



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** February 2, 2018

**From:** George Duncan  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

**File:**

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer, Richmond Olympic Oval

**Re:** Richmond Olympic Oval – 2018 Annual Operating and Capital Budgets

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### Staff Recommendation

That the report on the 2018 Annual Operating and Capital budgets for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.

George Duncan  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer,  
Richmond Olympic Oval

**DATE:** Feb 2, 2018

**TO:** George Duncan  
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
Chief Operating Officer, Richmond Olympic Oval Corporation

**FROM:** Rick Dusanj, CPA, CA  
Controller, Richmond Olympic Oval Corporation

**Re:** **Richmond Olympic Oval Corporation – 2018 Annual Operating and Capital Budgets**

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### **Origin**

This staff report deals with the Richmond Olympic Oval Corporation's (the "Corporation") 2018 annual operating and capital budgets which were unanimously approved by the Corporation's Board of Directors ("BOD") and as stipulated in the Oval/City Operating Agreement are being presented to Council for information.

### **Analysis**

#### 2018 Budget Mandate

In preparing the 2018 operating budget, staff were given a mandate from the CEO that aside from allowing for non-discretionary items such as costs associated with contractual commitments, maintenance related expenses pertaining to maintaining the existing capital assets and infrastructure, and except where there was a favorable gross margin impact, there were to be no increases to the operating budget. Based on this, staff prepared, and the BOD unanimously approved, the 2018 operating budget as shown on page 3.

#### 2018 Outlook

An influx of new residents moving into the Oval Village is expected in 2018 with the completion of nearby residential towers. Through continued collaboration with local businesses and the property developers, the Oval's services and membership program will be promoted to the Oval village's new residents.

A 10-day activation designed to highlight the achievements of the Oval will occur in December to celebrate the 10-year anniversary of the Oval opening (December 13, 2008). A family day Olympic event with a CBC activation is planned for February in coordination with the 2018 PyeongChang Winter Olympics.

The High Performance Program (Oval HP) will continue to integrate with local, provincial and national team programs to prepare their athletes for competition. In 2018, Oval HP will work with greater numbers of "Next Generation" athletes who are identified by their National Sport Organization to qualify for an Olympic Games in 5-8 years. The Oval is the new home of the Vancouver Knights of the North American Premier Basketball League. The Knights will be playing 7 home games at the Oval and are engaging the services of Oval HP.

The Oval is looking forward to another busy year in event and sport hosting. Over 45 events have already been secured for the upcoming year, including, but not limited to, the Harry Jerome Track and Field Indoor Classic, Fencing World Cup, BC High School Boys Basketball Lower Mainland Championships, Judo Pacific International, Judo BC Training Camp, Wayland Cup (Gymnastics), Wheelchair Rugby National Team Training Camp, 2018 Vancouver Invitational Wheelchair Rugby Tournament, 2018 OKCI Vancouver Open Kettlebell Sport Competition, Rhythmic Gymnastics Provincials, Sport Climbing Provincials, Volleyball BC U17/18 Provincials, Apex Jiu Jitsu Tournament, British Columbia Sport Climbing Provincials, Delta Gymnastics Cash & Carry Cup, Rhythmic Gymnastics Canadian Championships, Sledge Hockey Nationals, Karate Canada Open, Canadian Gymnaestrada, WC Rugby Canada Cup, Baden Cup Volleyball Tournament, 2018 Volleyball Canada National Team Challenge Cup, BC Handball Cup, and the Karate BC Provincial Championships.

#### 2018 Operating and Capital Budget

The Corporation's BOD approved 2018 operating and capital budgets are below.

#### 2018 Capital Budget

The 2018 capital budget is a total of \$1.36M which includes a minor capital budget of \$0.86M and a major capital budget of \$0.50M. The minor capital budget is for capital projects that are required to maintain the existing capital assets and infrastructure and those projects required to support Oval programming. The minor capital budget includes program related improvements and equipment (e.g. strength and conditioning equipment) of \$0.31M, building operations requirements of \$0.26M (e.g. electrical related improvements), computer software & equipment of \$0.09M (e.g. server upgrades), and a \$0.20M contingency for any safety, security, or other related issues. The major capital budget of \$0.50M is required in order to commence phase 2 of the Re-Lamping project to complete the lighting of the entire activity level. This funding will be recovered through projected annual utility savings and a grant from BC Hydro. The Oval's minor capital budget is entirely self funded by the Corporation through its contributions to its capital reserves.

2018 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>					
<b>Operating Budget</b>					
	<b>2017</b>	<b>2018</b>			<b>2017</b>
	<b>BUDGET</b>	<b>BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>	<b>PROJECTIONS</b>
<b>REVENUES</b>					
2010 Games Operating Trust	\$ 2,856,000	\$ 2,900,000	\$ 44,000	2%	\$ 2,804,671
Contribution from City of Richmond	3,377,146	3,451,446	\$ 74,300	2%	3,377,146
Memberships, admissions and programs	8,383,202	8,442,591	\$ 59,389	1%	8,202,488
Other	1,776,192	2,015,345	\$ 239,153	11%	2,166,571
	<b>16,392,540</b>	<b>16,809,382</b>	<b>416,842</b>	<b>3%</b>	<b>16,550,877</b>
<b>EXPENSES</b>					
Memberships, admissions, and program services	5,900,842	5,924,776	\$ 23,934	0%	5,652,587
Facility Operations	4,374,914	4,604,527	\$ 229,613	5%	4,368,737
Marketing	703,533	608,575	\$ (94,958)	-16%	602,321
Admin/Finance	3,173,011	3,288,065	\$ 115,054	3%	3,288,824
	<b>14,152,300</b>	<b>14,425,943</b>	<b>273,643</b>	<b>2%</b>	<b>13,912,470</b>
<b>Net income before amortization and transfers</b>	<b>\$ 2,240,240</b>	<b>\$ 2,383,439</b>	<b>\$ 143,199</b>	<b>5%</b>	<b>\$ 2,638,407</b>
Amortization	1,500,000	1,800,000	\$ 300,000	20%	1,509,789
<b>Net after amortization and before transfers</b>	<b>\$ 740,240</b>	<b>\$ 583,439</b>	<b>\$ (156,801)</b>	<b>-14%</b>	<b>\$ 1,128,618</b>
Transfers to reserves/provisions (Note 1)	TBD	TBD			TBD
<b>Net after amortization and transfers</b>	<b>TBD</b>	<b>TBD</b>			<b>TBD</b>
<b>Note 1 - This budgeted transfer to reserves/provisions is an estimate and the final amount will be determined by the Capital Works Committee.</b>					



Rick Dusanj, CPA, CA  
 Controller, Richmond Olympic Oval Corporation

cc: Shana Turner  
 Director, Finance & Corporate Services, Richmond Olympic Oval Corporation