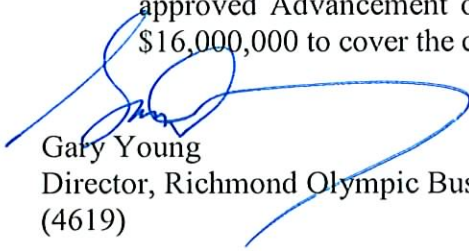




To: General Purposes Committee **Date:** December 12, 2007
From: Gary Young **File:**
 Director Richmond Olympic Business Office
Re: **Oval Pre-Games Community Opportunities Advancement Initiative**

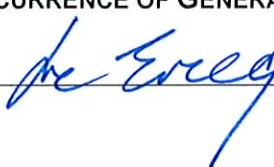
Staff Recommendation

- That council approve the advancement of the following Post-Games oval conversion components in order to increase revenues and associated community participation in the building and also to achieve long term cost savings.
 - Up to four wood-floor gymnasiums and/or other sport related surfaces including gymnastics, trampoline, etc
 - Various fitness equipment for core strength, cycling and mezzanine fitness rooms
 - Completion and equipment for the Rowing and Paddling Centre
 - Construction of one Saddlebag Multi-Purpose Room
 - Purchase and installation of essential Information Technology
- That Council approve the funding of up to \$5,920,000 from the previously Council approved Advancement of Community Legacy Infrastructure 2008 Capital Project of \$16,000,000 to cover the costs of the items identified in this staff report.



Gary Young
 Director, Richmond Olympic Business Office
 (4619)

Attachments – 1

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER	
Major Projects.....	Y	<input checked="" type="checkbox"/>	N		
Budgets	Y	<input checked="" type="checkbox"/>	N		
Communications.....	Y	<input checked="" type="checkbox"/>	N		
Parks Design, Constr. & Programs	Y	<input checked="" type="checkbox"/>	N		
REVIEWED BY TAG		YES	NO	REVIEWED BY CAO	
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	YES	NO
		<i>GJ</i>		<i>ACTING</i>	<input checked="" type="checkbox"/>

Staff Report

Origin

The Richmond Oval is the Long Track Speed Skating Venue for the 2010 Olympic and Paralympic Winter Games. The facility is scheduled to open on time in the fall of 2008, and the project continues to be on budget.

The Oval will function mainly as a world-class speed skating oval until the Games in 2010. In addition to National and International Team training and competing on the 400-metre ice track, the community will have the opportunity to experience recreation programs and the sport of long track speed skating for the first time. The opportunity to access the premier competition venue of the 2010 Olympic and Paralympic Winter Games in advance of the 2010 Games will undoubtedly generate excitement and enthusiasm within the community.

In 2004/5 the City engaged stakeholders, experts and interested citizens in a series of forums, group meetings and interviews to identify and prioritize functions that should be included in the Oval. The program functions identified in this report are being recommended as a result of this feedback.

Immediately after the Games, the plan is to convert several areas in the building, including the main activity level, into a multi-use four-season facility that offers a wide range of activities. Staff are currently developing the specific programs that will be offered in the complex in the fall of 2008. There is a commitment to find ways to increase the participation of the residents in the Olympic orientated facility in the Pre-Game phase. This report outlines a number of actions staff recommends that will achieve this objective.

On December 10, 2007, City Council approved the Advancement of Community Legacy Infrastructure 2008 Capital Project in the amount of \$16,000,000. As outlined in a previous memo to Council, Staff has already implemented \$915,000 of Legacy costs. The associated actions realized cost savings of \$1,520,000. Some of the initial expenditure included the purchase of dasher board inserts into the Olympic hockey rinks, improvements to the change rooms and a number of other similar items. Staff has identified several new opportunities to provide additional community programming and at this time are recommending four Post-Games amenities in the Pre-Games Phase:

- the Court Zone
- a Health and Wellness component
- the Rowing and Paddling Centre
- multi-purpose room in the Saddlebag at the mezzanine level

In addition, funds are requested to purchase the Information Technology and hardware and software required to support the Oval's operations

Benefits of advancing these initiatives include:

- ensuring that the Oval provides a fully functional quality venue for the 2009 BC Seniors Games
- providing a robust offering of community sport and wellness opportunities in addition to the ice-based skating programs

- generating higher revenues and admissions to support the operating budget in the Pre-Games Phase
- attract increased support and funding from the 2010 Games Olympic Trust
- saving on construction costs and equipment procurement without impacting the overall budget or scope of the project
- hosting opportunities for a variety of large-scale sport and cultural events
- shortening the conversion period in the Legacy Phase
- achieving operational steady state in a shorter period of time
- attracting rental opportunities including National and Provincial Sport Organizations

The report details new opportunities that could potentially increase revenues and visitations in the Pre-Games Phase, as well as contribute to the long-term success of the Oval. These opportunities were not a part of the original Oval program plan, but will add to the ultimate success of the Oval operations.

Analysis

It is recommended that the following initiatives be included in the Oval construction phase to allow for a wider variety of community services in the Pre-Games Phase. These will provide the greatest community benefits and return on investment. Revenue and client admission projections are based on the assumption that the Oval is open to the public for fourteen months from November 2008 through December 2009.

1. Court Zone:

The recommendation is to install up to four wood-floor gymnasiums and/or other sport related surfaces including, for example gymnastics, trampoline, etc. in the Oval infield, providing the ability to offer activities like badminton, volleyball basketball, futsal (indoor soccer), sports leagues, tournaments and special events.

The 2007 cost of flooring and other assorted equipment is \$847,000 which results in savings of \$96,000 from the Post-Games installation costs. Pre-Games net revenues are estimated at \$1,112,000. It is estimated that this initiative will create 128,000 additional client admissions.

2. Health and Wellness Component:

a) Core Strength and Group Cycling (Rooms 2016 and 2017)

These physical spaces will be completed in the Pre-Games Phase and only require equipment to become functional public-use fitness areas.

2016 – Core Strength Studio

Equipment: Large “Kinesis” Brand Fitness Wall from Technogym

The Core Strength Studio will provide alternative fitness and rehabilitation services for the aging population. The studio equipment consists of a wall system that features a number of pulleys and light resistance that mimics the body’s movement through water.

Those who would benefit from programs offered in this studio are:

- The older population
- Those new to fitness training
- Injury Rehab

Room 2017 – Group Spinning & Cycling

Equipment:

- Stationary Bikes and Rowing Ergometers
- Video Wall

A truly unique program space, this studio is where indoor cycling and rowing classes will take place, and will also feature a unique video wall that will take participants through an interactive, computer simulated experience. While on the bike or the rowers, participants will be able to simulate cycling through the Pyrenees Mountains, or rowing down the Thames River.

When classes are not in session, this space can be utilized as a unique hosting space. Bikes and rowers are easily moved, allowing for a variety of activities such as birthday parties, corporate events or private rentals. This space has no ceiling, which provides another interesting dimension for any special events.

The 2007 cost of equipment is \$268,000 which results in a saving of \$25,000 from the Post-Games installation costs. Pre-Games net revenues are estimated at \$52,000 and estimated 21,000 additional client admissions are anticipated.

b) Mezzanine Community Fitness

The Mezzanine level measures nearly 24,000 square feet, and, in the Legacy Phase, this area will be converted into a state-of-the-art community fitness area. A significant amount of seating and broadcasting equipment will occupy this space at Games time.

The original plan was to leave this area empty except for its role to support major speed skating events. Staff recommends that a portion (approximately 8,000 square feet) of the space be fitted-out and equipped for the Pre-Games Phase. The Mezzanine could then be utilized as a community fitness space. During the VANOC overlay period in winter 2010, all the equipment and flooring would need to be removed and stored off site to make way for the seating and the broadcast area. In order to ease the transition, staff is recommending the fit-out of only one-third of the Mezzanine.

Typically, in multi-purpose recreation facilities, the fitness and wellness services comprise a significant portion of the revenues generated. Therefore, it is important for the Oval to offer a diverse and unique community fitness and wellness program in the Pre-Games Phase.

The 2007 cost of equipment is \$584,000 which results in a saving of \$63,000 from the Post-Games installation costs. Pre-Games net revenues are estimated at \$340,000. It is estimated that this initiative will create 126,000 additional client admissions.

3. Rowing and Paddling Centre:

One of the more unique features in the Oval, this indoor tank is located on the first level, adjacent to the proposed Athlete Development Centre. The Paddling Centre will facilitate the growth of community rowing and paddling programs on the middle arm of the Fraser River. The synergies between the Oval and the John MS Lecky UBC Boathouse will undoubtedly generate much interest in water-based recreational activities. \$100,000 has been donated to allow for the formwork to be included in the overall project. The formwork has now been completed. Additional funding is needed to complete the fit-out and equip the Rowing and Paddling Centre.

The 2007 cost of construction is \$350,000 and equipment and contingencies are \$206,000 which results in a saving of \$62,000 from the Post-Games installation costs. Pre-Games net revenues are estimated at \$41,000. It is estimated that this initiative will create 7,000 additional client admissions.

4. Saddlebag Multi-Purpose Rooms:

At both ends of the Oval there are air spaces above the ice resurfacing room and loading areas which have approximately 5,000 square feet each (195 ft. by 24 ft.). Staff is recommending that one of these rooms be initiated at this juncture.

A floor, entrance and windows could be built into one or both of these spaces, giving the potential to be used as large activity rooms/lounges/spectator seating. The rooms would be at the mezzanine level and would afford views of the main field of play. They would be ideal for special events and corporate rentals, in addition to housing additional program activities. There are a number of opportunities for individuals, community groups and businesses to rent these spaces for various types of gatherings both in the Pre- and Post-Games phases.

Currently, there is no space in the Oval dedicated to preserving and celebrating the eventual memories from the 2010 Olympic Games. The suite on the east side of the building may be an ideal room to host displays, etc., that honour not only the building's history, but also that of sport and recreation in Richmond.

As well, corporations, sponsors, international groups and the like will wish to utilize these rooms for a variety of training, strategic planning, and reception oriented events.

Staff has discussed with VANOC the possibility of obtaining Games ticket revenue from the creation of this space. Discussions are on-going.

Significant revenues can be realized with few associated operating expenses. Hence these rooms will create a positive revenue flow to these operations.

In order to complete one of these rooms in time for the opening, a decision should be made not later than December 21, 2007.

The 2007 cost of construction is \$1,890,000 which results in a saving of \$310,000 from the Post-Games installation costs. Pre-Games net revenues are estimated at \$100,000.

5. Information Technology (I.T.):

Originally, the central function of the Oval in the Pre-Games Phase would be as a long track speed skating facility and would not require all the necessary information technology that is

needed to operate a multi-purpose sport and recreation complex. As such, much of the required technology was identified in the Post-Games Legacy Conversion Plan and the 2007 cost of \$860,000 is not included in the existing construction project costs.

In order to include the elements from the Community Opportunities Advancement Initiative into the Pre-Games Phase, additional technology will be required. This I.T. Infrastructure will enable the Oval operation to sell memberships and process registrations for the wider variety of programs and services being offered. Including this technology in the Pre-Games Phase will not only cost less to install in 2008 than it would in 2010 (by approximately \$80,000), but it will allow also for greater business intelligence and an overall more efficient Oval operation.

Financial Impacts

The 2007 total cost of construction, materials and equipment and of the Information Technology required to support the additional programs and services is \$5,920,000 which results in a saving of \$2,155,000 from the Post-Games installation costs. Pre-Games net revenues are estimated at \$1,645,000. In aggregate, implementation results in a significant benefit of \$3,800,000. (see Appendix 1)

The Road to Steady State

Steady State is defined as the point in time at which the Oval's financial performance will reach a stable level of operations. Staff project that the Oval's admissions and revenues will continue to grow for a number of years beyond the 2010 Games until about 2015-16. Implementation of the Initiative will move forward the date when the Oval's financial stability will be achieved due to a stronger revenue stream in the Pre-Games Phase and a shorter construction period in the Legacy Conversion Period.

Conclusion

The Oval program was originally planned with a focus on supporting Olympic speed skating activities in the Pre-Games stage. The original plan was to convert the facility Post-Games into more of a four-season venue. Staff has brought forward several opportunities to the building program at this stage to increase community opportunities and effect substantial cost savings. These actions will increase client admissions from 230,000 to 512,000.

These Initiatives would be funded from the Council-approved Advancement of Community Legacy Infrastructure 2008 Capital Project and will provide a more vibrant and robust Oval community program from Fall 2008 to December 31, 2009. It will create greater revenues, reduce overall costs and maximize early community participation. The Initiative capitalizes on the excitement associated with Richmond being a Venue City for the 2010 Olympic and Paralympic Winter Games.



Gerry De Cicco
Manager Oval Sport & Business
(4689)

Oval Pre-Games Community Opportunities Advancement Initiative
Report to Committee
Summary of Savings and Additional Admissions
December 12, 2007

Pre-Games Component	\$ ' 000s				Number of additional admissions	
	Pre-Games cost	Post Games cost	Benefits	Net revenues		Total benefits
Health and Wellness: Core and Cycling	\$ 268	293	25	52	\$ 77	21,000
Community Fitness on Mezzanine	584	647	63	340	403	126,000
	<u>852</u>	<u>940</u>	<u>88</u>	<u>392</u>	<u>480</u>	<u>147,000</u>
Court Zone	847	942	95	1,112	1,207	128,000
Rowing and Paddling Centre Construction Equipment	350	390	40			7,000
	<u>206</u>	<u>228</u>	<u>22</u>			
	<u>556</u>	<u>618</u>	<u>62</u>	41	103	
One Perimeter Hosting Suite	1,890	2,200	310	100	410	-
Information Technology	860	940	80	-	80	-
Total before items previously Advanced	<u>5,005</u>	<u>5,640</u>	<u>635</u>	<u>1,645</u>	<u>2,280</u>	<u>282,000</u>
Items previously Advanced referred to in Origin section	915	915	1,520	-	1,520	-
Totals	<u>\$ 5,920</u>	<u>6,555</u>	<u>2,155</u>	<u>1,645</u>	<u>\$ 3,800</u>	<u>282,000</u>
Total in the Report to Committee cover page	<u>\$ 5,920</u>					
% benefits if Initiatives implemented Pre-Games			<u>36%</u>			
Admissions:						
Admissions without Initiative components						230,000
Total Admissions with Initiative components						<u>512,000</u>
% increase in admissions						<u>123%</u>