



CITY OF RICHMOND

REPORT TO COMMITTEE

TO: Community Services Committee
FROM: Kate Sparrow
Director, Recreation & Cultural Services
RE: RACA Operating Agreement Update

DATE: June 16, 2000
FILE: -

(00-010)

STAFF RECOMMENDATION

1. That Schedule A of the operating agreement between the City of Richmond and Richmond Arenas Community Association (RACA) be amended to change all references from the year 1999 to the year 2000 and all references from the year 2000 be changed to the year 2001.
2. That all other terms remain the same.

Kate Sparrow
Director, Recreation & Cultural Services

Att.

FOR ORIGINATING DIVISION USE ONLY		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law	Y <input type="checkbox"/> N <input type="checkbox"/>	<hr/>
Budget	Y <input type="checkbox"/> N <input type="checkbox"/>	

STAFF REPORT

ORIGIN

With the completion of the operating agreement with RACA in 1999 the process for determining the financial terms was changed from what was previously a formula based on operating costs to a fixed figure that would be determined during the City's budgeting process. This report completes the process to update the financial portion of the agreement for the year 2000.

ANALYSIS

The Arenas Association agreed to pay the City \$1,900,000.00 in 1999 for arena operations. It was expected to allow them to recover all of the previous accumulated deficit (approximately \$72,000.00) and have them in a positive financial position. However, the net return for the year was less than \$72,000 for 1999 leaving the association with a deficit of \$28,000.00.

It has been agreed by the Board of Directors of RACA to return \$1,900,000.00 for arena operation for the year 2000, with all other terms to remain the same. Under current market conditions this is an amount that should allow them to recover their outstanding deficit and return to a positive financial position. However, if conditions change significantly this fall, the provision outlined in Schedule A (copy attached) item 2 could be implemented.

As an ongoing trend the market for arena facilities is weakening. This is seen to be a combination of slightly reduced demand and over supply of rinks. At this point, it is only slight and the revenue level has been maintained. The RACA board and operations staff is working together on planning for a future that looks somewhat uncertain.

FINANCIAL IMPACT

\$1,900,000 has been included in the City's operating budget as revenue from arena operations.

CONCLUSION

With confirmation of the return amount of \$1,900,000.00 and reaffirmation of the rest of the financial terms the operating agreement between the City and RACA will be updated for the year 2000.

Vern Jacques
Manager, Arenas Services

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SCHEDULE A

Financial Terms of the Operating Agreement between Richmond Arenas Community Association (R.A.C.A.) and the City of Richmond.

1. R.A.C.A. will pay the City of Richmond the following amounts for 2000:
 - a. \$1,900,000 for the operation of arena facilities. Instalment payments of \$475,000 to be made on or before:

May 1, 2000
August 1, 2000
November 1, 2000
February 1, 2001
 - b. All costs incurred by the City for the operation of Minoru Arenas concession stand.
 - c. 50% of all net revenues in excess of \$20,000 plus any accumulated deficit of R.A.C.A.
2. Should any event happen that is unforeseen or out of the control of R.A.C.A. that would cause it not to be able to make the above itemized payments, the City of Richmond would renegotiate an amount of payback which would reflect the conditions. Events could be but are not limited to the following: flood, major mechanical failure, labour disruptions or severe change in market conditions.
3. If because of error or for purposes of expediency either the City of Richmond or R.A.C.A. incurs expenses of the other party an invoice will be sent to the other party for the amount with details as to reasons for the expenditure. If there is a concern regarding payment, Clause 10, Resolution