



**FY 2021/22 QUARTERLY REPORT – 4<sup>th</sup> Quarter Ended June 30, 2022**

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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).

## 4<sup>th</sup> Quarter Highlights

This quarterly report covers fiscal operations of the Santa Clara Convention Center for the fourth quarter ended June 30, 2022. This report is unaudited and, therefore, subject to change.



**67,532**  
Total Attendance



**79**  
Total Events



**\$5,235,546**  
Total Revenue

### Strategic Highlights

Oak View Group (OVG) continues to be actively involved with the City and its consultant, Jones Lang LaSalle (JLL) on the continued development of the Silicon Valley/Santa Clara DMO, Inc dba Discover Santa Clara™. In Q4, the OVG General Manager participated in the interview processes for the Administrative Services Manager and Chief Executive Officer positions.

OVG 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 OVG, Levy and the DMO's overlapping key performance indicators (KPI's). In spite of on-going cancellations due to concerns of COVID-19, business levels returned to pre-pandemic levels in Q4.

OVG continued to phase in and out employees. Employee totals varied from 17 to 21 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 Q4, business began to return to normal as there were significantly fewer cancellations due to the pandemic. Gross revenue April through June was \$5,235,546 representing 62.68% of the overall budget for revenue. Conversely, expenses totaled \$3,663,895, 137.78% of the budgeted expenses for the quarter, resulting in an overall profit of \$1,571,651 for Q4.

### Event Highlights

Seventy-nine events took place during the fourth quarter, five less than the budgeted number of 84. Twenty-four events canceled or rescheduled citing concerns with COVID-19 or reduced registration numbers. In April, the Center hosted DesignCon, North

America's largest chip, board, and systems event. In May, the Center hosted Embedded Vision 2022 which was a four-day event that provided the latest insights into practical Visual Artificial Intelligence (AI). June was by far the busiest month of the entire fiscal year. Highlights included:

- Augmented World Expo (AWE), an event focused on AI and other types of virtual reality;
- Cadence CDN Live, a gathering of developers and industry experts who discuss new design concepts for silicon and operating systems;
- TSMC North America, TSMC, the world's largest producers of semiconductors, hosted this event to unveil some new technology; and
- the Precision Medical World Conference (PMWC) that featured nearly 400 speakers including the CEO of Pfizer.



April - Design Con



May - Embedded Vision 2022



Augmented World Expo (AWE)



Cadence CDN Live



TSMC North America



PMWC 2023

## Operational Highlights

- As mentioned above, 79 events took place in the fourth quarter. Eighteen in April, 34 in May, and 27 in June.
- 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 17 to 21 throughout the quarter.
  - Staffing levels are discussed with the Contract Administrator on a bi-weekly basis.
  - All employees continued to be provided with a return-to-work orientation outlining the facilities new COVID protocols and procedures.
- The GM provided the City Manager a tour of the Convention Center.
- GM met with the City Finance Department to provide information on expenses and backup for the Federal Medical Station that operated in the Convention Center from March-May 2020.
- OVG, 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 OVG, Levy and the DMO as all partners strive to optimize the building's business and revenues over future years. An updated Sales & Marketing Plan was completed in the quarter and was reviewed by the DMO Board of Directors and approved for use.

## Other Noteworthy Highlights

- In Q4, OVG hosted a site tour and held several virtual meetings with Freeman, one of the nation's top event decorators, to discuss and strategize on new and creative floor plans for the facility. These floor plans will be utilized by the Sales & Event teams to provide clients innovative event options.
- The GM met with the planners of the Silicon Valley Auto Show to discuss rescheduling its event for February 2023.
- The Center and its partners continued to require staff to wear face coverings during events for the safety of the staff and attendees.
- The GM held multiple interviews with applicants for a vacant Sales/Event Administrative Assistant position. An offer was extended and accepted by the chosen candidate who started in mid-May.
- OVG helped transition Discover Santa Clara™'s marketing company to "We the Creative" and its accounting company to Arightco.

# Financial Summary

## Financial Results

For the first time since reopening in October of 2021, Convention Center bookings were not heavily impacted by COVID-19 and continued with upward momentum throughout the quarter. While some events still canceled or postponed, a majority moved forward. Throughout the quarter, OVG saw continued growth in event attendance numbers. As a result, OVG and its partners generated \$5,235,546 in gross revenue during the quarter exceeding the budgeted amount by \$2,308,519. Net income for Q4 was \$1,571,651 or \$1,303,779 more than the budgeted amount of \$267,872.

### Financial Summary – 4<sup>th</sup> Quarter Ended June 30, 2022

	Projected in Budget	Actual	Difference
<b>Gross Revenue</b>	\$2,927,027	\$5,235,546	\$2,308,519
<b>Total Expense</b>	2,659,155	3,663,895	(1,004,740)
<b>Net Income</b>	\$267,872	\$1,571,651	\$1,303,779

Total expenses for the quarter were \$3,663,895 or \$1,004,740 more than the budgeted amount of \$2,659,155. This was due to the increase in events hosted in the fourth quarter which led to higher overhead and operational expenses. There was \$292,562 of other revenue recognized in Q4 primarily from cancelation fees.

The year-to-date expenses were \$7,349,208, a year-to-date variance of \$1,649,264 versus budgeted expenses.



## Income Statement

**SANTA CLARA CONVENTION CENTER**  
**QUARTERLY GROSS INCOME STATEMENT**  
For the Twelve Months Ending June 30, 2020

	QUARTER 4 TO DATE			YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Number of Events	84	79	(5)	211	162	(49)
Number of Event Days	-	170	170	-	341	341
Attendance	48,600	67,532	18,932	243,890	134,628	(109,262)
<b>Event Revenue</b>						
Rental	708,925	995,269	286,344	1,849,675	2,068,329	218,654
Services	23,900	77,586	53,686	112,100	174,594	62,494
IT/Telecom	306,045	476,083	170,038	703,545	842,738	139,193
Food & Beverage	1,548,571	2,066,220	517,649	4,416,923	3,144,338	(1,272,585)
Electrical	240,000	756,793	516,793	989,212	1,041,441	52,229
Audio Visual	84,300	571,033	486,733	219,600	845,837	626,237
<b>Total Event Revenue</b>	<b>2,911,741</b>	<b>4,942,984</b>	<b>2,031,243</b>	<b>8,291,055</b>	<b>8,117,277</b>	<b>(173,778)</b>
<b>Event Expenses</b>						
Services	-	3,052	(3,052)	-	3,105	(3,105)
IT/Telecom	226,473	323,736	(97,263)	520,623	577,571	(56,948)
Food & Beverage	1,272,101	1,199,867	72,234	3,785,611	2,369,670	1,415,941
Electrical	160,800	531,715	(370,915)	662,772	734,041	(71,269)
Audio Visual	63,225	444,974	(381,749)	164,700	654,953	(490,253)
<b>Total Event Expenses</b>	<b>1,722,599</b>	<b>2,503,344</b>	<b>(780,745)</b>	<b>5,133,706</b>	<b>4,339,340</b>	<b>794,366</b>
<b>Net Event Income (Loss)</b>	<b>1,189,142</b>	<b>2,439,640</b>	<b>1,250,498</b>	<b>3,157,349</b>	<b>3,777,937</b>	<b>620,588</b>
<b>Other Revenue</b>	<b>15,286</b>	<b>292,562</b>	<b>277,276</b>	<b>61,150</b>	<b>398,533</b>	<b>337,383</b>
<b>Total Revenue</b>	<b>1,204,428</b>	<b>2,732,202</b>	<b>1,527,774</b>	<b>3,218,499</b>	<b>4,176,470</b>	<b>957,971</b>
<b>Indirect Expenses</b>						
Executive	77,285	82,565	(5,280)	332,143	305,592	26,551
Finance	58,403	57,970	433	245,052	223,678	21,374
Event Services	88,266	103,557	(15,291)	365,547	288,842	76,705
Sales/Marketing	54,021	67,318	(13,297)	228,558	171,897	56,661
Operations	358,345	554,797	(196,452)	1,492,492	1,128,195	364,297
Overhead	300,236	294,344	5,892	1,200,974	891,664	309,310
<b>Total Indirect Expenses</b>	<b>936,556</b>	<b>1,160,551</b>	<b>(223,995)</b>	<b>3,864,766</b>	<b>3,009,868</b>	<b>854,898</b>
<b>Net Operating Income</b>	<b>267,872</b>	<b>1,571,651</b>	<b>1,303,779</b>	<b>(646,267)</b>	<b>1,166,602</b>	<b>1,812,869</b>

## Event Statistics

There were 79 events scheduled in Q4 with \$4,942,984 in revenue and \$2,503,344 in expenses. 'Conventions' and 'Meetings' generated the largest amount of revenue in the quarter.

## Event Revenue

### Event Net Revenue – 4th Quarter Ended June 30, 2022

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$502,170	\$272,361	\$229,809
Meetings	921,097	393,410	527,687
Consumer Shows	124,207	42,093	82,114
Trade Shows	62,463	15,147	47,316
Conventions	2,891,925	1,648,881	1,243,044
Special Events	387,724	126,745	260,979
Miscellaneous Events	-	-	-
Sporting Events	53,398	4,707	48,691
<b>Totals</b>	<b>\$4,942,984</b>	<b>\$2,503,344</b>	<b>\$2,439,640</b>

This quarter, there was a variance of \$2,439,640. The increase was the result of fewer cancellations due to COVID and increased attendance. Event expenses of \$2,503,344 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 profit of \$1,166,602.



## Partners

### Partner Revenue – 4<sup>th</sup> Quarter Ended June 30, 2022

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$2,066,220	\$1,199,867	\$866,353
Smart City (IT services)	476,083	323,736	152,347
ENCORE-AV (AV services)	571,033	444,974	126,059
Electrical	756,793	531,715	225,078
<b>Totals</b>	<b>\$3,870,129</b>	<b>\$2,500,292</b>	<b>1,369,837</b>

Partner revenue for Q4 was \$3,870,129. The cost of sales was \$2,500,292 for a net profit of \$1,369,837. Year-to-date, net partner revenue is showing a \$1,538,119 profit versus budget.

## Indirect Expenses

Total indirect expenses were \$1,160,551 for the quarter.

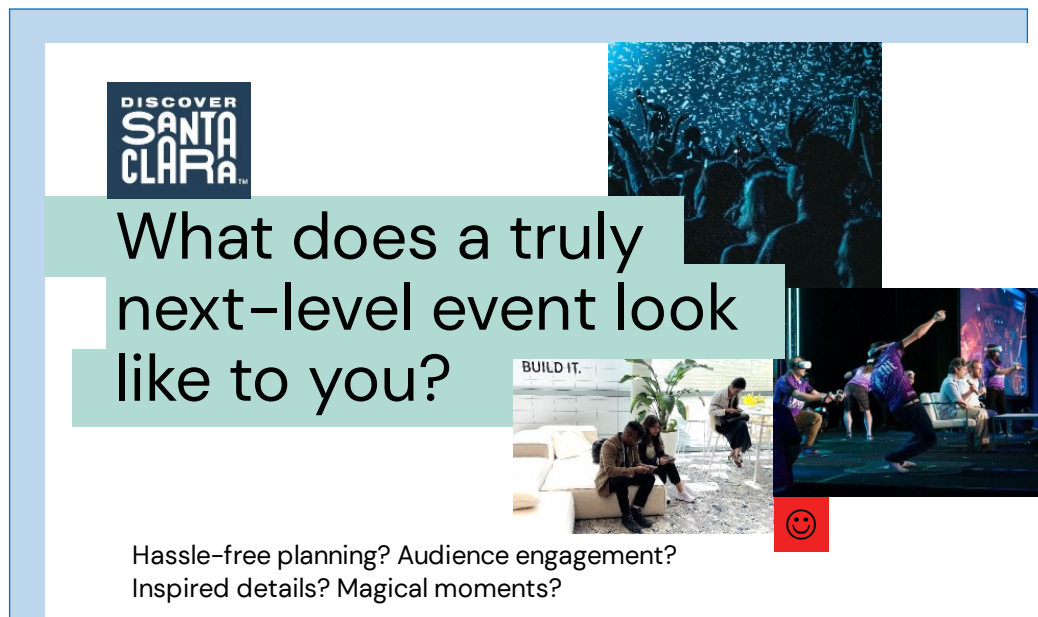
Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$82,565
Marketing	Sales and marketing related	67,318
Finance	Finance and Human Resources	57,970
Events	Staffing to manage events	103,557
Operations	Engineering, building services, security, and all other related expenses to operate the building	554,797
Overhead	Non-departmental expenses	294,344
Transition Costs	Costs related to the transition to OVG	-
<b>Totals</b>		<b>\$1,160,551</b>

## Other Activities

OVG renewed and finalized updated agreements with AT&T and Verizon for the on-site digital antenna systems (DAS) located at the Center. The agreements will generate an estimated \$39,000 in annual revenue for rental and utilities.

Working in conjunction with Levy, the DMO, the City and JLL, the sales team reconfirmed its prospect goals for FY 2021/22. OVG's goal for the year is to average 204 active business prospects throughout the fiscal year. As of the end of the fourth quarter, OVG's sales team is actively working 240 sales prospects. Applying the goals of the booking strategy, OVG has put an emphasis on prospecting and generating leads for Priority 3 business. OVG is aiming to convert 20% of those prospects into tentative<sup>1</sup> business. Of those tentative events, OVG will work to reach a conversion ratio of 20% into definite<sup>2</sup> business throughout the fiscal year. 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 fourth quarter, the GM and sales staff continued to develop new sales and marketing materials to drive sales for the destination. A new sales deck was completed with the assistance of the DMO's new marketing firm, We the Creative. The GM continued assisting in the oversight of the DMO sales team.



DISCOVER  
SANTA  
CLARA™

What does a truly  
next-level event look  
like to you?

BUILD IT.

Hassle-free planning? Audience engagement?  
Inspired details? Magical moments?

😊


<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.



## KPI Summary

- 1. Convention Center Gross Revenue** – FY 2021/22 had some challenges due to lingering COVID impact. Group activity was impacted well into the third quarter and the beginning of this quarter. Convention as well as Christmas party planners were altering their scheduling well into January 2022. The bright spot was that the business volumes in the fourth quarter exceeded the original projections by a wide margin. The final outcome exceeded the original goals due to the increase of meetings or social events as noted. Barring anything unexpected, it is anticipated these upward trends will continue.
- 2. Net Income** – As a result of what is noted above, the commensurate net income results also exceeded the annual goal. OVG diligently focused on maintaining fiscal controls and managing expenses throughout the year. This included innovative approaches to achieving improved labor efficiency, managing expenses and inventories within effective purchasing practices.
- 3. Room Nights Consumed** – Achieving the goals for rooms that have been occupied in the past fiscal year is a collaborative effort with OVG, Levy and Discover Santa Clara™. The team has made great strides in the approach to secure business for the Convention Center that drives overnight stays into Santa Clara TID Hotels while generating significant revenue. The groups that are characterized as smaller (P3, P4, and P5) are a focus of OVG. These events delivered more overnight stays than were initially forecasted. The joint sales and marketing efforts will continue to increase in the upcoming fiscal year.
- 4. Economic Impact** – The total economic impact of Convention Center Events in the Fiscal Year was \$32,089,813. The original projections for Economic Impact were conservative and took into account the uncertainty that was prevalent in June of 2021. A nationally recognized platform is used to calculate economic impact for all events that convene at the Convention Center. The platform uses nationally accepted spending models that are adjusted for costs that will be incurred in Santa Clara. As the year unfolded, and actual numbers for spending were inputted into the platform, the reported direct spending was \$23,108,769 higher than the original projections of \$8,980,044. Two representative factors were the very robust actual attendance at conferences due to a heightened desire of meeting and convention attendees to resume face to face meetings. This factor also contributed to higher levels of spending at the convention center by conference organizers.
- 5. Customer Service Survey Results** – The newly developed and completed customer service platform has provided valuable insight in assessing successes and opportunities in the service areas. The past Fiscal Year has served as a pilot year with focus on finalizing the survey and driving client response rate. OVG received an average a 90% positive rating in the area of overall satisfaction. OVG will continue to use this helpful tool to keep in close contact with customers and understanding their experience.

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6. **Event Mix** – Event Mix focuses on the type and quality of events at the Convention Center as opposed to strictly focusing on the quantity of events. The highlights of last year’s results were that in spite of eight P3 cancelations in the fiscal year, OVG still managed to book 14 P3 events. The area of focus for the upcoming fiscal year is how the key partners (Levy, OVG and Discover Santa Clara™) can use the current prospecting and market development efforts to increase success with securing the large events (P1’s and P2’s). Smaller events also have an impact on overall performance, and OVG is pleased to secure 173 of these events last fiscal year. OVG has proved standards for returning inquiry call within hours of receiving them.
  7. **Community Benefit** – The past Fiscal Year provided an opportunity to strategize on future community-based events. While there were none of these events this year, plans are underway on how to impact the Santa Clara community in FY 2022/23. Ideas have included holiday events, open houses and partnering with the Santa Clara non-profit community. As the city and region returns to normalcy, OVG is exploring volunteer opportunities for the management team. OVG will also focus on utilizing small, local and M/WBE as suppliers and partners in our business. OVG is pleased to report that 11% of overall purchasing went to these valuable businesses and OVG plans to further and expand these relationships in FY 2022/23.
  8. **Prospects** – There was a focus on naming new business for the Convention Center in support of driving higher quality events in the future. The sales team dedicated time to this throughout the year and OVG currently has 240 active prospects. This exceeded the annual goal.

## Forecast

Financials for FY 2021/22 are complete. The forecast for FY 2022/23 will be issued in the first quarter report.

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

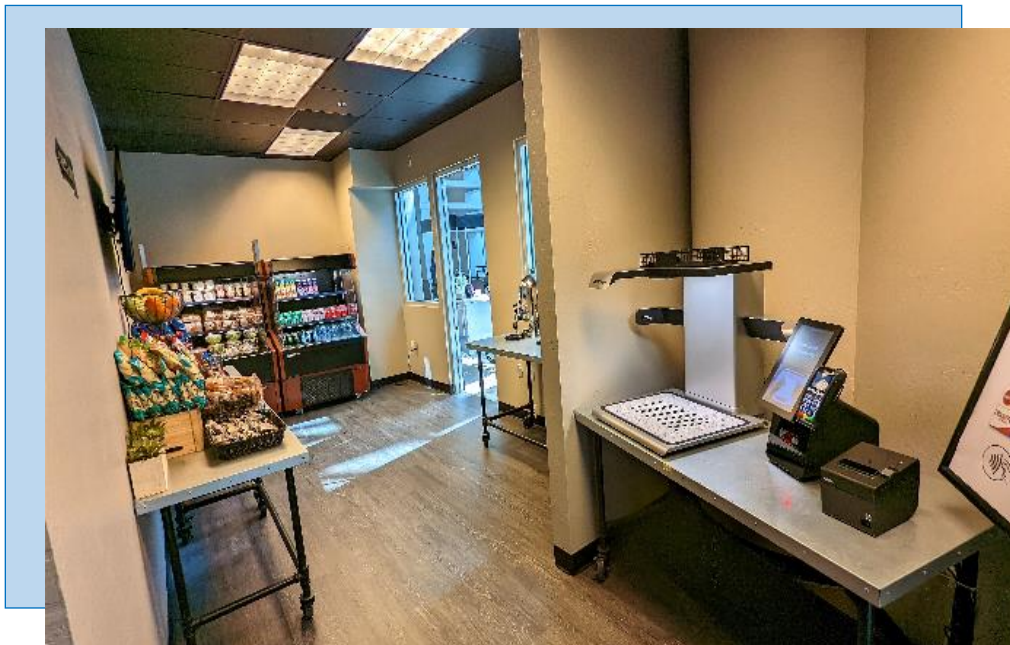
## CIP Project Updates

### Emergency HVAC project

- Two of the three chillers that service the Convention Center were repaired in June. Chiller #2 suffered an oil pump failure, and the oil pump was replaced. Chiller #3, which is original building equipment, needed some internal parts replaced.
- Three of the four air conditioning units that provide cooling in the Mission City Ballroom were repaired. The building management system (BMS) that controls the temperature and timing was not communicating with three of the units and it was determined that the controller boards in roof top units 1, 2 & 4 had failed. The boards were replaced and reconfigured to the BMS.

### Main Lobby Marketplace project

- As part of Levy's on-going strategy to activate public space at the Convention Center, OVG and Levy worked collaboratively to repurpose the former UPS Store into the Vintage Valley Marketplace. The space was renovated to create a "Grab and Go" retail location for event attendees. The space has been operational and open during events at the Center.



## 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.

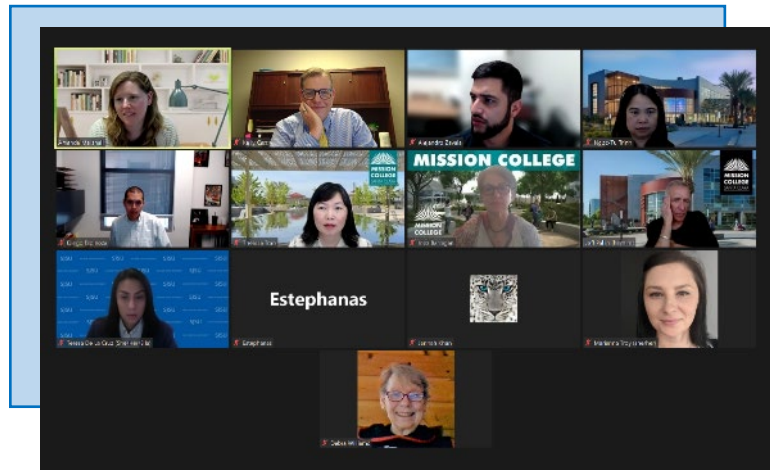
Proj. #	Project Name	Phase	CITY/SPECTRA REVISED BUDGET	LEVY	TOTAL BUDGET	YTD Exp.	Balance
001	Convention Center HVAC Study	-	\$ -	\$ -	\$ -	\$ -	\$ -
002	Convention Center HVAC - Duct Work	-	\$ -	\$ -	\$ -	\$ -	\$ -
003	Convention Center HVAC - BMS System Upgrade	Completed FY 2019/20	\$ 20,450	\$ -	\$ 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	\$ 172,831	\$ 4,550
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	Implementation	\$ 855,386	\$ -	\$ 855,386	\$ 43,039	\$ 812,347
009	Convention Center Interior Paint	Completed FY 2021/22	\$ 694,994	\$ -	\$ 694,994	\$ 648,052	\$ 46,942
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	Completed FY 2021/22	\$ 1,628,720	\$ 241,856	\$ 1,870,576	\$ 1,417,371	\$ 453,205
014	Balance - Contingency	-	\$ 145,694	\$ -	\$ 145,694	\$ -	\$ 145,694
015	Kitchen/Tech Café/Stand B	Pending	\$ -	\$ 1,757,065	\$ 1,757,065	\$ 214,901	\$ 1,542,164
<b>TOTAL</b>			<b>\$ 4,110,000</b>	<b>\$ 1,998,921</b>	<b>\$ 6,108,921</b>	<b>\$ 3,102,532</b>	<b>\$ 3,006,389</b>

## Community Involvement



OVG GM and Senior Sales Manager attended and judged the Academy of Travel and Tourism event at Milpitas High School.

OVG GM attended the bi-annual meeting of the Extended Opportunity Programs and Services (EOPS) advisory committee meeting in May.







**Santa Clara Convention Center**

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