



**FY 2021/22 QUARTERLY REPORT – 2<sup>nd</sup> Quarter Ended December 31, 2021**

---



January 25, 2022

# Table of Contents

- 2nd Quarter Highlights ..... 2
  - Strategic Highlights ..... 2
  - Financial Highlights ..... 2
  - Event Highlights ..... 2
  - Operational Highlights ..... 3
  - Other Noteworthy Highlights ..... 3
- Financial Summary ..... 5
  - Financial Results ..... 5
  - Income Statement ..... 6
  - Event Statistics ..... 7
  - Event Revenue ..... 7
  - Partners ..... 8
- Key Performance Indicators (KPIs) ..... 10
- Forecast ..... 11
- FY 2021/22 Capital Improvement Projects (CIP) Budget ..... 12
- Community Involvement ..... 14

**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).

## 2nd Quarter Highlights

This quarterly report covers fiscal operation of the Santa Clara Convention Center for the 2<sup>nd</sup> quarter ended December 31, 2021. This report is unaudited and, therefore, subject to change.



**30,787**  
Total Attendance



**37**  
Total Events



**\$1,945,308**  
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 Q2, Spectra's General Manager worked in conjunction with a DMO Board committee to hire 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 Q2 including upgrades to paint, flooring, and a new security camera system. In preparation for reopening in Q2, Spectra began to phase in employees. Employee totals varied from 10 to 14 based on event load and projected revenue generation. All employees were brought back in accordance with California's Rehiring and Retention Law.

### Financial Highlights

In Q2, the COVID variants - Delta and Omicron - continued to have an impact on the building. Gross revenue October through December was \$1,945,308 representing 72.64% of the overall budget for revenue. Conversely expenses totaled \$1,755,965, 68.44% of the budgeted expenses for the quarter, resulting in an overall profit of \$189,343 for Q2.

### Event Highlights

Thirty-seven events took place during the second quarter; 20 less than the budgeted number of 57. Seventeen events canceled or rescheduled to other dates due to concerns regarding the Delta variant. The first event to take place in the Center since March of 2020 was PCB West in October, a Tradeshow with approximately 500

attendees. The largest event of the quarter was the Holiday Craft Fair held over three days in November that had an estimated 5,000+ guests.

## Operational Highlights

- As mentioned above, 37 events took place in the second quarter. Six in October 15 in November, and 16 in December.
- The General Manager (GM) monitored and defined the requirement of staffing levels based on business quantity and projected revenue generation. Therefore, employee enrollment varied from 10 to 14 throughout the quarter.
  - The vacant Director of Finance position was filled and started in November.
  - Staffing levels are discussed with the Contract Administrator on a bi-weekly basis.
  - All employees were provided with a return-to-work orientation outlining the facilities new COVID protocols and procedures.
  - The GM attended multiple meetings with Lotus Marketing, the marketing firm representing Discover Santa Clara, Spectra and Levy. Topics discussed and reviewed included: branding verbiage, branding logo, website upgrades, and sales information
- In November, Silicon Valley Power conducted a shutdown of all electrical components at the Convention Center to make repairs.
- Spectra, Levy, the DMO, the City and JLL continued holding bi-monthly sales meetings to further develop 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.

## Other Noteworthy Highlights

- In Q2, Spectra merged with Oak View Group (OVG) in November following review and approval of the Department of Justice. It is expected that the organization will eventually operate under a different name.
- In December, the GM attended a meeting on Spectra/Oak View updating its vaccination policy:
  - Beginning February 14, 2022, all employees of Spectra/Oak View must be fully vaccinated in order to continue working for the company.
  - GM shared this new requirement with its partners at Encore AV, Smart City, Levy, and the Hyatt.
  - All partners have agreed to honor Spectra/Oak View's new policy.
- The Center and its partners continued to monitor the updated health orders issued by the California Department of Public Health and how they may impact upcoming events.

➔ The GM served as a panelist for the Silicon Valley Business Journal's (SVBJ) "Future of Santa Clara" online event. The GM met with SVBJ's Editor and then presented the following week.



# Financial Summary

## Financial Results

The Convention Center began hosting events again in October. While revenues were impacted by cancelations and postponements due to the Delta variant, Spectra and its partners were still able to generate \$1,945,308 in gross revenue. However, 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 – 2<sup>nd</sup> Quarter ended December 31, 2021

	Projected in Budget	Actual	Difference
<b>Gross Revenue</b>	\$2,678,155	\$1,945,308	(\$732,847)
<b>Total Expense</b>	2,565,615	1,755,965	809,650
<b>Net Income</b>	\$112,540	\$189,343	\$76,803

Total expenses for the quarter were \$1,755,965, or \$809,650 less than the budgeted amount of \$2,565,615. There was \$71,709 of other revenue recognized in Q2 primarily from cancelation fees and cellular site revenue.

The year-to-date expenses were \$2,283,891 and year-to-date net loss was \$321,845.



## Income Statement

	PERIOD TO DATE -2nd Quarter			YEAR TO DATE -Ended 12.31.21		
	Budget	Actual	Budget Variance	Budget	Actual	Budget Variance
# of Events	57	37	(20)	57	37	(20)
# of Event Days	0	95	95	0	95	95
Annual Attendance	36,800	30,787	(6,013)	36,800	30,787	(6,013)
Event Revenue						
Rental	\$608,640	\$552,094	(\$56,546)	\$608,640	\$552,094	(\$56,546)
Services	\$69,450	\$16,609	(\$52,841)	\$69,450	\$24,028	(\$45,422)
IT/Telecom	\$185,500	\$305,941	\$120,441	\$185,500	\$305,941	\$120,441
Food & Beverage	\$1,304,577	\$701,639	(\$602,938)	\$1,304,577	\$702,457	(\$602,120)
Audio Visual	\$430,900	\$152,246	(\$278,654)	\$430,900	\$152,246	(\$278,654)
Electrical	\$63,800	\$145,070	\$81,270	\$63,800	\$146,513	\$82,713
Total Event Revenue	<b>\$2,662,867</b>	<b>\$1,873,599</b>	<b>(\$789,268)</b>	<b>\$2,662,867</b>	<b>\$1,883,279</b>	<b>(\$779,588)</b>
Event Expenses						
Services	\$0	\$0	\$0	\$0	\$0	\$0
IT/Telecom	\$137,270	\$208,040	(\$70,770)	\$137,270	\$212,549	(\$75,279)
Food & Beverage	\$1,096,011	\$583,057	\$512,954	\$1,273,997	\$731,522	\$542,475
Audio Visual	\$288,703	\$106,562	\$182,141	\$288,703	\$106,562	\$182,141
Electrical	\$47,850	\$109,572	(\$61,722)	\$47,850	\$109,573	(\$61,723)
Total Event Expenses	<b>\$1,569,834</b>	<b>\$1,007,231</b>	<b>\$562,603</b>	<b>\$1,747,820</b>	<b>\$1,160,206</b>	<b>\$587,614</b>
Net Event Income (Loss)	<b>\$1,093,033</b>	<b>\$866,368</b>	<b>(\$226,665)</b>	<b>\$915,047</b>	<b>\$723,073</b>	<b>(\$191,974)</b>
Other Revenue	<b>\$15,288</b>	<b>\$71,709</b>	<b>\$56,421</b>	<b>\$30,576</b>	<b>\$78,767</b>	<b>\$48,191</b>
Total Revenue	<b>\$1,108,321</b>	<b>\$938,077</b>	<b>(\$170,244)</b>	<b>\$945,623</b>	<b>\$801,840</b>	<b>(\$143,783)</b>
Indirect Expenses						
Executive	\$88,786	\$80,535	\$8,251	\$177,572	\$170,591	\$6,981
Marketing	\$64,112	\$68,235	(\$4,123)	\$128,224	\$112,837	\$15,387
Finance	\$94,500	\$63,030	\$31,470	\$188,999	\$87,548	\$101,451
Event Services	\$60,255	\$36,852	\$23,403	\$120,510	\$58,336	\$62,174
Operations	\$387,882	\$398,660	(\$10,778)	\$775,764	\$456,275	\$319,489
Overhead	\$300,246	\$101,422	\$198,824	\$600,492	\$238,098	\$362,394
Transition Costs	\$0	\$0	\$0	\$0	\$0	\$0
Total Indirect Expenses	<b>\$995,781</b>	<b>\$748,734</b>	<b>\$247,047</b>	<b>\$1,991,561</b>	<b>\$1,123,685</b>	<b>\$867,876</b>
Net Operating Income	<b>\$112,540</b>	<b>\$189,343</b>	<b>\$76,803</b>	<b>(\$1,045,938)</b>	<b>(\$321,845)</b>	<b>\$724,093</b>

## Event Statistics

There were 37 events scheduled in Q2 with \$1,873,599 in revenue and \$1,007,231 in expenses. 'Conventions' and 'Consumer Shows' generated the largest amount of revenue in the quarter.

## Event Revenue

### Event Net Revenue – 2<sup>nd</sup> Quarter ended December 31, 2021

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$95,043	\$41,787	\$53,256
Meetings	44,616	2,027	42,589
Consumer Shows	249,224	127,035	122,189
Trade Shows	129,047	60,636	68,412
Conventions	1,168,607	721,383	447,224
Special Events	87,343	33,442	53,901
Miscellaneous Events	-	-	-
Sporting Events	99,719	20,921	78,798
<b>Totals</b>	<b>\$1,873,599</b>	<b>\$1,007,231</b>	<b>\$866,367</b>

This quarter, there was a net profit of \$189,343. Revenues were generated by the events hosted and other revenue including cancelation fees. Event expenses of \$1,007,231 were a combination of Levy's labor and indirect expenses as well as expense generated by Encore and Smart City to provide services for contracted events. Year-to-date, the Center's net income is a negative \$321,845.



## Partners

### Partner Revenue – 2<sup>nd</sup> Quarter ended December 31, 2021

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$701,639	\$583,057	\$118,582
Smart City (IT services)	305,941	208,040	97,901
ENCORE-AV (AV services)	152,246	106,562	45,684
Electrical	145,070	109,572	35,498
<b>Totals</b>	<b>\$1,304,896</b>	<b>\$1,007,231</b>	<b>297,665</b>

Partner revenue for Q2 was \$1,304,896. The cost of sales was \$1,007,231 for a net profit of \$297,665. Year-to-date, net partner revenue is showing a \$90,006 profit versus budget.

## Indirect Expenses

Total indirect expenses were \$748,734 for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$80,535
Marketing	Sales and marketing related	68,235
Finance	Finance and Human Resources	63,030
Events	Staffing to manage events	36,852
Operations	Engineering, building services, security, and all other related expenses to operate the building	398,660
Overhead	Non-departmental expenses	101,422
Transition Costs	Costs related to the transition to Spectra	-
<b>Totals</b>		<b>\$748,734</b>

## Other Activities

Both Spectra and Levy continued to review staffing levels and expenditures in an effort to mitigate financial losses to the City. Indirect expenses for Q2 were \$247,047 under budget primarily due to overhead expenditures.

Working in conjunction with Levy, the DMO, the City and JLL, the sales team reconfirmed their prospect goals for FY 2021/22. Spectra's goal for the year is to be actively working at least 204 business prospects throughout the fiscal year. As of the end of the second quarter, Spectra's sales team is actively working 222 sales prospects. Applying the goals of the booking strategy, Spectra has put an emphasis on prospecting and generating leads for Priority 3 business. Spectra is aiming to convert 20% of those prospects into tentative<sup>1</sup> business. Of those tentative events, Spectra will work to reach a conversion ratio of 20% into definite<sup>2</sup> business throughout the fiscal year. Due to COVID three Priority 3 pieces of business have canceled or postponed for this fiscal year, however at the time of this report, the Center sales team still has achieved 100% of its KPI goal for Priority 3 business in FY 21/22. The partners and sales team continue to discuss and identify ideas or concepts that will differentiate the Santa Clara Convention Center from its competitors.

In the second quarter, the GM attended the Convention Center Booking Policy call with board members from both the DMO and TID. The meeting provided discussion and suggestions on how the current booking policy should be updated to address the current business climate.



---

<sup>1</sup> A tentative is defined as having dates held and/or proposals issued to the client.

<sup>2</sup> A definite is realized when a client signs its Use License Agreement for an event at Convention Center.

## Key Performance Indicators (KPIs)

Gross revenue for Q2 was \$1,945,308, while net revenue was \$189,343 for the quarter. Through the second quarter the event mix shows the Convention Center has hosted 25% of its targeted P3's, 10% of its P4 goal and 19% of its P5 mark. Prospecting numbers remain strong as the Sales Manager continues to focus on bringing new business to the facility. Monthly results of the KPI's for Q2 are included below.

Spectra Venue Management – Santa Clara Convention Center						
Performance Measures						
	2021/22 Target	Q1 & Q2 Results	October	November	December	NOTES
1. Convention Center Gross Revenue	\$8,352,205	\$1,962,045	\$363,142	\$1,182,058	\$400,108	
2. Net Income	(\$646,267)	(\$321,843)	(\$103,067)	\$373,282	(\$80,872)	
3. Number of Room Nights Consumed	6,605	TBD	1,256	TBD	TBD	
4. Economic Impact	\$8,980,044	TBD	TBD	TBD	TBD	
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%	
Number of P1 Events	1	-	0	0	0	
Percent of P2 Events	1%	-	0%	0%	0%	
Number of P2 Events	2	-	0	0	0	
Percent of P3 Events	8%	-	6%	19%	25%	
Number of P3 Events	16	-	1	2	1	
Percent of P4 Events	20%	-	5%	10%	10%	
Number of P4 Events	42	-	2	2	0	
Percent of P5 Events	71%	-	2%	9%	19%	
Number of P5 Events	150	-	3	11	15	
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	212.5	231	246	222	Average for the year of P3, P4, P5

## Forecast

The Center operated at a loss of \$321,845 through Q2 as a result of canceled or rescheduled events. Anticipated losses for the remainder of FY 2021/22 are projected at \$375,326 resulting in an overall loss of \$697,171 for the fiscal year. If these projections hold, the Center will miss its budgeted loss of \$646,267 by a variance of \$50,904. However, this number is fluid and will continue to fluctuate based on the on-going challenges due to COVID-19 variants and the impact of California's mandate for indoor mega events.

SANTA CLARA CONVENTION CENTER					
ROLLING FORECAST					
FY 2021/2022					
	ACTUAL YTD July - Dec FY 2022	FORECAST Jan - June FY 2022	TOTAL PROJECTION FYE 6/30/22	ORIGINAL BUDGET FYE 6/30/2	VARIANCE
# OF EVENTS	37	109	146	211	(65)
DIRECT EVENT INCOME	\$669,514	\$1,579,699	\$2,249,213	\$2,144,697	\$104,516
ANCILLARY INCOME	53,559	467,643	521,202	1,012,652	(491,450)
TOTAL EVENT INCOME	723,073	2,047,342	2,770,415	3,157,349	(386,934)
OTHER INCOME	78,767	-	78,767	61,150	17,617
EXECUTIVE	170,591	182,426	353,017	332,143	(20,874)
MARKETING	112,837	156,302	269,139	245,052	(24,087)
FINANCE	87,548	220,700	308,248	365,547	57,299
EVENTS OPERATIONS	58,336	148,704	207,040	228,558	21,518
OPERATIONS	456,275	1,036,260	1,492,535	1,492,492	(43)
OVERHEAD	238,098	678,276	916,374	1,200,974	284,600
INDIRECT EXPENSES	1,123,685	2,422,668	3,546,353	3,864,766	318,413
OPERATING NET INCOME (LOSS)	(321,845)	(375,326)	(697,171)	(646,267)	(50,904)
NET INCOME (LOSS)	(\$321,845)	(\$375,326)	(\$697,171)	(\$646,267)	(\$50,904)

# FY 2021/22 Capital Improvement Projects (CIP) Budget

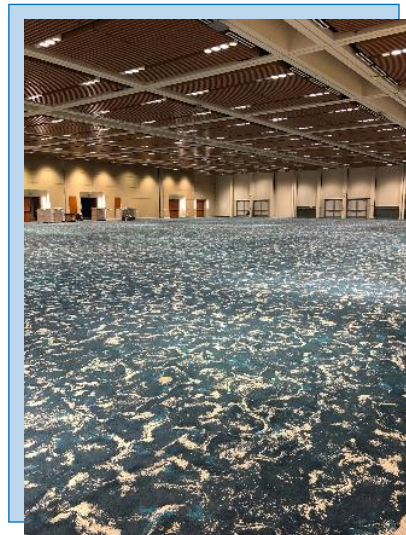
## CIP Project Updates

### Flooring/Painting projects

- The carpet installation project was completed in October as scheduled.
- The polished concrete project in the main lobby was put on hold until the end of December due to required flooring infill work that needed to be completed. The infill work was completed, and the continuation of the polished concrete has resumed. Completion of the polished concrete flooring in the Center is expected to be complete by the end of January.
- The painting refresh project was substantially completed in October as scheduled. The one outstanding item is the paint for the main lobby elevator as there is a delay in shipping.
- Fabric for the wall panels was ordered late in Q1 and arrived early in Q2. Installation of the wall panels are expected to be completed in Q3.
- The installation of the corner guards reached substantial completion in November.
- The installation of the wall bases reached substantial completion in October. Final installation of the wall bases will resume once the polished concrete work has been completed.

### Kitchen & Digital Signage projects

- The Center and Levy hosted a site walk for the Request for Bid (RFB) that was released in October. This was a reissue of the work for upgrades to both kitchens, the digital signage project and build outs of the Tech Café and Stand B projects for Levy. Submittals for the RFB were due at the end of October, only one bid was presented which was rejected.
- Spectra hired a third-party project manager to manage the CIP projects. The project manager will be reissuing the digital signage and the Tech Café/Stand B RFBs separately in Q3 & Q4 of FY 21/22.

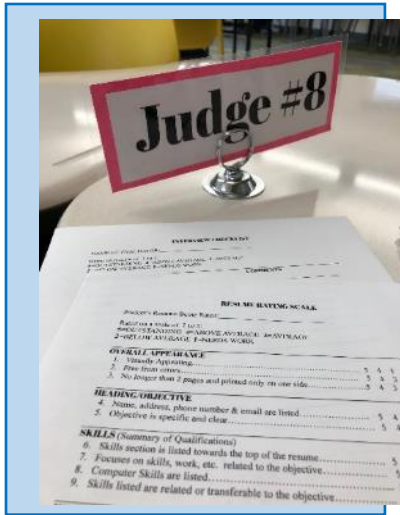


## CIP Project Budget

- Levy continues to contribute investments funds as needed for the improvement projects related to the food and beverage operational and service areas.

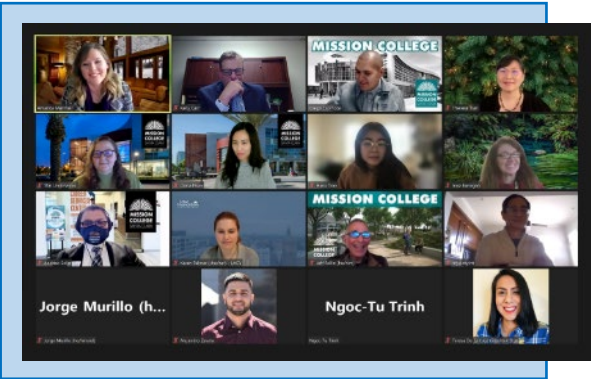
Proj. #	Project Name	Phase	CITY/SPECTRA REVISED BUDGET	LEVY	TOTAL BUDGET	YTD Exp.	Balance
001	Convention Center HVAC Study	-	\$ -	\$ -	\$ -	\$ -	\$ -
002	Convention Center HVAC - Duct Work	-	\$ -	\$ -	\$ -	\$ -	\$ -
003	Convention Center HVAC - BMS System Upgrade	Completed FY 2019/20	\$ 20,450	\$ -	\$ 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	\$ 89,575	\$ 87,806
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Completed FY 2021/22	\$ 480,787	\$ -	\$ 480,787	\$ 479,300	\$ 1,487
007	Convention Center Building Envelope Repair - Terrace Building Front	-	\$ -	\$ -	\$ -	\$ -	\$ -
008	Convention Center Interior Digital Signage and Display System	Procurement	\$ 855,386	\$ -	\$ 855,386	\$ 43,039	\$ 812,347
009	Convention Center Interior Paint	Implementation	\$ 694,994	\$ -	\$ 694,994	\$ 542,457	\$ 152,537
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	\$ 395,988	\$ 1,474,588
014	Balance - Contingency	-	\$ 145,694	\$ -	\$ 145,694	\$ -	\$ 145,694
015	Kitchen/Tech Café/Stand B	Procurement	\$ -	\$ 1,757,065	\$ 1,757,065	\$ 37,903	\$ 1,719,162
		TOTAL	\$ 4,110,000	\$ 1,998,921	\$ 6,108,921	\$ 1,715,300	\$ 4,393,621

# Community Involvement



GM attended the bi-annual Milpitas HS Academy of Travel and Tourism event and acted as a judge for mock interviews with students.

GM worked with the Bill Wilson Center to provide and contract space for its annual Adopt-a-Family drop off and pick-up location for 2021. Expenses for the event will be covered by Spectra and Levy as part of their "Community" KPI's.



GM attended the bi-annual advisory committee meeting for Mission College Extended Opportunity Program & Services (EOPS). The mission of EOPS is to assist students challenged by language, economic, and educational disadvantages. The program provides services to facilitate the successful completion of their academic goals. GM has been a committee member since 2019.



**Santa Clara Convention Center**

5001 Great America Parkway

Santa Clara, CA 95054

Tel: (408) 748-7000

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

General Manager: Kelly Carr