



# City of Richmond

## Report to Committee

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**To:** Finance Committee

**Date:** December 12, 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 – 2020 Annual Operating and Capital Budgets**

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### Staff Recommendation

That the report titled “Richmond Olympic Oval Corporation – 2020 Annual Operating and Capital Budgets” 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, 2019

**TO:** George Duncan  
Chief Executive Officer, Richmond Olympic Oval Corporation

Andrew Nazareth  
Chief Financial Officer, Richmond Olympic Oval Corporation

**FROM:** Rick Dusanj, CPA, CA  
Controller, Richmond Olympic Oval Corporation

**Re: Richmond Olympic Oval Corporation – 2020 Annual Operating and Capital Budgets**

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### **Origin**

This staff report addresses the Richmond Olympic Oval Corporation's (the "Corporation") 2020 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**

#### 2020 Operating Budget

In preparing the 2020 operating budget, staff received a mandate from the CEO indicating that there would not be any increases to the operating budget except for non-discretionary items such as costs associated with ongoing contractual commitments, collective bargaining agreement related increases, operating budget impacts due to increased plant and growth in operations where there was a favorable gross margin impact. In its early years and with the assistance of the City of Richmond (the "City"), the Oval had benefited from securing significant sponsorship dollars. As was expected, the expiration of some of these significant sponsorship agreements has a negative budget impact of \$0.3M for 2020. Three significant factors have impacted the Corporation's ability to sustain this level of sponsorship: 1) In the lead up to the Olympic Winter Games, the Oval became the signature venue and was able to successfully attract a high level of sponsorship compared to other Olympic facilities. Over time, the ability to attract sponsors has diminished. 2) The City was able to assist in obtaining sponsorships by leveraging existing relationships and opportunities. Based on the timing of the expiring contracts and the existing sponsors budget constraints, the Oval has been unable to duplicate these initial sponsorship deals. 3) There have been ongoing negotiations with the IOC and the COC regarding the Oval's sponsorship guidelines which has hampered renewal efforts. Staff are actively pursuing a resolution and will be meeting with key decision makers from

the IOC in early 2020. In addition to the mandate given above, staff were asked to find additional efficiencies in order to offset this reduction in revenue and have done so by preparing an aggressive 2020 budget. As such, despite the impact of these expiring agreements and other non-discretionary items, an increase of \$0.3M to the net 2020 budget before amortization has been prepared relative to the 2019 budget. The BOD unanimously approved the 2020 operating budget as shown in Attachment 1.

### 2020 Outlook

The Richmond Olympic Oval will continue to offer innovative programs and services for the community. Through fitness and drop-in sport activities and sport programs such as Learn to Skate, children's camps and climbing, the Oval keeps the community active, healthy and developing their physical literacy. One example of this is the annual Forever Young 8K, Canada's only 55+ 8 km run/walk, which will start and finish at the Oval on September 13<sup>th</sup>. Some of the community groups/organizations from Richmond or with strong Richmond based participation expected for 2020 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 to satisfying the community demand, the Oval also has regional appeal as approximately 23% of members are non-Richmond residents. This is a positive indicator that the Oval has been able to attract a client base outside of Richmond that positively contributes to the Oval's brand awareness and financial performance.

Membership offerings will continue to expand in 2020, including the launch of a new climbing wall that will welcome all skills levels and also attract prestigious international event hosting opportunities. Enhanced Oval Fitness offerings will continue to grow, building on previous program launches including OVALfit RIDE and 2019's launch of ATHLETIC, a group-based class that combines conditioning and strength training.

High-performance sports programming at the Oval aims to help athletes develop from community athletes to the provincial and national ranks. Continuing in 2020, the Canadian Women's National Volleyball Program will utilize the Oval as their home training facility in preparation for Olympic qualifiers in early 2020. In 2019, Field Hockey Canada partnered with the Richmond Olympic Oval to announce the Oval as their home venue for strength and conditioning moving into 2020. Other national team programs training out of the Oval in 2020 include Softball Canada, Table Tennis Canada, Climbing Escalade Canada, Wheelchair Rugby Canada and Canoe Kayak Canada.

Over 40 events have been secured for 2020, including but not limited to: Pinnacle Cheer Snowflake Competition, Harry Jarome Track Meet, Fencing World Cup, Olympic Day, Wheelchair Rugby Olympic Qualifiers, Rhythmic Gymnastics Zone 4 Championships, Wheelchair Rugby Invitational, Karate BC Training and Tournament, Judo Pacific, Para Ice Hockey Provincials, Speed Skating Jr National Selections, Canadian Adult Recreational Hockey Association (CARHA) Hockey World Cup, Volleyball Provincials, PIJAC Pet Show, Climbing Nationals, Wheelchair Rugby Canada Cup, Vancouver Ki Aikido Seminar and the 55+ Games.

## 2020 Capital Budget

The 2020 capital budget is a total of \$1.72M which includes a minor capital budget of \$1.37M and a major capital budget of \$0.35M. 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 \$0.47M of building operations requirements (e.g. parking system improvements), \$0.46M of program related improvements and equipment (e.g. cardio and strength equipment), \$0.24M of computer software & equipment (e.g. Wi-Fi enhancements) and a \$0.20M contingency for any safety, security, or other related issues.

The major capital budget of \$0.35M is for Customer Service Enhancements which mainly pertains to locker room upgrades. The entire \$1.72M of the Oval's capital budget is self funded by the Corporation through its contributions to its capital reserves.



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

ATTACHMENT 1

2020 Operating Budget

<b>RICHMOND OLYMPIC OVAL CORPORATION</b>				
<b>Operating Budget</b>				
	<b>2019</b>	<b>2020</b>		
	<b>BUDGET</b>	<b>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	3,527,378	3,597,926	\$ 70,548	2%
Memberships, admissions and programs	8,667,697	9,367,602	\$ 699,905	8%
Other	2,039,345	1,957,277	\$ (82,068)	-4%
	<b>17,134,420</b>	<b>17,822,804</b>	<b>688,384</b>	<b>4%</b>
<b>EXPENSES</b>				
Memberships, admissions and programs	6,124,619	6,405,632	\$ 281,013	5%
Facility Operations	4,574,850	4,721,527	\$ 146,677	3%
Marketing	708,575	686,470	\$ (22,105)	-3%
Admin/Finance	3,287,067	3,306,216	\$ 19,149	1%
	<b>14,695,111</b>	<b>15,119,845</b>	<b>424,734</b>	<b>3%</b>
<b>Net income before amortization and transfers</b>	<b>\$ 2,439,309</b>	<b>\$ 2,702,959</b>	<b>\$ 263,650</b>	<b>11%</b>
Amortization	1,900,000	2,000,000	\$ 100,000	5%
<b>Net after amortization and before transfers</b>	<b>\$ 539,309</b>	<b>\$ 702,959</b>	<b>\$ 163,650</b>	<b>30%</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.				