



# City of Santa Clara

1500 Warburton Avenue  
Santa Clara, CA 95050  
santaclaraca.gov  
@SantaClaraCity

## Agenda Report

18-136

Agenda Date: 3/20/2018

### REPORT TO COUNCIL

#### SUBJECT

Santa Clara Convention Center and Convention-Visitor's Bureau (SCCC-CVB) 2<sup>nd</sup> Quarter Financial Status Report

#### BACKGROUND

The SCCC-CVB Financial Status Report for Second Quarter Ended December 31, 2017 provides current information on the business activities of the Santa Clara Convention Center and Convention-Visitor's Bureau.

#### DISCUSSION

Submitted for City Council review and acceptance is the SCCC-CVB Financial Status Report for Second Quarter Ended December 31, 2017, as submitted by the Santa Clara Chamber of Commerce and Convention-Visitor's Bureau. Submission of the report is required under the management agreement for the operation of the Santa Clara Convention Center and the agreement for convention and visitor services. This report is unaudited and therefore, subject to change.

#### 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 be subsidized by the General Fund. The second quarter year-to-date 2017-18 financial results of the Santa Clara Convention Center show a net profit of \$825,952, compared to a net profit of \$480,218 for second quarter YTD 2016-17.

The financial status of the Convention Center as captured 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 2017-18 the City has budgeted funds for the Convention Center's current Capital Improvement Program (CIP) in the amount of \$304,000; an annual contribution of \$1,461,601 for the Convention-Visitor's Bureau (CVB); a contribution of \$669,941 into Maintenance District 183 (an agreement between the Convention Center, TechMart, and Hyatt for maintenance of shared spaces); and funds of \$145,292 for an annual management fee. The budgeted General Fund subsidy is \$2,317,825 for FY 2017-18. Based on the final net operating results and capital expenditures for the remainder of the fiscal year, the actual General Fund subsidy for FY 2017-18 is expected to change.

**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) <<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 and Convention-Visitor's Bureau Financial Status Report for Second Quarter Ended December 31, 2017, as submitted by the Santa Clara Chamber of Commerce and Convention-Visitor's Bureau.

Prepared by: Randy Piotrowski, Principal Financial Analyst & Convention Center Staff

Reviewed by: Angela Kraetsch, Director, Finance

Reviewed by: Ruth Shikada, Assistant City Manager/Economic Development Officer

Reviewed by: Walter C. Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. SCCC-CVB Activity Report for Fiscal Year 2017-18 Second Quarter



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**SANTA CLARA  
CONVENTION CENTER  
AND  
CONVENTION - VISITOR'S BUREAU**

**FINANCIAL STATUS REPORT  
(Unaudited)**

**Quarter Ending December 31, 2017**



**January 26, 2018**

## Overview

The Santa Clara Convention Center (SCCC) is strategically located in the heart of Silicon Valley, a prime location for conventions, trade shows, and exhibitions. The SCCC is minutes from hotels, restaurants, Levi's Stadium, 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 to Santa Clara, generating economic benefits through attendee direct and indirect spending and sustaining over 500 local jobs. For more information, please visit [santaclaraconventioncenter.org](http://santaclaraconventioncenter.org).



**Santa Clara Convention Center  
 Fiscal Year 2017-18  
 2nd Quarter**

**95,388**  
 Total Attendance

**126**  
 Total Events

**\$2,505,919**  
 Total Revenue

**\$4,613,130**  
 Direct Economic  
 Impact generated from  
 SCCC Events

<b>Gross Estimated Revenue                      Second Quarter 2017-18</b>				
<b>Event Category</b>	<b># of Events</b>	<b>Avg Event Days</b>	<b>Attendees</b>	<b>Estimated Total Revenue*</b>
<b>Banquet</b>	23	1	21,270	\$ 1,182,857
<b>City Wides</b>	0	0	0	-
<b>Conventions</b>	7	2	5,700	904,943
<b>Meetings</b>	71	1	34,318	1,777,118
<b>Public Shows</b>	19	1	20,800	132,718
<b>Trade Shows</b>	6	2	13,300	615,494
<b>TOTAL</b>	<b>126</b>	<b>1</b>	<b>95,388</b>	<b>\$ 4,613,130</b>

\* Includes space rental, food/beverage, audio visual and telecommunications

## 3rd Quarter Projection

- Currently, 98 events with a total potential attendance of 77,115 are scheduled for the 3rd Quarter.

3rd Quarter 2017-18 Projection	
Events	98
Attendees	77,115

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## Financial Results

### Revenue

Revenue through the second quarter of 2017-18 was \$4,038,160, representing 56% of the overall annual budget for revenue. This is an increase in revenue of \$276,359, when compared to the prior year due primarily to an increase in the number and attendance of banquets.

### Expenses

Total expenses through the second quarter totaled \$3,212,208, representing 45% of the annual budget for expenses. This is a decrease of \$69,376 when compared to the prior year due primarily to a decrease in labor related costs.

### Net Income

The Convention Center ended the second quarter with a YTD profit of \$825,952.

**SANTA CLARA CONVENTION CENTER and CONVENTION-VISITOR'S BUREAU FINANCIAL STATUS REPORT**

Quarter Ending December 31, 2017

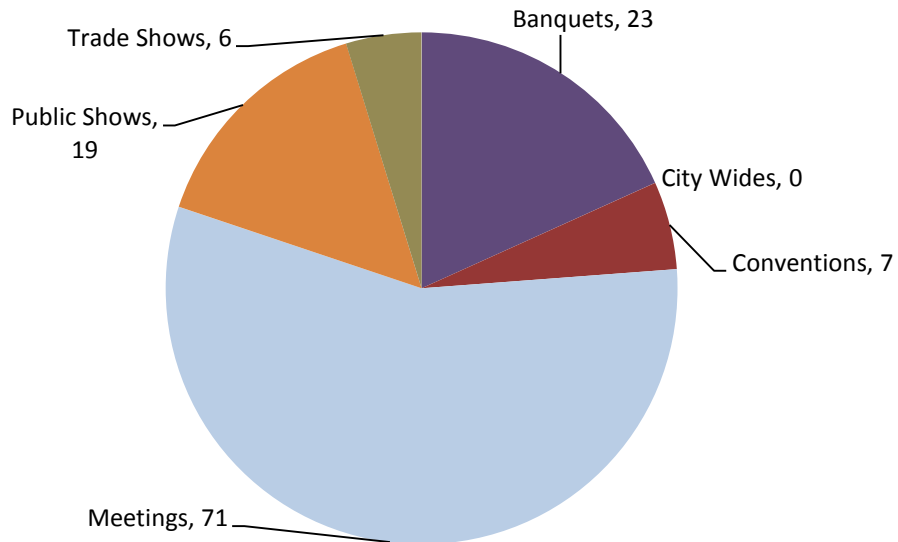
Santa Clara Convention Center								
Income Statement Comparisons								
	YTD for Quarter Ending December 31, 2017				YTD for Quarter Ending December 31, 2016			
	Annual Budget	YTD Actuals	Remaining Balance	% Used	Annual Budget	YTD Actuals	Remaining Balance	% Used
<b>Revenues</b>								
Space Rental	\$ 2,800,000	\$ 1,768,955	\$ 1,031,045	63%	\$ 2,600,000	\$ 1,545,469	\$ 1,054,531	59%
Event Revenue	455,575	294,853	160,722	65%	474,000	206,884	267,116	44%
Audio-Visual	927,052	338,262	588,790	36%	758,734	381,292	377,441	50%
Catering	2,647,923	1,242,278	1,405,646	47%	2,600,000	1,231,230	1,368,770	47%
Telecommunications	330,000	237,199	92,801	72%	333,039	350,770	(17,731)	105%
Other	104,000	156,613	(52,613)	151%	69,200	46,156	23,044	67%
<b>Total Revenues</b>	<b>7,264,551</b>	<b>4,038,160</b>	<b>3,226,390</b>	<b>56%</b>	<b>6,834,973</b>	<b>3,761,801</b>	<b>3,073,171</b>	<b>55%</b>
<b>Labor &amp; Operating Expenses</b>								
<b>Employee Related Expenses</b>								
Wages, Taxes & Insurance	4,156,776	1,922,562	2,234,214	46%	3,897,353	1,951,255	1,946,097	50%
Benefits	1,204,751	475,864	728,887	39%	1,200,873	535,602	665,270	45%
<b>Operating Expenses</b>								
Insurance	197,376	91,243	106,133	46%	190,443	90,203	100,240	47%
JLL Evaluation	-	34,375	(34,375)		-	-	-	
Maintenance & Supplies	229,721	78,743	150,978	34%	219,665	97,955	121,710	45%
Management Fee	145,291	72,644	72,647	50%	136,399	68,346	68,053	50%
Monthly Service Contracts	146,923	70,860	76,063	48%	138,884	66,697	72,187	48%
Office & Legal	229,930	104,593	125,337	45%	120,200	87,788	32,412	73%
Parking Fees & Rentals	30,000	3,000	27,000	10%	60,000	6,550	53,450	11%
Utilities	806,065	358,325	447,740	44%	759,108	377,186	381,922	50%
<b>Total Labor &amp; Operating Exp.</b>	<b>7,146,833</b>	<b>3,212,208</b>	<b>3,934,624</b>	<b>45%</b>	<b>6,722,925</b>	<b>3,281,584</b>	<b>3,441,341</b>	<b>49%</b>
<b>Net Income/(Loss)</b>	<b>\$ 117,718</b>	<b>\$ 825,952</b>			<b>\$ 112,048</b>	<b>\$ 480,218</b>		

NOTE: Totals may not add due to rounding

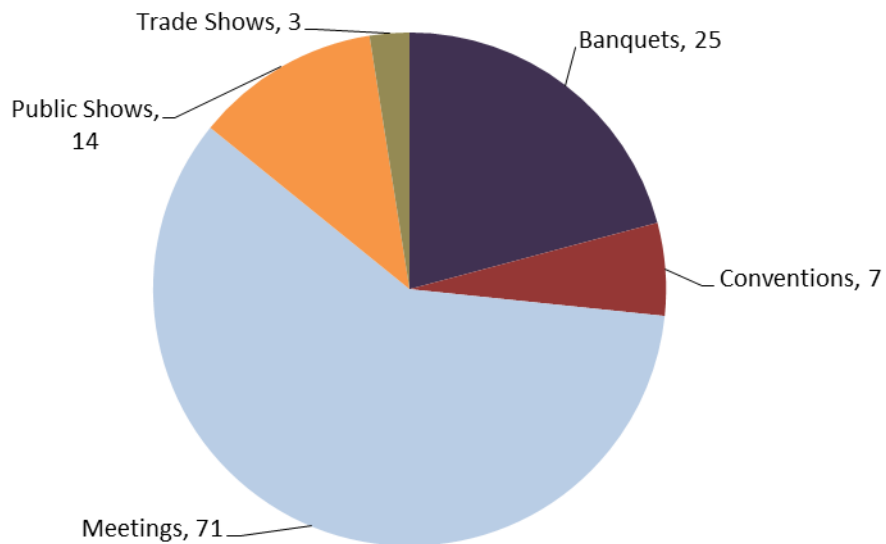
## Event Mix Statistics

Results	Q2 2017-18	Q2 2016-17
Number of Events	126	120
Number of Event Days	192	199
Attendance	95,388	76,755

### 2017-2018



### 2016-2017





## Other Revenue

Increased General Fund sales tax and transient occupancy tax (TOT) collections result from the direct and indirect economic activity related to Convention Center events.

Sales taxes generated from food and beverage, audio-visual, and telecommunication sales are taxable, resulting in significant sales tax revenue for the City. The 2nd Quarter 2017-18 sales tax collections indicate that sales transactions at the Convention Center generated \$406,399 of sales tax revenue. In addition, other businesses in Santa Clara benefit from the influx of people coming into town to attend various events, resulting in additional sales tax collections for the General Fund.

Many Convention Center events bring travelers into the region resulting in hotel stays. In 2nd Quarter 2017-18, Convention Center events generated an estimated \$196,132 in TOT (based on an Average Daily Rate (ADR) of \$218) which benefits the City's General Fund.



## 2017-18 Capital Improvement Program Budget

The Convention Center capital improvement program budget for fiscal year 2017-18 totals \$304,000. The following table provides a breakdown of the budget as of 2nd Quarter 2017-18.

<b>Santa Clara Convention Center</b>				
<b>Capital Improvement Projects</b>				
<b>2017-18</b>				
<b>Description</b>	<b>QTY</b>	<b>Annual Budget</b>	<b>Actual to Date</b>	<b>Budget Remaining</b>
Exhibit Hall floor combo sweeper & scrubber	1	\$ 67,000	\$ -	\$ 67,000
Podium	5	27,000	-	27,000
Roll n Set Stage Units	4	68,000	68,000	-
72 inch Round tables - no carts	60	32,000	-	32,000
Floor Boxes (Exhibit Halls A-D)	N/A	20,000	-	20,000
Switchgear Labeling (OSHA)	N/A	40,000	-	40,000
Repair Makeup Air Unit for Mission Ball Room Kitchen	N/A	50,000	-	50,000
<b>TOTAL</b>		<b>\$ 304,000</b>	<b>\$ 68,000</b>	<b>\$ 236,000</b>

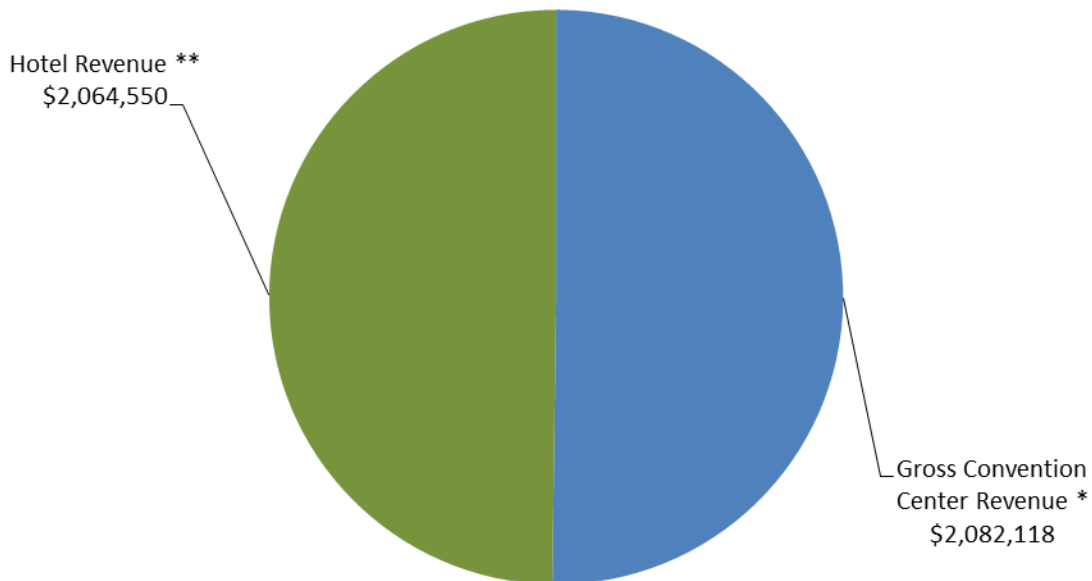
## Santa Clara Convention-Visitors Bureau Fiscal Year 2017-18 2nd Quarter

**40**  
Group Bookings

**50,570**  
Attendees

**15,473**  
Room Nights

### Gross Estimated Revenue

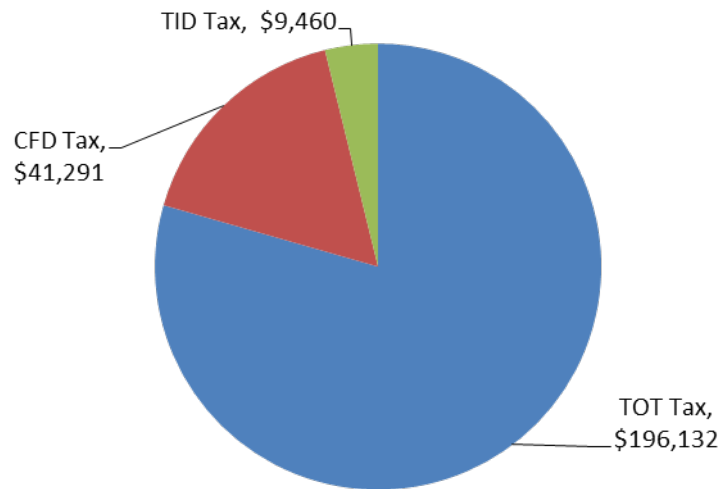


\* Gross Convention Center Revenue includes revenue from Convention Center Rental, Audio Visual, Food/Beverage, Telecommunications, Digital Display Advertising and Event Equipment/Services

\*\*Hotel Revenue is based on Actualized Hotel Room Nights x Average Daily Rate (ADR) (ADR is based on average daily rate for the respective quarter)

## Hotel Tax Revenue

Hotel Tax Revenue includes the Tourism Improvement District Tax (TID), Community Facilities District Tax (CFD), and Transient Occupancy Tax (TOT). Total Hotel Tax Revenue for the quarter was \$246,883 and is based on 9,460 actualized room nights.



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## 3rd Quarter Projection

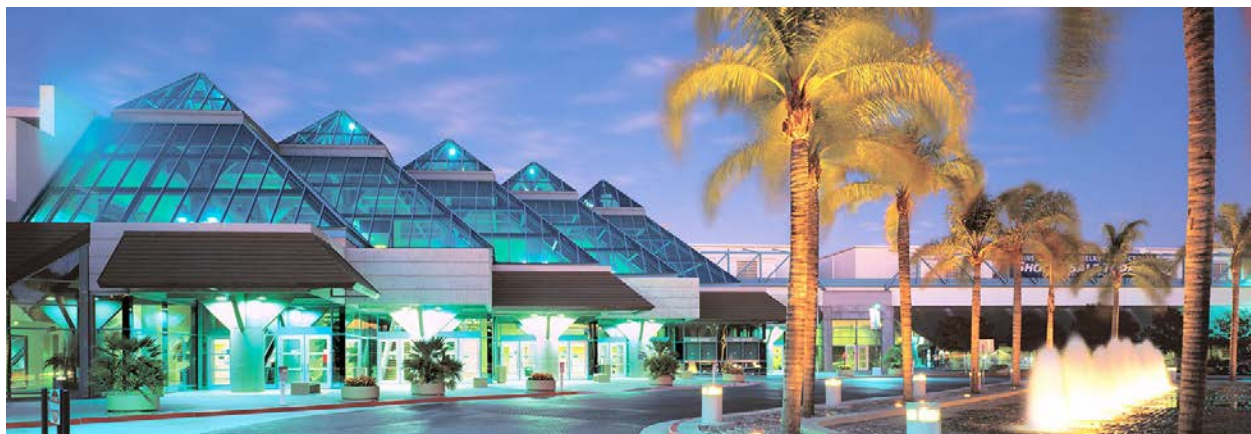
Currently, 16 group bookings with a total potential attendance of 31,030 and 16,686 hotel room nights are scheduled for the 3rd Quarter.

3rd Quarter 2017-18 Projection	
Bookings	24
Attendees	31,030
Room Nights	16,686

## Santa Clara Convention and Visitor's Bureau Cost Comparison

	Year to Date Quarter Ending December 31, 2017			
	Annual Budget	YTD Actuals	Remaining Balance	% Used
Group Marketing & Sales	\$ 1,090,874	\$ 400,172	\$ 690,702	37%
Convention Services	156,143	67,470	88,673	43%
Visitor Marketing and Communications	420,985	191,560	229,426	46%
<b>Total</b>	<b>\$ 1,668,002</b>	<b>\$ 659,202</b>	<b>\$ 1,008,801</b>	<b>40%</b>

	Year to Date Quarter Ending December 31, 2016			
	Annual Budget	YTD Actuals	Remaining Balance	% Used
Group Marketing & Sales	\$ 1,060,626	\$ 414,317	\$ 646,309	39%
Convention Services	134,042	64,996	69,046	48%
Visitor Marketing and Communications	514,060	179,958	334,102	35%
<b>Total</b>	<b>\$ 1,708,728</b>	<b>\$ 659,271</b>	<b>\$ 1,049,457</b>	<b>39%</b>



## Visitor Marketing & Communications Department Highlights

- Visitor Marketing & Communications continued to have a significant impact and influence on direct spending in the City of Santa Clara in the second quarter.
- SantaClara.org website saw 28,275 NEW users during the quarter, resulting in \$1.0 million in estimated visitor spending at Santa Clara hotels, restaurants, and visitor attractions. (Destination Marketing Association of the West CVB Website conversion study metric).
- Hosted a Santa Clara focused presentation/reception in cooperation with TID hotels and visitor attractions (California's Great America and Intel Museum) in Los Angeles for 25 Japanese and Chinese travel buyers.
- *Visit Santa Clara* social media following grew by 219 to over 52,000 opt-in followers.
- *Visit Santa Clara* destination videos saw 5,743 new views.
- Responded to multiple travel trade media requests for Santa Clara visitor information.
- Fulfilled 211 consumer requests for visitor information.
- Produced monthly CVB eNews to stakeholders.
- Managed both visitor and convention calendar of events.
- Managed *Visit Santa Clara*, *Convention Center*, and *Sports Santa Clara* websites.



# **Santa Clara Convention Center**

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[santaclaraconventioncenter.org](http://santaclaraconventioncenter.org)