



**FY 2020/21 QUARTERLY REPORT – 1st Quarter Ended September 30, 2020**

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October 25, 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 607seat 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).

## 1<sup>st</sup> Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 1<sup>st</sup> quarter ended September 30, 2020. This report is unaudited and, therefore, subject to change.



0

Total Attendance



0

Total Events



\$56,887

Total Revenue

### Strategic Highlights

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. Job interviews for the position of CEO were completed in the 1<sup>st</sup> Quarter. 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

Gross Revenue through September of FY 2020/21 was \$56,887 representing (98.46%) of the overall budget for revenue; expenses totaled \$698,542 representing a savings of 80.55% of the overall budget for expenses.

### Event Highlights

Due to the COVID-19 pandemic and the orders issued by the State of California and the Santa Clara County Department of Health, there were no events at the Center this quarter.

### Operational Highlights

- ➔ In Q1, Spectra developed and submitted the following documents to the City:
  - Building reopening plan
  - Finance department policies and procedures
  - Preventative maintenance policies and procedures
  - Capital planning policies and procedures
  - Current and updated SOP's for the facility
  - Post-COVID Sales & Marketing strategy

- Spectra issued furloughs and layoffs for an additional three employees due to the COVID-19 pandemic.
- Spectra developed a new booking and pricing strategy for non-profit and community groups to utilize the center.
- Began work on the Glass Pyramid capital project.
- Released Request for Proposals (RFPs) for professional design services for the interior painting, re-carpeting and digital signage capital projects.

**Other Noteworthy Highlights**

- Spectra worked with Convention Center partners and the City to revise the FY 2020/21 Operating Budget; a proposed budget amendment is forthcoming.
- Spectra’s General Manager, as a member of the California Coalition of Convention Centers, presented a “Safe Reopening” strategy for convention centers to the Governor of California.
- Spectra participated in the virtual Parade of Champions for Santa Clara producing and submitting a video and decorating the Center.



## Financial Summary

### Financial Results

#### Financial Summary – 1<sup>st</sup> Quarter ended September 30, 2020

	Projected in Budget	Actual	Difference
<b>Gross Revenue</b>	\$3,704,025	\$56,887	(\$3,647,138)
<b>Total Expense</b>	3,590,904	698,542	2,892,362
<b>Net Income</b>	\$113,120	(\$641,655)	(\$754,776)

As detailed in Table 1, the financial results for the first quarter ended September 30, 2020 was (\$641,655); under the projected amount of \$113,120 by \$754,776. This was due to the COVID-19 pandemic and the Shelter-in-Place order issued. Gross Revenues were under budget by \$3,647,138 as there were no events due to the COVID-19 situation.

Total expenses showed a savings of \$2,892,362 for the quarter. This was primarily due cost cutting measures and furloughs/layoffs of staff.

#### Financial Summary – YTD ended September 30, 2020

	Projected in Budget	Actual	Difference
<b>Gross Revenue</b>	\$3,704,025	\$56,887	(\$3,647,138)
<b>Total Expense</b>	3,590,904	698,542	2,892,362
<b>Net Income</b>	\$113,120	(\$641,655)	(\$754,776)

As noted in Table 2, in the current quarter the center finished with a Net Operating Income of (\$641,655) versus a budget of \$113,120, under budget by \$754,776 due to no event activity.

Utilizing preventative measures in cost cutting, the facility was able to minimize the variance in lost Gross Revenue with expense savings. Event Expenses finished \$1,460,055 under budget; Indirect Expenses finished \$1,432,307 under budget; totaling an overall savings versus budget of \$2,892,362.

## Income Statement

**SANTA CLARA CONVENTION CENTER**  
**GROSS INCOME STATEMENT**  
For the Three Months Ending September 2020

	QUARTER 1 TO DATE / YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE
Number of Events	95	-	(95)
Number of Event Days	187	-	(187)
Attendance	76,230	-	(76,230)
<b>Event Revenue</b>			
Rental	\$1,159,049	\$-	(\$1,159,049)
Services	19,350	-	(19,350)
IT/Telecom	391,160	-	(391,160)
Food & Beverage	1,678,100	-	(1,678,100)
Audio Visual	304,157	-	(304,157)
Electrical	110,000	(140)	(110,140)
<b>Total Event Revenue</b>	<b>3,661,816</b>	<b>(140)</b>	<b>(3,661,956)</b>
<b>Event Expenses</b>			
Services	-	-	-
IT/Telecom	289,458	-	289,458
Food & Beverage	1,143,651	259,448	884,203
Audio Visual	203,785	(109)	203,894
Electrical	82,500	-	82,500
<b>Total Event Expenses</b>	<b>1,719,394</b>	<b>259,339</b>	<b>1,460,055</b>
<b>Net Event Income (Loss)</b>	<b>1,942,422</b>	<b>(259,479)</b>	<b>(2,201,901)</b>
<b>Other Revenue</b>	<b>42,209</b>	<b>57,027</b>	<b>14,818</b>
<b>Total Revenue</b>	<b>1,984,631</b>	<b>(202,452)</b>	<b>(2,187,083)</b>
<b>Indirect Expenses</b>			
Executive	176,568	123,198	53,371
Marketing	142,078	28,547	113,530
Finance	138,042	37,441	100,601
Event Services	123,674	25,567	98,107
Operations	920,311	84,666	835,645
Overhead	370,837	139,784	231,053
Transition Costs	-	-	-
<b>Total Indirect Expenses</b>	<b>1,871,510</b>	<b>439,203</b>	<b>1,432,307</b>
<b>Net Operating Income</b>	<b>113,120</b>	<b>(641,655)</b>	<b>(754,776)</b>

## Event Statistics

Due to the COVID-19 pandemic, the Convention Center did not host any events.

## Event Revenue

### Event Net Revenue – 1<sup>st</sup> Quarter ended September 30, 2020

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$-	\$-	\$-
Meetings	-	(188,990)	(188,990)
Consumer Shows	-	-	-
Trade Shows	-	-	-
Conventions	-	-	-
Special Events	-	-	-
Miscellaneous Events	-	(70,489)	(70,489)
Sporting Events	-	-	-
<b>Totals</b>	<b>\$-</b>	<b>(\$259,479)</b>	<b>(\$259,479)</b>

Event Net Revenue for the quarter was a loss of \$259,479 or \$2,201,901 below budget. The missed projections in all categories were due to the cancellation or rebooking of events due to COVID-19. The expenses represent Levy's salaries, union expenses and indirect expenses.

### Event Net Revenue – YTD ended September 30, 2020

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$-	\$-	\$-
Meetings	-	(188,990)	(188,990)
Consumer Shows	-	-	-
Trade Shows	-	-	-
Conventions	-	-	-
Special Events	-	-	-
Miscellaneous Events	-	(70,489)	(70,489)
Sporting Events	-	-	-
<b>Totals</b>	<b>\$-</b>	<b>(\$259,479)</b>	<b>(\$259,479)</b>

Year-to-date, Event Net Revenue is (\$259,479), \$2,201,901 under the budget of \$1,942,422 all due to the pandemic. The Center reported no Event Revenues and \$57,027 in Other Revenue which comprised mostly of commission checks for the 1<sup>st</sup> quarter. Event Revenues came in under budget by \$3,661,956 while Other Revenue exceeded the budget by \$14,817. Indirect expenses were \$1,432,307 under budget for the year as a result of cost cutting measures and staff furloughs/layoffs.

## Partners

### Partner Revenue – 1<sup>st</sup> Quarter ended September 30, 2020

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$-	(\$259,448)	(\$259,448)
Smart City (IT services)	-	-	-
PSAV-AV (AV services)	-	109	109
Electrical	-	(140)	(140)
UPS	-	-	-
<b>Totals</b>	<b>\$-</b>	<b>(\$259,479)</b>	<b>(\$259,479)</b>

Due to no event activity, partner revenue showed a \$259,479 loss for the quarter. Gross Revenue for all partners was \$0. Cost of Sales was \$259,339 for Q1, the primary expense coming from Levy's management salaries, union and indirect expenses. AV had a credit of \$109 on labor and IT's quarterly gross revenue was \$0. Electrical had an expense of \$140, recognized for the quarter. With the building closed for events, there was no electrical or UPS revenue or expenses recognized in the quarter.

### Partner Revenue – YTD ended September 30, 2020

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$-	(\$259,448)	(\$259,448)
Smart City (IT services)	-	-	-
PSAV-AV (AV services)	-	109	109
Electrical	-	(140)	(140)
UPS	-	-	-
<b>Totals</b>	<b>\$-</b>	<b>(\$259,479)</b>	<b>(\$259,479)</b>

Year-to-date Net Event Income for F&B was (\$2,201,901) under budget while IT and AV were also both under budget due to no events.

## Indirect Expenses

Total Indirect Expenses were \$1,432,307 under budget for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$123,198
Marketing	Sales and marketing related	28,547
Finance	Finance and Human Resources	37,441
Events	Staffing to manage events	25,567
Operations	Engineering, building services, security, and all other related expenses to operate the building	84,666
Overhead	Non-departmental expenses	139,784
Transition Costs	Costs related to the transition to Spectra	-
<b>Totals</b>		<b>\$439,203</b>



## Other Activities

In light of the current environment and the continued restrictions to large indoor gatherings/events, there were still no events hosted at the Convention Center. Both Spectra and Levy have continued to scrutinize expenditures in an effort to mitigate financial losses to the City, including a reduction of staff. Levy is currently at four full-time employees, retaining its general manager, executive chef, controller, and director of sales. Spectra is currently at three full-time employees, retaining its general manager, assistant general manager, and a sales manager (a fourth employee is on leave time to be laid off in October).

Spectra and Levy sales teams continued to proactively move events originally scheduled from July 2020 through December 2020 into 2021 and beyond. There were 42 events scheduled for the 1<sup>st</sup> Quarter. Of the 42 events, 14 events rebooked and confirmed new dates, 15 are in process of rebooking a future date, and 13 cancelled. It is estimated over 70% of the cancelled events will return once business resumes. Working in conjunction with Levy and the City, Spectra also prepared and presented a 30-60-90 day Sales & Marketing strategy in the 1<sup>st</sup> Quarter focusing on prospecting and identifying business in key markets that will lead to the long term success of the facility. The sales team is striving to compile 500 new prospective clients for the Convention Center.

The Convention Center Booking Policy was also finalized in the 1<sup>st</sup> Quarter. This policy, developed by Spectra, JLL, the City, the TID and DMO Board of Directors outlines an aggressive new approach to produce higher impact events for the Convention Center and community. Utilizing defined metrics for hotel room night generation and overall economic impact, potential events are classified into priorities:

- Priority 1 (P1) event – Large multi-day convention and/or conference that utilizes all venue space at the Convention Center, utilizes significant venue services such as food and beverage, audio-visual and information technology, and draws a substantial number of out of town visitors that stay in multiple Santa Clara hotels.
- Priority 2 (P2) event – Primarily large multi-day convention and/or conference that utilizes most of the venue space at the Convention Center, utilizes venue services such as food and beverage, audio-visual and information technology, and draws out of town visitors that stay in multiple Santa Clara hotels.
- Priority 3 (P3) event – Multiple or single day event that utilizes space at the Convention Center. Attendance and out of town visitors are less than for a P1 or P2. Examples of P3 events may include trade shows, consumer shows, smaller conventions/conferences, and sporting events.
- Priority 4 (P4) event – Typically a one- or two-day event that utilizes space at the Convention Center. Attendees are primarily local. Special events (e.g. graduations), smaller meetings and/or smaller trade and consumer shows are examples of P4 events.

- Priority 5 (P5) event – Usually a single day event. Examples of P5 events are banquets, galas, other social type events and meetings.

Spectra and Levy are very pleased to announce that in the 1<sup>st</sup> Quarter, **the Convention Center booked its first Priority 1 event**, Global Line-X. The community of Santa Clara was selected over Phoenix and Anaheim and the event is scheduled to take place in February of 2022.



## Key Performance Indicators (KPIs)

Spectra is in the process of re-assessing the current budget and forecast and will be submitting proposed amendments to the FY 2020/21 Operating Budget and KPIs.

## Forecast

As of the end of Q1, the Center operated at a loss of \$641,656, \$754,776 under the submitted budget. This was due directly to the COVID-19 pandemic. There were no events held in Q1. Through cost cutting measures and reduction in staff, as well as working with current and previous clients to rebook their events to future dates, Spectra is minimizing the overall loss for the facility. Based on current contracted events from January 1, 2021 - June 30, 2021, a loss of \$1,059,776 is forecasted for FY 2020/21. Depending on updated direction from health officials, this number may vary.

SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY 2020/2021					
	ACTUAL YTD Sept '20 FY 2021	FORECAST Oct '20-June'21 FY 2021	TOTAL PROJECTION FYE 6/30/21	ORIGINAL BUDGET FYE 6/30/21	VARIANCE
# OF EVENTS	0	80	80	436	(356)
DIRECT EVENT INCOME	0	1,935,365	1,935,365	6,389,775	(4,454,410)
ANCILLARY INCOME	(259,479)	500,809	241,330	4,299,483	(4,058,153)
TOTAL EVENT INCOME	(259,479)	2,436,174	2,176,695	10,689,257	(8,512,562)
OTHER INCOME	57,027	191,371	248,398	168,836	79,562
EXECUTIVE	123,198	455,067	578,265	752,860	174,595
MARKETING	28,547	202,655	231,202	598,924	367,722
FINANCE	37,441	279,113	316,554	580,927	264,373
EVENTS OPERATIONS	25,567	147,003	172,570	530,531	357,960
OPERATIONS	84,666	1,180,166	1,264,832	3,844,722	2,579,890
OVERHEAD	139,784	781,661	921,445	1,483,349	561,903
INDIRECT EXPENSES	439,203	3,045,665	3,484,868	7,791,312	4,306,444
OPERATING NET INCOME (LOSS)	(641,655)	(418,120)	(1,059,776)	3,066,781	(4,126,557)
OTHER INCOME/(EXPENSES)	0	0	0	0	0
CAPITAL EXPENSE	0	0	0	0	0
NET INCOME (LOSS)	(641,655)	(418,120)	(1,059,776)	3,066,781	(4,126,557)

## FY 2020/21 Capital Improvement Projects (CIP) Budget

During the City's FY 2020/21 budget approval process, City Council approved approximately \$4.1 million in carry-over CIP funds for the Convention Center.

Spectra finalized an agreement with the selected contractor to begin work on the Glass Pyramid project. Work began in September with expected substantial completion by mid-late November.

In conjunction with the City, Spectra released a Statement of Qualifications/ Proposals (SOQ/P) for professional design services for the Interior Paint, Carpet Replacement and Digital Signage projects. All proposals for these projects are due in October. The goal is to have all projects completed no later than February 2021.

Spectra and the City began work on the bid documents for the Request for Proposal (RFP) for the Security Camera project. The RFP will be released in early October with bids due in November.

Spectra withdrew the Request for Bid (RFB) for the HVAC portable A/C unit project. Spectra began work with a local vendor utilizing a co-op agreement with the hopes of expediting the project.

Proj. #	Project Name	Phase	FY 19/20 Carryover	YTD Exp.	FY 2020/21 Balance
001	Convention Center HVAC Study		\$ 11,250	\$ -	\$ 11,250
002	Convention Center HVAC - Duct Work		\$ 57,375	\$ -	\$ 57,375
003	Convention Center HVAC - BMS System Upgrade	Completed FY 2019/20	\$ -	\$ -	\$ -
004	Convention Center HVAC Portable A/C	Procurement	\$ 50,625	\$ -	\$ 50,625
005	Convention Center Security System	Planning	\$ 168,750	\$ 4,830	\$ 163,920
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Implementation	\$ 1,104,200	\$ 2,415	\$ 1,101,785
007	Convention Center Building Envelope Repair - Terrace Building Front		\$ 111,875	\$ -	\$ 111,875
008	Convention Center Message Boards, Marquees, Digital Signage Upgrades	Procurement	\$ 562,500	\$ 3,220	\$ 559,280
009	Convention Center Interior Paint	Procurement	\$ 506,250	\$ 1,610	\$ 504,640
010	Convention Center Door Replacements		\$ 56,250	\$ -	\$ 56,250
011	Convention Center Facility Lighting		\$ 22,500	\$ -	\$ 22,500
012	Convention Center Riding Vacuum	Completed FY 2019/20	\$ -	\$ -	\$ -
013	Convention Center Carpet Replacement	Procurement	\$ 1,225,000	\$ 1,610	\$ 1,223,390
014	Balance - Contingency	n/a	\$ 200,937	\$ 2,415	\$ 198,522
<b>TOTALS</b>			<b>\$ 4,077,512</b>	<b>\$ 16,099</b>	<b>\$ 4,061,413</b>

## Community Involvement



In the 1<sup>st</sup> quarter, Spectra participated in the virtual “Parade of Champions” event. Honoring our “Local Heroes” by lighting up the center’s glass pyramids in red, white, and blue.



Spectra and its partners also submitted a virtual video for the parade.



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