



FY 2023/24 QUARTERLY REPORT – 1st Quarter Ended September 30, 2023

Table of Contents

- 1st Quarter Highlights..... 2
 - Strategic Highlights 2
 - Financial Highlights..... 2
 - Event Highlights..... 3
 - Operational Highlights 4
 - Other Noteworthy Highlights 4
- Financial Summary 5
 - Financial Results 5
 - Event Statistics 7
 - Event Revenue 7
 - Partners 7
 - Indirect Expenses 8
- Other Activities..... 9
- Key Performance Indicators (KPIs) 10
- Forecast 12
- FY 2023/24 Capital Improvement Projects (CIP)..... 13
- Community Involvement..... 15

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

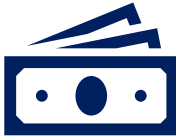
This quarterly report covers fiscal operations of the Santa Clara Convention Center for the first quarter ended September 30, 2023. This report is unaudited and, therefore, subject to change.



72,030
Total Attendance



57
Total Events



\$1,510,956
Total Revenue

Strategic Highlights

Oak View Group (OVG 360) continues to be actively involved with the City and its partners at the Silicon Valley/Santa Clara DMO, Inc dba Discover Santa Clara[®]. The OVG General Manager (GM) participated in the interview and onboarding processes for a new Sales Manager who started work in September. As a Board Member/Officer of the DMO, the OVG 360 GM remained engaged in various activities of the organization including the development of the financial SOP's.

OVG 360 continued a high level of involvement in a wide array of activities, spanning partner meetings, contract evaluations, and negotiations. OVG 360 extended its labor agreements with Local 853 – Teamsters, explored upcoming revenue prospects with partners, and concentrated on enhancing operational processes and revenue-generating strategies. Notably, capital projects were a key focus, involving discussions about electrical contractors, signage projects, and facility maintenance. OVG 360, along with Levy, Smart City, and Encore, continued utilizing the booking policy and actively sought new business opportunities aimed at attracting impactful events to the facility. The dedicated sales efforts of the Center team resulted in the booking of 71 events in the quarter, with 33 of them classified as new business.

OVG 360 continued to monitor event load and potential revenue throughout the quarter. All employees were brought back in accordance with California's Rehiring and Retention Law.

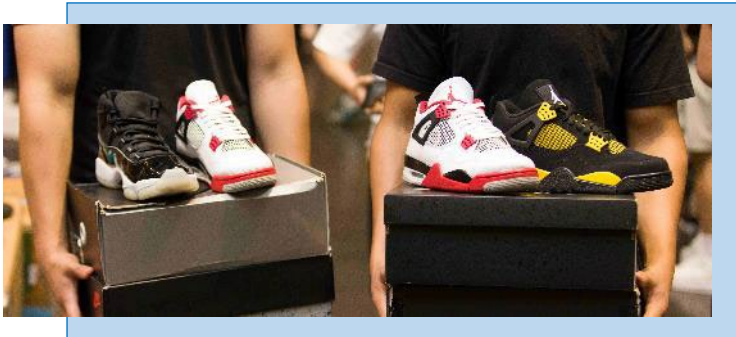
Financial Highlights

After a very slow July, the first quarter saw better business trends in August and September. Gross revenue July through September was \$3,560,256 representing 129.93% of the overall budget for revenue. Conversely, expenses totaled \$3,237,447, 85.02% of the budgeted expenses for the quarter, resulting in an overall profit of \$322,809 for Q1.

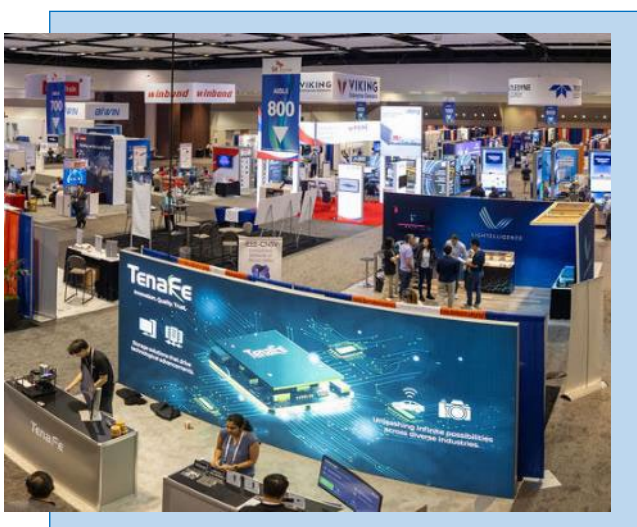
Event Highlights

Fifty-seven events took place during the quarter, six higher than the budgeted number of 51. Six events rescheduled their dates in Q1, four events canceled due to either a reduction in registration numbers or other reasons within the quarter. A total of 23 clients did not move forward with their proposal.

Sneaker Con Bay Area was the ultimate sneaker experience, held at the Santa Clara Convention Center (SCCC) July 15 & 16, 2023 attracted over 8,000 attendees. In August, the Flash Memory Summit (FMS) returned to the Center for its 36th annual event. FMS is one of the largest shows highlighting digital storage technologies. Flash Memory continued to have robust attendance and participation. September was highlighted by the Golden State International Wushu Championships. This competition is one of the largest Wushu events in the United States. Seventy-one Wushu teams from 15 countries and regions participated, with nearly 1,800 athletes, and the total number of participants exceeded 4,000 over two days of live and online competition.



Sneaker Con 2023



36th Annual Flash Memory Summit



Golden State International Wushu Championships

Operational Highlights

- As mentioned above, 57 events took place in the first quarter. Fourteen in July, 13 in August, and 30 in September.
- The OVG 360 GM continued to monitor event load and staffing levels based on business quantity at the Center. Additionally, the Center experienced staff turnover and throughout the quarter, a few employees resigned to accept new positions elsewhere. Therefore, employee levels varied from 30 to 32 throughout the quarter.
- The OVG GM signed and executed a Letter of Understanding with the Teamsters, Local 853 on an extension of its Collective Bargaining Agreement through June of 2024.
- The OVG GM and the sales department attended a meeting with both Cvent (event lead generator) and SimpleView (the customer relationship management software/CRM) to discuss further integration of the two platforms to create a more efficient manner of tracking and documenting leads.
- The OVG 360 GM, Director of Events, and Human Resources team conducted multiple interviews to replace an Event Manager position that became available when the previous employee left for a new opportunity.
- The OVG 360 GM presented the leadership team with their annual performance reviews.

Other Noteworthy Highlights

- In Q1, OVG 360 hosted 18 site tours for potential future events at the Convention Center.
- The OVG 360 GM updated and reissued its Work from Home policy for the SCCC ensuring its relevance and effectiveness for the team.
- OVG 360, Levy and the DMO met to review and finalize the definition of “Lost Business”. OVG 360 held meetings to thoroughly review and finalize the definition of "Lost Business," setting the standard for reporting by all entities in the future.
- After meetings with JLL, the City’s consultant, the OVG 360 GM meticulously performed manual data entry for all SCCC events spanning from October 2021 to June 2023. This data will be instrumental in creating a new model for optimizing the building.
- OVG 360 met with Local 853 – Teamsters where it was indicated that the SCCC employees who are Teamsters were being transferred from Local 853 to Local 2785. It is expected that the transfer will be completed by October 1, 2023.

Financial Summary

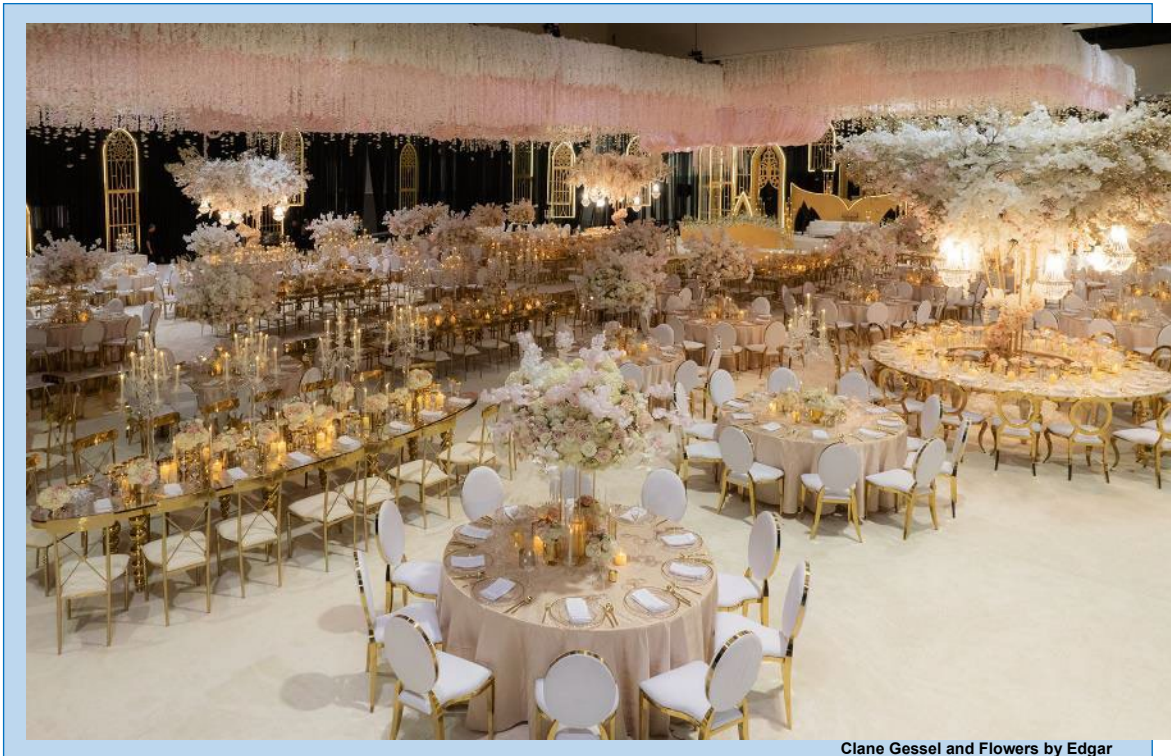
Financial Results

Historically, the first quarter tends to be the slowest of the fiscal year and while revenues were slow in July, business conditions improved in August and September. During these months, the Center welcomed back several annual clients, resulting in increased audio-visual and electrical commissions. As a result, OVG 360 and its partners generated \$3,560,256 in gross revenue during the quarter exceeding the budgeted amount by \$230,707. Net income for Q1 was \$322,809 or \$455,999 more than the budgeted loss of \$133,190.

Financial Summary – 1st Quarter Ended September 30, 2023

	Projected in Budget	Actual	Difference
Gross Revenue	\$3,329,549	\$3,560,256	\$230,707
Total Expense	3,462,739	3,237,447	225,292
Net Income	(\$133,190)	\$322,809	\$455,999

Total expenses for the quarter were \$3,237,447 or \$225,292 less than the budgeted amount of \$3,462,739. There was \$80,120 of other revenue recognized in Q1 primarily from cancelation fees and interest income.



Income Statement

SANTA CLARA CONVENTION CENTER QUARTERLY GROSS INCOME STATEMENT For the Three Months Ending September 30, 2023

	QUARTER 1 TO DATE			YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Number of Events	51	57	6	51	57	6
Number of Event Days	136	133	(3)	136	133	(3)
Attendance	65,864	72,030	6,166	65,864	72,030	6,166
Event Revenue						
Rental	944,615	872,789	(71,826)	944,615	872,789	(71,826)
Services	38,347	90,242	51,895	38,347	90,242	51,895
IT/Telecom	268,226	278,527	10,301	268,226	278,527	10,301
Food & Beverage	1,829,562	1,273,347	(556,215)	1,829,562	1,273,347	(556,215)
Electrical	31,979	309,766	277,787	31,979	309,766	277,787
Audio Visual	178,440	655,465	477,025	178,440	655,465	477,025
Total Event Revenue	3,291,169	3,480,136	188,967	3,291,169	3,480,136	188,967
Event Expenses						
Services	-	21,957	(21,957)	-	21,957	(21,957)
IT/Telecom	198,487	189,398	9,089	198,487	189,398	9,089
Food & Beverage	1,610,359	1,154,531	455,828	1,610,359	1,154,531	455,828
Electrical	22,385	234,146	(211,761)	22,385	234,146	(211,761)
Audio Visual	119,555	449,270	(329,715)	119,555	449,270	(329,715)
Total Event Expenses	1,950,786	2,049,302	(98,516)	1,950,786	2,049,302	(98,516)
Net Event Income (Loss)	1,340,383	1,430,834	90,451	1,340,383	1,430,834	90,451
Other Revenue	38,380	80,120	41,740	38,380	80,120	41,740
Total Net Event & Other Revenue	1,378,763	1,510,954	132,191	1,378,763	1,510,954	132,191
Indirect Expenses						
Executive	102,821	75,276	27,545	102,821	75,276	27,545
Finance	110,358	76,966	33,392	110,358	76,966	33,392
Event Services	130,789	102,314	28,475	130,789	102,314	28,475
Sales/Marketing	108,060	82,568	25,492	108,060	82,568	25,492
Operations	681,926	574,789	107,137	681,926	574,789	107,137
Overhead	377,999	276,232	101,767	377,999	276,232	101,767
Transition Costs						
Total Indirect Expenses	1,511,953	1,188,145	323,808	1,511,953	1,188,145	323,808
Net Operating Income	(133,190)	322,809	455,999	(133,190)	322,809	455,999
Other Income/(Expense)						
Net Income	(133,190)	322,809	455,999	(133,190)	322,809	455,999

Event Statistics

There were 57 events scheduled in Q1 with \$3,480,136 in revenue and \$2,049,302 in expenses. 'Conventions' and 'Trade shows' generated the largest amount of revenue in the quarter.

Event Revenue

Event Net Revenue – 1st Quarter Ended September 30, 2023

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	\$116,817	\$105,714	\$11,103
Meetings	643,940	410,391	233,549
Consumer Shows	155,298	84,169	71,129
Trade Shows	517,273	223,882	293,391
Conventions	1,678,352	1,074,088	604,264
Special Events	252,427	129,288	123,139
Miscellaneous Events	-	-	-
Sporting Events	116,028	21,769	94,259
Totals	\$3,480,135	\$2,049,301	\$1,430,834

This quarter, there was a profit of \$1,430,834. Revenues generated were higher than anticipated due to increased audio-visual and electrical activity. Event expenses were slightly over budget due to the increase in event revenue for the quarter.

Partners

Partner Revenue – 1st Quarter Ended September 30, 2023

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	\$1,273,347	\$1,154,531	\$118,816
Smart City (IT services)	278,527	189,398	89,129
ENCORE-AV (AV services)	655,465	449,270	206,195
Electrical	309,766	234,146	75,620
Totals	\$2,517,105	\$2,027,345	\$489,760

Partner revenue for Q1 was \$2,517,105. The cost of sales was \$2,027,345 for a net profit of \$489,760.

Indirect Expenses

Total indirect expenses were \$1,188,145 for the quarter.

Departments	Expense Description	Indirect Cost
Executive	Senior personnel	\$75,276
Marketing	Sales and marketing related	76,966
Finance	Finance and Human Resources	102,314
Events	Staffing to manage events	82,568
Operations	Engineering, building services, security, and all other related expenses to operate the building	574,789
Overhead	Non-departmental expenses	276,232
Transition Costs	Costs related to the transition to OVG	-
Totals		\$1,188,145

Other Activities

OVG 360 entered into a new agreement with a local ATM provider in July. Post-pandemic the SCCC had eliminated ATMs within the facility as most services had become “cashless”. However, since there are a handful of events, including Sneaker Con and some of the other public shows, that deal specifically in cash; it was determined there was a need to reestablish this service.

OVG 360, with assistance from the DMO, hired a photographer to capture updated and new photos of the facility and events, e.g., Sneaker Con 2023 and Conference Concepts/Flash Memory Summit in July and August.

Working in conjunction with Levy, the DMO, the City and JLL, the sales team reconfirmed its prospect goals for FY 2023/24. OVG 360’s goal for the year is to average 220 active business prospects throughout the fiscal year. At the end of the first quarter, OVG 360’s sales team is actively working 272 sales prospects. Applying the goals of the booking strategy, OVG 360 has put an emphasis on prospecting and generating leads for Priority 3 business. OVG 360 is aiming to convert 20% of those prospects into tentative¹ business. Of those tentative events, OVG 360 will work to reach a conversion rate of 20% into definite² 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.

Additionally, in the first quarter, OVG 360 created and submitted its Building Condition and Maintenance report to the City outlining the previous year’s maintenance. The OVG 360 GM also attended the City’s annual State of the City address. OVG 360 also worked with the City on preparing and hosting a meeting with a Japanese delegation for business development. The meeting is scheduled to take place on October 3, 2023, at the Center.



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


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

Key Performance Indicators (KPIs)

Gross revenue was \$3,560,256 and net income was \$322,809 for Q1. Through the first quarter, the event mix shows the Convention Center hosted five of its targeted P3's, ten of its P4 goal and 42 of its P5 mark. Prospecting numbers remain strong as the Sales Manager continues to focus on bringing new business to the facility. KPI Q1 and YTD results are reported below.

OVG Venue Management – Santa Clara Convention Center			
Performance Measures			
	2023/24 Target	YTD	NOTES
1. Convention Center Gross Revenue	\$15,663,770	\$3,560,256	
2. Net Income	\$104,170	\$322,809	
3. Number of Room Nights Consumed	26,591	4,933	
4. Economic Impact	\$24,444,969	\$9,634,211	
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	0.5%	0.00%	
Number of P1 Events	1	0	
Percent of P2 Events	1.0%	0.00%	
Number of P2 Events	2	0	
Percent of P3 Events	15.0%	8.77%	
Number of P3 Events	33	5	
Percent of P4 Events	19.5%	17.54%	
Number of P4 Events	43	10	
Percent of P5 Events	64.0%	73.68%	
Number of P5 Events	141	42	
Total Events	220	57	
7. Community Benefit			
Number of collaborative, community-based events hosted at the Center	2	0	
Percent of Center employees that volunteer in the community	60%	0%	Reported at year-end
Percent of small, local and MWBE businesses/vendors	20%	0%	Reported at year-end
8. Number of Prospects (<i>active</i>) (<i>non-cumulative</i>)	220	272	Average for the year of P3, P4, P5

- 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. Based on projected combined building spend and peak hotel room nights booked, has an 18+ month booking window.
- 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. Based on projected combined building spend and peak hotel room nights booked, has a 12 – 18 month booking window.
- 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. Based on projected combined building spend and peak hotel room nights booked, has a 9 – 12 month booking window.
- 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. Based on projected combined building spend and peak hotel room nights booked, has a 6 – 9 month booking window.

- Priority 5 (P5) event – Usually a single day event. Examples of P5 events are banquets, galas, other social type events and meetings. Based on projected combined building spend and peak hotel room nights booked, has a 0 – 6 month booking window.

Forecast

SANTA CLARA CONVENTION CENTER ROLLING FORECAST FY 2023/2024					
	ACTUAL YTD Jul - Sep FY 2024	PROJECTED Oct - Jun FY 2024	TOTAL PROJECTED FYE 6/30/24	ORIGINAL BUDGET FYE 6/30/24	VARIANCE
# OF EVENTS	57	119	176	220	(44)
DIRECT EVENT INCOME	\$ 1,030,203	\$ 2,636,662	\$ 3,666,865	\$ 4,348,663	\$ (681,798)
ANCILLARY INCOME	400,632	1,401,365	1,801,997	1,872,840	(70,844)
TOTAL NET EVENT INCOME	1,430,834	4,038,027	5,468,861	6,221,504	(752,641)
OTHER INCOME	80,120	120,000	200,120	163,770	36,350
EXECUTIVE	75,276	300,920	376,196	437,636	61,440
MARKETING	76,966	331,553	408,519	466,447	57,927
FINANCE	102,314	391,047	493,361	547,041	53,681
EVENTS OPERATIONS	82,568	325,227	407,795	463,116	55,321
OPERATIONS	574,790	2,265,967	2,840,757	2,854,867	14,110
OVERHEAD	276,232	1,220,773	1,497,005	1,511,997	14,992
INDIRECT EXPENSES	1,188,146	4,835,487	6,023,633	6,281,104	257,471
OPERATING NET INCOME (LOSS)	322,809	(677,460)	(354,651)	104,170	(458,820)
NET INCOME (LOSS)	\$ 322,809	\$ (677,460)	\$ (354,651)	\$ 104,170	\$ (458,820)

The Center operated at a profit of \$322,809 through Q1 as a result of higher audio-visual and electrical revenues. For the remainder of FY 2023/24, revenues are projected at a \$677,460 loss resulting in an overall loss of \$354,651 for the fiscal year. If these projections hold, the Center will miss its budgeted profit of \$104,170 by \$458,820. However, this number is fluid and with sales leads being strong, OVG 360 anticipates that the projected deficit will continue to decrease in the coming months, thanks to new business bookings scheduled in the year and for the year.

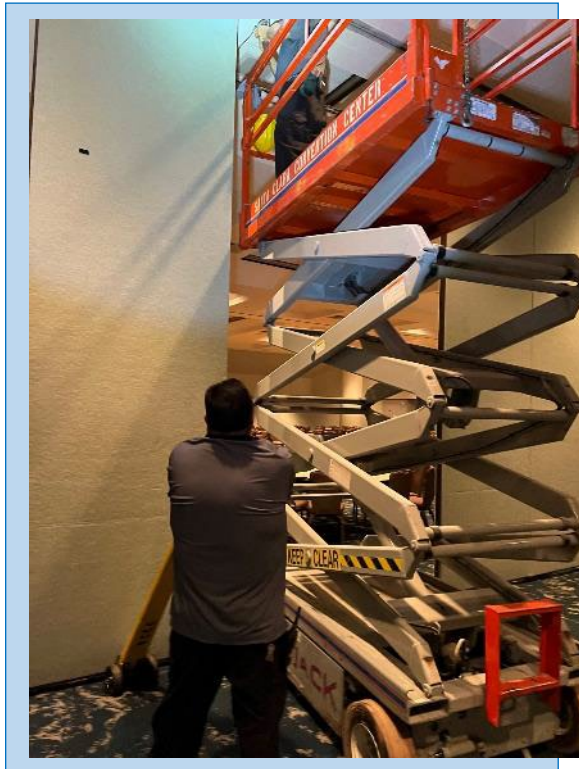
The financial landscape for FY 2023/24 is mixed. While there's an encouraging revenue increase, profitability is likely to decline due to higher expenses, notably in insurance and daily operational costs.

- FY 2023/24 sees a substantial increase in the gross revenue budget, suggesting potential income growth.
- However, even if FY 2023/24 achieves the same revenue level as FY 2022/23, the higher budgeted revenue means profitability is expected to decrease.
- Expenses are higher, especially property insurance coverage, which had a nearly 70% increase over the previous year to \$280,000 annually.
- Other expenses are also fluctuating due to factors like inflation and availability of product.

FY 2023/24 Capital Improvement Projects (CIP)

CIP Project Updates

- OVG 360 updated and reissued a memo outlining the on-going challenges with the Air Wall System in the Grand Ballroom.
- At the direction of the City, OVG 360 prepared and presented a list of high priority capital projects needed at the SCCC.
- After OVG 360's original electrical contractor withdrew from the Center's Digital Signage project, the OVG 360 GM created a scope of work and RFB for a public bid.
- Levy brought in their new automated coffee machine for the Connect Café. They are still awaiting permits to be approved before it becomes active.
- OVG 360 GM met with the City to review and balance the current Capital projects list.
- OVG 360 issued the public bid for an Electrical Contractor to assist in completing both the Digital Signage project and Levy's kitchen upgrades.
- OVG 360 engaged Kitchell to complete a full Electrical Assessment of the Convention Center.



CIP Project Budget

Proj. #	Project Name	Phase	CITY/OVG 360 REVISED BUDGET	LEVY	TOTAL BUDGET	Actual Exp.	Balance
003	Convention Center HVAC - BMS System	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	\$ 172,831	\$ -	\$ 172,831	\$ 172,831	\$ -
006	Convention Center Lobby Roof (Glass Pyramids) Assessment and Repair	Completed FY 2021/22	\$ 479,300	\$ -	\$ 479,300	\$ 479,300	\$ -
008	Convention Center Interior Digital Signage and Display System	Implementation	\$ 1,035,386	\$ -	\$ 1,035,386	\$ 810,541	\$ 224,845
009	Convention Center Interior Paint	Completed FY 2021/22	\$ 648,052	\$ -	\$ 648,052	\$ 648,052	\$ -
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	\$ 1,509,869	\$ 241,856	\$ 1,751,725	\$ 1,751,725	\$ -
014	Balance - Contingency (Electrical Assessment)	-	\$ 137,524	\$ -	\$ 137,524	\$ 32,924	\$ 104,600
015	Kitchen/Tech Café/Stand B	Planning	\$ -	\$ 1,757,065	\$ 1,757,065	\$ 297,594	\$ 1,459,471
TOTAL			\$ 4,110,000	\$ 1,998,921	\$ 6,108,921	\$ 4,320,005	\$ 1,788,916

Community Involvement

In the first quarter, OVG 360 began a new community partnership with the Triton Art Museum. Starting in August, the Santa Clara Convention Center showcased “*The Big Red Chair Project*” by Eve Page Mathias. It is a collection of paintings done by the artist immediately following the repeal of the “shelter in place” order during the COVID-19 pandemic. The paintings feature portraits the artist’s close female friends. The exhibition is expected to be on display at the Center for approximately six months. Visit <https://www.tritonmuseum.org/past-exhibitions/the-big-red-chair-project/2023> for more information on this project.



Also, in Q1, the OVG 360 team met to discuss and strategize its Community Involvement plan for FY 2023/24. Throughout the year, OVG 360 intends to be involved in the following community activities:

- OVG 360 employees will continue to volunteer for the Academy of Travel & Tourism program at Milpitas High School as mentors and judges - A small learning community that focuses on Hospitality, Tourism, and Recreation in partnership with local businesses. Teachers will integrate class subjects and projects.
- OVG 360 GM will continue to serve as a Volunteer Board Member for the Extended Opportunity Programs and Services (EOPS) program at Mission College - EOPS is a state-funded, services-oriented program, combining financial assistance with support services designed to inform, recruit, admit, and academically motivate low-income and educationally disadvantaged full-time students to pursue a college education.
- OVG 360 employees will conduct a Creek Trail clean up behind the Convention Center – The SCCC team will volunteer to pick up trash along the Creek Trail behind the Convention Center from Tasman to Great America Parkway.
- Will host the 2nd Annual Frosty Fest – In partnership with Levy and other SCCC partners, OVG 360 will host a community holiday event for the general public in mid-December.
- As part of Frosty Fest, OVG 360 will set up the SCCC as a drop off location for the Bill Wilson Center’s family adoption program for the holidays – This continues OVG 360’s commitment to adopting a local family in need for the holidays.
- Will host the 2nd Annual June Bloom – In partnership with Levy and other SCCC partners, OVG 360 will host a community event for the general public in June.



Santa Clara Convention Center

5001 Great America Parkway

Santa Clara, CA 95054

Tel: (408) 748-7000

www.santaclaraconventioncenter.com

General Manager: Kelly Carr