



City of Richmond

Report to Committee

To: Finance Committee

Date: May 16, 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: Richmond Olympic Oval Corporation – 1st Quarter 2013 Financial Information

Staff Recommendation

That the report on the 1st Quarter 2013 Financial Information 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: May 27, 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
Controller, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 1st Quarter 2013 Financial information**

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 first quarter business plan and financial results for the 3 months ended March 31, 2013 (“Q1”) which was approved by the Corporation’s Board of Directors.

Business Plans and Financial Results

Highlights of the activities undertaken by the Corporation during Q1 are described below.

Community Use

The Corporation continued to provide facility access to the Richmond community. Member appreciation events were held with over 1,000 members attending several complimentary program demos. Additionally, the Oval held its first membership usage challenge in February, which is an incentive program designed to improve retention and use of the Oval facility. This challenge was successful as membership usage for those in the challenge was increased by 30%. Q1 was also the Corporation’s most successful quarter in terms of visits and at the end of Q1, 77% of members were Richmond residents.

Batting cages were well used with Richmond City Baseball (RCB) programming resulting in 232 athlete training sessions. Further baseball programming driven by batting cages resulted in an additional 60 youth using Oval baseball coaches and facilities. A second custom RCB program as well as a custom Richmond Youth Soccer Multi-Sport program will be implemented in Q2.

Sport Development and Events

High Performance Services continues to make its mark at the Oval. Over 5,000 athlete training sessions were completed in Q1. These sessions included athletes from the Richmond Sockeyes (2013 National Junior B Champions), 9 teams from Richmond Youth Soccer, and the Men's and Women's Canadian National Field Hockey teams. Q1 also saw the activation of a partnership with BC Fencing to provide strength and conditioning training, plus sport psychology and dietician services to BC's top fencers. Additional new clients to the High Performance Services department include: the Vancouver Thunderbirds, North Shore Winter Club and Seafair Hockey.

The High Performance Services department also launched new services and programs in Q1, including: Physiological Consulting (lactate assessments, VO2 max testing, and resting metabolic rate) and a sold-out Olympic Weightlifting clinic led by local Canadian Olympian Christine Girard.

Q1 kick started a busy event season at the Oval. Events were held almost every weekend, including the 2013 Vancouver Men's International Fencing Grand Prix, the Judo Pacific International, the Elite Canada Rhythmic Gymnastics competition, and the Powerlifting & Benchpress Nationals.

A strong start to Q1 for Richmond Sport Hosting was highlighted by the acquisition of the 2014 TAFISA World Martial Arts Games to be hosted at the Richmond Olympic Oval from September 3-7. Additionally, securing the 2016 and 2017 Taekwondo Canada National Championship is shaping the successful future of Sport Hosting in Richmond.

Governance

Meetings of the Corporation's Board of Directors, the Audit & Finance Committee, and the Business & Budget Planning Committee all took place during Q1.

Financial

The Q1 result was budgeted at a net income of \$622,000 and the actual results show a net income of \$1,167,000 before transfers to reserves/ROE capital expenditures, a favorable variance of \$545,000 (please see page 4 for the Corporation's statement of operations). Included in this net income figure is \$105,000 of revenue that was recognized pertaining to the capital expenditures on the ROE project funded by the hotel tax. If we back out this irregular revenue stream, the Corporation still earned \$1,062,000 before transfers to reserves. In Q1, the Corporation transferred \$615,000 into the reserves.

Comments on the Financial Results for Q1

Revenues

The Q1 portion of the estimated 2012 Annual Distributable Amount from the 2010 Games Operating Trust ("GOT") of \$706,000 was recognized as revenue. Memberships, admissions and programs revenue of \$1,827,000 had a positive variance of \$41,000 (2%) when compared to budget. Other Revenue of \$387,000 was recorded during the quarter which included revenue recognized

pertaining to the capital expenses associated with the Richmond Olympic Experience project, sponsorship, space leasing, parking, and interest revenue.

Expenses

Memberships, admissions and program services costs over the first quarter of 2013 were \$1,039,000 which is \$139,000 (12%) under budget. Facility Operations costs for Q1 were \$888,000 which was \$53,000 (6%) under budget. Marketing expenses for Q1 were \$87,000 and were consistent with budget. Administration and Finance expenses for Q1 were \$524,000 being \$157,000 (23%) under budget.

Salaries and benefits expenses for Q1, which are included in the above expense line items, were \$1,660,000 and were \$88,000 (5%) under budget. Full time staffing levels at the end of Q1 were 62. The staffing levels are primarily only increased for the following reasons: non-discretionary expenditures (for example, wage increases mandated by a CBA), 'increase in plant' and Operating Budget Impacts (OBI) (for example, now that we have installed batting cages, there is an operational cost associated with running the baseball program), increased activity or programming where verifiable evidence indicates the need for more resources (for example, greater parking revenue increases the need for cleaning of the parkade), and expenditures where the correlation to increased earnings is verifiable (for example, increased instructors for skating lessons where the gross margin has been established.)

Summary

For the three month period ending March 31, 2013, the Corporation budgeted a net income of \$622,000 and the actual results showed a net income of \$1,167,000 before transfers to reserves/ROE capital expenditures; a favorable variance of \$545,000.



Rick Dusanj
Controller, Richmond Olympic Oval Corporation

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

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended March 31, 2013

Unaudited, prepared by management

	QTR 1 2013			QTR 1 2012			2013		
	BUDGET	ACTUALS	% Variance Fav/(Unfav)	BUDGET	ACTUALS	% Variance Fav/(Unfav)	BUDGET	ACTUALS	% Variance Fav/(Unfav)
REVENUES									
2010 Games Operating Trust Fund	675,000	705,750	5%	625,000	696,159	11%	2,700,000		
Contribution from City of Richmond	786,175	786,175	0%	768,471	768,471	0%	3,144,700		
Memberships, admissions and programs	1,786,183	1,826,916	2%	1,353,375	1,529,442	13%	6,126,945		
Interest, ROE funding, and other (Note 1)	260,381	386,606	48%	209,733	236,057	13%	1,011,531		
	3,507,739	3,705,447	6%	2,956,578	3,230,128	9%	12,983,176		
EXPENSES									
Memberships, admissions, and program services	1,177,772	1,038,680	12%	994,655	955,705	4%	4,254,568		
Facility Operations	941,583	888,477	6%	911,850	763,669	16%	3,776,280		
Marketing	84,689	86,670	-2%	77,241	103,056	-33%	495,831		
Admin/Finance	681,594	524,176	23%	675,684	537,261	20%	2,905,366		
	2,885,638	2,538,002	12%	2,659,430	2,359,690	11%	11,432,046		
Net income before items below	622,101	1,167,444	545,343	297,148	870,438	573,290	1,551,130		
ROE capital expenditure (Note 1)	-	104,954	104,954	-	-	-	-		
Transfers to reserves/provisions (Note 2)	325,000	615,447	290,447	-	700,000	700,000	1,300,000		
Net amount after items above	297,101	447,044	149,943	297,148	170,438	(126,710)	251,130		

Note 1 - Included in the revenue line item of \$386,600 there is approximately \$105,000 of revenue recognized pertaining to the capital expenditures on the Richmond Olympic Experience (ROE) project from the hotel tax funding. This amount is also shown below net income as an ROE capital expenditure.

Note 2 - In Q1, \$615,000 was transferred into reserves and provision accounts including \$600,000 into the Operating Capital Reserve Fund.

Numbers may be off due to rounding.

Also see attached comments on the results for the First Quarter of Fiscal Year 2013.