



FY 2021/22 QUARTERLY REPORT – 1st Quarter Ended September 30, 2021



October 25, 2021

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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.

1st Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 1st quarter ended September 30, 2021. This report is unaudited and, therefore, subject to change.



0

Total Attendance



0

Total Events



\$16,739

Total Revenue

Strategic Highlights

Spectra continues to be actively involved with the City and its consultant, Jones Lang LaSalle (JLL) on the development of a new Destination Marketing Organization (DMO) for Santa Clara. In Q1, Spectra's General Manager worked in conjunction with a DMO Board committee to interview candidates for Discover Santa Clara's vacant Sales Manager positions. Spectra and its partners from Levy, Smart City and Encore continued utilizing the interim booking policy and prospecting new business focused on bringing high impact events to the destination. Sales efforts were aligned with Spectra, Levy and the DMO's overlapping key performance indicators (KPI's). Capital projects were also a focus in Q1 including upgrades to paint, flooring, and a new security camera system. In preparation for reopening in Q2, Spectra began to phase in employees. A total of eight individuals returned to work in Q1. Employees were brought back in line with California's Rehiring and Retention Law and were phased in based on needs to prepare the facility for events.

Financial Highlights

In addition to the ongoing capital renovations, COVID-19 and the Delta variant continued to have an impact on the building. Gross revenue through September was \$16,739 representing 109.48% of the Q1 budget for revenue. Conversely, expenses totaled \$527,925, 44.98% of the budgeted expenses for the quarter, resulting in an overall loss of \$511,186 for Q1. A loss in the first quarter was expected as the Center would not reopen to events until October.

Event Highlights

There were no events in the first quarter.

Operational Highlights

- ➔ As the Convention Center was closed for the first quarter of FY 2021/22, Spectra focused on capital improvement projects, prepared for reopening, and worked with clients and partners on their upcoming events.
- ➔ Spectra, Levy, the DMO, the City and JLL continued holding bi-monthly sales meetings and further developed the long-term sales strategy for the Center. The strategy defines goals and responsibilities of Spectra, Levy and the DMO as all partners strive to optimize the building's business and revenues over future years.
- ➔ In the quarter, Spectra hired eight employees in preparation for reopening, seven of the eight were rehires from the pre-COVID staff.
 - In July, Spectra hired a new part-time Sales Coordinator (a newly created position to assist in generating sales and revenue for the Center) and a part-time Human Resources Assistant.
 - In August, Spectra rehired the Director of Event Services to finalize work on the Global Biorisk Accreditation Council (GBAC) certification (see below in Other Noteworthy Highlights), to begin reaching out to clients, and to create event documents for the scheduled October reopening.
 - In September, the following five positions were brought on board (rehires): Engineer, Building Services attendants (2), Operations/Hygiene Manager, Security Lead
 - The General Manager continued interviews for the Director of Finance position. An offer was made and accepted and the new Director of Finance will start in Q2.
- ➔ Spectra and its partners from Levy and Discover Santa Clara started work with the new marketing firm on discussing and defining a strategy to rebrand the destination.

Other Noteworthy Highlights

- ➔ Spectra successfully applied for GBAC certification. GBAC is a 3rd party that provides guidance and oversight of post-COVID cleaning and safety protocols. These protocols have been implemented and staff is being trained on these new processes.
- ➔ Migrated the Center's booking software to the updated cloud-based version to provide better access for all sales managers.
- ➔ Spectra in collaboration with JLL, presented a Convention Center sales update to the City Council's Economic Development, Communications, and Marketing Committee. The presentation included information on the updated booking strategy, prospecting and long-term goals for the Center and its partners.

Financial Summary

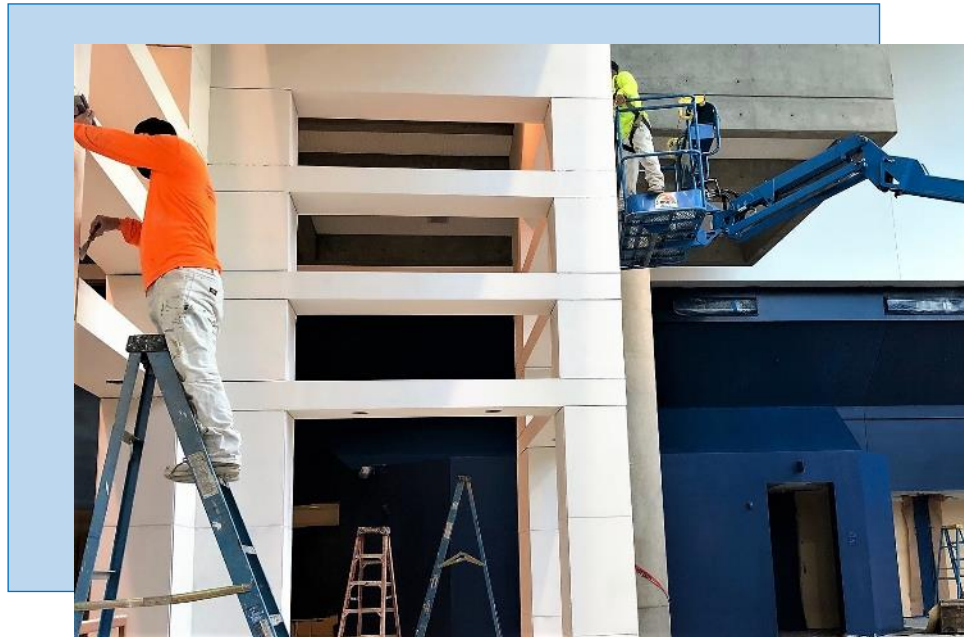
Financial Results

It was determined in FY 2020/21 that the Convention Center would remain closed in Q1. With renovations underway and the Delta variant surge, this turned out to be the right strategy as health officials implemented additional restrictions to host large indoor gatherings/events. Spectra planned ahead for these possibilities and slowly phased in employees and monitored expenditures in an effort to control losses in the quarter.

Financial Summary – 1st Quarter ended September 30, 2021

	Projected in Budget	Actual	Difference
Gross Revenue	\$15,288	\$16,739	\$1,451
Total Expense	1,173,767	527,925	645,842
Net Income	(\$1,158,479)	(\$511,186)	\$647,293

Total expenses for the quarter were \$527,925. There was \$16,739 of gross revenue primarily from service revenue from the vaccination clinic recognized in July and additional dollars generated in other revenue with the majority coming from sponsorships and cellular site revenue.



Income Statement

SANTA CLARA CONVENTION CENTER
GROSS INCOME STATEMENT PROFORMA FORMAT
 Period ended September 30, 2021

	Period to Date-Q1 & YTD		
	Curr Budget	Actual	Budget Variance
# of Events	-	0	-
# of Event Days	-	0	-
Annual Attendance	-	-	-
Event Revenue			
Rental	\$ -	\$ -	\$ -
Services	\$ -	\$ 7,420	\$ 7,420
IT/Telecom	\$ -	\$ -	\$ -
Food & Beverage	\$ -	\$ 818	\$ 818
Audio Visual	\$ -	\$ -	\$ -
Electrical	\$ -	\$ 1,443	\$ 1,443
Total Event Revenue	\$ -	\$ 9,681	\$ 9,681
Event Expenses			
Services	\$ -	\$ -	\$ -
IT/Telecom	\$ -	\$ 4,509	\$ (4,509)
Food & Beverage	\$ 177,986	\$ 148,465	\$ 29,521
Audio Visual	\$ -	\$ -	\$ -
Electrical	\$ -	\$ -	\$ -
Total Event Expenses	\$ 177,986	\$ 152,974	\$ 25,012
Net Event Income (Loss)	\$ (177,986)	\$ (143,293)	\$ 34,693
Other Revenue	\$ 15,288	\$ 7,058	\$ (8,230)
Total Revenue	\$ (162,698)	\$ (136,235)	\$ 26,463
Indirect Expenses			
Executive	\$ 88,786	\$ 90,056	\$ (1,270)
Marketing	\$ 64,112	\$ 44,603	\$ 19,509
Finance	\$ 94,500	\$ 24,517	\$ 69,983
Event Services	\$ 60,255	\$ 21,485	\$ 38,770
Operations	\$ 387,882	\$ 57,615	\$ 330,267
Overhead	\$ 300,246	\$ 136,675	\$ 163,571
Transition Costs	\$ -	\$ -	\$ -
Total Indirect Expenses	\$ 995,781	\$ 374,951	\$ 620,830
Net Operating Income	\$ (1,158,479)	\$ (511,186)	\$ 647,293
Net Income	\$ (1,158,479)	\$ (511,186)	\$ (647,293)

Event Statistics

The Convention Center was closed during Q1. Revenue and expenses reported were for Levy's operations, booked under the 'Meetings' event type. Services for the vaccination clinic, recognized in July, were booked under 'Special Events' event type.

Event Revenue

Event Net Revenue – 1st Quarter ended September 30, 2021

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$-	\$-	\$-
Meetings	818	(152,974)	(152,156)
Consumer Shows	-	-	-
Trade Shows	-	-	-
Conventions	-	-	-
Special Events	8,863	-	8,863
Miscellaneous Events	-	-	-
Sporting Events	-	-	-
Totals	\$9,681	(\$152,974)	(\$143,293)

This quarter, there was a loss of \$143,293. Revenues were generated by the vaccination clinic, through labor, services, and utility payments. Event expenses of \$152,974 were a combination of Levy's labor and indirect expenses as well as expense generated by Spectra to operate the vaccination clinic.

Partners

Partner Revenue – 1st Quarter ended September 30, 2021

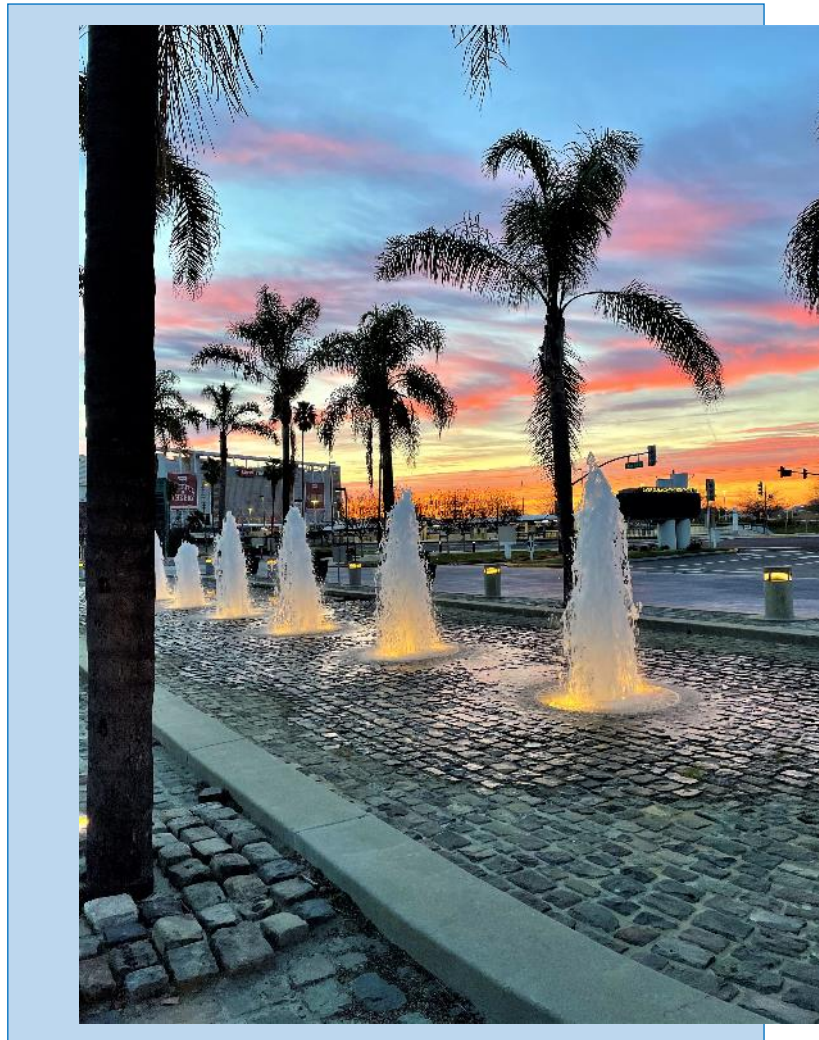
Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$818	(\$148,465)	(\$147,647)
Smart City (IT services)	0	(4,509)	(4,509)
ENCORE-AV (AV services)	-	-	-
Electrical	1,443	-	1,443
Totals	\$2,261	(\$152,974)	(\$150,713)

There was \$2,261 in partner revenue. The cost of sales was \$152,974 for a net loss of \$150,713 for the quarter.

Indirect Expenses

Total indirect expenses were \$374,951 for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$90,056
Marketing	Sales and marketing related	44,603
Finance	Finance and Human Resources	24,517
Events	Staffing to manage events	21,485
Operations	Engineering, building services, security, and all other related expenses to operate the building	57,615
Overhead	Non-departmental expenses	136,675
Transition Costs	Costs related to the transition to Spectra	-
Totals		\$374,951



Other Activities

Both Spectra and Levy have continued to review staffing levels and expenditures in an effort to mitigate financial losses to the City. In preparation for reopening, Levy added four full-time staff members and variable labor. Levy was able to offset some of the expense by having their staff assist at Levi's Stadium during 49er games. As mentioned previously, Spectra added two part-time employees and six full-time employees in the quarter to prepare for reopening.

The sales team continues to create, prepare, and present new concepts that have become known as "Product Development". These ideas are being established in an effort to differentiate Santa Clara from its competitors, examples include transportation, public space activation and culinary experience.

Spectra, Levy and the DMO continued to work collaboratively with Lotus Marketing on the long-term strategy for branding the destination.

Key Performance Indicators (KPIs)

Working in conjunction with Levy, the DMO, the City and JLL, the sales team reviewed sales goals and reporting processes and prospect goals for FY 2021/22. Applying the goals of the booking strategy, Spectra has put an emphasis on prospecting and generating leads for Priority 3 business.

Spectra Venue Management – Santa Clara Convention Center						
Performance Measures						
	2021/22 Target	Q1 Results	July	August	September	NOTES
1. Convention Center Gross Revenue	\$8,352,205	\$16,737	\$10,845	\$2,858	\$3,034	
2. Net Income	(\$646,267)	(\$511,186)	(\$128,291)	(\$181,586)	(\$201,309)	
3. Number of Room Nights Consumed	6,605	0	0	0	0	
4. Economic Impact	\$8,980,044	\$0	\$0	\$0	\$0	
5. Customer Service Survey Results (<i>overall satisfaction</i>)	85%	-	-	-	-	Reported at year-end
6. Event Mix at the Convention Center (<i>consumed</i>)						
Percent of P1 Events	1%	0%	0%	0%	0%	
Number of P1 Events	1	0	0	0	0	
Percent of P2 Events	1%	0%	0%	0%	0%	
Number of P2 Events	2	0	0	0	0	
Percent of P3 Events	8%	0%	0%	0%	0%	
Number of P3 Events	16	0	0	0	0	
Percent of P4 Events	20%	0%	0%	0%	0%	
Number of P4 Events	42	0	0	0	0	
Percent of P5 Events	71%	0%	0%	0%	0%	
Number of P5 Events	150	0	0	0	0	
7. Community Benefit						
Number of collaborative, community-based events hosted at the Center	1	0	0	0	0	
Percent of Center employees that volunteer in the community	50%	-	-	-	-	Reported at year-end
Percent of small, local and MWBE businesses/vendors	20%	-	-	-	-	Reported at year-end
8. Number of Prospects (active) (<i>non-cumulative</i>)	204	-	178	187	211	Primarily P3, P4, P5

Forecast

The Center operated at a loss of \$511,186 for Q1 as a result of no events taking place. Anticipated losses for the remainder of FY 2021/22 are projected at \$211,803 resulting in an overall loss of \$641,242 for the fiscal year. If these projections hold, Spectra will exceed its anticipated budgeted loss of \$646,267 with a positive variance of \$5,025.

SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY 2021/2022					
	ACTUAL YTD Sept'21 FY 2021	FORECAST Oct'21-June'22 FY 2021	TOTAL PROJECTION FYE 6/30/22	ORIGINAL BUDGET FYE 6/30/22	VARIANCE
# OF EVENTS	0	121	121	211	(90)
DIRECT EVENT INCOME	\$ 9,681	2,017,375	\$ 2,027,056	\$ 2,144,697	\$ (117,641)
ANCILLARY INCOME	(152,974)	1,218,292	\$ 1,065,318	1,012,652	52,666
TOTAL EVENT INCOME	(143,293)	3,235,667	\$ 3,092,374	3,157,349	(64,975)
OTHER INCOME	7,058	54,092	61,150	61,150	-
EXECUTIVE	90,056	242,087	332,143	332,143	-
MARKETING	44,603	320,944	365,547	365,547	-
FINANCE	24,517	230,261	240,052	245,052	5,000
EVENTS OPERATIONS	21,485	207,670	225,558	228,558	3,000
OPERATIONS	57,615	1,436,301	1,450,492	1,492,492	42,000
OVERHEAD	136,675	1,064,299	1,180,974	1,200,974	20,000
TRANSITION COSTS	-	-	-	-	-
INDIRECT EXPENSES	374,951	3,501,562	3,794,766	3,864,765	70,000
OPERATING NET INCOME (LOSS)	(511,186)	(211,803)	(641,242)	(646,267)	5,025
OTHER INCOME/(EXPENSES)	-	-	-	-	-
CAPITAL EXPENSE	-	-	-	-	-
NET INCOME (LOSS)	\$ (511,186)	\$ (211,803)	\$ (641,242)	\$ (646,267)	\$ 5,025

FY 2021/22 Capital Improvement Projects (CIP)

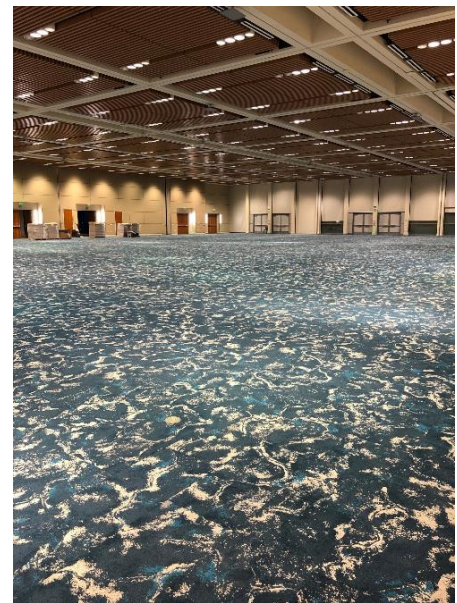
CIP Progress

Glass Pyramid Project: This project was completed in July 2021.

Security System Project: This project has been completed and is pending final invoice and payment.

Flooring/Paint/Kitchen & Digital Signage

- Interior paint is substantially complete and expected to be complete in October.
- Carpet demolition started in early August. The installation of new carpet started in late September and is expected to be complete in October.
- Began update of fabric wall panels and installation of wall bases and corner guards.
- Temporary carpet was installed in the lobby. The polished concrete work is scheduled to take place during the holiday closure in preparation for January 2022 events.
- Spectra released a Request for Bid (RFB) for the café, Stand B, kitchens, and the digital signage project. After an unsuccessful first release, the RFB was reissued in September. Bids are due at the end of October.



CIP Project Budget

- As the projects have progressed, individual project budgets have fluctuated due to increases in product pricing and other unanticipated project costs.
- At the September 28, 2021, City Council Meeting, Council approved an allocation of \$40,000 from the Convention Center Capital Fund to the General Fund.
- Levy continues to contribute investments funds as needed for the improvement projects related to the food and beverage operational areas.

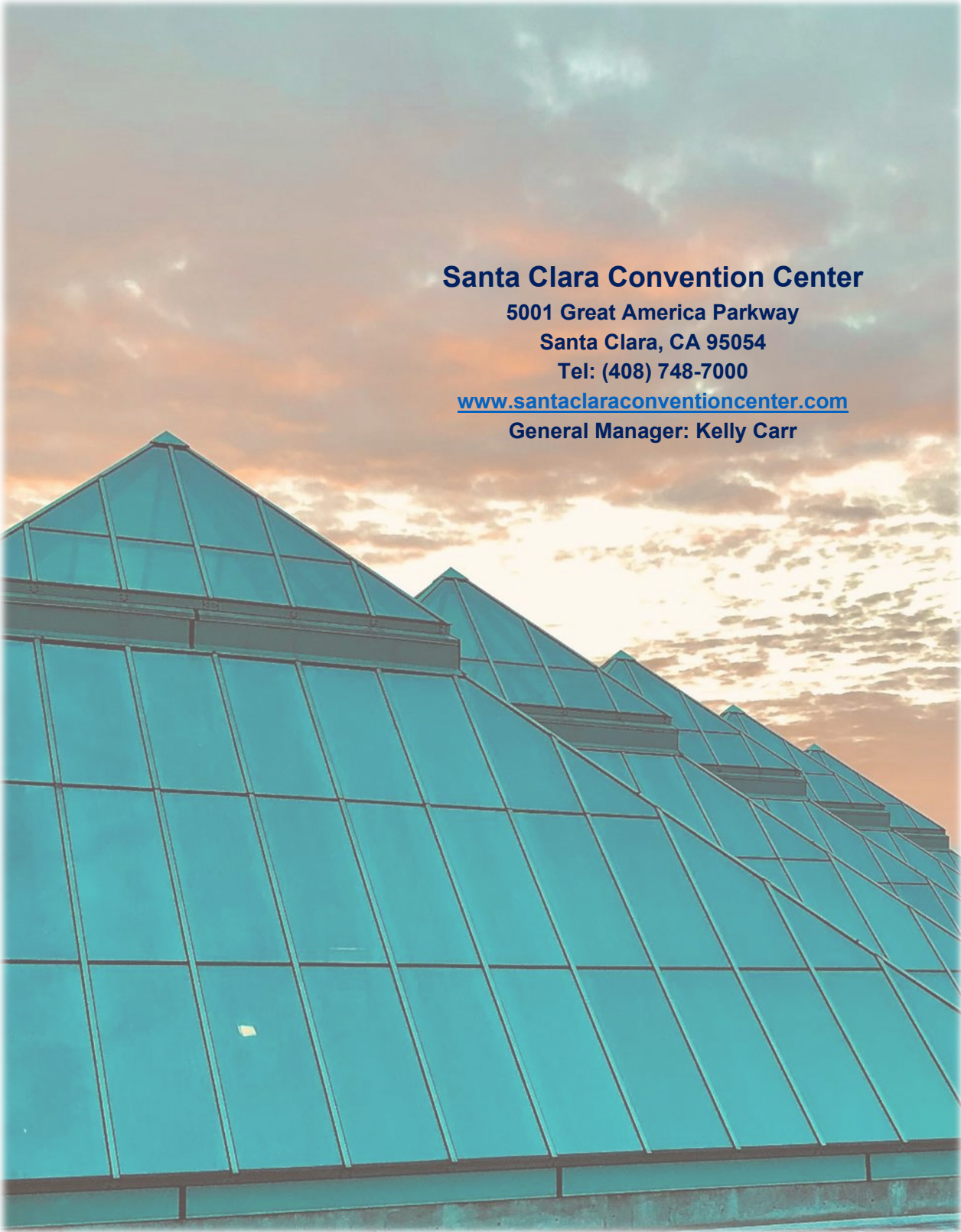
Proj. #	Project Name	Phase	CITY/SPECTRA REVISED BUDGET	LEVY	TOTAL BUDGET	YTD Exp.	Balance
001	Convention Center HVAC Study	-	\$ -	\$ -	\$ -	\$ -	\$ -
002	Convention Center HVAC - Duct Work	-	\$ -	\$ -	\$ -	\$ -	\$ -
003	Convention Center HVAC - BMS System Upgrade	Completed FY 2019/20	\$ 20,450	\$ -	\$ 20,450	\$ 20,450	\$ -
004	Convention Center HVAC Portable A/C Units	Completed FY 2020/21	\$ 75,350	\$ -	\$ 75,350	\$ 75,350	\$ -
005	Convention Center Security System	Completed FY 2021/22	\$ 177,381	\$ -	\$ 177,381	\$ 89,549	\$ 87,832
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Completed FY 2021/22	\$ 476,237	\$ -	\$ 476,237	\$ 475,274	\$ 963
007	Convention Center Building Envelope Repair - Terrace Building Front	-	\$ -	\$ -	\$ -	\$ -	\$ -
008	Convention Center Interior Digital Signage and Display System	Implementation	\$ 855,386	\$ -	\$ 855,386	\$ 42,777	\$ 812,609
009	Convention Center Interior Paint	Implementation	\$ 694,994	\$ -	\$ 694,994	\$ 432,668	\$ 262,326
010	Convention Center Door Replacements	-	\$ -	\$ -	\$ -	\$ -	\$ -
011	Convention Center Facility Lighting Project	-	\$ -	\$ -	\$ -	\$ -	\$ -
012	Convention Center Riding Vacuum Purchase	Completed FY 2019/20	\$ 31,238	\$ -	\$ 31,238	\$ 31,238	\$ -
013	Convention Center Carpet Replacement	Implementation	\$ 1,628,720	\$ 241,856	\$ 1,870,576	\$ 292,491	\$ 1,578,085
014	Balance - Contingency	-	\$ 150,244	\$ -	\$ 150,244	\$ -	\$ 150,244
015	Kitchen/Tech Café/Stand B	Pending	\$ -	\$ 12,146	\$ 12,146	\$ 36,749	\$ (24,603)
TOTAL			\$ 4,110,000	\$ 254,002	\$ 4,364,002	\$ 1,496,546	\$ 2,867,456

Community Involvement

In the 1st quarter, the entire Spectra and Levy teams attended the “Celebrate Santa Clara” event at Central Park.



Levy offered food and beverages to attendees, while Spectra focused on marketing and discussing the Center’s renovations and opportunities for the community.



Santa Clara Convention Center

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