



Date: December 5, 2017

To: City Manager for Council Action

From: Director of Finance

Subject: Santa Clara Convention Center and Convention-Visitor's Bureau (SCCC-CVB) Financial Status Report for First Quarter Ended September 30, 2017, as Submitted by the Santa Clara Chamber of Commerce and Convention-Visitor's Bureau

EXECUTIVE SUMMARY

Submitted for City Council review and acceptance is the SCCC-CVB Financial Status Report for First Quarter Ended September 30, 2017, as submitted by the Santa Clara Chamber of Commerce and Convention-Visitor's Bureau. Submission of the report is required under the management agreement for the operation of the Santa Clara Convention Center and the agreement for convention and visitor services.

ADVANTAGES AND DISADVANTAGES OF ISSUE

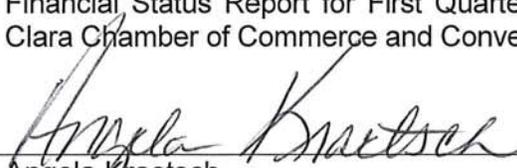
The SCCC-CVB Financial Status Report for First Quarter Ended September 30, 2017 provides current information on the business activities of the Santa Clara Convention Center and Convention-Visitor's Bureau.

ECONOMIC/FISCAL IMPACT

Year-end positive net operating results are a revenue source to the General Fund, while net operating losses may be subsidized by the General Fund. The first quarter 2017-18 financial results of the Santa Clara Convention Center show a net loss of \$31,719, compared to a net loss of \$51,132 for first quarter of 2016-17.

RECOMMENDATION

That the Council accept the Santa Clara Convention Center and Convention-Visitor's Bureau Financial Status Report for First Quarter Ended September 30, 2017, as submitted by the Santa Clara Chamber of Commerce and Convention-Visitor's Bureau.



Angela Kraetsch
Acting Director of Finance

APPROVED:



Deanna J. Santana
City Manager

Documents Related to this Report:

- 1) SCCC-CVB Activity Report for Fiscal Year 2017-18 First Quarter



**SANTA CLARA
CONVENTION CENTER**

FINANCIAL STATUS REPORT

Quarter Ending September 30, 2017



November 20, 2017

Overview

The Santa Clara Convention Center (SCCC) is strategically located in the heart of Silicon Valley, a prime location for conventions, trade shows, and exhibitions. The SCCC is minutes from hotels, restaurants, Levi's Stadium, 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 to Santa Clara, generating economic benefits through attendee direct and indirect spending and sustaining over 500 local jobs. For more information, please visit santaclaraconventioncenter.org.



**Santa Clara Convention Center
 Fiscal Year 2017-18
 1st Quarter**

99,962
 Total Attendance

107
 Total Events

\$1,532,241
 Net Event Income

\$2,497,849
 Direct Economic
 Impact generated from
 SCCC Events

Gross Estimated Revenue 2017-18				
Event Category	# of Events	Avg Event Days	Attendees	Estimated Total Revenue*
Banquet	5	1	2,950	\$ 218,289
City Wides	1	3	3,800	5,510
Conventions	4	3	8,000	621,579
Meetings	74	2	51,555	1,135,158
Public Shows	19	2	18,857	193,835
Trade Shows	4	2	14,800	323,478
TOTAL	107	2	99,962	\$ 2,497,849

* Includes space rental, food/beverage, audio visual and telecommunications

2nd Quarter Projection

- Currently, 120 events with a total potential attendance of 91,588 are scheduled for the 2nd Quarter.

2 nd Quarter 2017-18 Projection	
Events	120
Attendees	91,588

Financial Results

Revenue

Revenue through the first quarter of 2017-18 was \$1,532,241 representing 21% of the overall annual budget for revenue. This is a decrease in revenue of \$75,283 when compared to the prior year due to an event held in September in 2016 that moved to the month of October in 2017. This shift affected catering revenue significantly which created the decrease in revenue.

Expenses

Total expenses through the first quarter totaled \$1,563,960 representing 22% of the annual budget. This is a decrease of \$94,696 when compared to the prior year due primarily to a decrease in utilities.

Net Income

The Convention Center ended first quarter with a loss of \$31,719.

SANTA CLARA CONVENTION CENTER FINANCIAL STATUS REPORT
 Quarter Ending September 30, 2017

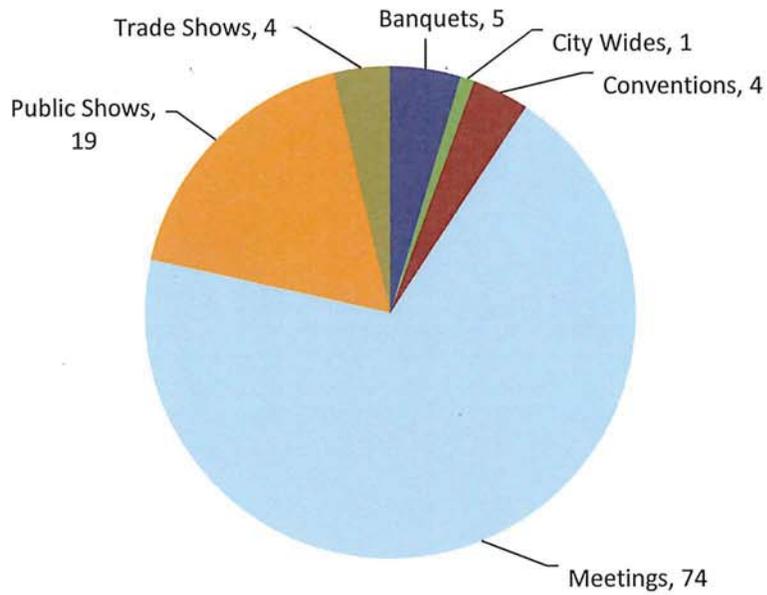
Santa Clara Convention Center
 Income Statement Comparisons

	Quarter Ending September 30, 2017				Quarter Ending September 30, 2016			
	Final Budget	YTD Actuals	Remaining Balance	% Used	Final Budget	YTD Actuals	Remaining Balance	% Used
Revenues								
Space Rental	\$ 2,800,000	\$ 968,953	\$ 1,831,047	35%	\$ 2,600,000	\$ 688,783	\$ (1,911,217)	26%
Event Revenue	455,575	119,932	335,643	26%	474,000	86,903	(387,097)	18%
Audio-Visual	927,052	116,623	810,429	13%	758,734	167,463	(591,271)	22%
Catering	2,647,923	195,955	2,451,968	7%	2,600,000	430,728	(2,169,272)	17%
Telecommunications	330,000	83,270	246,730	25%	333,039	206,102	(126,936)	62%
Other	104,000	47,509	56,491	46%	69,200	27,545	(41,655)	40%
Total Revenues	7,264,551	1,532,241	(5,732,310)	21%	6,834,973	1,607,524	(5,227,449)	24%
Labor & Operating Expenses								
Employee Related Expenses								
Wages, Taxes & Insuranc	4,156,776	945,298	3,211,478	23%	3,897,353	960,329	(2,937,023)	25%
Benefits	1,204,751	223,017	981,734	19%	1,200,873	263,903	(936,969)	22%
Operating Expenses								
Insurance	197,376	45,631	151,745	23%	190,443	43,346	147,097	23%
JLL Evaluation	-	6,875	(6,875)		-	-	-	
Maintenance & Supplies	229,721	38,465	191,256	17%	219,665	38,088	181,577	17%
Management Fee	145,291	36,320	108,971	25%	136,399	34,173	102,226	25%
Monthly Service Contracts	146,923	34,482	112,441	23%	138,884	32,865	106,019	24%
Office & Legal	229,930	45,425	184,505	20%	120,200	63,157	57,043	53%
Parking Fees & Rentals	30,000	-	30,000	0%	60,000	6,050	53,950	10%
Utilities	806,065	188,446	617,618	23%	759,108	216,745	542,363	29%
Total Labor & Operating Ex	7,146,833	1,563,960	5,582,873	22%	6,722,925	1,658,656	5,064,269	25%
Net Income/(Loss)	\$ 117,718	\$ (31,718)	\$ 149,437		\$ 112,048	\$ (51,132)	\$ 163,180	

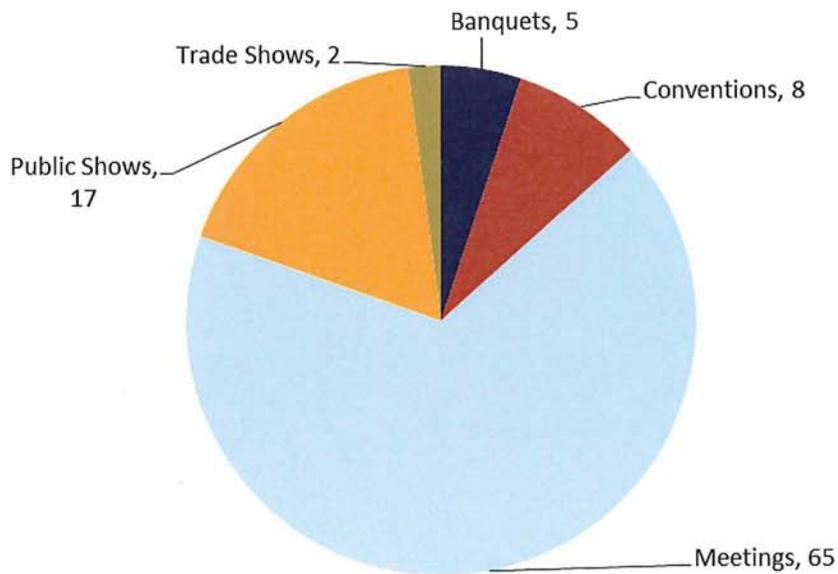
Event Mix Statistics

Results	Q1 2017-18	Q1 2016-17
Number of Events	107	97
Number of Event Days	189	167
Attendance	99,962	70,830

2017-2018



2016-2017



Other Revenue

Increased General Fund sales tax and transient occupancy tax (TOT) collections result from the direct and indirect economic activity related to Convention Center events.

Sales taxes generated from food and beverage, audio-visual, and telecommunication sales are taxable, resulting in significant sales tax revenue for the City. The 1st Quarter 2017-18 sales tax collections indicate that sales transactions at the Convention Center generated \$180,859 of sales tax revenue for the City. In addition, other businesses in Santa Clara benefit from the influx of people coming into town to attend various events, resulting in additional sales tax collections for the General Fund.

Many Convention Center events bring travelers into the region resulting in hotel stays. In 1st Quarter 2017-18, Convention Center events generated an estimated \$190,436 in TOT (based on an Average Daily Rate (ADR) of \$215.20) which benefits the City's General Fund.



2017-18 Capital Improvement Program Budget

The Convention Center capital improvement program budget for fiscal year 2017-18 totals \$304,000. The following table provides a breakdown of the budget as of 1st Quarter 2017-18.

Santa Clara Convention Center Capital Improvement Projects 2017-2018				
Description	QTY	Annual Budget	Actual to Date	Budget Remaining
Exhibit Hall floor combo sweeper & scrubber	1	\$ 67,000	\$ -	\$ 67,000
Podium	5	27,000	-	27,000
Roll n Set Stage Units	4	68,000	-	68,000
72 inch Round tables - no carts	60	32,000	-	32,000
Floor Boxes (Exhibit Halls A-D)	N/A	20,000	-	20,000
Switchgear Labeling (OSHA)	N/A	40,000	-	40,000
Repair Makeup Air Unit for Mission Ball Room Kitchen	N/A	50,000	-	50,000
TOTAL		\$ 304,000	\$ -	\$ 304,000

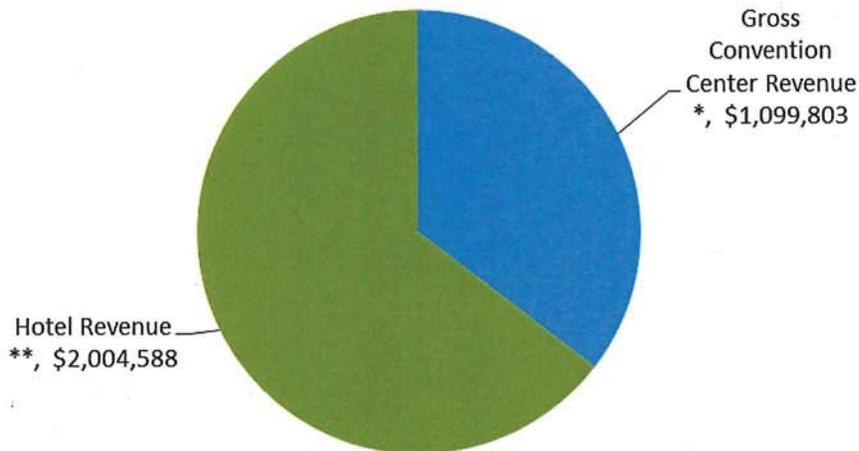
Santa Clara Convention-Visitors Bureau Fiscal Year 2017-18 1st Quarter

21
Group Bookings

42,985
Attendees

15,455
Room Nights

Gross Estimated Revenue

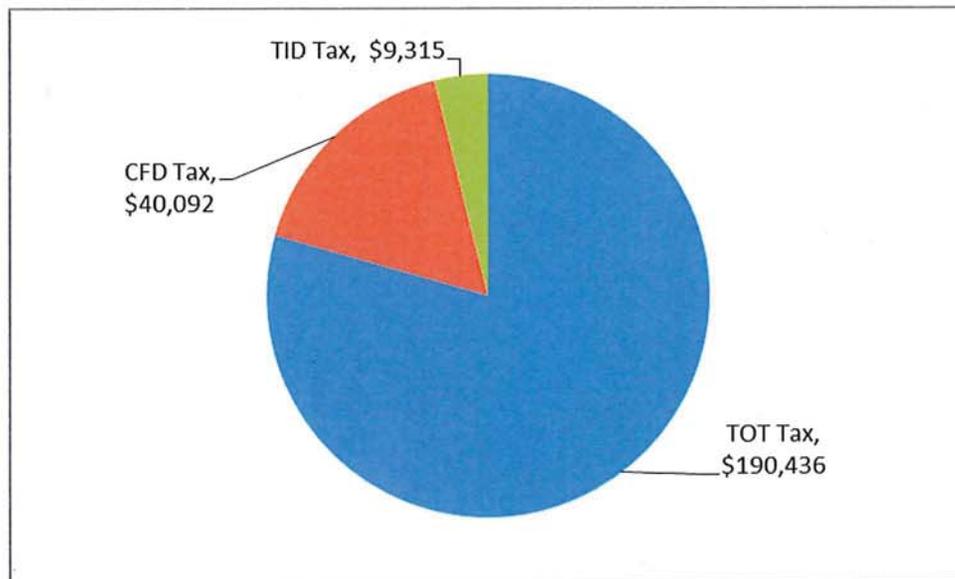


* Gross Convention Center Revenue includes revenue from Convention Center Rental, Audio Visual, Food/Beverage, Telecommunications, Digital Display Advertising and Event Equipment/Services

**Hotel Revenue is based on Actualized Hotel Room Nights x Average Daily Rate (ADR) (ADR is based on average daily rate for the respective quarter)

Hotel Tax Revenue

Hotel Tax Revenue includes the Tourism Improvement District (TID) Tax, Community Facilities District (CFD) Tax, and Transient Occupancy Tax (TOT). Total Hotel Tax Revenue for the quarter was \$239,843. Hotel Tax Revenue for the first quarter of 2017-18 is based on 9,315 actualized room nights.



2nd Quarter Projection

Currently, 16 group bookings with a total potential attendance of 52,650 and 16,499 hotel room nights are scheduled for the 2nd Quarter.

2 nd Quarter 2017-18 Projection	
Bookings	16
Attendees	52,650
Room Nights	16,499

Santa Clara Convention and Visitors Bureau Quarterly Cost Comparison

Cost Comparisons

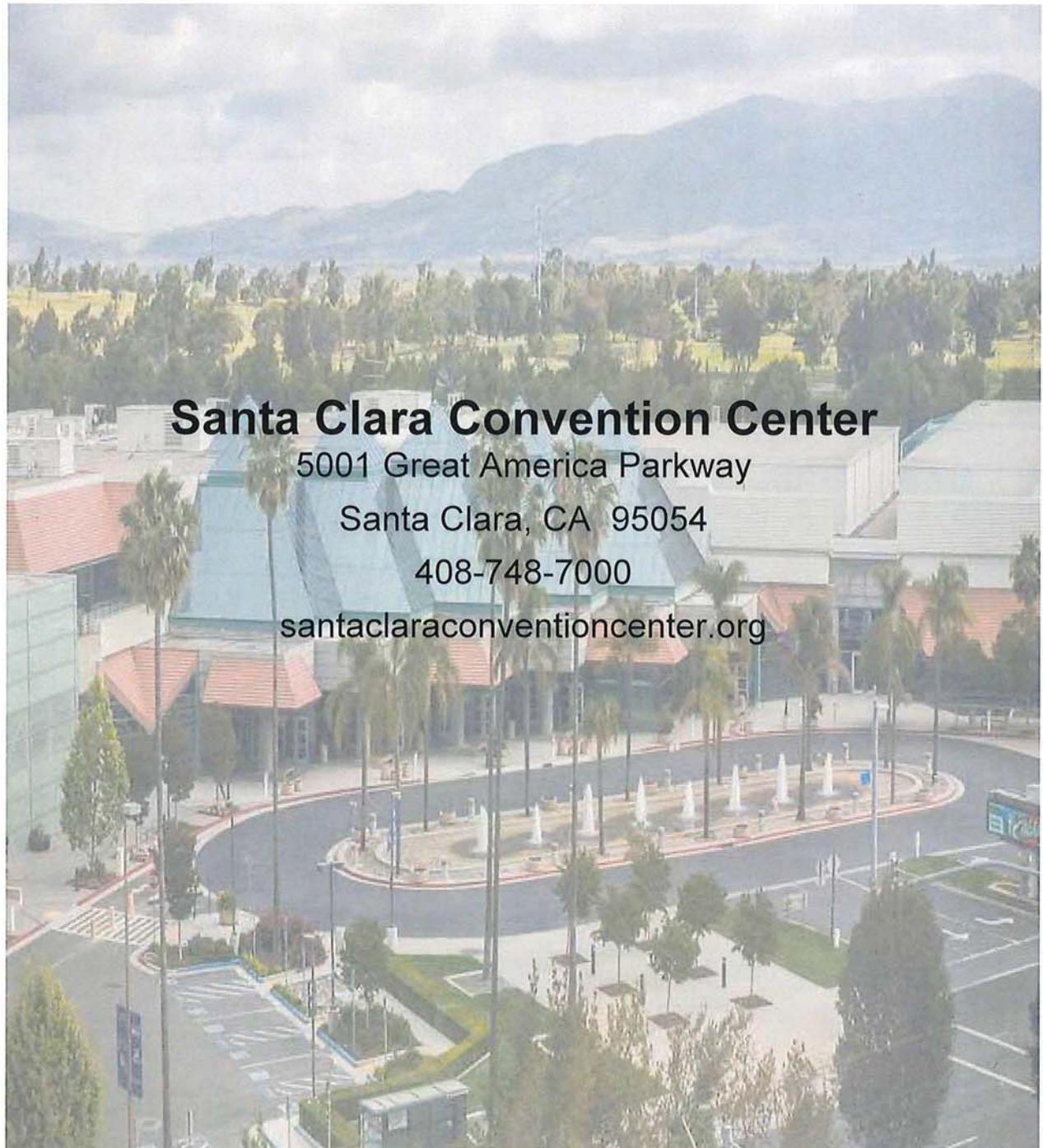
	Quarter Ending September 30, 2017			
	Final Budget	YTD Actuals	Remaining Balance	% Used
Group Marketing & Sales	\$ 1,090,874	\$ 181,718	\$ 909,156	17%
Convention Services	156,143	34,570	121,573	22%
Visitor Marketing and Communications	420,985	89,943	331,042	21%
Total	\$ 1,668,002	\$ 306,231	\$ 1,361,771	18%

	Quarter Ending September 30, 2016			
	Final Budget	YTD Actuals	Remaining Balance	% Used
Group Marketing & Sales	\$ 1,060,626	\$ 157,572	\$ 903,054	15%
Convention Services	134,042	35,168	98,874	26%
Visitor Marketing and Communications	514,060	92,573	421,487	18%
Total	\$ 1,708,728	\$ 285,313	\$ 1,423,415	17%



Visitor Marketing & Communications Department Highlights

- Visitor Marketing & Communications continued to have a significant impact and influence on direct spending in the City of Santa Clara in the 1st Quarter.
- Our website saw 42,161 NEW users during the 1st Quarter, resulting in an estimated \$1.6 million of visitor spending at City of Santa Clara hotels, restaurants, and visitor attractions. (Destination Marketing Association of the West CVB Website conversion study metric).
- Santa Clara hotel/theme park web page/promotion to drive weekend hotel business saw a 39% increase vs. previous quarter.
- There were 133 new destination video views and *Visit Santa Clara* social media following grew by 1,285.
- Participated in the Student and Youth Travel Association (SYTA) annual conference, marketing the City to domestic student tour travel buyers.
- Responded to nearly 300 visitor requests for information.
- Produced monthly eNews to stakeholders.
- Managed visitor and convention calendar of events, and CVB, Convention Center, and Sports Santa Clara websites.



Santa Clara Convention Center

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santaclaraconventioncenter.org