenses.

Event Net Revenue – YTD ended June 30, 2021

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$-	\$-	\$-
Meetings	11,539	(738,028)	(726,489)
Consumer Shows	-	-	-
Trade Shows	-	-	-
Conventions	-	-	-
Special Events	319,375	(62,227)	257,148
Miscellaneous Events	-	(70,489)	(70,489)
Sporting Events	-	-	-
Totals	\$330,914	(\$870,744)	(\$539,830)

With \$330,914 in revenue from the vaccination clinic, the year-to-date loss is \$539,830, Year-to-date incurred event expenses was \$870,744.

Partners

Partner Revenue – 4th Quarter ended June 30, 2021

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$3,984	(\$134,103)	(\$130,119)
Smart City (IT services)	12,973	(8,649)	4,324
ENCORE-AV (AV services)	-	-	-
Electrical	53,600	(49,254)	4,346
UPS	-	-	-
Totals	\$70,557	(\$192,006)	(\$121,449)

There was \$70,557 in partner revenue. The cost of sales was \$192,006 for a net loss of \$121,449 for the quarter.

Partner Revenue – YTD ended June 30, 2021

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$11,679	(\$808,626)	(\$796,947)
Smart City (IT services)	17,297	(12,973)	4,324
ENCORE-AV (AV services)	(140)	109	(31)
Electrical	53,600	(49,254)	4,346
UPS	-	-	-
Totals	\$82,436	(\$870,744)	(\$788,308)

Year-to-date Partner revenue was \$82,436 with a net year-to-date loss of \$788,308.

Indirect Expenses

Total Indirect Expenses were \$455,018 for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$73,605
Marketing	Sales and marketing related	24,100
Finance	Finance and Human Resources	27,254
Events	Staffing to manage events	1,818
Operations	Engineering, building services, security, and all other related expenses to operate the building	180,848
Overhead	Non-departmental expenses	147,393
Transition Costs	Costs related to the transition to Spectra	-
Totals		\$455,018

Other Activities

Both Spectra and Levy have continued to review expenditures in an effort to mitigate financial losses to the City. Levy still has four full-time employees, retaining its general manager, executive chef, controller, and director of sales. Spectra remained at two full-time employees, retaining its general manager, and a sales manager.

Spectra and Levy sales teams continued to proactively move events originally scheduled from January 2021 through June 2021 into the next Fiscal Year and beyond. There were 52 events scheduled for the 4th Quarter. Of the 52 events, 33 events rebooked and confirmed new dates and 19 cancelled. It is estimated that 65% of the cancelled events will return to the Center once the ability to host events resumes.

Working in conjunction with Levy, the DMO, the City and JLL, the Sales team generated 100 prospects in Q4; 74 that were classified as new business. From the prospect list 37 of those developed into tentative¹ business. Additionally, 54 events became definite² business in Q4. Applying the goals of the booking strategy, Spectra has put an emphasis on prospecting and generating leads for Priority 3 business and had already generated 87% of the projected Priority 3 business for FY 2021/22 by the end of Q4. Levy has continued to concentrate on building prospects for banquets and social events. Additionally, the sales team continues to create, prepare, and present new concepts that have become known as “Product Development”. These ideas are being established in an effort to differentiate Santa Clara from its competitors; examples include transportation, public space activation and culinary experience. The team continued to build its prospect list in Q4 and increased its total prospects to 403 or 81% of its annual goal of 500 new prospective clients for the year.

In the 4th quarter Spectra, Levy and the DMO awarded Lotus Marketing the contract for marketing services. Collectively hiring a marketing agency will provide the three entities an ability to develop a new logo and strategize on the best way to promote the destination.

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)

Working with Levy, the DMO and the City, Spectra and partners submitted proposed KPIs goals for FY 2021/22 and FY 2022/23.

Forecast

As of the end of Q4, the Center operated at a loss of \$2,262,144. As a result of the continued “indoor event” restrictions, as the Center remained closed through the remainder of the Fiscal Year, with the exception of the vaccination clinic. There are no additional expenditures forecasted for the fourth quarter. The total loss for FY 2020/21 is \$2,262,144 which is \$241,514 less than projected at the end of the 3rd quarter. These additional savings were due to Spectra’s monitoring and controlling operating expenses throughout the 4th quarter.

SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY 2020/2021					
	ACTUAL YTD July - June '21 FY 2021	FORECAST - FY 2021	TOTAL PROJECTION FYE 6/30/21	ORIGINAL BUDGET FYE 6/30/21	VARIANCE
# OF EVENTS	3	0	3	436	(433)
DIRECT EVENT INCOME	\$ 252,802	\$ -	\$ 252,802	\$ 6,389,775	\$ (6,136,973)
ANCILLARY INCOME	<u>(792,632)</u>	-	<u>(792,632)</u>	<u>4,299,483</u>	<u>(5,092,115)</u>
TOTAL EVENT INCOME	(539,830)	-	(539,830)	10,689,258	(11,229,088)
OTHER INCOME	<u>(93,947)</u>	-	<u>(93,947)</u>	<u>168,836</u>	<u>(262,783)</u>
EXECUTIVE	390,893	-	390,893	752,860	361,967
MARKETING	109,777	-	109,777	598,924	489,147
FINANCE	116,346	-	116,346	580,927	464,581
EVENTS OPERATIONS	38,218	-	38,218	530,531	492,313
OPERATIONS	388,728	-	388,728	3,844,722	3,455,994
OVERHEAD	584,405	-	584,405	1,483,349	898,944
INDIRECT EXPENSES	<u>1,628,367</u>	-	<u>1,628,367</u>	<u>7,791,313</u>	<u>6,162,946</u>
OPERATING NET INCOME (LOSS)	<u>(2,262,144)</u>	-	<u>(2,262,144)</u>	<u>3,066,781</u>	<u>(5,328,925)</u>
OTHER INCOME/(EXPENSES)	-	-	-	-	-
CAPITAL EXPENSE	-	-	-	-	-
NET INCOME (LOSS)	<u>\$ (2,262,144)</u>	<u>\$ -</u>	<u>\$ (2,262,144)</u>	<u>\$ 3,066,781</u>	<u>\$ (5,328,925)</u>

FY 2020/21 Capital Improvement Projects (CIP) Budget

During the City's FY 2020/21 budget approval process, City Council approved approximately \$4.1 million in carry-over CIP funds for the Convention Center.

In October, Spectra submitted its updated 5-year Capital Project plan for the SCCC.

CIP Project Updates

Glass Pyramid Project

- Only replacement of glass remains.
 - Installation was rescheduled for the second week of June 2021, following the vaccination center move out.
 - An issue with a miscut of the glass has delayed the completion of this project until July 2021.

Flooring/Paint/Kitchen & Digital Signage

- In Q4, Spectra in conjunction with HOK, the architectural design firm hired to oversee the Flooring, Paint & Kitchen projects, issued a Request for Bid (RFB) for painting and utilized a global procurement agreement procured carpeting and a polished concrete finish for the facility.
 - Spectra hosted a pre-bid site tour of the facility for the Painting RFB in June.
 - Satellite Painting, a Santa Clara county company was awarded the bid for the painting project. Work is expected to begin in July 2021.
 - As mentioned above, using a global procurement agreement, Spectra was able to engage Shaw Integrated Solutions and their contractor to provide new carpeting and flooring throughout the center. Work is expected to start in late July, early August.
- Working with HOK and Idibri, the selected design firm for the digital signage project, Spectra presented a new "base package" plus add alternates for the digital signage project.
 - This base package will be part of the Information for Bid (IFB) for a general contractor that is expected to be issued in early July 2021.
 - Idibri is working in conjunction with HOK on creating the overall vision for the convention center.
 - The design development and bid documents for equipment were completed in Q4.
 - Installation is expected to begin in Q1 of FY 2021/22.

Security System Project

- In the 4th quarter, Johnson Controls (JCI), the selected vendor for the Security Camera Project commenced with installation of the new system.
 - JCI completed over 70% of the install by May of 2021 before running into challenges with obtaining the remaining hardware from their distributors.

- Equipment has been ordered and it is expected that JCI will complete full installation of the security camera project in the 1st quarter of FY 2021/22.

The updated list of capital projects is in the chart below.

Proj. #	Project Name	Phase	Total FY 20/21 Total Budget	YTD Exp.	FY 2020/21 Balance
001	Convention Center HVAC Study	-	\$ 11,250	\$ -	\$ 11,250
002	Convention Center HVAC - Duct Work	-	\$ 57,375	\$ -	\$ 57,375
003	Convention Center HVAC - BMS System Upgrade	Completed FY 2019/20	\$ -	\$ -	\$ -
004	Convention Center HVAC Portable A/C Units	Completed FY 2020/21	\$ 50,625	\$ 75,350	\$ (24,725)
005	Convention Center Security System	Implementation	\$ 168,750	\$ 20,458	\$ 148,292
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Implementation	\$ 1,104,200	\$ 352,471	\$ 751,729
007	Convention Center Building Envelope Repair - Terrace Building Front	-	\$ 111,875	\$ -	\$ 111,875
008	Convention Center Message Boards, Marquees, Digital Signage Upgrades	Implementation	\$ 562,500	\$ 30,966	\$ 531,534
009	Convention Center Interior Paint	Implementation	\$ 506,250	\$ 44,645	\$ 461,605
010	Convention Center Door Replacements	-	\$ 56,250	\$ -	\$ 56,250
011	Convention Center Facility Lighting Project	-	\$ 22,500	\$ -	\$ 22,500
012	Convention Center Riding Vacuum Purchase	Completed FY 2019/20	\$ -	\$ -	\$ -
013	Convention Center Carpet Replacement	Implementation	\$ 1,225,000	\$ 44,645	\$ 1,180,355
014	Balance - Contingency	n/a	\$ 200,937	\$ 2,415	\$ 198,522
SPECTRA/CITY CIP FUNDS			\$ 4,077,512	\$ 570,950	\$ 3,506,562
Kitchen (Levy) - Upgrades		Implementation	\$ 254,002	\$ 179,143	\$ 74,859
TOTAL CONVENTION CENTER CIP		-	\$ 4,331,514	\$ 750,093	\$ 3,581,421

Community Involvement



In the 4th quarter, Spectra worked closely with Sutter Health/Palo Alto Medical Foundation on the operation of its COVID-19 vaccination clinic. The clinic vaccinated thousands of Bay Area residents between February 19, 2021 and June 4, 2021.





Santa Clara Convention Center

5001 Great America Parkway

Santa Clara, CA 95054

Tel: (408) 748-7000

www.santaclaraconventioncenter.com

General Manager: Kelly Carr