



City of Richmond

Report to Council

To: Richmond City Council
From: Mayor Malcolm D. Brodie
Chair, General Purposes Committee
Date: June 7th, 2006
File: 11-7400-20-
OLYM1/2006-Vol 01
Re: **STAFF TIME AND TRAVEL EXPENSES RELATING TO THE OLYMPIC OVAL
AND OLYMPIC BUSINESS**

The General Purposes Committee, at its meeting held on Monday, June 5th, 2006, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That the report (dated May 30th, 2006, from the General Manager, Business and Financial Services), regarding staff time and travel expenses relating to the Olympic Oval and Olympic business, be received for information.*
- (2) *That updated reports on this matter be provided at least quarterly.*
- (3) *That staff prepare and bring forward a budget regarding the Oval and related costs to the year 2010 which are not included in the \$178 Million facility cost, and which includes an allocation of staff costs.*

Mayor Malcolm D. Brodie, Chair
General Purposes Committee

Attach.

VARIANCE

Please note that Committee added Parts (2) and (3) above.

Staff Report

Origin

At the General Purposes meeting of Tuesday, March 21, 2006, Council adopted the following resolution... *"that City staff prepare an exhaustive and complete report on all costs of Council and staff time and travel to date relating to the Olympic Oval, similar to the analysis completed after the 2002 Tall Ships event..."*

Analysis

Staff Time Calculations relating to the Olympic Oval project

Information on staff time spent on Oval related tasks was collected in April and May of 2006 by sending out an information request to the appropriate departments. Staff were instructed to identify what percentage of their total workload was spent on Oval related initiatives by fiscal Quarter since 2004.

Staff identified time spent on Olympic Oval related projects in four different categories:

1. The Proposal, Research and Development category was concentrated at the time around the bid preparation leading up to the award in August of 2004 and included:
 - the preparation of the Olympic Oval bid
 - due diligence travel and studies
2. The Oval Project Design & Construction category has experienced a steady work effort from the approval of the bid to presenting the Schematic Design for the Oval and included:
 - selecting the consulting team
 - applying for grants related to capital construction
 - fulfilling environmental guidelines and reviews
 - researching
 - designing the Oval and site
 - constructing the Oval and site
 - the project management of the Oval capital program
3. The Olympic Business & Related Opportunities category has experienced natural growth as Olympic initiatives and projects have steadily increased, starting from the launch of the community information campaign in 2004 to the 2006 Torino Olympic Community celebrations.

Staff time in this category has largely been related to maximizing the potential of post games operations of the Olympic Oval and related economic development for the City and can thus be considered an investment into the future legacy of the project and included:

- developing the pre and post games programming of the Oval
- legal agreements with Olympic Partners
- negotiating such items as legacy funding and venue agreement
- preparing the City to host the Speed Skating Venue for the 2010 Olympic games
- leveraging the Olympic opportunity, including travel and networking
- exploring sponsorship opportunities
- exploring mutual benefit materials and products
- identifying technology trade-off sponsorship opportunities
- identifying and attracting tenants to the Oval
- hosting of dignitaries e.g. IOC, COC, and Oval sod turning
- preparing the Oval Post Games Operating Business Plan
- developing the Richmond Olympics Strategic Plan
- informing the community and stakeholder groups about the progress of the Oval project

- hosting meetings, liaising and/or supporting four committees: Spirit of BC, Steering, Stakeholder and Building
4. The Oval Site Development Category has been steadily growing from the award of the Speed Skating Oval in 2004 to its peak with the recent preparation, issuance and analysis of the Request for Proposal (RFP) for the sale of the Oval adjacent lands. Staff time in this category can be considered value added expenses associated with the sale of the lands and will be fully recouped through the sale transaction. It should also be noted that the River Road lands could have been developed independent of the Oval project as it will generate revenue that the City will use in other areas. As a result, staff time has been compiled separately from the other Oval related categories. Staff work in this category includes:
- preparing, issuing and evaluating the RFP for the Oval Site land sale
 - preparing the Oval Gateway program
 - preparing a site master plan for the Oval precinct
 - preparing the precinct Public Art Plan

Each individual staff time allocation to Oval related projects was then totalled and converted into Full Time Equivalent (FTE) positions as outlined:

"...FTE is the amount of time spent or required in an activity or position that is calculated as a percentage of a full time position on an annual basis. A person hired for a 12 month period to work 20 hours/week if a full week is 40 hours of work would be considered to be 0.5 FTE..."

Table 1 Summary of FTEs Per Quarter and by Category

Time Period	Proposal Research & Development	Oval Project Design & Construction	Olympic Business & Related Opportunities Post Games Oval	Oval Site Land Development	Oval Project Milestones
Qtr.1'04	0.0	0.0	0.0	0.0	
Qtr.2'04	3.7	0.0	0.0	0.0	○ Bid preparation and due diligence phase
Qtr.3'04	2.5	2.0	1.0	0.3	○ Award of Speed Skating Oval
Qtr.4'04	0.0	2.0	4.6	1.0	○ Community information campaign ○ Website launched, multi media material, open houses ○ Cannon selected as Architect ○ MHPM selected as Project Manager ○ Site Rezoning Approved
Qtr.1'05	0.0	4.1	6.1	1.3	○ Draft Site Master Plan completed ○ Oval Olympic Committees appointed –Steering, Building, and Stakeholder.
Qtr.2'05	0.0	4.1	6.4	1.3	○ Post-Games programming plan presented to Council ○ Dominion selected as Construction Manager
Qtr.3'05	0.0	2.6	7.2	2.3	○ Environmental Assessment completed ○ Site preparation begins ○ Visits from IOC, COC, etc.
Qtr.4'05	0.0	3.6	7.6	2.3	○ VANOC Venue agreement concluded ○ Site Densification ○ Oval Schematic Design report prepared
Qtr.1'06	0.0	4.6	9.1	1.6	○ 2006 Torino Olympic Community Celebrations ○ 2006 Olympic Winter Games – Torino ○ RFP for sale of Oval lands issued

Equivalent Value of Allocated Staff Time

To estimate the equivalent value of allocated staff time, the FTEs for each category per fiscal Quarter were multiplied by the City's average actual quarterly salary and increased by 30% in recognition of the fact that the staff involved are generally of a more senior level.

Table 2 Estimate of the Equivalent Total Value of Allocated Staff Time per Quarter and by Category

Time Period	Proposal Research & Development	Oval Project Design & Construction	Olympic Business & Related Opportunities - Post Games Oval	Oval Site Land Development
Qtr. 1'04	\$0	\$0	\$0	\$0
Qtr. 2'04	\$80,024	\$0	\$0	\$0
Qtr. 3'04	\$54,070	\$43,256	\$21,628	\$6,488
Qtr. 4'04	\$0	\$43,256	\$99,489	\$21,628
Total 2004	\$134,094	\$86,512	\$121,117	\$28,116
Qtr. 1'05	\$0	\$91,094	\$135,530	\$28,883
Qtr. 2'05	\$0	\$91,094	\$142,195	\$28,883
Qtr. 3'05	\$0	\$57,767	\$159,970	\$51,101
Qtr. 4'05	\$0	\$79,985	\$168,857	\$51,101
Total 2005	\$0	\$319,940	\$606,552	\$159,968
Qtr. 1'06	\$0	\$105,082	\$207,880	\$36,550
Total	\$134,094	\$511,534	\$935,549	\$224,634

Table 3 provides a further breakdown distinguishing the equivalent value of staff time that would have been incurred even if the City had not undertaken to design and build the Oval or to become involved in the hosting of the 2010 event. In other words, this is the equivalent value of regular staff time that have merely absorbed the increased workload as part of their normal course of duties.

Table 3 Estimate of the Equivalent Value of Allocated Time for Regular Staff per Quarter and by Category (already included as part of Table 2)

Time Period	Proposal Research & Development	Oval Project Design & Construction	Olympic Business & Related Opportunities - Post Games Oval	Oval Site Land Development
Qtr. 1'04	\$0	\$0	\$0	\$0
Qtr. 2'04	\$80,024	\$0	\$0	\$0
Qtr. 3'04	\$54,070	\$19,033	\$16,221	\$6,488
Qtr. 4'04	\$0	\$30,279	\$53,421	\$21,628
Total 2004	\$134,094	\$49,312	\$69,642	\$28,116
Qtr. 1'05	\$0	\$68,876	\$70,653	\$27,773
Qtr. 2'05	\$0	\$67,765	\$75,763	\$23,329
Qtr. 3'05	\$0	\$39,992	\$65,543	\$45,547
Qtr. 4'05	\$0	\$45,547	\$63,988	\$42,214
Total 2005	\$0	\$222,180	\$275,947	\$138,863
Qtr. 1'06	\$0	\$58,252	\$105,768	\$27,413
Total	\$134,094	\$329,744	\$451,357	\$194,392

Table 4 provides a further breakdown distinguishing the incremental value of staff time, that is, equivalent value associated with the new positions created that are directly attributed to the Oval and Oval related work.

Table 4 Estimate of the Incremental Value of Staff Time for New Positions per Quarter and by Category (already included as part of Table 2)

Time Period	Proposal Research & Development	Oval Project Design & Construction	Olympic Business & Related Opportunities - Post Games Oval	Oval Site Land Development
Qtr.1'04	\$0	\$0	\$0	\$0
Qtr.2'04	\$0	\$0	\$0	\$0
Qtr.3'04	\$0	\$24,223	\$5,407	\$0
Qtr.4'04	\$0	\$12,977	\$46,068	\$0
Total 2004	\$0	\$37,200	\$51,475	\$0
Qtr.1'05	\$0	\$22,218	\$64,877	\$1,110
Qtr.2'05	\$0	\$23,329	\$66,432	\$5,554
Qtr.3'05	\$0	\$17,775	\$94,427	\$5,554
Qtr.4'05	\$0	\$34,438	\$104,869	\$8,887
Total 2005	\$0	\$97,760	\$330,605	\$21,105
Qtr.1'06	\$0	\$46,830	\$102,112	\$9,137
Total	\$0	\$181,790	\$484,192	\$30,242

Olympic Oval Related Travel Expenses

Olympic Oval related travel has been conducted for various purposes. Objectives for these trips have been to inform, educate and prepare City Council and staff to build an iconic post games multi-purpose facility for sport and wellness, as well as to host and stage a successful Olympic speed skating venue in 2010.

To date, Oval related travel has included due diligence, technical, best practices research, programming, economic development and tourism related trips to different Oval and Sport facilities/venues in Canada, USA, and Europe including the 2006 Olympic Games in Torino, Italy.

Table 5 summarizes Olympic Oval related travel for Council, Committee members and staff

Expense type	2004	2005	2006 to date	Total
Accommodation	\$44,390	\$56,637	\$57,464	\$158,491
Air Fare	\$97,402	\$156,571	\$40,614	\$294,587
Meals/ Per Diem	\$7,693	\$34,048	\$15,040	\$56,781
Miscellaneous	\$11,703	\$20,821	\$33,957	\$66,481
Total	\$161,188	\$268,077	\$147,075	\$576,340

Financial Impact

The total estimated equivalent value of allocated staff time (existing and incremental) on Oval related work for each Oval related category from 2004-2006 to date is:

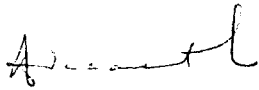
	Oval	Land Development
Proposal -- Research & Development	\$ 134,094	-
Oval Project Design & Construction	\$ 511,534	-
Olympic Business & Related Opportunities	\$ 935,549	-
Oval Site Land Development	-	\$224,634
TOTAL	\$1,581,177	\$224,634

Estimated total equivalent value of staff time worked on Oval related projects is \$1,581,177 and has been covered within existing approved budgets and 2004 appropriated surplus amounts. This translates to an average of \$790,588 per year not including fringe benefits of approximately \$189,740. No new tax impacts arising from staff time allocated to Oval related work and travel expenses has been incurred to date. Some staff time related to the Olympic Business & Related Opportunities category will be recouped through future revenue streams. The cost of staff time related to land development will be fully recouped through the sale transaction.

The total expenses for Olympic related travel from 2004-2006 to date are \$576,340 which equates to 0.3% of the entire capital construction project of \$178 million. This translates to an average of \$288,170 per year.

Conclusion

The results from this exercise indicates that when comparing allocated staff time and travel expenses related to the Olympic Oval with some of the important milestones, the equivalent value of staff time and travel expenses has been reasonable and nominal relative to the magnitude of the project and the return on the investment that the City and community will realize. It should also be noted that this has been done without any impact on property taxes.



per Tom Andersson
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