



City of Richmond

Report to Committee

To: Finance Committee

Date: November 26, 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: **2014 Operating and Capital Budgets for the Richmond Olympic Oval Corporation**

Staff Recommendation

That the report on the 2014 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: November 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, CA
Controller, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 2014 Annual Operating and Capital Budgets**

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 2014 annual operating and capital budgets which were approved by the Corporation’s Board of Directors.

Analysis

2014 Outlook

Some of the highlights anticipated in 2014 include the continued build out of the Short Track Speed Skating Legacy program in partnership with Speed Skating Canada, integration of Richmond Virtual School district classes with High Performance technical sport programs, the completion of the Richmond Olympic Experience (ROE) project in the fall of 2014, a full service yoga program, the opening of a retail space, greater delivery of performance training services to new sports including Taekwondo Canada and High Performance brand building, awareness and integration initiatives. Richmond Olympic Oval programs and camps are expecting a targeted increase in girls participation in sport programs after successful program pilots. The Corporation will be looking to expand fundamental movement course registration and strengthen existing partnership programs with community groups (re: Kajaks, Richmond City Baseball, Richmond Soccer Association, etc.). Our membership base will be supported with increased drop-in sport programming and open courts as well as an effort to increase family programming with open family play time and themed skating.

Over 30 events have been confirmed for 2014, some of which include: BC Sports Rep Association Trade Show, Karate Nationals, Judo Vancouver Invitational, Harry Jerome Indoor Track Meet, Judo Pacific Internationals, Red Bull Crashed Ice Regional Qualifiers, Panther Cheerleading Events, Vancouver Island Career Fair, Wheelchair Rugby Vancouver Invitational, World Grand Prix Fencing Championship, Karate North American Cup, Province Gran Forza Pentathlon, Pacific Rim Gymnastics Championships, Workout to Conquer Cancer for the Canadian Cancer Society, UROC Awards to celebrate the achievements and dedication of outstanding youth, youth groups and asset champions within the Richmond Community, CAN AM Wushu Championship, Gymnastics BC Millennium Cup, Karate BC Provincial Championships, SOS Children's Village 10K Run, Wheelchair Rugby Canada Cup, Orb Spring and Summer Warehouse Sale, Vancouver College (VC) Dry Grad, Karate Provincial Championships, Corporate Champions of Vancouver, Crossfit Games Canada West Regional, Scotdance Championships, Dodgeball International Tournament, Rehab Equipment Expo, The Association for International Sport for All (TAFISA) World Martial Arts Games, and the Western Marine Trade Show.

2014 Operating Budget

	2013 BUDGET	2014 BUDGET	\$ Increase (decrease)	% Increase (decrease)
REVENUES				
2010 Games Operating Trust	\$ 2,700,000	\$ 2,200,000	\$ (500,000)	-19%
Contribution from City of Richmond	3,144,700	3,208,000	63,300	2%
Memberships, admissions and programs	6,126,945	6,348,903	221,958	4%
Other	1,011,531	1,383,695	372,164	37%
	12,983,176	13,140,598	157,422	1%
EXPENSES				
Memberships, admissions, and program services	4,254,568	4,180,520	(74,048)	-2%
Facility Operations	3,776,280	4,084,987	308,706	8%
Marketing	495,831	487,432	(8,399)	-2%
Admin/Finance	2,905,366	2,811,907	(93,459)	-3%
	11,432,046	11,564,845	132,800	1%
Net income before transfers to reserves/provisions	\$ 1,551,130	\$ 1,575,753	\$ 24,622	2%
Transfer to reserves/provisions *	1,300,000	1,300,000		
Net income after transfers to reserves/provisions	\$ 251,130	\$ 275,753	\$ 24,622	10%

** The budgeted transfer to reserve/provision amounts are estimates and the final determinations are made by the Capital Works Committee at year end.

As shown above, overall revenues are expected to increase by \$157,422 and overall expenses are expected to increase by \$132,800k from the 2013 budget, which represents a \$24,622 net increase before transfers. With respect to the 2014 Games Operating Trust (GOT) revenue budget, GOT has made a decision to allocate the full interest income for 2014 from the Contingency Fund to Whistler 2010 Sport Legacies Society. In 2013, the Corporation received 50% of the interest income from the Contingency Fund, with the other 50% going to the Whistler 2010 Sport Legacies Society. As such, the Corporation has reduced its 2014 revenue budget from GOT to \$2,200,000, which represents a \$500,000 decrease in the budget. Even with this unfavorable impact to the 2014 budget, the Corporation has still budgeted for an overall net increase in the budget compared to the previous year.

2014 Capital Budget

The 2014 capital budget is a total of \$2,387,465 which includes a \$1,437,465 maintenance and minor capital budget and \$950,000 for the major capital budget which is funded from the Corporation's operating capital reserves.

The breakdown of the \$1,437,465 is as follows: \$247,965 for program related equipment, \$200,000 for computer software, \$220,000 for computer equipment, \$68,000 for signage, \$501,500 for facility equipment and a \$200,000 contingency. The \$950,000 major capital budget includes \$650,000 for yoga studios and \$300,000 towards a retail space.

Summary

The 2014 operating budget has an overall budgeted net income before transfers of \$1,575,573 versus \$1,551,130 in 2013 which represents a favourable increase of \$24,622 over 2013. The 2014 capital budget has a total of \$2,387,465 budgeted, which includes a \$950,000 major capital budget.



Rick Dusanj, CA
Controller, Richmond Olympic Oval Corporation

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