



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** February 28, 2013

**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:** 2013 Operating Budget - Richmond Olympic Oval Corporation

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### Staff Recommendation

That the report on the 2013 Operating Budget 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:** February 28, 2013

**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, CA  
Controller, Richmond Olympic Oval Corporation

**Re:** Richmond Olympic Oval Corporation – Budget for fiscal year 2013

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#### Origin

Section 7.3 of the Operating Agreement between the City of Richmond (the “City”) and the Richmond Olympic Oval Corporation (the “Corporation”) requires reporting with respect to business plans, budgets, audited financial statements, and quarterly comparisons of actual results to budget along with projections to fiscal year end. This staff report deals with the 2013 annual budget which was approved by the Corporation’s Board of Directors.

#### Analysis

##### 2012 Results

In 2012, the Corporation out performed its budget substantially by earning an unaudited net income of \$2,997k before transfers to reserves/provisions. The favorable variance in 2012 was partly attributable to the following: memberships and programming revenue performing better than budget due to continued increases in membership and admissions, more funding than planned was received from the 2010 Games Operating Trust (“GOT”), court and track rentals performed better than anticipated, savings in utility costs, and the staging of more events than anticipated in 2012.

Note that in the fourth quarter of 2011 the CEO of the Oval created a special Committee to provide increased scrutiny over discretionary expenditures which were to be approved by this Committee prior to spending taking place. This carried on into the early part of 2012 and this added level of oversight contributed to the overall favorable variance. This additional level of review was an exercise that was undertaken as part of an overall review as the Corporation moves towards steady

state. This provided the Corporation the ability to control and test the results of this process. This is something that can be done periodically in the future, however, is not something necessary in the immediate future given the new accountability programs, enhanced reporting and review processes that are now in place.

### 2013 Outlook

Highlights anticipated in 2013 include the launch of the Short Track Speed Skating Legacy program in partnership with Speed Skating Canada, the expansion of performance training services across golf, baseball, weightlifting, climbing and the continued growth and uptake of personal training services. Community group usage is at or nearing capacity during prime time leading towards a focus on growing day-time participation and performance on our Activity level with school groups and teams such as Field Hockey Canada.

Some of the successful events that have already taken place at the Oval in 2013 include: Tim Horton's Family Skate, Futsal Fiesta, BC Sports Rep Association (BCSRA) sport equipment trade show, Jerome Indoor Track and Field Classic, Vancouver International Open Judo Tournament, Richmond Celebrates Hockey Day, BC Powerlifting Association (BCPA) Winter Open, and Judo Pacific International.

Some of the confirmed events for 2013 include: Gymnastics BC Millennium Cup, Panther Cheerleading Events, Gymnastics BC Elite Canada Championship, WC Rugby Vancouver Invitational, Powerlifting Nationals, World Grand Prix Fencing Championship, Province Gran Forza Pentathlon, Bust a Move Canadian Cancer Society, UROC Awards to celebrate the achievements and dedication of outstanding youth, youth groups and asset champions within the Richmond Community, CAN AM Wushu Championship, CCTTF Metro Vancouver Friendship Open, Karate BC Provincial Championships, SOS Children's Village 10K Run, Corporate Champions of Vancouver, Crossfit Games Canada West Regional, Orb Spring and Summer Warehouse Sale, Relay 4 Life Canadian Cancer Society, Chevrolet Safe and Fun Hockey Program, Sports Fest West, Judo Nationals, Yonex Badminton Open, Dodgeball International Tournament, Play 4 Life Basketball Tournament, Rehab Equipment Expo, and the Western Marine Trade Show.

### **2013 Budget**

For 2013, management has recommended a cautious approach. Some of the highlights of the 2013 budget are as follows:

#### Revenues

Overall revenues are expected to increase by \$1,242k from the 2012 budget. Budgeted revenue from membership and programming is expected to increase by \$899k due the continued growth in the membership base and the increased event bookings that have already been secured for 2013. 2013 budgeted GOT revenue is increased by \$200k based on the level of funding received over the

last 2 years. Other revenue has increased by \$173k compared to 2012 primarily due to an increase in projected parking revenues of \$110k for a total of \$290k budgeted for 2013.

#### Expenses

Overall expenses are expected to increase by \$536k over the 2012 budget. Labour costs are expected to increase by \$562k compared to the 2012 budget primarily due to the following reasons: salary and wage adjustments for staff based on an extensive review process, and new positions that were approved during 2012 including full time union positions added as a result of the collective agreement, partially offset by a decrease in the overall casual labour budget.

#### **Summary**

The 2013 budget has an overall budgeted net income of \$1,551k versus \$845k in 2011 which represents a favourable increase of \$706k over 2012. Attached is the summary statement of earnings for the 2013 budget.



Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

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

**RICHMOND OLYMPIC OVAL CORPORATION**

**Budgeted Statement of Earnings**

**For the fiscal year ending Dec 31, 2013**

**Unaudited, prepared by management**

	2012 BUDGET	2013 BUDGET	\$ Increase (decrease)	% Increase (decrease)	2012 (unaudited) ACTUAL
<b>Revenue from operations:</b>					
Membership and programming	\$ 4,828,246	\$ 5,726,945	\$ 898,699	19%	\$ 5,481,773
Funding from Games Operating Trust	2,500,000	2,700,000	200,000	8%	2,784,637
City of Richmond contributions	3,073,883	3,144,700	70,817	2%	3,073,883
Sport Hosting	500,000	400,000	(100,000)	-20%	426,097
Other	838,930	1,011,530	172,600	21%	1,086,340
<b>Total revenue</b>	<b>11,741,059</b>	<b>12,983,175</b>	<b>1,242,116</b>	<b>11%</b>	<b>12,852,729</b>
<b>Expenses:</b>					
Program services:	3,421,066	3,784,543	363,477	11%	3,280,621
Marketing	480,525	495,831	15,306	3%	429,944
Sport Hosting	500,000	400,000	(100,000)	-20%	426,097
Facility Operations	2,474,046	2,601,997	127,951	5%	2,472,470
Utilities	1,107,750	1,000,000	(107,750)	-10%	914,519
Admin/Finance	2,589,224	2,789,770	200,546	8%	2,046,019
Amortization	323,789	359,904	36,115	11%	286,071
<b>Total expenses</b>	<b>10,896,400</b>	<b>11,432,045</b>	<b>535,645</b>	<b>5%</b>	<b>9,855,740</b>
<b>Net earnings (before transfers)</b>	<b>\$ 844,659</b>	<b>\$ 1,551,130</b>	<b>\$ 706,471</b>	<b>84%</b>	<b>\$ 2,996,989</b>
Transfer to Capital Reserve *		1,300,000			2,611,786
<b>Net earnings (after transfers)</b>	<b>\$ 844,659</b>	<b>\$ 251,130</b>	<b>\$ 706,471</b>	<b>84%</b>	<b>\$ 385,203</b>

\* This 2013 budgeted transfer to reserves/provisions is an estimate and the final amount will be determined at the end of 2013.