



**To:** Finance Committee

**Date:** January 25, 2016

**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 – 2016 Annual Operating and Capital Budgets**

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**Staff Recommendation**

That the report on the 2016 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:** January 22, 2016

**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 – 2016 Annual Operating and Capital Budgets**

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### **Origin**

This staff report deals with the Richmond Olympic Oval Corporation's (the "Corporation") 2016 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 to be presented to Council as information items.

### **Analysis**

#### 2016 Budget Mandate

In preparing the 2016 operating budget, staff were given a mandate from the CEO that aside from allowing for the operating budget impacts of the new lines of business which have just recently commenced operations, non-discretionary items such as costs associated with contractual commitments, significant maintenance related expenses pertaining to maintaining 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. Based on this, staff prepared, and the BOD unanimously approved, the 2016 operating budget as shown on page 3.

#### 2016 Outlook

In 2016, the Richmond Olympic Oval will operate through its third Olympic Games period when athletes gather in Rio this August. With the addition of the Richmond Olympic Experience (ROX), the ROX SHOP (new retail operation), record high membership and program registration levels, plus more high performance athletes training at the Oval than ever before, the Oval stands ready to take advantage of the Olympic spotlight.

2016 will be the first full year of operations for the ROX and it is anticipated we will welcome 10,000 visitors. Initiatives are underway to engage with local residents including ROX memberships and programming such as film screening, ROX talks, birthday parties, and a new substantive corporate team building program. The "Education ROX" school program, which is based on the BC school curriculum is anticipated to bring hundreds of children through the ROX. As a new and unique attraction, a key strategy will be to capitalize on the tourism market. Working closely with Tourism Richmond, local hotels and a worldwide network of tour operators the ROX aims to establish itself as a must see attraction.

In 2016, growth is expected in the number of local to national level athletes utilizing the Oval's High Performance facilities, programs and services. In conjunction with the Richmond Virtual School District, distributed learning opportunities available to athletes will be expanded to facilitate more daytime training at the Oval while earning high school grade 10-12 credits. This initiative provides better life balance to student athletes through greater flexibility in how and where they complete their school work.

High Performance will continue to integrate with local, provincial and national team programs to prepare their athletes for competition through the provision of integrated services (strength and conditioning, sport psychology, nutrition). High Performance collaborates closely with sport coaches and association technical directors to deliver services in line with the goals and vision of the respective programs. These clients include, but are not limited to, groups such as Fusion FC, UBC Rowing, BC Speed Skating Association, Squash BC, Volleyball BC, BC Hockey, Hockey Canada, Field Hockey Canada and the Canadian Wheelchair Rugby team.

Over 40 events have been confirmed at the Oval for 2016, including: BC Sports Rep Association Trade Show, BC Age Class Wrestling Championships, Karate Canada Nationals, Harry Jerome Indoor Track Meet, Football BC Combine, BC Sport Climbing Competition, Fencing World Cup, Elite Canada Championships (Rhythmic Gymnastics) Judo Pacific Internationals, Panther Cheerleading Events, Wheelchair Rugby Vancouver Invitational, BC Powerlifting Winter Open, Ringette Western Championships, Province Gran Forza Pentathlon, Volleyball Provincials, Workout to Conquer Cancer for the Canadian Cancer Society, Girls Basketball Provincials, UROC Awards (to celebrate the achievements and dedication of outstanding youth, youth groups and asset champions within the Richmond Community), Best of the West Gymnastics Fest, CAN AM Wushu Championship, Weightlifting National Championships, Karate BC National Championships, SOS Children's Village 10K Run, Fire Chiefs Association of BC Conference and Fire Service and Expo, NTCC Volleyball Championship, West Coast Classic Basketball Tournament, BC Handball BC Cup, Lower Mainland Boys Basketball Championships, Corporate Champions of Vancouver, PGA Buying Show, Western Marine Tradeshow, Rehab Equipment Expo, and the De Danaan Christmas Feis.

The Corporation recently received confirmation from the Games Operating Trust ("GOT") that, in 2016, in addition to the basic annual distributable amount, the Corporation will also be receiving a distribution from the Contingency Fund of the Trust. This increase is in part, a direct result of the strong and consistent performance of the Oval. As such, the Corporation has increased the budgeted revenue from the GOT for 2016 as shown on the following page. Note that for the past

two years the Corporation has not received a distribution from this contingency fund. This total funding has fluctuated year over year and the amount of funding received is not guaranteed and is based on several factors. As such, the amount to be received in 2017 and beyond is unknown at this time.

2016 Operating and Capital Budget

The Corporation's BOD approved 2016 operating and capital budgets are described below.

2016 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>					
<b>Operating Budget</b>					
	<b>2015 BUDGET</b>	<b>2016 BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>	<b>2015 PROJECTIONS</b>
<b>REVENUES</b>					
2010 Games Operating Trust	\$ 2,300,000	\$ 2,800,000	\$ 500,000	22%	\$ 2,464,029
Contribution from City of Richmond	3,239,700	3,310,927	71,227	2%	3,239,700
Memberships, admissions and programs	7,565,238	8,262,190	696,952	9%	7,709,084
Other	1,705,650	1,808,964	103,314	6%	1,928,573
	<b>14,810,588</b>	<b>16,182,081</b>	<b>1,371,493</b>	<b>9%</b>	<b>15,341,385</b>
<b>EXPENSES</b>					
Memberships, admissions, and program services	5,065,644	5,509,330	443,686	9%	4,974,309
Facility Operations	3,974,329	4,256,704	282,376	7%	3,946,423
Marketing	989,947	989,947	-	0%	982,807
Amortization	850,144	850,144	-	0%	548,856
Admin/Finance	3,148,950	3,283,510	134,560	4%	3,316,321
	<b>14,029,013</b>	<b>14,889,635</b>	<b>860,622</b>	<b>6%</b>	<b>13,768,716</b>
<b>Net income before transfers to reserves/provisions</b>	<b>\$ 781,575</b>	<b>\$ 1,292,446</b>	<b>\$ 510,871</b>	<b>65%</b>	<b>\$ 1,572,670</b>
Transfer to reserves/provisions (Note 1)	700,000	1,200,000			1,500,000
<b>Net income after transfers to reserves/provisions</b>	<b>\$ 81,575</b>	<b>\$ 92,446</b>			<b>\$ 72,670</b>
<b>Note 1</b> - This budgeted transfer to reserves/provisions is an estimate and the final amount will be determined by the Capital Works Committee.					

2016 Capital Budget

The 2016 capital budget is a total of \$2.98M which includes a minor capital budget of \$2.38M and a major capital budget of \$0.60M. The minor capital budget is for capital projects that are required to maintain the existing capital assets and infrastructure, those projects required to support Oval programming and those projects required to support the new lines of business. The major capital budget is primarily related to a re-lamping project which involves replacing the lights above the field of play, in the activity rooms, as well as in the outdoor areas with LED lighting. \$0.25M of this project is funded from a Government of Canada contribution to this project. Apart from the Government of

Canada contribution, the Oval capital budget is entirely self funded by the Corporation through its contributions to its capital reserves.

A handwritten signature in black ink, appearing to read 'R. Dusanj'.

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

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