



Agenda Report

20-90

Agenda Date: 3/17/2020

REPORT TO COUNCIL

SUBJECT

Action on the Santa Clara Convention Center FY 2019/20 2nd Quarter Financial Status Report
[Council Pillars: Promote and Enhance Economic and Housing Development, Enhance Community Engagement and Transparency, and Sustainability]

BACKGROUND

On February 5, 2019, the City approved an agreement with Global Spectrum L.P. dba Spectra Venue Management (Spectra) to operate the Santa Clara Convention Center (SCCC). Spectra began management of SCCC on March 18, 2019.

Staff is transmitting Spectra's SCCC status report to Council for compliance with agreement terms. This report has not been separately audited.

DISCUSSION

Submitted for Council information is a Financial Status Report for the 2nd quarter ended December 31, 2019, as submitted by Spectra. This report is unaudited and, therefore, subject to change.

As part of the management transition, there are several reporting additions and changes that are aligned with Spectra's accounting system. Some revenue and expenditure reporting groups are combined differently, and a new revenue recognition policy related to food and beverage activities has been implemented.

As discussed in the attached Quarterly Report, budget to actual financial results are as follows:

Table 1 - 2nd Quarter Summary Financial Summary

	Projected in Budget	Actual	Difference
Gross Revenue	\$5,514,011	\$5,506,510	(\$7,501)
Total Expenses	\$4,850,353	\$4,604,309	(\$246,044)
Net Income	\$663,659	\$902,202	\$238,543

As detailed in Table 1, gross event revenue was close to budgeted projections. Revenue performance in food and beverage (+\$715,620 variance) was offset by lower rental (-\$550,751 variance) and audio-visual rental needs (-\$248,847 variance). Remaining categories generated higher than budgeted net revenue proceeds (+\$76,477 variance).

Net expenses were under budget by \$246,044. This was due to savings in audio-visual and IT services costs (+\$243,181 variance) and indirect expenses (+\$277,991 variance) offset by higher

than anticipated services (-\$144,246 variance) and food and beverage (-\$130,882 variance) expenditures.

Net income actuals came in above budgeted projections for the quarter (+\$238,543 variance) due to the revenue and expenditure performance described above, reflecting a 36% more than originally projected.

When comparing to last year, net income of \$902,202 in the second quarter of the current Fiscal Year, exceeded the net income of \$550,321 in the second quarter of the prior Fiscal Year, reflecting 64% favorably when compared year to year.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The net income generated by the Convention Center for the 2nd quarter of FY 2019/20 is \$902,202. This amount does not include any fiscal impact related to TOT, TID, and/or sales tax activity.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Note and file the Santa Clara Convention Center Financial Status Report for the second quarter ended December 31, 2019, as submitted by Spectra.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. SCCC Activity Report for Second Quarter FY 2019/20