



# City of Richmond

## Report to Committee

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**To:** Finance Committee **Date:** December 14, 2016  
**From:** George Duncan **File:**  
Chief Administrative Officer  
& President and CEO  
Richmond Olympic Oval

Andrew Nazareth  
General Manager, Finance and Corporate Services  
& Chief Financial Officer, Richmond Olympic Oval

**Re: Richmond Olympic Oval – 2017 Annual Operating and Capital Budgets**

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### Staff Recommendation

That the report on the 2017 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:** December 12, 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 – 2017 Annual Operating and Capital Budgets**

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### Origin

This staff report deals with the Richmond Olympic Oval Corporation's (the "Corporation") 2017 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

#### 2017 Budget Mandate

In preparing the 2017 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 2017 operating budget as shown on page 3.

#### 2017 Outlook

Following the Oval's first full year of operations for the Olympic Experience, the ROX SHOP and YYoga Richmond Oval, 2017 will be a year of enhancement and refinement for each of these areas.

Growth in the Oval Village area is expected in 2017, with several new mixed residential and commercial towers opening near the Oval. Each of these towers will also bring increased competition, with in-house fitness centres and a new Steve Nash Fitness world expected to open in the latter half of the year.

To enhance guest satisfaction amongst all of the Oval's programs and services, an enriched Oval-branded customer service curriculum will be implemented with all staff focusing on new sales, retention and recovery.

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). Welcoming a new tenant and user of our HP services, the Oval will be the new practice, training and competition home of the Women's National Volleyball team beginning in January.

Corporate Event Hosting will also receive a boost in 2017, with the Legacy Suite premier event hosting space back in service. This space will be used for a wide range of events, from meetings and receptions to team building activities and VIP events.

The above initiatives and the Oval's continued popularity will challenge staff to make the most efficient use of the Oval's increased competition for programming space, maximizing revenue from space that is in regular use and enhancing focus on program/service options during non-prime time.

The Oval looks forward to another busy year in event and sport hosting, with these teams having already secured over 40 events for the upcoming year, including: Western Elite Speed Skating Circuit, Fencing Canada Cup, Harry Jerome Indoor Track Meet, Fencing World Cup, BC High School Boys' Lower Mainland Championships, Panther Cheer Mardi Party, Judo Pacific Championships, Chamber of Commerce Skate-a-thon, Rhythmic Gymnastics Provincials, Volleyball Provincials, BC Martial Arts Championships, Delta Gymnastics Championships, Karate Canada Open, Corporate Champions Tournament, Olympic Day, National Team Canada Cup (Volleyball), Men's Roller Derby Championship, World Field Painting Contest, SPAC Antique Car Show, IKGA World Karate Championships, PGA BC Tradeshow, Western Marine Tradeshow, Richmond Ravens Open Hockey Tournament, Western Canadian Martial Arts Championships, Taekwon-do Provincials, Handball BC Championship, Karate Provincials, Panther Cheer Pink, Wheelchair Rugby Canada Cup, Baden Cup (Volleyball), Pacific Coast Female Hockey Classic, and the Commonwealth Powerlifting Championships.

2017 Operating and Capital Budget

The Corporation’s BOD approved 2017 operating and capital budgets are below.

2017 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>					
<b>Operating Budget</b>					
	<b>2016 BUDGET</b>	<b>2017 BUDGET</b>	<b>\$ Change</b>	<b>% Change</b>	<b>2016 PROJECTIONS</b>
<b>REVENUES</b>					
2010 Games Operating Trust	\$ 2,800,000	\$ 2,856,000	\$ 56,000	2%	\$ 2,800,000
Contribution from City of Richmond	3,310,927	3,377,146	\$ 66,219	2%	3,310,926
Memberships, admissions and programs	8,262,190	8,383,203	\$ 121,013	2%	8,031,941
Other	1,808,964	1,776,192	\$ (32,772)	-2%	1,838,652
	<b>16,182,081</b>	<b>16,392,540</b>	<b>210,459</b>	<b>1%</b>	<b>15,981,520</b>
<b>EXPENSES</b>					
Memberships, admissions, and program services	5,509,331	5,900,841	\$ 391,510	7%	5,597,815
Facility Operations	4,256,704	4,374,914	\$ 118,210	3%	4,137,615
Marketing	989,947	703,533	\$ (286,414)	-29%	988,132
Admin/Finance	3,283,509	3,173,011	\$ (110,498)	-4%	3,008,376
	<b>14,039,491</b>	<b>14,152,300</b>	<b>112,809</b>	<b>1%</b>	<b>13,731,937</b>
<b>Net income before amortization and transfers</b>	<b>\$ 2,142,590</b>	<b>\$ 2,240,240</b>	<b>\$ 97,650</b>	<b>4%</b>	<b>\$ 2,249,583</b>
Amortization	850,144	1,500,000	\$ 649,856	47%	1,386,228
<b>Net after amortization and before transfers</b>	<b>\$ 1,292,447</b>	<b>\$ 740,240</b>	<b>\$ (552,207)</b>	<b>-64%</b>	<b>\$ 863,354</b>
Transfers to reserves/provisions (Note 1)	1,200,000	TBA			TBA
<b>Net after amortization and transfers</b>	<b>\$ 92,447</b>	<b>TBA</b>			<b>TBA</b>
<b>Note 1 - This budgeted transfer to reserves/provisions is an estimate and the final amount will be determined by the Capital Works Committee.</b>					

2017 Capital Budget

The 2017 capital budget is a total of \$2.67M which includes a minor capital budget of \$1.27M and a major capital budget of \$1.4M. 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 minor capital budget includes program related improvements and equipment (e.g. strength and conditioning equipment) of \$0.67M, building operations requirements of \$0.26M (e.g. electrical related improvements), computer software & equipment of \$0.14M (e.g. server upgrades), and a \$0.20M contingency for any safety, security, or other related issues. The major capital budget of \$1.4M is related to the Richmond Olympic Experience Phase 2 Expansion Project which is intended to improve the overall visitor experience in the ROX by reconfiguring the exhibit areas, enhancing

and/or adding exhibits and improving the overall visitor flow. This major project is externally funded from the hotel tax to be received from Tourism Richmond. The Oval's minor 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