



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** April 23, 2019

**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 Corporation – 2019 Annual Operating and Capital Budgets**

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### Staff Recommendation

That the report on the 2019 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:** April 23, 2019

**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 – 2019 Annual Operating and Capital Budgets**

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### Origin

This staff report deals with the Richmond Olympic Oval Corporation's (the "Corporation") 2019 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 City Council for information.

### Analysis

#### 2019 Operating Budget

In preparing the 2019 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 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. In 2019, an additional burden has been placed by the BC Provincial Government on employers with the introduction of the Employer Health Tax ("EHT") which will have an operating budget impact of approximately \$0.19M. In addition to the mandate given above, staff were asked to find additional efficiencies in order to offset this additional expense and have done so by preparing an aggressive 2019 budget. As such, despite the impact of the EHT and other non-discretionary items, an increase of \$0.06M to the net 2019 budget before amortization has been prepared relative to the 2018 budget. Staff prepared and the BOD unanimously approved the 2019 operating budget as shown in Attachment 1.

## 2019 Outlook

Consistent with prior years, the majority of community use in 2019 will be delivered through the provision of fitness and sport drop-ins and Oval-branded registered programs such as Learn to Skate, children's camps, and climbing. Some of the community groups/organizations from Richmond or with strong Richmond based participation expected for 2019 include, but are not limited to: Richmond Arenas Community Association (RACA), Richmond Rockets Speedskating Club, Richmond FC, DRIVE Basketball, Urban Rec and the Greater Vancouver Canadians Hockey Club. In addition, the 5th annual Forever Young 8K, the only age 55+ 8 km run/walk in Canada, will start and finish at the Oval on September 8th.

As one of the primary drivers of membership sales, Oval Fitness services will continue to be diversified and enhanced in 2019. Building on the success of the launch of the Oval's new RIDE indoor cycling studio in 2018, a new studio will offer athlete inspired group programming to our fitness membership base.

High-performance sports programming at the Oval is structured to progress community athletes to the provincial and national ranks. As the home of the Canadian Women's National Volleyball Program, the Oval's weekday daytime hours from April to September will see two full national team squads training in preparation for Olympic qualifiers. Other national team programs training out of the Oval in 2019 include the senior men's national field hockey team, Canadian Wheelchair Rugby, Table Tennis Canada, Climbing Escalade Canada and Softball Canada.

Over 47 events have already been secured for 2019, including but not limited to: Karate BC Training Camp, BC Sports Rep Association Trade show, Panther Cheer Snowflake, Fencing Canada Cup, Harry Jerome Track and Field Indoor Classic, Fencing World Cup, BC High School Boys Basketball Lower Mainland Championships, Great Canadian Home Show, Peter Bakonyi Fencing World Cup, Panther Cheer – Mardi Parti, Wheel Chair Rugby Vancouver Invitational, Rhythmic Gymnastics Zone 4 Championship, Karate BC – Junior Team Selection Tournament, Pacific Judo International, Para Ice Hockey Provincials, Volleyball BC Provincial Championships, Can-Am International Martial Arts Championships, RBC Training Camp, U14 Girls Volleyball Nationals, WHL Combine, Delta Gymnastics Invitational, Volleyball BC U17/18 Volleyball Provincials, Karate Canada Open, Olympic Day, Baden Cup Volleyball Tournament, Battle of the Badges, Wheelchair Rugby National Team Training Camp, and the OKCI Vancouver Open Kettlebell Sport Competition.

## 2019 Capital Budget

The 2019 capital budget is a total of \$2.57M which includes a minor capital budget of \$1.35M and a major capital budget of \$1.22M. The minor capital budget is for capital projects that are required to maintain or replace the existing capital assets and infrastructure and those projects required to support Oval programming. This includes program related improvements and equipment (e.g. strength and conditioning equipment) of \$0.55M, building operations requirements of \$0.44M (e.g. heat exchangers), computer software & equipment of \$0.16M (e.g. audio equipment upgrades), and a \$0.20M contingency for any safety, security, or other related issues. The major capital budget of

\$1.22M is for the Climbing Wall Infrastructure Upgrades Project (\$0.75M) and the ROX Phase 2 Expansion Project (\$0.47M) for which external funding was received. The Climbing Wall project will increase the height of the climbing wall and also allow for the wall to become a high-performance training environment to provide services for national-level athletes, and a venue to welcome a large number of competitors, spectators, and vendors for events and competitions. \$2.10M of the Oval's overall capital budget is self funded by the Corporation through its contributions to its capital reserves and the remaining \$0.47M is externally funded.



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

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

**ATTACHMENT 1**

2019 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>				
<b>Operating Budget</b>				
	<b>2018 BUDGET</b>	<b>2019 BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>
<b>REVENUES</b>				
2010 Games Operating Trust	\$ 2,900,000	\$ 2,900,000	\$ -	0%
Contribution from City of Richmond	3,451,446	3,527,378	\$ 75,932	2%
Memberships, admissions and programs	8,442,591	8,730,197	\$ 287,606	3%
Other	2,015,345	1,976,845	\$ (38,500)	-2%
	<b>16,809,382</b>	<b>17,134,420</b>	<b>325,038</b>	<b>2%</b>
<b>EXPENSES</b>				
Memberships, admissions and programs	5,924,776	6,124,618	\$ 199,842	3%
Facility Operations	4,604,527	4,574,850	\$ (29,677)	-1%
Marketing	608,575	708,575	\$ 100,000	16%
Admin/Finance	3,288,065	3,287,067	\$ (998)	0%
	<b>14,425,943</b>	<b>14,695,111</b>	<b>269,168</b>	<b>2%</b>
<b>Net income before amortization and transfers</b>	<b>\$ 2,383,439</b>	<b>\$ 2,439,309</b>	<b>\$ 55,870</b>	<b>2%</b>
Amortization	1,800,000	1,900,000	\$ 100,000	6%
<b>Net after amortization and before transfers</b>	<b>\$ 583,439</b>	<b>\$ 539,309</b>	<b>\$ (44,130)</b>	<b>-8%</b>
Transfers to reserves/provisions (Note 1)	TBD	TBD		
<b>Net after amortization and transfers</b>	<b>TBD</b>	<b>TBD</b>		
<b>Note 1</b> - This budgeted transfer to reserves/provisions is not estimated at this time as the amount will be determined by the Capital Works Committee.				