



Agenda Report

19-1441

Agenda Date: 1/29/2019

REPORT TO COUNCIL

SUBJECT

Action on the Santa Clara Convention Center (SCCC) 1st Quarter Financial Status Report

BACKGROUND

The SCCC Financial Status Report for the first quarter ending September 30, 2018 provides current information on the business activities of the Santa Clara Convention Center. Submission of the report by the Santa Clara Chamber of Commerce (Chamber) is required under the Management Agreement for the operation of the Santa Clara Convention Center. Staff is transmitting to the City Council the SCCC report for compliance with agreement terms and has not separately audited or validated the information.

DISCUSSION

Submitted for City Council consideration is the SCCC Financial Status Report for the first quarter ending September 30, 2018, as submitted by the Santa Clara Convention Center. This report is unaudited and therefore, subject to change. The delay in submitting this first quarterly report is due to competing priorities in the Finance Department and working with the Convention Center staff to correct clerical errors in the submitted Financial Status Report.

It is important to note that during the first quarter of the current fiscal year, the financial performance at the Convention Center declined in comparison to the first quarter of the prior fiscal year. The current first quarter ended with a year to date (YTD) loss of \$497,487 compared to a loss of \$31,718 in the prior year.

It should be noted that information included in prior quarterly reports such as room rental nights, convention attendees, and estimated revenues for convention center rental and Transient Occupancy Tax associated with CVB bookings is not included in this report.

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

Year-end positive net operating results could be a revenue source to the General Fund, while net operating losses may require a subsidy by the General Fund.

The financial status of the Convention Center operation as reflected in the attached quarterly report is one of several aspects of the City's overall financial obligation related to the Convention Center. In

addition to the general management and day-to-day operation of the Convention Center as captured in the quarterly report, in FY 2018/19 the City budgeted funds for the Convention Center's Capital Improvement Program (CIP) in the amount of \$55,800; a contribution of \$706,591 into Maintenance District 183 (an agreement between the Convention Center, TechMart, and Hyatt for maintenance of the common area). The budgeted General Fund subsidy for the Convention Center program overall (i.e., Convention Center operation, CIP and Maintenance District) was \$587,568 for FY 2018/19. However, the actual General Fund subsidy for FY2018/19 is subject to change depending on the final net operating results and capital expenditures for the remainder of the fiscal year.

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 <<mailto: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 first quarter ended September 30, 2018, as submitted by the Santa Clara Chamber of Commerce.

Reviewed by: Angela Kraetsch, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. SCCC Activity Report for Fiscal Year 2018/19 First Quarter