



South Okanagan Events Centre Complex 2012 Operating Budget

Presented by:

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General Manager



History/Comparison

Year	Budget Deficit	Actual Deficit	Projected Deficit
2010	1,776,385	1,776,385	
2011	1,665,429		1,525,522
2012	1,569,847		

Key Factors to Achieving 2012 Budget:

- Sustainable and Achievable Events Schedule
 - Difference in type of events, eg Cirque du Soleil was a high revenue generating event that will not return in 2012
 - Continuing to develop annual events, eg Young Stars, Jazz Festival, Elvis Festival, Ironman
 - Attracting new, complex-wide events, eg BC Interior RV Show
- New Vees Contract - Change to a traditional rental deal which requires the team to drive the business
 - Less risk to COP
 - Less expense to COP
 - More Community Involvement
 - Higher Attendance
 - Higher Food & Beverage
- Cost Control

Salaries

28 Full Time Staff

2012 Budget for Salaries and Benefits = \$1,800,445

City of Penticton, SOEC Core Review – May 2011

Reported by Kyle Stamm, Helios Group

Salaries account for the largest share of costs in the SOEC. Total salary costs will be driven by two things: staff salary levels and number of staff

- Salary Levels
 - Salary levels at Global Spectrum are lower than comparable salaries at Penticton, benefits are also lower
 - Salary levels at Global Spectrum are lower than comparable private sector salaries; this is to be expected for jobs in the Okanagan

Salaries

- Staffing Levels
 - Global Spectrum has identified staffing reductions of 27% over a two year period. Reviews of current staffing levels suggest that staffing levels are not a significant source of additional costs.
 - Rink Operations: Staffing levels lower than comparable municipality operated rinks
 - PTCC: Staffing levels are similar with pre SOEC levels
 - Finance: Staffing levels are appropriate for stated responsibilities
 - Marketing: Staffing levels are appropriate for stated responsibilities

Penticton Trade & Convention Centre
Total Event Participant Days/
Total Non-Resident Delegate Days

Total Event Participant Days are as follows:

2009	128,167
2010	118,971
2011	122,770

Total Non-Resident Delegate Days showed an increase in 2011 of 6% over 2009, 8% in 2012 and a projected increase of 11% in 2013

Penticton Trade & Convention Centre

Year	Budget Deficit	Actual Deficit	Projected Deficit
2010	361,053	233,938	
2011	175,371		190,037
2012	293,461		

- Event Operating Income is projected to increase by \$60K
- Indirect Expense is projected to increase by \$164K
 - Changes to salary allocations (SOEC to PTCC) to better reflect actual expense
 - Higher projected Food & Beverage revenues (as a result of increased business) will result in an increase in management fees
 - Food & Beverage equipment maintenance cost is projected to increase as the equipment ages
 - Increased sales initiatives (travel, sales calls, tradeshow attendance) to aggressively target more business in partnership with our stakeholders (Team Penticton)
 - Recent change in business climate requires personal sales contact with clients. Meeting planners and associations are moving back to the traditional sales call which has been replaced in recent years by on-line meetings.

South Okanagan Events Centre

Year	Budget Deficit	Actual Deficit	Projected Deficit
2010	1,207,731	1,411,567	
2011	1,378,002		1,315,990
2012	1,186,122		

- Event Operating Income is projected to increase by \$226K
 - Changes to Vees Contract
 - Higher Event Attendance
 - Higher Food & Beverage Revenues
 - Change to Event Booking Model reflects a partnership approach with promoters resulting in shared risk
- Indirect Expense is projected to decrease by \$58K
 - Changes to salary allocations (SOEC, PTCC and MA) to better reflect actual expense
 - Higher projected Food & Beverage revenues result in an increased management fee
- Other Income is projected to decrease by \$136K
 - Changes to Vees Contract where Vees inventory belongs to the Team
 - 2.5% of net suite revenues
- Economic Impact Study to be conducted

Okanagan Hockey School Memorial Arena

Year	Budget Deficit	Actual Deficit	Projected Deficit
2010	207,601	130,881	
2011	112,056		19,495
2012	90,265		

- Ice Rental Revenue is projected to increase by \$33K
- Indirect Expense is projected to increase by \$100K (primarily at MA)
 - Changes to salary allocations (SOEC to MA) to better reflect actual expense
 - Increase in Utility Rates
 - As mandated by the BC Safety Authority, we have added 2 full-time staff (Ice Facility Operators), positions previously filled by less expensive part-time labour
 - Increase in repairs and maintenance at Memorial Arena as it ages
- As a comparative, the 2012 projected net deficit at McLaren Arena is (\$191,800). Memorial Arena and OHS benefit from the synergies of Complex-wide operations

Summary/Conclusion

- In 2012 our focus is to continue to be financially accurate, strictly adhering to our budget and focusing on the bottom line. We will make sure we do everything possible to foster the cooperation we have built with the Vees to ensure that they are successful in their new contract. The success of the Penticton Vees is linked to the success of the SOEC.
- We are investing in and taking an aggressive approach to marketing and sales when it comes to the Convention and Association business. We have set sales targets for revenue, room nights (economic impact), sales initiatives and sales activities.
- Our Okanagan Hockey School tenant is strong and we only see more growth in 2012. Andy Oakes believes that the interest in foreign national teams in his academy will increase the ice rental usage of our facility. OHS is in a growth period.
- Our concert business strategy is sound. We have successfully co-promoted shows in 2011 and have engaged in risk averse events. Our plans for 2012 are to continue this tactic. We also feel we can increase the number of concerts slightly to create an entertainment event schedule that satisfies our Premium clients without saturating the market.