



City of Richmond

Report to Council

To: Richmond City Council
From: George Duncan
Chief Administrative Officer

Date: May 17, 2013

File:

Re: Community Update on the Richmond Olympic Oval

Staff Recommendation

That the Community Update on the Richmond Olympic Oval be received for information.



George Duncan
Chief Administrative Officer
(604-276-4338)

Staff Report

Origin

The Richmond Olympic Oval re-opened to the public after the 2010 Olympic Winter Games just over three years ago in the form of the envisioned Community Legacy mode. The ongoing Legacy mode conversion has included completion of the ice, court and track zones, an expanded fitness centre, the opening of Riverport Paddling Centre and Lifemark Sports Medicine Centre, installation of a climbing wall and batting cages, introduction of a wide array of community recreation fitness and sport programs, cafeteria, meeting rooms, and the establishment of high performance services.

Since reopening, the success of the Oval can be seen in the growth of its visitor numbers and in the performance of Canada's athletes. Total visitations have grown from 440,000 in 2011 to 600,000 in 2012, a 36% increase. The Oval has welcomed more than 2.8 million visitors since it opened in 2008. Public interest in memberships has consistently exceeded expectations, with membership numbers already passing goals set for 2015. Membership visits exceed 25,000 per month, up 25% over 2011. Thirty-six of Canada's 2012 Olympic and Paralympic athletes trained at the Oval, including the 2012 Olympic Games bronze medal winning Women's Soccer team.

The Richmond Olympic Oval is succeeding in its vision to be a world-class centre for sport, recreation, health and culture. It is home to dozens of community sport organizations, while also hosting top level training and competition for elite and emerging Canadian and international athletes. The Oval is also making major contributions to community wellness by providing a diverse range of opportunities for users from all sectors of the community to enjoy the benefits of sport for life and healthy lifestyles. The Oval is also home to numerous community, cultural, consumer and business events and programs annually.

Analysis

This Update to the Community has been prepared to accompany the Oval Corporation's Annual Report and to directly address both many frequently asked questions, as well as, incorrect perceptions that the Oval is a financial drain on City resources. In the interests of public accountability and transparency a version of this report is also being published as a newspaper wrap in the May 22nd edition of the Richmond Review (see attached).

Have taxes been raised to build the Oval?

No. The City met its original commitment that property taxes would not be impacted by the cost of building the Oval. The Oval was built on time and under budget. Funding contributions raised from external sources exceeded original budget projections.

Who owns the Oval and who operates it?

The City of Richmond is the sole owner of the Oval and exclusive shareholder of the municipal corporation that operates it.

Is the governance of the Oval different than other operational models?

Not significantly. The Oval business operates as a municipal corporation, owned by the City of Richmond and governed by a board of directors of selected individuals primarily from the business community. Many of the City's facilities are similarly governed by a board of directors whose respective community associations work in partnership with the City to operate their community and recreation facilities. The Richmond Public Library and Gateway Theatre are also similarly governed by boards of directors with management reporting to the respective boards.

Is the Oval losing money?

No - the Oval is not losing money. The Oval Corporation achieved a profit of just over \$3 million in 2012 and a profit of \$2.2 million in 2011. The Oval has achieved a profit every year since it opened, with the exception of 2010 when public operations were temporarily suspended due to hosting the 2010 Games.

What is the total cost to the City of Richmond in support of operating the Richmond Olympic Oval?

The cost to date to operations has been minimal and that trend is expected to continue. The City's annual contribution to the Oval is just over \$3 million per year. Similarly, the Oval Corporation has achieved a profit of over \$3 million in 2012. As the Oval's profit is allocated to reserves or invested in capital program enhancements, and as the City is the sole owner of the asset, these profits in essence are being reinvested. In the audited consolidated financial statements of the City, the net cost to the City in 2012 for the operation of the Oval was \$7,000. Even if the Oval's net profit is not taken into consideration, the City's contribution to the Oval was only \$8.36 per square foot, whereby in comparison, the average funding provided by the City to other civic facilities is over \$26 per square foot.

Table 1:**Richmond Olympic Oval Corporation**Operating performance since inception (2007-2012)

	2007	2008	2009	2010	2011	2012
REVENUE						
City of Richmond funding	0	0	1,050,000	1,500,000	3,022,500	3,073,883
2010 Games Operating Trust funding	0	3,336,341	5,536,509	2,304,796	2,739,398	2,784,637
Operating Revenue	0	147,476	1,529,308	1,617,161	5,098,318	7,034,663
TOTAL REVENUE	0	3,483,817	8,115,817	5,421,957	10,860,216	12,893,183
Operating Expenses (Note 1)	226,311	3,110,030	7,007,334	6,614,006	8,645,746	9,826,359
NET INCOME	-226,311	373,787	1,108,483	-1,192,049	2,214,470	3,066,824
Transfer to capital reserve	0	0	0	0	1,700,000	2,400,000

Note 1: 2007 and 2008 operating expenses included start-up related expenses. The Corporation's operations were limited in 2010 due to the hosting of the 2010 Olympic Winter Games and subsequent legacy mode conversion resulting in an operating loss that year.

What other sources of revenue support the operation of the Oval?

The Provincial and Federal governments created a Legacy fund of \$110 million to support the Oval and the Whistler facilities. The Games Operating Trust manages the fund, protects the principal value of it and allocates the investment income to each party. The Oval Corporation receives approximately \$2.8 million per year of investment income earned on the principal of the fund to help offset operating costs and to ensure that space is provided for Canada's developing and high performance athletes.

Who uses the Oval?

The Oval has more than 5,000 members, 76% of whom are Richmond residents. The Oval also hosted 42 local community sport user groups in 2012, up from 35 in 2011. The Oval is primarily used by individual members and groups from the community with high performance sports representing a small minority use.

Why isn't the Oval a speed skating venue anymore?

For almost 30 years, Canadian long track speed skaters have trained at the Calgary Oval, which has the advantage of being at altitude, allowing for faster speeds. The City of Richmond never wished to duplicate or compete with Calgary Oval and always planned to convert the Oval into a multi-purpose facility that could accommodate many sport and cultural activities.

It is important to note, however, that a short track speed skating recruitment and development program, in partnership with Speed Skating Canada, has begun at the Oval that may someday develop an Olympic speed skater.

Why is the Richmond Olympic Experience being constructed at the Oval? Isn't this an expensive project?

The Richmond Olympic Experience will be an international tourist attraction and will permit visitors to Richmond and members of community to re-connect with their Olympic spirit. There is no ongoing City funding being provided for the construction or operations of this project. Only \$575,000 of City of Richmond funds will be used for the construction of the Richmond Olympic Experience. This funding source is not property tax based. These funds come from the Oval post-Games Legacy mode conversion project previously established by Council and primarily funded from proceeds from the sale of the adjoining lands.

Why are the prices so high at the Oval?

The Oval conducts regular analysis of the market place and while there are no facilities that offer the variety that the Oval does, monthly membership charges are competitive with other multi-sport facilities. The Oval pricing is also set with a conscientious effort to not have the Oval enter into direct competition with other City owned community and recreation facilities. The Oval also offers facilities and equipment that meet the highest standards. Membership charges help to maintain, repair and replace as necessary.

Financial Impact

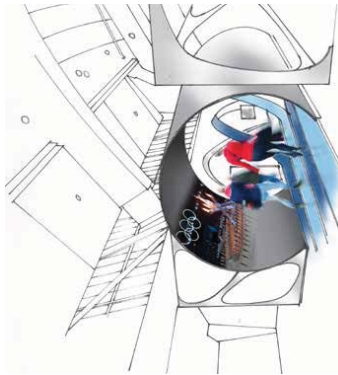
None.

Conclusion

The Richmond Olympic Oval is succeeding in its vision to be a world-class centre for sport, recreation, health, wellness, and culture. It is home to dozens of community sport organizations, while also hosting top level training and competition for elite and emerging Canadian and international athletes. The Oval is also making major contributions to community wellness by providing a diverse range of opportunities for users from all sectors of the community to enjoy the benefits of sport for life and healthy lifestyles. The Oval is also home to numerous community, cultural, consumer and business events and programs annually.



John Mills
COO, Richmond Olympic Oval
(778-296-1423)



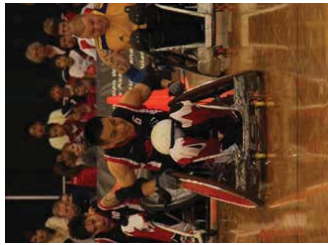
Richmond Olympic Experience – Opening Fall 2014

The Richmond Olympic Experience will open at the Oval in late 2014, offering an interactive journey celebrating the Olympic Spirit, evocative memories of the 2010 Olympic Winter Games and Richmond's role as the City and telling the story of sport in Richmond.

Visitors to the Richmond Olympic Experience will be welcomed by a soaring sculptural artwork in the Oval lobby saluting the volunteers who made the Vancouver 2010 Games possible. A multi-media theatre will launch visitors on a journey of transformation as they follow the pursuit of the Olympic dream. Their journey continues through a series of multimedia galleries that will recall some of the greatest moments of triumph and tragedy, controversy and celebration from Olympic history. Other exhibits will depict Richmond's own sport history. Its role as a 2010 Olympic Venue City and the Canadian Olympic movement. Visitors will also be able to feel and see what it's like to fly off or an Olympic ski jump and experience other thrilling, interactive sport simulations.

A commemorative trail along the Oval's outdoor plazas will recreate the incredible journey of the Olympic torch as it made its way across Canada and through Richmond prior to the 2010 Olympic Winter Games. As with all torch relays, the trail will lead to the cauldron experience, which will be home to a ceremonial flame.

Primary funding for the \$56 million Richmond Olympic Experience is coming from local hotel taxes and corporate sponsorship, with additional contributions from the Oval's capital reserves and a \$575,000 contribution from the City of Richmond from funds generated by the sale of lands adjoining the Oval.



Sport Tourism

The City of Richmond's Sport Hosting program was set up in 2010 to help develop Richmond as a major sport hosting destination. In 2012, the Sport Hosting Office helped secure over **35 major sports events**, including 10 national and international calibre events.

These events generated more than 21,000 hotel room nights for Richmond in 2012, which has an estimated **direct economic benefit of \$4.2 million**. Millions of dollars of additional economic spinoffs are generated

through local spending by organizers, visitors and participants of sport hosting events.

The Sport Hosting program also allocates grants to assist in bidding on and staging major sport events. In 2012, about \$105,000 in sport hosting grants were allocated, supporting 46 sport events and more than 30 local sport organizations. The Sport Hosting program is funded entirely from hotel taxes.

Major Events Held at the Oval in 2012

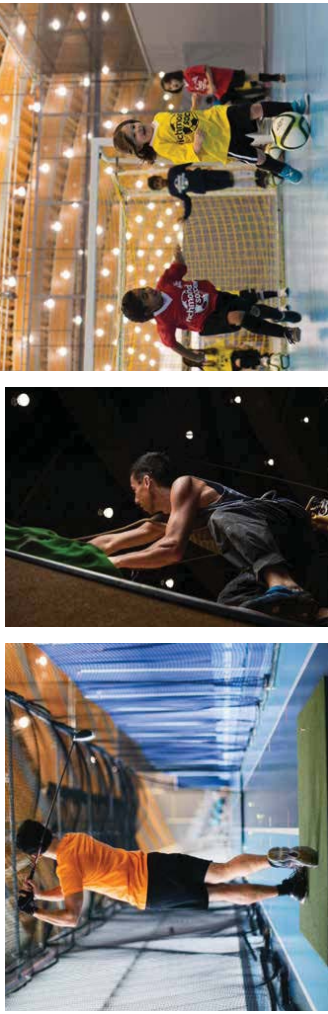
Futsal Provincial Championships
Harry Jerome Indoor Classic
Vancouver International Judo
Hockey Day in Canada
Karate Nationals
Canadian Short Track Championship
Canadian Sports Tourism Alliance Sports Events Congress
CrossFit Games
CAN vs CHN Women's Basketball Friendly
Wheelchair Basketball Nationals
BC Fire Expo
Provincial Fencing Championships
Canada Cup International Wheelchair Rugby Tournament
LANCouver
YONEX Canada Open Badminton Tournament
Table Tennis Sr + Jr Nationals
Red Bull Crashed Ice Qualifier
De Danaan Christmas Fells
World Grand Prix Fencing Champs

Secured Events | 2013 (Upcoming)

BC Fencing Provincial Championship & Training Camp
CrossFit Canada West Regionals
Judo Canada National Championship
YONEX Canada Open Badminton Tournament

Secured Events | 2014+

Pacific Rim Gymnastics Championship
World Martial Arts Games
Karate Canada National & International Competitions



2012

REPORT TO THE COMMUNITY



Report to the Community

The Richmond Olympic Oval Corporation was established by the City of Richmond to operate the Richmond Olympic Oval. This Report Card to the Community is presented to provide an update on the progress of the Corporation in fulfilling its mandate to become a world-class centre for health, recreation and sport for all members of our community.

The Richmond Olympic Oval re-opened to the public after the 2010 Olympic Winter Games just over two years ago. Since the Games, ongoing conversion has included completion of the ice, curling and training zones, an expanded fitness centre, the opening of Riverport Paddling Centre and LifeSport, the new Sports Medicine Centre, installation of the climbing wall and batting cages, a cafe, and the new multi-use array of community recreation fitness and sport programs, and establishment of high performance sport services.

How popular is the Oval?

The Oval has been hugely popular with the community with 600,000 visits in 2012, a 36% increase over 2011. The Oval has welcomed more than 2.8 million visitors since it opened in 2008.

Public interest in memberships has consistently exceeded expectations, with membership numbers already passing goals set for 2015. Membership visits exceed 25,000 per month, up 25% over 2011.

Who uses the Oval?

Richmond residents account for 76% of the more than 5,000 active Oval memberships. More than 40 Richmond-based sports groups are active in the Oval and more than 1,00 different sport, fitness and recreation activities occur within the Oval.

The Oval is also home to high performance training and competition for elite and emerging athletes, including Canadian Olympians like the bronze medal winning women's soccer team.

In general community groups and individuals account for about 80 % of Oval use, while high performance use is about 20%.

The Oval is also making major contributions to community wellness by providing a diverse range of opportunities for users from all sectors of the community to enjoy the benefits of sport for



life and healthy lifestyles. The Oval is also home to numerous community, cultural, consumer and business events and programs annually.

How much is the Oval costing taxpayers?

The Richmond Olympic Oval Corporation has also consistently exceeded financial targets. The Corporation achieved a profit of just over \$3 million in 2012. The Oval Corporation has achieved a profit every year since it opened, with the exception of 2010 when public operations were temporarily suspended due to hosting the 2010 Games.

In 2012 the City contributed just over \$3 million to the Oval's operating budget. The Oval's profit

of \$3 million was entirely dedicated to capital improvements. When the City's contribution and the Oval's profit for 2012 were consolidated, the net cost to the City for Oval operations was \$7,000.

What is the Games Operating Trust?

The Games Operating Trust was established with \$110 million contributed by the federal and provincial governments, with a specific purpose to help support ongoing costs of selected 2010 Games facilities including the Oval. Any monies paid to support venues comes from interest income, not the original principal so that fund is perpetual. The Oval receives about \$2.8 million annually from this fund on the condition that it support high performance sport development.

How does the Oval compare to other City facilities?

On a cost per square foot, the City's contribution to the Oval's budget is extremely low relative to other community facilities. The City's contribution to the Oval works out to \$8.36 per square foot. The City's contribution to community centres and similar civic facilities averages out to more than \$26 per square foot. The scale of the Oval, its usage (600,000 visits per year), and the contribution are roughly equivalent to four community centres.

Who paid to build the Oval?

The Oval's construction cost was primarily funded through federal and provincial funding, casino revenues and land sales. The City met its original commitment that property taxes would not be impacted by the cost of building the Oval. The Oval was built on time and under budget.



"This is the best facility I've ever trained at. It has absolutely everything we need as a team. The gym itself is amazing, the trainers here are great. And it's absolutely huge so there's room for all of us."

Christine Sinclair

Captain Canadian Women's Soccer team,
2012 Canadian Athlete of the Year,
Six-time Nominee for FIFA Player of the Year Award



City of Richmond

Memorandum Administration

To: Mayor and Councillors ("the Shareholder")
From: George Duncan
Chief Administrative Officer
Chief Executive Officer,
Richmond Olympic Oval Corporation
Date: May 17, 2013
File: 01-0060-20-ROVA1/2013-
Vol 01
Re: **Notice to the Shareholder of the 2013 AGM of the Richmond Olympic Oval Corporation**

Attached herein are the agenda items for the AGM of the Richmond Olympic Oval Corporation to be held on May 21, 2013 after the General Purposes Committee meeting at the Richmond City Hall.

- Appendix A - Notice of AGM, to be sent at least 10 days prior to the AGM to:
- the City;
 - each member of the Board; and
 - the auditors
- Appendix B - 2012 Audited Financial Statements
- Appendix C - Consent Resolutions of the Shareholder, consenting to the resolutions required to be passed at the AGM, including:
- The appointment of Directors
 - The appointment of Auditors
- Appendix D - Notice of Appointment of Auditor
- Appendix E - 2012 Annual Report

George Duncan
Chief Administrative Officer

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