



Agenda Report

21-962

Agenda Date: 9/7/2021

REPORT TO COUNCIL

SUBJECT

Action on the Santa Clara Convention Center FY 2020/21 4th Quarter Financial Status Report

COUNCIL PILLARS

Promote and Enhance Economic, Housing and Transportation Development
Enhance Community Engagement and Transparency
Promote Sustainability and Environmental Protection

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 the SCCC on March 18, 2019.

Staff is transmitting Spectra's SCCC status report to Council for compliance with agreement terms.

DISCUSSION

This report transmits for Council information, the Santa Clara Convention Center Financial Status Report for the 4th quarter ending June 30, 2021, as submitted by Spectra. This report is unaudited and, therefore, subject to change.

As Spectra's 4th quarter report indicates, 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 on June 4, 2021. The vaccination clinic was the only event for the 4th quarter.

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.

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

With the Center being closed to events, staff have been focused on increasing general sales activity to identify new clients for future year business, and advancing the budgeted capital improvement projects such as resealing/repairing the pyramid skylights glass, updating interior paint, carpet and kitchen, and updating interior digital signage.

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

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 \$117,308 of event revenue from the vaccination clinic and additional dollars generated in other revenue with the majority coming from sponsorships and cellar site revenue.

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 operating loss incurred by the Convention Center for the 4th quarter of FY 2021/21 is \$529,986. 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.

RECOMMENDATION

Note and file the Santa Clara Convention Center Financial Status Report for the 4th Quarter ending June 30, 2021, as submitted by Spectra.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. SCCC Activity Report for Fourth Quarter FY 2020-21