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**Title:** 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]

**Sponsors:**

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**Attachments:** 1. SCCC Activity Report for Second Quarter 2019/20

Date	Ver.	Action By	Action	Result
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## 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 2<sup>nd</sup> 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 - 2<sup>nd</sup> Quarter Summary Financial Summary**

	<b>Projected in Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>Gross Revenue</b>	\$5,514,011	\$5,506,510	(\$7,501)
<b>Total Expenses</b>	\$4,850,353	\$4,604,309	(\$246,044)
<b>Net Income</b>	\$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 2<sup>nd</sup> 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](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 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



**FY 19/20 QUARTERLY REPORT – 2<sup>nd</sup> Quarter Ending December 31, 2019**

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February 12, 2020

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**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](http://www.santaclaraconventioncenter.com).

## 2<sup>nd</sup> Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 2<sup>nd</sup> quarter ended December 31, 2019. This report is unaudited and, therefore, subject to change.



**79,494**  
Total Attendance



**122**  
Total Events



**\$5,506,510**  
Total Revenue

### Strategic Highlights

Santa Clara is in the process of restructuring all aspects of its approach to attracting and servicing conventions and meetings. 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. Additionally, work continues with the City, JLL and the Tourism Improvement District (TID) on the development of a new booking strategy as the basis to establish lists of targeted business and events which will meet or exceed economic impact goals and objectives, as well as, build venue and destination brand awareness.

### Financial Highlights

Revenue through the 2<sup>nd</sup> quarter of FY 2019/20 was \$9,540,199, representing 51.6% of the overall budget for revenue of \$18,484,540; expenses totaled \$8,393,321, representing 51.8% of the overall budget for expenses of \$16,200,842.

### Event Highlights



OATH/Verizon Tech Pulse, O'Reilly Media and IDTechEx were the top three gross revenue generating events at the Center this quarter. Cumulatively, the three events generated over \$1.5M and brought together approximately 5,400 attendees over 9 days.



## Operational Highlights

- Spectra completed two Request for Proposal processes for information technology and audio-visual services and awarded three-year agreements with Smart City and PSAV. Contracts are currently being finalized with anticipated start dates of January 1, 2020.
- Spectra Food Service and Hospitality (Spectra FS&H) interim food and beverage operations agreement expires December 31, 2019 and transition activities with the new food and beverage operator, Levy, has been going well. Transition meetings occur weekly and Levy is on schedule to take over operations January 1, 2020.
- Spectra is in the process of reviewing resumes for the vacant Sales Coordinator position.

## Other Noteworthy Highlights

- Spectra reached a tentative agreement with the Teamsters Local 287 and anticipates executing a new two-year collective bargaining agreement in the next quarter.
- “Tailgate on Tasman” a pregame event held at the Center for fans attending events at Levi’s Stadium. The 49ers-Seahawks Monday night football game saw an increase in revenues and highest attendance to date during the 2Q.
- The Santa Clara Convention Center was advertised in Business View Magazine.



**Connecting the Center of What's Possible**

Silicon Valley Power is the City of Santa Clara's community owned electric utility. We are the only full service, vertically integrated utility in Silicon Valley owning generation, transmission, distribution and dark fiber assets. Silicon Valley Power not only powers what is possible but can connect you to the speed of innovation through our dark fiber enterprise network, known as Fiber Connect.

Silicon Valley Power's Fiber Connect provides scalable bandwidth and high-speed connectivity through its dark fiber infrastructure. With over 150 cable miles of fiber backbone, businesses can bypass the time, cost and inconvenience of building fiber backbones, and almost immediately access the benefits of an ultra-high speed fiber optic connection. Access to a fiber optic connection means businesses can simultaneously enjoy high-speed internet access, voice over internet protocol (VoIP), including voice, fax and voice messaging and video services. Customers of SVF Fiber Connect include data centers, silicon providers, schools and other various businesses.

With the on-going development of virtual "cloud" computing, broadband services, social networking, and the internet-of-things, Silicon Valley Power's Fiber Connect supports those needs and can increase your communication services to market!

For more information, please visit our website:  
[www.svpfiber.com](http://www.svpfiber.com)  
[www.siliconvalleypower.com](http://www.siliconvalleypower.com)  
[www.santaclara.gov](http://www.santaclara.gov)

SANTA CLARA, CALIFORNIA

much to offer residents, businesses and visitors alike.

"One of the greatest assets the city has for both our residents and our businesses is Silicon Valley Power," says Manuel Pineda, Assistant City Manager & Chief Electric Utility Officer. "Regarding the power we provide to our residents, for approximately the last two years, all the power is greenhouse gas-free – no emissions associated with it. And we're not only able to be sustainable, when you look at our residential rates, they're about 49 percent lower than PG&E (PacifiCorp & Electric provider), natural gas and electric power to most of the northern two-thirds of California! So, we're able to provide less expensive, more sustainable power that's also more reliable."

"We're the data center capital of Silicon Valley and part of that is because of Silicon Valley Power," Pineda continues. "Right now we have approximately 48 data centers within Santa Clara."






**Welcome to the Santa Clara Convention Center – Your Vision is Our Mission!**

Provided by the City of Santa Clara and managed by Santa Clara Convention Center, the center provides a premier venue for trade shows, expos, and meetings. The center is located in the heart of Silicon Valley, a hub for innovation and technology. The center is also a premier venue for high technology and industry events and large parties.

Visit us today at [www.santalaraconventioncenter.com](http://www.santalaraconventioncenter.com) for more information. Our staff and 500+ team members provide the highest quality service and support for your event.

[www.santalaraconventioncenter.com](http://www.santalaraconventioncenter.com) 5001 Great America Parkway, Santa Clara, CA 95054

## Financial Summary

### Financial Results

**Table 1**  
**Financial Summary – 2<sup>nd</sup> Quarter ended December 31, 2019**

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

As detailed in Table 1, the financial results for the second quarter ended December 31, 2019 were over the projected amount by \$238,543. The gross event revenue was under budget by \$7,501. This was due to the number of “offsets” or reduced rental room fees committed to by the previous Convention Center operator (-\$550,751 variance) and a decrease in audio-visual and information technology (IT) services (-\$317,247 variance). The reduced revenue was offset by a marked increased food and beverage sales (+\$715,620) and other service revenue (+\$153,296).

Total expenses were under budget by \$246,044. This was due to savings in audio-visual and IT services costs (+\$243,184 variance) and indirect expenses (+\$277,991 variance). These expense savings were offset by higher food and beverage and other services (-\$275,125 variance).

**Table 2**  
**Financial Summary – YTD ended December 31, 2019**

	<b>Projected in Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>Gross Revenue</b>	\$9,811,403	\$9,540,199	(\$241,204)
<b>Total Expense</b>	\$8,728,507	\$8,393,321	(\$335,186)
<b>Net Income</b>	\$1,082,896	\$1,146,878	\$63,982

As noted in Table 2, the current second quarter ended with a year-to-date net income of \$1,146,878 and net income actuals came in over what was projected by \$63,982.

It is important to note that during the second quarter of the current Fiscal Year, the financial performance at the Convention Center increased in comparison to the second quarter of the prior Fiscal Year. The current second quarter ended with a year-to-date (YTD) income of \$1,146,877 compared to \$550,321 in the prior year.



## Income Statement

<b>SANTA CLARA CONVENTION CENTER</b>						
<b>GROSS INCOME STATEMENT</b>						
<b>For the period Ended December 31, 2019</b>						
	<b>2Q TO DATE</b>			<b>YEAR TO DATE</b>		
	Curr Budget	Actual	Budget Variance	Curr Budget	Actual	Budget Variance
<b>Event Revenue</b>						
Rental	1,402,443	851,692	(550,751)	2,636,238	1,708,824	(927,414)
Services	110,093	263,389	153,296	289,823	547,461	257,638
IT/Telecom	496,899	428,501	(68,399)	1,006,749	764,595	(242,154)
Food & Beverage	2,685,775	3,401,395	715,620	4,290,475	5,472,520	1,182,045
Audio Visual	775,253	526,406	(248,847)	1,501,021	946,963	(554,059)
<b>Total Event Revenue</b>	<u>5,470,463</u>	<u>5,471,383</u>	<u>920</u>	<u>9,724,306</u>	<u>9,440,362</u>	<u>(283,943)</u>
<b>Event Expenses</b>						
Services	0	144,246	144,246	0	318,262	318,262
IT/Telecom	367,706	270,719	(96,986)	744,994	501,250	(243,744)
Food & Beverage	1,958,860	2,089,742	130,882	3,129,647	3,539,755	410,108
Audio Visual	511,667	365,472	(146,195)	990,674	651,893	(338,781)
<b>Total Event Expenses</b>	<u>2,838,233</u>	<u>2,870,180</u>	<u>31,948</u>	<u>4,865,315</u>	<u>5,011,161</u>	<u>145,845</u>
<b>Net Event Income (Loss)</b>	2,632,230	2,601,202	(31,028)	4,858,990	4,429,202	(429,789)
			0			0
<b>Other Revenue</b>	43,549	35,128	(8,421)	87,098	99,837	12,739
			0			0
<b>Total Revenue</b>	<u>2,675,779</u>	<u>2,636,330</u>	<u>(39,449)</u>	<u>4,946,088</u>	<u>4,529,038</u>	<u>(417,050)</u>
<b>Indirect Expenses</b>						
Executive	189,556	156,477	(33,079)	357,014	318,150	(38,864)
Marketing	91,489	74,311	(17,179)	172,290	135,524	(36,765)
Finance	136,245	138,712	2,468	260,848	257,641	(3,207)
Event Services	168,393	111,470	(56,924)	316,484	230,433	(86,051)
Operations	1,080,223	842,510	(237,714)	2,064,128	1,646,517	(417,610)
Overhead	346,214	410,378	64,164	692,429	776,694	84,266
Transition Costs	0	271	271	0	17,200	17,200
<b>Total Indirect Expenses</b>	<u>2,012,120</u>	<u>1,734,129</u>	<u>(277,991)</u>	<u>3,863,192</u>	<u>3,382,160</u>	<u>(481,032)</u>
<b>Net Operating Income</b>	663,659	902,202	238,542	1,082,897	1,146,878	63,982

## Event Statistics

This section provides a summary of Convention Center events based on event type. Overall for the quarter, Banquets were 5-under budgeted events, Consumer/Public Shows were 10-under budgeted events, Conventions were 6-under budgeted events and Special Events were 3-under budgeted events. Conversely, Meetings were 6-over budgeted numbers, Trade Shows were 2-higher than budgeted and Sporting Events were up 9 events for this period. Many of the discrepancies were due to Spectra redefining events based on definitions.

### Event Statistics – 2<sup>nd</sup> Quarter ended December 31, 2019

Event Types	Percentage	# of Events	# of Days	Attendance
Banquets	15%	18	20	15,918
Consumer Shows	3%	4	4	10,300
Conventions	3%	4	25	6,100
Meetings	51%	62	98	24,985
Special Events	15%	18	26	7,651
Sporting Events	7%	9	16	3,240
Trade Shows	6%	7	24	11,300
<b>Totals</b>	<b>100%</b>	<b>122</b>	<b>213</b>	<b>79,494</b>

### Event Statistics – YTD ended December 31, 2019

Event Types	Percentage	# of Events	# of Days	Attendance
Banquets	9%	18	20	15,918
Consumer Shows	3%	7	12	18,300
Conventions	6%	13	68	21,575
Meetings	52%	107	174	43,390
Special Events	18%	38	67	28,466
Sporting Events	6%	12	27	5,070
Trade Shows	6%	12	39	21,100
<b>Totals</b>	<b>100%</b>	<b>207</b>	<b>407</b>	<b>156,819</b>



## Event Revenue

Event Revenue for the quarter was \$920 over budget primarily due to Food & Beverage (F&B) exceeding revenues by \$715,620. Cost of Sales were \$31,948 over budget, again due to the higher F&B revenues. Total revenues for the quarter were under budget by \$39,449; however, expenses were controlled and were under budget by \$277,991, resulting in a Net Operating Income of \$238,542 for the quarter.

Year-to-date, Event Revenue was \$283,943 under budget. Rental revenues were under budget by \$927,414 due to offsets offered by the previous management organization and Audio Visual and IT revenues being down. Event Expenses were \$145,845 over budget, again due to the increase in F&B sales. Indirect expenses were \$481,032 under budget for the year, which made the Net Operating Income \$63,982 over budget for the year.

### Event Net Revenue – 2<sup>nd</sup> Quarter ended December 31, 2019

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$1,623,773	\$990,435	\$633,338
Consumer Shows	\$96,126	\$26,553	\$69,573
Conventions	\$1,780,886	\$1,008,996	\$771,890
Meetings	\$868,757	\$412,607	\$456,150
Special Events	\$62,516	\$19,363	\$43,153
Sporting Events	\$223,631	\$93,159	\$130,472
Trade Shows	\$815,694	\$319,068	\$496,626
<b>Totals</b>	<b>\$5,471,383</b>	<b>\$2,870,181</b>	<b>\$2,601,202</b>

### Event Net Revenue – YTD ended December 31, 2019

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$1,623,773	\$990,435	\$633,338
Consumer Shows	\$150,501	\$34,707	\$115,794
Conventions	\$3,789,089	\$1,983,571	\$1,805,518
Meetings	\$1,724,405	\$953,174	\$771,231
Special Events	\$272,246	\$64,404	\$207,842
Sporting Events	\$233,896	\$93,159	\$140,737
Trade Shows	\$1,646,453	\$891,710	\$754,743
<b>Totals</b>	<b>\$9,440,363</b>	<b>\$5,011,160</b>	<b>\$4,429,203</b>

## Partners

Food & Beverage (F&B) had an exceptional quarter exceeding projected revenues by \$715,620. F&B expenses were over budget by \$130,882, but the overall net was \$584,738 over budget for the quarter. Audio Visual (AV) revenues were below budget by \$248,847 and so were IT revenues by \$68,339. Yet, IT expenses were under budget by \$96,986 resulting in a positive net of \$28,587 for the quarter. AV expenses were under budget by \$146,195, but still suffered an overall loss of \$102,652 for the quarter.

Year-to-date, F&B was net \$771,937 over budget, IT was net \$1,590 over budget while AV was net \$215,278 below budget.

### Partner Revenue – 2<sup>nd</sup> Quarter ended December 31, 2019

Partner	Gross Revenue	Cost of Sales	Net Revenue
Spectra Food Service and Hospitality (Ovations)	\$3,401,396	\$2,089,742	\$1,311,654
Smart City (IT services)	\$428,501	\$270,719	\$157,782
PSAV-AV (AV services)	\$526,406	\$365,472	\$160,934
Electrical	\$208,270	\$131,628	\$76,642
UPS	\$1,547		\$1,547
<b>Totals</b>	<b>\$4,566,120</b>	<b>\$2,857,561</b>	<b>\$1,708,559</b>

### Partner Revenue – YTD ended December 31, 2019

Partner	Gross Revenue	Cost of Sales	Net Revenue
Spectra Food Service and Hospitality (Ovations)	\$5,472,520	\$3,539,755	\$1,932,765
Smart City (IT services)	\$764,595	\$501,250	\$263,345
PSAV-AV (AV services)	\$946,963	\$651,893	\$295,070
Electrical	\$432,002	\$293,622	\$138,380
UPS	\$4,707		\$4,707
<b>Totals</b>	<b>\$7,620,787</b>	<b>\$4,986,520</b>	<b>\$2,634,267</b>

## Operating Expenses

Overall Operating Expenses were \$277,991 under budget for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$156,477
Marketing	Sales and marketing related	\$74,311
Finance	Finance and Human Resources	\$138,712
Events	Staffing to manage events	\$111,470
Operations	Engineering, building services, security and all other related expenses to operate the building	\$842,510
Overhead	Non-departmental expenses	\$410,378
Transition Costs	Costs related to the transition to Spectra	\$271
<b>Totals</b>		<b>\$1,734,129</b>

## Key Performance Indicators (KPIs)

During the first year in operation, Spectra is working to establish baseline information which will be used to develop future year goals. The progress of each KPI is summarized below.

### **1) Gross Revenue**

#### Measure(s)

Meet or exceed \$18,484,540 in Gross Revenue for FY 19/20.

#### Progress

Year-to-date gross revenue is \$9,540,199, representing 51.61% of the overall budget for gross revenue.

### **2) Net Income**

#### Measure(s)

Meet or exceed \$2,283,697 in Net Income for FY 19/20.

#### Progress

Year-to-date net income is \$1,146,878, representing 50.22% of the overall budget for net income.

### **3) Room Nights Consumed**

#### Measure(s)

1. In FY 19/20, Spectra will establish a baseline number of room nights consumed for the first full operation year. Historically, this number has been 33,000 (no clear supporting data was available from previous operator).
2. In FY 19/20 Spectra will provide the City with a list of current events in which room nights have historically been tracked. In addition, Spectra will work with clients to create a new model for total room nights consumed based on all events that take place at the Center.
3. A reporting mechanism from the hotels to Spectra will be established (i.e. Survey Money survey sent to hotels post-event) by Spectra and tracked by SCCC until the DMO is established.

#### Progress

A total of 17,523 room nights were reported for this quarter. Spectra staff continues to work with Convention Center clients to obtain room night information. Future reporting will include the number of room night generated for each event/group.

## 4) Economic Impact

### Measure(s)

In FY 19/20, Spectra will establish a baseline and document experience/economic impact for all events at the Center using the Destinations International Event Impact calculator.

### Progress

In the absence of a DMO, Spectra has purchased a license for the Destination International Impact Calendar, a tourism industry standard tool, to calculate the economic value of an event (or group of events) and calculates its return on investment to local tax. Spectra will work with Jones Lang LaSalle to initiate the information collection process. It is anticipated that economic reporting will begin in the 3<sup>rd</sup> quarter.

## 5) Customer Service Survey Results Scores

The long-term goal for this KPI is the use of a third-party vendor, by the City, to conduct customer service surveys. The City plans to conduct a Request for Proposal process to identify a third-party vendor for survey development, distribution, follow-up and analysis. It is the City's intent to have this ready for implementation July 1, 2020.

### Measure(s)

1. Spectra will create a standard survey instrument containing a series of product and service rating metrics, including the following summary question: "Based on services provided, please rate our overall performance. The post facility use survey data will be sent directly to the City for review.
2. Spectra will ask the decision-maker of each event to rate their overall satisfaction with the product and services provided.
3. Spectra will work on developing an attendee survey to be distributed to convention attendees, subject to approval of convention sponsor.
4. Data provided to the City includes:
  - a. Total number of surveys distributed;
  - b. Total number of responses;
  - c. Response rate; and
  - d. Overall customer survey score (Overall experience minimum rating of Satisfied or Very Satisfied is 85%)

### Progress

After each event clients are sent link to an online survey and asked to rate several different categories on a range from 'very satisfied' to 'very dissatisfied'. Spectra sent out 114 surveys for the quarter and 10 were returned. Of the 10, the average score was 82.4%. Written feedback regarding F&B miscommunication was received for the Hawk Ridge Event and Spectra, as well as Spectra Food Service & Hospitality, followed up with the client regarding the issue. ID Tech was not pleased



with the overall appearance of the space, stating it was dated. All ratings below “Neither Satisfied” nor “Dissatisfied” are followed up on by staff.

## **6) Event Mix**

### Measure(s)

In FY 19/20, Spectra will report out on the various event types and will review the mix of business at the Convention Center. The data collected will be used to establish a baseline and to create future goals for the overall types and numbers of events with the expectation of an increase in the mix of business.

### Progress

Currently, Spectra reports out on the type of event, such as One-Day, Multi-Day Conference, Citywide/Convention, Sporting Events or Trade Shows. JLL will work with Spectra on a reporting structure to show the progress in event mix.

## **7) Community Benefit**

### Measure(s)

In FY 19/20, Spectra will demonstrate and report out on a conscious effort to support community and local groups by implementing the following:

1. Spectra will create and implement a non-for-profit rate/program to assist local groups to utilize the Convention Center.
2. Spectra will be involved in the community through volunteer and food donation programs that benefit the residents, businesses and organizations of Santa Clara.
3. Spectra will hire local individuals and companies when possible under Spectra SOPs. Spectra will report on the number of offers, successful hires and business engagements.

### Progress

Spectra has created a Standard Operating Procedure (SOP) that offers local not-for-profit organizations a 20% discount on rental expenses in order to assist groups to utilize the Center. The first group that will receive this discount is the Boy Scouts of America who have booked a breakfast for February 2020.

Spectra and its employees donated meals to the Second Harvest Food Bank, attended the Santa Clara Chamber of Commerce mixer, and spoke at San Jose State’s Introduction to Hospitality class in October. In November, over 25 employees volunteered to pack food at the Second Harvest Food Bank and several employees attended the Milpitas High School Academy of Travel and Tourism where they acted as judges for projects. In December, Spectra and its employees adopted a family of eight (8) from the Bill Wilson Center and provided gifts for the family for Christmas.

## Forecast

Below is a spreadsheet highlighting the forecast for the remainder of the Fiscal Year. The first column is the original budget submitted by Spectra for FY 19/20, showing the original proforma less the approved amended budgeted expenses. Column two shows the actuals through the first half of FY 19/20. Column three is the forecast of events that will come to fruition during the second half of FY 19/20 and it is important to note that this column will change monthly. Column four combines columns 2 and 3, the actuals and the forecasted numbers to present the estimated for financials for the Fiscal Year. The fifth column shows the variances from the originally submitted budget.

As of the end of 2<sup>nd</sup> Quarter, Spectra is forecasting an overall Net Income for FY 19/20 ending June 30, 2020 of \$1,974,920 which is \$41,222 above the submitted budget or 102%.

<b>SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY 19/20</b>					
	ORIG BUDGET FYE 6/30/20	ACTUAL Jul'19-Dec'19 FY 2020	Forecast Jan20-Jun20 FY 2020	TOTAL FYE 6/30/20	VARIANCE
# OF EVENTS	479	207	220	427	(52)
DIRECT EVENT INCOME	6,529,711	2,201,368	3,022,565	5,223,933	(1,305,778)
ANCILLARY INCOME	3,306,154	2,227,834	1,595,331	3,823,165	517,011
<b>TOTAL EVENT INCOME</b>	<b>9,835,865</b>	<b>4,429,202</b>	<b>4,617,896</b>	<b>9,047,098</b>	<b>(788,767)</b>
OTHER INCOME	174,200	99,837	87,102	186,939	12,739
EXECUTIVE	714,027	318,150	352,562	670,712	43,315
MARKETING	344,579	135,524	170,313	305,837	38,742
FINANCE	521,694	257,641	258,633	516,274	5,420
EVENTS OPERATIONS	632,968	230,433	312,792	543,225	89,743
OPERATIONS	4,128,248	1,646,517	2,055,234	3,701,752	426,496
OVERHEAD	1,384,852	776,694	687,424	1,464,118	(79,266)
TRANSITION COSTS	0	17,200	40,000	57,200	(57,200)
INDIRECT EXPENSES	7,726,368	3,382,160	3,876,957	7,259,117	467,251
<b>OPERATING NET INCOME (LOSS)</b>	<b>2,283,697</b>	<b>1,146,878</b>	<b>828,041</b>	<b>1,974,920</b>	<b>(308,778)</b>
OTHER EXPENSES - AMENDED BUDGET	350,000	0	0	0	350,000
<b>NET INCOME (LOSS)</b>	<b>1,933,697</b>	<b>1,146,878</b>	<b>828,041</b>	<b>1,974,920</b>	<b>41,222</b>

## FY 2019/20 Capital Improvement Projects (CIP) Budget

The Convention Center CIP budget for FY 2019/20 is \$4.15M. The heating, ventilation, and air conditioning (HVAC) building maintenance system upgrade (Project 003) was completed this quarter and several Request for Proposal and other procurement documents are in various stages of development. Spectra is working with the City to ensure compliance with procurement processes and will be using the Bid Sync system to automate the entire procurement process system, consistent with the City's centralized process.

Priority projects for the 3<sup>rd</sup> Quarter include 006-Convention Center Lobby (Glass Pyramid) Assessment and Repair, 008-Message Boards, Marquees, Digital Signage Upgrades, 009-Interior Paint and 013-Carpet Replacement.

Proj. #	Project Name	FY 19/20 Budget	YTD Exp.	Balance	% Exp.	Phase
001	Convention Center HVAC Study	\$11,250	\$0	\$11,250	0.00%	Planning
002	Convention Center HVAC - Duct Work	\$57,375	\$0	\$57,375	0.00%	Planning
003	Convention Center HVAC - BMS System Upgrade	\$23,006	\$20,450	\$2,556	88.89%	Complete
004	Convention Center HVAC Portable A/C Units	\$50,625	\$0	\$50,625	0.00%	Procurement
005	Convention Center Security System	\$168,750	\$0	\$168,750	0.00%	Planning
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	\$1,125,000	\$0	\$1,125,000	0.00%	Procurement
007	Convention Center Building Envelope Repair - Terrace Building Front	\$111,875	\$0	\$111,875	0.00%	Planning
008	Convention Center Message Boards, Marquees, Digital Signage Upgrades	\$562,500	\$0	\$562,500	0.00%	Planning
009	Convention Center Interior Paint	\$506,250	\$0	\$506,250	0.00%	Planning
010	Convention Center Door Replacements	\$56,250	\$0	\$56,250	0.00%	Planning
011	Convention Center Facility Lighting Project	\$22,500	\$0	\$22,500	0.00%	Planning
012	Convention Center Riding Vacuum Purchase	\$39,375	\$31,238	\$8,137	79.33%	Complete
013	Convention Center Carpet Replacement	\$1,225,000	\$0	\$1,225,000	0.00%	Planning
014	Balance - Contingency	\$190,244	\$0	\$190,244	0.00%	n/a
<b>GRAND TOTAL</b>		<b>\$4,150,000</b>	<b>\$51,688</b>	<b>\$4,098,312</b>	<b>1.25%</b>	

# Community Involvement

## October



Spectra was invited to speak to students at the 'Introduction to Hospitality' course at **San Jose State University**. Staff shared information about tourism in Santa Clara County, the process of event management and marketing, convention center operations and positive impacts to the local economy.

## November



In partnership with Smart City, Spectra staff volunteered to sort food at the **Santa Clara County Second Harvest Food Bank**.

## November



Spectra staff attended the **Milpitas High School Academy of Travel and Tourism** Senior and Junior project presentations and judged event planning presentations and conducted mock interviews with students.

## December



Spectra and partners Ovarions, PSAV and Smart City partners adopted a family of eight from the **Bill Wilson Center** and donated over \$1,000 of gifts.



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