



**To:** Finance Committee **Date:** March 27, 2012  
**From:** George Duncan **File:**  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval  
  
Andrew Nazareth  
General Manager, Business and Financial  
Services  
& Chief Financial Officer, Richmond Olympic  
Oval  
**Re:** Richmond Olympic Oval Corporation - Budget for fiscal year 2012

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**Staff Recommendation**

That the report on the Richmond Olympic Oval Corporation Budget for fiscal year 2012 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, Business and Financial Services  
& Chief Financial Officer,  
Richmond Olympic Oval



**DATE:** March 27, 2012

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

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

John Mills  
General Manager, Richmond Olympic Oval Corporation

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

**Re:** Richmond Olympic Oval Corporation – Budget for fiscal year 2012

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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 2012 annual budget.

#### Analysis

##### 2011 Results

In 2011, the Corporation out performed its budget substantially by earning an unaudited net income of \$2,260k before transfers to reserves. The favorable variance in 2011 was partly attributable to salary savings due to vacancies and prudent management of the casual labour staffing, savings in utility costs in the budget, more funding than planned was received from the 2010 Games Operating Trust ("GOT"), and savings in the marketing and operations budget.

Note that in the fourth quarter of 2011, the CEO of the Oval implemented a hiring freeze and a spending freeze on discretionary items whereby purchases of discretionary items were to go to a special Committee prior to approval. This added level of oversight contributed to the overall favorable variance.

The Corporation also took part in a re-lamping project beginning in 2011 and entered into an agreement with BC Hydro whereby BC Hydro will subsidize the Corporation a portion of the total

project costs based on annual electrical savings. As a result of these types of initiatives, the Corporation has been able to contain certain budget expenditures (ex. utility budget) in 2012 versus having to increase the budget.

### 2012 Outlook

Highlights anticipated in 2012 include the launch of the climbing wall, the unveiling of a new 5,000 square foot training centre to accommodate the needs of aspiring youth and Olympic calibre athletes alike, the addition of high performance program options for adult recreationalists and seasoned athletes looking to take their personal performance levels beyond traditional fitness, the opening of a permanent cafe on the ground floor, and the launch of an outdoor LED message screen.

Successful events that have already taken place at the Oval in 2012, include: Richmond Celebrates Hockey Day in Canada (16,000 participants), Canadian Junior Short Track Championships, Vancouver Sun Harry Jerome Indoor Track Classic, Karate National Championships, Futsal Fiesta, and The Province Gran Forza Track Meet. Confirmed events in 2012, include: the 2012 Reebok Crossfit Games (April 27-29), International Shotokan Karate Federation of BC National Championships (May 11-13), Wheelchair Basketball Nationals (May 18-20), the Challenge Cup Hockey Tournament (May 18-21), the North American Chinese Basketball Association Tournament (May 25-28), the 2012 FCABC Conference and Fire Service Expo (June 1-4), Corporate Champions of Vancouver Summer Games (June 9-10), Canadian Cancer Society Relay for Life (June 16), the Wheelchair Rugby Canada Cup (June 20-23), Lancover (video game expo; June 29 – July 1), S.O.S. Children's Village Run (June 30), Yonex 2012 Canada Open (July 7-15), the Vancouver Dodgeball Association International Tournament (July 27-29), the Rehab Equipment Expo (September 10-11), CAN-AM Investment Expo (September 21-23), and the Western Marine Tradeshow (October 12-14).

### **2012 Budget**

Some of the highlights of the 2012 budget are as follows:

#### Revenues

Overall revenues are expected to increase by \$1,186k (which includes \$500k to fund the Sport Hosting department. Effective July 1, 2011, the Sport Hosting department from the City was transferred over to the Corporation along with separate funding that is attached to that function through the hotel tax).

Revenue from memberships and programming are expected to increase by \$677k over the previous year budget as a result of a growth in 2011, anticipated growth in 2012 in programs including Fitness Programs, High Performance Training Programs, the Climbing Wall, and the Volleyball Centres of Excellence and also due to various events that have already been secured for 2012.

## Expenses

Overall expenses are expected to increase by \$942k (which includes \$500k for the Sport Hosting department offset by the corresponding funding).

Labour costs are expected to increase by \$795k compared to 2011 due to the following reasons: salary and wage adjustments for full time staff, an adjustment resulting in an increase in the benefits percentage loading factor that is applied to full time staff, the addition of the salaries and benefits budget for the Sport Hosting Department, new positions that were approved during 2011, new positions being requested in 2012 and an increase in the casual labour budget to meet operational needs.

Non-labour costs are expected to increase by \$147k. This is primarily due to the Sport Hosting departmental costs being included in the 2012 budget offset by a reduction in the 2012 amortization budget. The non salary expenses pertaining to Sport Hosting increase the 2012 budget by \$336k. This increase is offset by a reduction in budgeted amortization expense of \$174k primarily due to a number of capital leases expiring in 2012.

## **Summary**

The 2012 budget has an overall budgeted net income of \$845k versus \$601k in 2011 which represents an increase of \$244k over 2011. Attached is the summary statement of earnings for the 2012 budget.



Rick Dusanj, CA  
Controller, Richmond Olympic Oval Corporation

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

**RICHMOND OLYMPIC OVAL CORPORATION**

**Budgeted Statement of Earnings**

**For the fiscal year ending Dec 31, 2012**

**Unaudited, prepared by management**

	<b>2011 Adjusted BUDGET *</b>	<b>2012 BUDGET</b>	<b>\$ Increase (decrease)</b>	<b>% Increase (decrease)</b>	<b>2011 (unaudited) ACTUAL</b>
<b>Revenue from operations:</b>					
Membership and programming	\$ 4,151,554	\$ 4,828,246	\$ 676,692	16%	\$ 4,133,135
Funding from Games Operating Trust	2,500,000	2,500,000	-	0%	2,739,398
City of Richmond contributions	3,022,500	3,073,883	51,383	2%	3,022,500
Sport Hosting	-	500,000	500,000		157,689
Other	881,337	838,930	(42,407)	-5%	872,684
<b>Total revenue</b>	<b>10,555,391</b>	<b>11,741,059</b>	<b>1,185,668</b>	<b>11%</b>	<b>10,925,406</b>
<b>Expenses:</b>					
<b>Program services:</b>					
Client services	\$ 534,970	515,868	\$ (19,102)	-4%	509,569
Event services	152,252	159,942	7,690	5%	140,144
Sport Services	879,808	992,872	113,064	13%	679,155
Fitness services	583,416	699,359	115,943	20%	550,224
General program and membership sales	263,833	302,907	39,074	15%	271,369
High Performance Sports	533,384	750,118	216,734	41%	391,679
Marketing	614,960	480,525	(134,435)	-22%	389,938
<b>Total program expenses</b>	<b>3,562,623</b>	<b>3,901,591</b>	<b>338,968</b>	<b>10%</b>	<b>2,932,079</b>
<b>Sport Hosting</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>		<b>157,689</b>
<b>Facility Operations</b>	<b>2,415,081</b>	<b>2,474,046</b>	<b>58,965</b>	<b>2%</b>	<b>2,108,643</b>
<b>Utilities</b>	<b>1,107,750</b>	<b>1,107,750</b>	<b>-</b>	<b>0%</b>	<b>818,959</b>
<b>Admin/Finance</b>	<b>2,370,779</b>	<b>2,589,224</b>	<b>218,445</b>	<b>9%</b>	<b>2,120,813</b>
<b>Amortization</b>	<b>498,195</b>	<b>323,789</b>	<b>(174,406)</b>	<b>-35%</b>	<b>526,964</b>
<b>Total expenses</b>	<b>9,954,428</b>	<b>10,896,400</b>	<b>941,972</b>	<b>9%</b>	<b>8,665,147</b>
<b>Net earnings (before transfers)</b>	<b>\$ 600,963</b>	<b>\$ 844,659</b>	<b>\$ 243,696</b>	<b>41%</b>	<b>\$ 2,260,259</b>
Transfer to Capital Reserve **					1,700,000
<b>Net earnings (after transfers)</b>	<b>\$ 600,963</b>	<b>\$ 844,659</b>	<b>\$ 243,696</b>	<b>41%</b>	<b>\$ 560,259</b>

\* The adjusted budget column includes reclassifications of 2011 positions so that appropriate comparisons can be made to the 2012 budget. Note that there is no overall change to the 2011 approved budget as a result of this.

\*\* The Corporation has an obligation to annually contribute funds to the reserve accounts in accordance with the Richmond Oval Agreement with such amount to be determined at the end of the year.