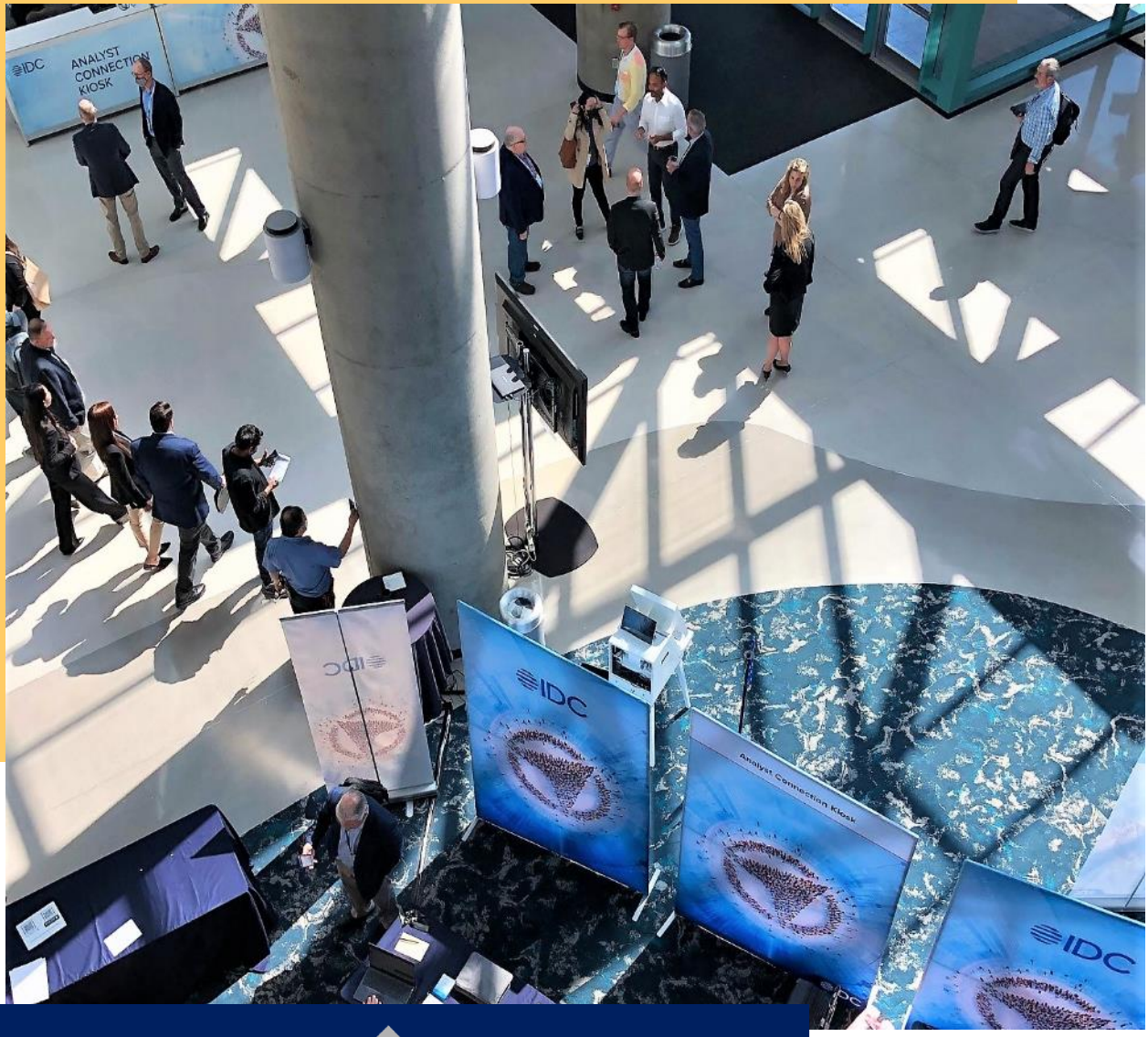

SANTA CLARA
CONVENTION CENTER

FY 2022/23 QUARTERLY REPORT – 1st Quarter Ended September 30, 2022

OVG360

October 25, 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.

1st Quarter Highlights

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

46,065
Total Attendance

51
Total Events

$2,757,861
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 development of the Silicon Valley/Santa Clara DMO, Inc dba Discover Santa Clara®. The OVG General Manager participated in the interview and onboarding processes for a Chief Executive Officer, Administrative Services Manager and Convention Sales Manager.

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 (KPIs). There continues to be challenges with bookings as the recent economic slowdown and fears of a new COVID-19 variant has led some clients to cancel their events or impacted overall attendance of those groups hosting conventions or trade shows.

OVG continued to phase in and out employees. Employee totals varied from 21 to 25 based on event load and projected revenue generation. All employees were brought back in accordance with California's Rehiring and Retention Law.

Financial Highlights

The first quarter is typically slow; however, due to rescheduling the cancelations or postponements of events from the previous fiscal year, the quarter was more active than usual. Gross revenue July through September was $2,757,861 representing 129.93% of the overall budget for revenue. Conversely, expenses totaled $2,405,344, 85.02% of the budgeted expenses for the quarter, resulting in an overall profit of $352,517 for Q1.

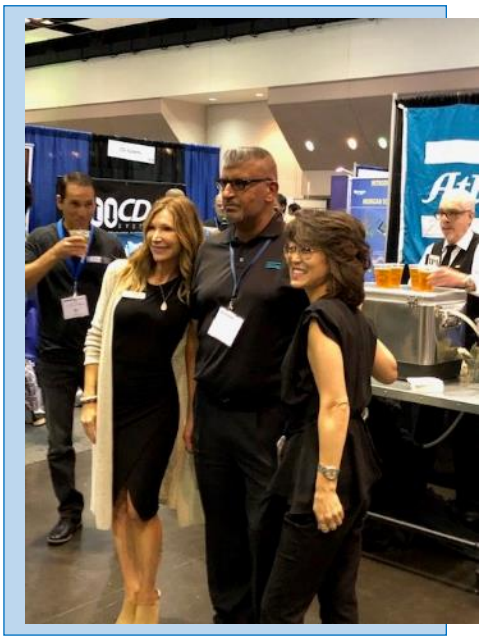
Event Highlights

Fifty-one events took place during the quarter, 14 less than the budgeted number of 65. Four events rescheduled their dates in Q1, two events canceled citing concerns with COVID-19, six canceled for reduced registration numbers or other reasons. A total of 14 clients did not move forward with their proposal.

In July, the Center hosted the 36th annual US Futsal National Championship with over 3,000 attendees. In August, the Flash Memory Summit (FMS) returned to the Center for the first time since 2019. FMS is one of the largest shows highlighting digital storage technologies. Flash Memory had a much larger than anticipated attendance that drove higher revenues for the event. September was highlighted by the Northern California Facilities Expo returning for its 41st annual show. This conference attracts a diverse audience of facilities managers, maintenance managers, and energy managers from a wide variety of industries including food processing, government, healthcare, manufacturing, education, wineries, utilities, and others.

36th Annual US Futsal National Championships

35th Annual Flash Memory Summit



41st Annual Northern California Facilities Expo

Operational Highlights

- As mentioned above, 51 events took place in the first quarter. Twelve in July, 16 in August, and 23 in September.
- The General Manager (GM) continued to monitor event load and scheduled staffing levels based on business quantity and projected revenue generation. Therefore, employee levels varied from 21 to 25 throughout the quarter.
- The GM began contract negotiations with the Teamsters, Local 853 on a new two-year Collective Bargaining Agreement.
- GM reorganized the Convention Center Safety Committee and reimplemented the practice of monthly trainings and meetings to prepare staff for on-site emergencies.
- 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.

Other Noteworthy Highlights

- In Q1, OVG hosted 35 site tours for potential future events at the Convention Center.
- OVG & Levy continued to hold virtual meetings with Freeman, one of the nation's top event decorators, to discuss and strategize on the creation of new and innovative floor plans for the facility. These floor plans/drawing are being shared with the Sales & Event teams to provide clients with creative event options.
- The OVG GM and Director of Events interviewed multiple candidates for the vacant Event Manager position. The job was offered to an applicant, who accepted, and the start date for the employee is the beginning of October.
- The OVG GM/Treasurer for Discover Santa Clara® (DSC) hosted multiple interview meetings with candidates for the DSC CEO position in the first quarter.
- The OVG GM/Treasurer for DSC hosted multiple interview meetings with candidates for the DSC Convention Sales Manager (CSM) position in the first quarter. An offer to a candidate was extended and the CSM started work at the end of Q1.

Financial Summary

Financial Results

Prior to the pandemic, the first quarter tended to be the slowest of the fiscal year and while revenues were slow in July, business accelerated in August and September. August and September saw the return of several clients for the first time in three years and these events led to higher food and beverage and audio-visual commissions. As a result, OVG and its partners generated $2,757,861 in gross revenue during the quarter exceeding the budgeted amount by $635,263. Net income for Q1 was $352,517 or $1,058,981 more than the budgeted loss of $706,464.

Financial Summary – 1st Quarter Ended September 30, 2022

	Projected in Budget	Actual	Difference
Gross Revenue	$2,122,598	$2,757,861	$635,263
Total Expense	2,829,062	2,405,344	423,718
Net Income	($706,464)	$352,517	$1,058,981

Total expenses for the quarter were $2,405,344 or $423,718 less than the budgeted amount of $2,829,062. There was $193,178 of other revenue recognized in Q1 primarily from cancelation fees.

The year-to-date expenses were $2,405,344, a year-to-date variance of $423,718 versus budgeted expenses.

Income Statement

SANTA CLARA CONVENTION CENTER
QUARTERLY GROSS INCOME STATEMENT
For the Three Months Ending September 30, 2022

	QUARTER 1 TO DATE			YEAR TO DATE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Number of Events	65	51	(14)	65	51	(14)
Number of Event Days	145	109	(36)	145	109	(36)
Attendance	40,000	46,065	6,065	40,000	46,065	6,065
Event Revenue						
Rental	$510,430	$583,587	$73,157	$510,430	$583,587	$73,157
Services	25,600	70,763	45,163	25,600	70,763	45,163
IT/Telecom	294,900	213,771	(81,129)	294,900	213,771	(81,129)
Food & Beverage	1,014,930	1,174,360	159,430	1,014,930	1,174,360	159,430
Electrical	83,500	132,875	49,375	83,500	132,875	49,375
Audio Visual	175,000	389,327	214,327	175,000	389,327	214,327
Total Event Revenue	2,104,360	2,564,683	460,323	2,104,360	2,564,683	460,323
Event Expenses						
Services	-	12,931	(12,931)	-	12,931	(12,931)
IT/Telecom	218,226	145,364	72,862	218,226	145,364	72,862
Food & Beverage	1,014,085	879,448	134,637	1,014,085	879,448	134,637
Electrical	62.625	270,237	(152,987)	62.625	270,237	(152,987)
Audio Visual	117,250	105,766	(43,141)	117,250	105,766	(43,141)
Total Event Expenses	1,412,186	1,413,746	(1,560)	1,412,186	1,413,746	(1,560)
Net Event Income (Loss)	692,174	1,150,937	458,763	692,174	1,150,937	458,763
Other Revenue	18,238	193,178	174,940	18,238	193,178	174,940
Total Net Event Income and Other Revenue	710,412	1,344,115	633,703	710,412	1,344,115	633,703
Indirect Expenses						
Executive	90,596	72,044	18,552	90,596	72,044	18,552
Finance	90,447	66,119	24,328	90,447	66,119	24,328
Event Services	103,121	93,246	9,875	103,121	93,246	9,875
Sales/Marketing	95,865	63,680	32,185	95,865	63,680	32,185
Operations	683,583	450,216	233,367	683,583	450,216	233,367
Overhead	353,264	246,293	106,971	353,264	246,293	106,971
Transition Costs						
Total Indirect Expenses	1,416,876	991,598	425,278	1,416,876	991,598	425,278
Net Operating Income	(706,464)	352,517	1,058,981	(706,464)	352,517	1,058,981
Other Income/(Expense)						
Net Income	$(706,464)	$352,517	$1,058,981	$(706,464)	$352,517	$1,058,981

Event Statistics

There were 51 events scheduled in Q1 with $2,564,683 in revenue and $1,413,746 in expenses. 'Conventions' and 'Banquets' generated the largest amount of revenue in the quarter.

Event Revenue

Event Net Revenue – 1st Quarter Ended September 30, 2022

Event Types	Gross Revenue	Cost of Sales	Net Revenue
Banquets	$596,707	$351,355	$245,352
Meetings	242,191	91,236	150,955
Consumer Shows	66,610	48,037	18,573
Trade Shows	323,184	163,989	159,195
Conventions	969,228	549,250	419,978
Special Events	310,019	184,461	125,558
Miscellaneous Events	-	-	-
Sporting Events	56,744	25,418	31,326
Totals	**$2,564,683**	**$1,413,746**	**$1,150,937**

This quarter, there was a profit of $1,150,937. Revenues generated were higher than anticipated due to increased rental, food & beverage and audio-visual 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, 2022

Partner	Gross Revenue	Cost of Sales	Net Revenue
Levy Restaurants	$1,174,360	$879,488	$294,872
Smart City (IT services)	213,771	145,364	68,407
ENCORE-AV (AV services)	132,875	105,766	27,109
Electrical	389,327	270,237	119,090
Totals	**$1,910,333**	**$1,400,855**	**$509,478**

Partner revenue for Q1 was $1,910,333. The cost of sales was $1,400,855 for a net profit of $509,478.

Indirect Expenses

Total indirect expenses were $991,598 for the quarter.

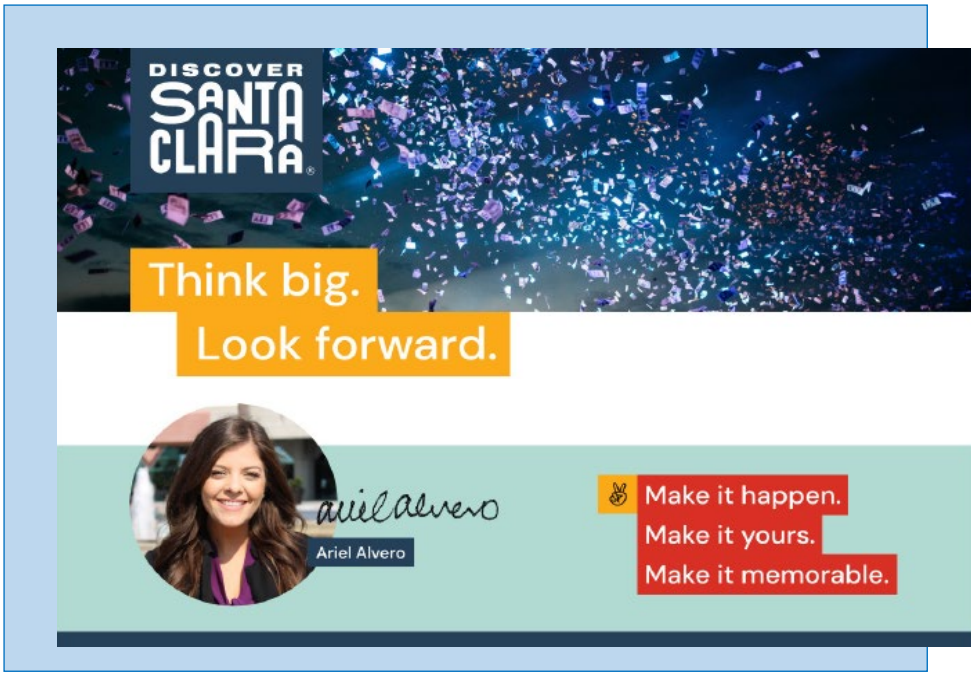
Departments	Expense Description	Indirect Cost
Executive	Senior personnel	$72,044
Marketing	Sales and marketing related	63,680
Finance	Finance and Human Resources	66,119
Events	Staffing to manage events	93,246
Operations	Engineering, building services, security, and all other related expenses to operate the building	450,216
Overhead	Non-departmental expenses	246,293
Transition Costs	Costs related to the transition to OVG	-
Totals		**$991,598**

Other Activities

OVG reviewed and finalized an agreement with Swyft Companies to obtain a new CVS Pharmacy and iStore vending machines for the lobby of the Convention Center. There is no cost to the Center for these machines and the facility is able to earn 8% of gross revenues from the sales of products.

Working in conjunction with Levy, the DMO, the City and JLL, the sales team reconfirmed its prospect goals for FY 2022/23 OVG's goal for the year is to average 204 active business prospects throughout the fiscal year. At of the end of the first quarter, OVG's sales team is actively working 244 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[1] business. Of those tentative events, OVG will work to reach a conversion rate of 20% into definite[2] 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 first quarter, the GM and sales staff continued to develop new sales and marketing materials to drive sales for the destination. A new brochure and email templates were unveiled and reviewed with the DMO's marketing firm, We the Creative. The GM continued assisting in the oversight of the DMO sales team, which hired a new sales manager in the quarter.



[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 $2,757,861 and net income was $352,517 for Q1. Through the first quarter, the event mix shows the Convention Center hosted four of its targeted P3's, eight of its P4 goal and 39 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			
	2022/23 Target	**YTD**	**NOTES**
1. Convention Center Gross Revenue	**$13,603,635**	**$2,757,861**	
2. Net Income	**($217,715)**	**$352,517**	
3. Number of Room Nights Consumed	**14,755**	**5,323**	
4. Economic Impact	**$17,234,704**	**$9,619,423**	
5. Customer Service Survey Results *(overall satisfaction)*	**85%**		Reported at year-end
6. Event Mix at the Convention Center *(consumed)*			
Percent of P1 Events	**1%**	**0.00%**	
Number of P1 Events	**3**	**0**	
Percent of P2 Events	**2%**	**0.00%**	
Number of P2 Events	**6**	**0**	
Percent of P3 Events	**6%**	**7.84%**	
Number of P3 Events	**24**	**4**	
Percent of P4 Events	**18%**	**15.69%**	
Number of P4 Events	**67**	**8**	
Percent of P5 Events	**73%**	**76.47%**	
Number of P5 Events	**274**	**39**	
Total Events	**374**	**51**	
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 M/WBE businesses/vendors	**20%**	**0%**	Reported at year-end
8. Number of Prospects (active) *(non-cumulative)*	**220**	**249**	Average for the year of P3, P4, P5

Forecast

The Center operated at a profit of $352,517 through Q1 as a result of rescheduled events. For the remainder of FY 2022/23, revenues are projected at a $587,697 loss resulting in an overall loss of $235,180 for the fiscal year. If these projections hold, the Center will miss its budgeted loss of $217,715 by $17,465. However, this number is fluid and will continue to fluctuate based on new business being booked within the year for the year.

SANTA CLARA CONVENTION CENTER
ROLLING FORECAST
FY 2022/2023

	ACTUAL YTD July - Sep FY 2023	FORECAST Oct - June FY 2023	TOTAL PROJECTION FYE 6/30/23	ORIGINAL BUDGET FYE 6/30/23	VARIANCE
# OF EVENTS	51	138	189	374	(185)
DIRECT EVENT INCOME	$ 709,825	$ 2,578,284	$ 3,288,109	$ 3,519,063	$ (230,954)
ANCILLARY INCOME	441,112	1,224,611	$ 1,665,723	1,693,161	$ (27,438)
NET EVENT INCOME	1,150,937	3,802,895	$ 4,953,832	5,212,224	$ (258,392)
OTHER INCOME	193,178	15,000	$ 208,178	72,950	$ 135,228
EXECUTIVE	72,044	257,154	$ 329,198	339,385	10,187
MARKETING	66,119	261,416	$ 327,535	346,281	18,746
FINANCE	93,246	326,361	$ 419,607	429,193	9,586
EVENTS OPERATIONS	63,680	272,876	$ 336,556	359,017	22,461
OPERATIONS	450,216	2,125,756	$ 2,575,972	2,615,956	39,984
OVERHEAD	246,293	1,162,029	$ 1,408,322	1,413,057	4,735
INDIRECT EXPENSES	991,598	4,405,592	$ 5,397,190	5,502,889	105,699
OPERATING NET INCOME (LOSS)	352,517	(587,697)	$ (235,180)	(217,715)	$ (17,465)
NET INCOME (LOSS)	$ 352,517	$ (587,697)	$ (235,180)	$ (217,715)	$ (17,465)

FY 2022/23 Capital Improvement Projects (CIP) Budget

CIP Project Updates

- OVG engaged Idibri to begin the process of a design-build for the digital signage package project.
- OVG and Levy met with 6th Dimension, OVG's project management partner, to discuss the strategy for moving forward on the kitchen renovation projects and the Stand B/Connect Café projects.
- OVG management met with Partition Specialties, Inc. to discuss on-going challenges with the Grand Ballroom air wall system. Preventative maintenance on the air walls has been scheduled for Q2.

Main Lobby Marketplace project

- New signage and an awning were added to the space to complete the project. The marketplace continues to be operational and open during specific 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	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	Planning	$ 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	$ 1,751,725	*$ 118,851*
014	Balance - Contingency	-	$ 145,694	$ -	$ 145,694	$ -	*$ 145,694*
015	Kitchen/Tech Café/Stand B	Planning	$ -	$ 1,757,065	$ 1,757,065	$ 214,901	*$ 1,542,164*
		TOTAL	$ 4,110,000	$ 1,998,921	$ 6,108,921	$ 3,436,886	*$ 2,672,035*

Community Involvement

The OVG team met to discuss and strategize its Community Involvement plan for FY 2022/23. Throughout the year OVG intends be involved in the following community activities:

- Volunteer for the Academy of Travel & Tourism program at Milpitas High School as mentors and judges - A small learning community focusing on Hospitality, Tourism and Recreation in partnership with local businesses. Teachers integrate class subjects and projects.

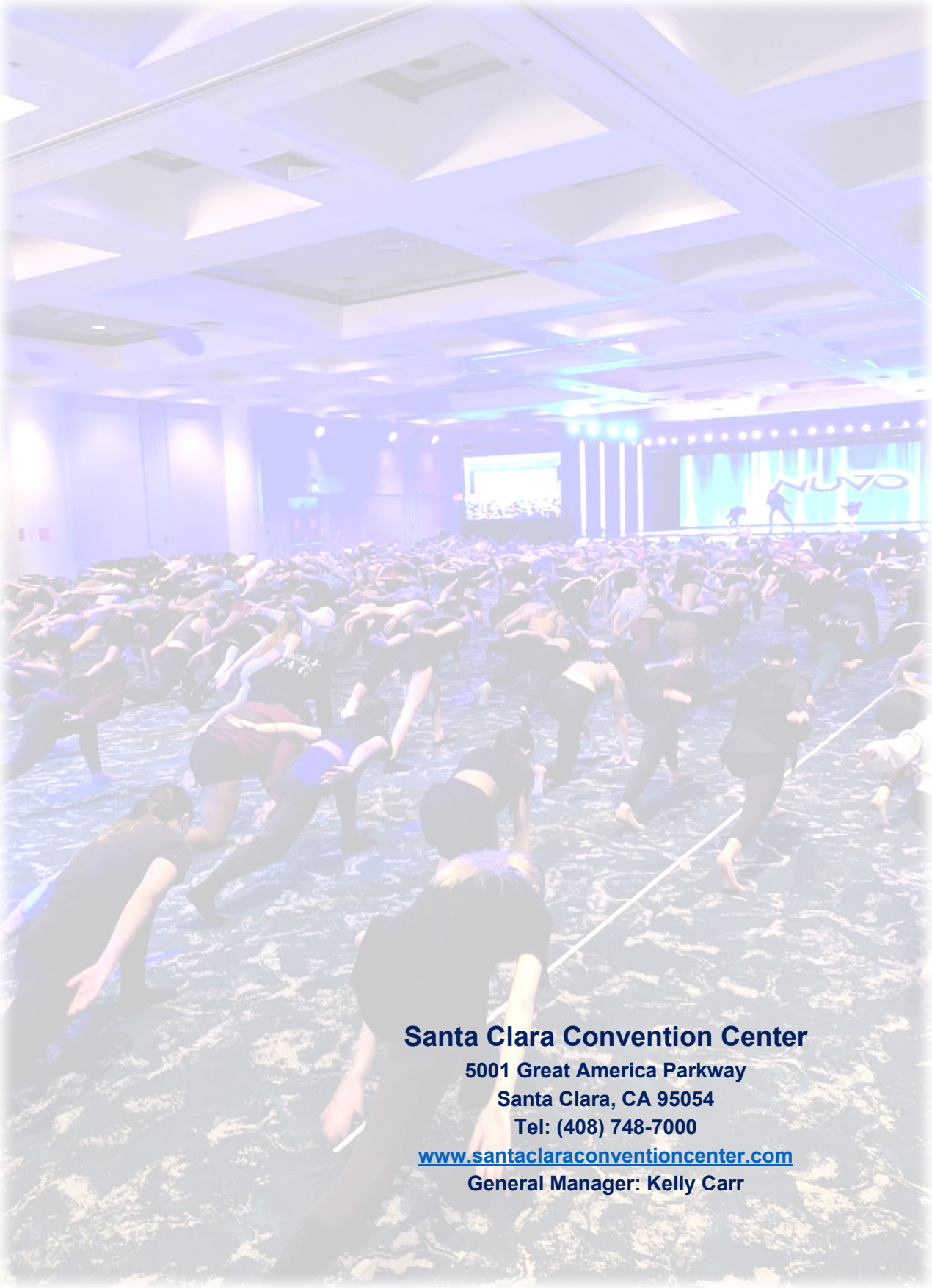
- Volunteer Board Member for the Extended Opportunity Programs and Services program at Mission College - EOPS is a state-funded, services-oriented program. It combines financial assistance with support services designed to inform, recruit, admit, and academically motivate low-income and educationally disadvantaged full-time students to pursue a college education.

- Volunteer at local animal shelters and SPCA organizations – Working primarily with Bay Area German Shepherd Rescue, helping with fostering of animals, etc.

- Adopt-a-Family from the Bill Wilson Center for the holidays – Continuing the SCCC's commitment to adopting a local family in need for the holidays

- 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.

- Host a holiday Community event – In partnership with Levy, OVG will host a holiday event for the general public in early December.



Santa Clara Convention Center

5001 Great America Parkway
Santa Clara, CA 95054
Tel: (408) 748-7000
www.santaclaraconventioncenter.com
General Manager: Kelly Carr