



PENTICTON TRADE AND
CONVENTION CENTRE

South Okanagan Events Centre Complex

OPERATING BUDGET

SOEC ADVISORY COMMITTEE ENDORSEMENT

The SOEC advisory committee was established to provide the City of Penticton some oversight regarding the SOEC operations including items such as budget and proposed events throughout the year. The role is not to micro-manage the operations, but to provide commentary and suggestions. We have reviewed the proposed 2022 budget with Dean Clarke and provide the following comments;

- 2021 was the first year SOEC did not host concerts. In the 2021 budget, it was expected events would start by the 3rd quarter of 2021. This did not happen and the 1st quarter in 2022 is also expected to be slow, although there are 3 events planned, a much lower number compared to pre-Covid.
- The challenges with COVID have been enormous since the spring of 2020 which has had a significant negative impact on operations. Unfortunately, this will continue to impact 2022 financial projections. In 2021, the uncertainty regarding changing health advisories presented a challenge to book events in addition to gaining customer confidence. The decision to restrict capacities to 50% in the Interior Health region (vs 100% allowance in lower mainland) has made it difficult to plan for many events in the 1st quarter of 2022. As well, operating at 50% capacity still requires 100% of square footage to be maintained. It is important to note that sufficient lead time is required to book events. As such, as we are nearing the end of 2021, this continuing challenge of only 50% capacity has resulted in additional negative impact to the 1st quarter of 2022. There are 3 events scheduled in 1st quarter of 2022, however, they are at risk if the 50% capacity limitation is not eliminated.
- Inflation continues to negatively impact costs, especially in the area of food, but also general supplies and other areas. It is apparent from the first few Penticton Vees games this season, there have been many no-shows which negatively affect concession sales and increase spoilage costs. This may continue into 2022.
- There are also increased costs in staff retention and attraction. There is a significant challenge in attracting staff, similar to other service businesses in Penticton, and with limited events planned, the problem of retaining staff will probably continue into 2022

In summary, we are in agreement with the 2022 budget of (2,118,103) being presented. However, it should be noted the continuing capacity restrictions may negatively impact operations beyond the 1st quarter. Customer and promoter confidence is low and time will be needed to return to pre-Covid financial results.

David Bushby

Chair, SOEC Committee

SOUTH OKANAGAN EVENTS CENTRE COMPLEX

Four (4) facilities operated by **Spectra Venue Management**



SOUTH OKANAGAN EVENTS CENTRE



PENTICTON TRADE AND CONVENTION CENTRE



OKANAGAN HOCKEY SCHOOL TRAINING CENTRE



MEMORIAL ARENA



2021 SOEC COMPLEX

KEY HIGHLIGHTS & ACCOMPLISHMENTS



Okanagan Hockey Summer Camps

Included ice rentals and food and beverage service



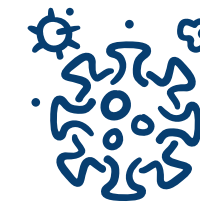
Penticton Highschool Graduation

Second time hosting with COVID-19 protocols



2020-21 BCHL Pod Season

Tournament streamed live online



COVID-19 Vaccine Clinic

Contracted to stay at PTCC through April 2022



Meetings at PTCC

Contracted to stay at PTCC through April 2022



Special Events

Rancho Vignola, Artisan's Christmas Market, Roller Derby, Religious Gatherings



Steady Use of Walking Track

Estimated 12,000 walkers per year, including 18 special needs groups per month



Elections Hosted at PTCC

Penticton By-Election and Canadian Federal Election



Continuous Ice Rentals

Rentals to OHG, minor hockey and recreational user groups



North Gateway Discussions at PTCC

City Council reviewed plans to revitalize Penticton's North end of the city into an entertainment district

2021 SOEC COMPLEX KEY HIGHLIGHTS & ACCOMPLISHMENTS (CONT)

- Plans of an attached Four Points By Sheraton Hotel (Mundi Hotel Enterprises Inc.) to the Penticton Trade and Convention Centre were solidified with a completion date of Spring 2023
- Continued collaboration with Travel Penticton and Penticton Lakeside Resort to promote Penticton as a meeting and convention destination
- Renewed 100% of suite owners for 2021-2022 season at reduced rates from COVID adjustments
- Virtual Event – Spectra presents ‘Saving Our Jobs ‘Comedy Festival
- ‘Love In Lights’ Marquee Promotions – Fathers Day, Mothers Day & Valentine’s Day
- SOEC acted as City of Penticton’ Cooling Station during 2021 Heat Wave
- Corporate Partnership support of Valley First ‘Shred It and Forget It’ event
- Hosted City of Penticton Fire Fighters Water Fight during 2021 Heat Wave in the SOEC parking lot
- Provided partnership and support to City of Penticton Family Day Virtual Art Walk



SOEC Complex Challenges



● **Attaining/retaining qualified employees**

● **Minimum wage increases**

● **50% capacity restrictions and the uncertainty of when 100% capacity will return**

● **44% of Penticton Vees season ticket holders do not attend/use tickets for every game**

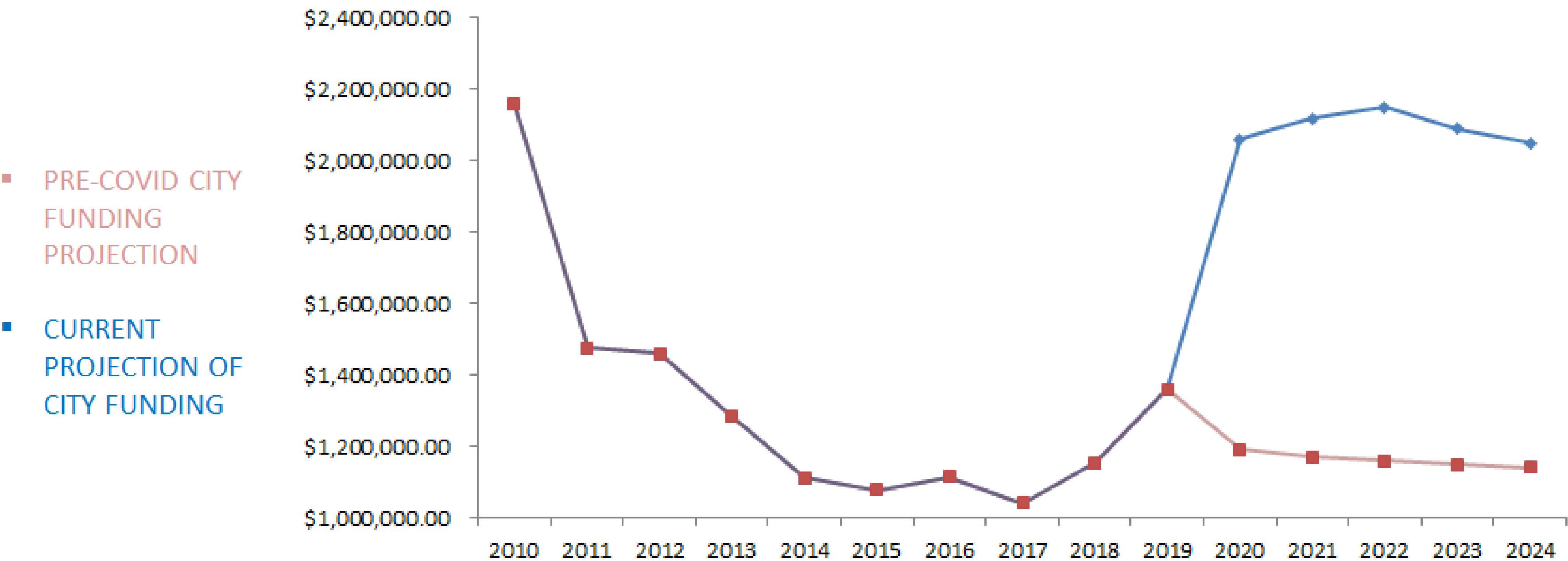
● **Increase in cleaning, building, and housekeeping expenses**

● **Creating and implementing safety policies/procedures with ever-changing regulations**

● **Increase in food & beverage costs (ie. beef up 40%, fries up 14%, fryer oil up 64%, chicken up 28%)**

SOEC COMPLEX HISTORICAL AND FUTURE CITY FUNDING TREND

The efficiency of event performance has impacted the overall financials positively, however, the rising cost of part-time labour, employer health tax, liability insurance and repairs and maintenance of all buildings has impacted the overall financials negatively, therefore, these items are budgeted appropriately for 2021.



SOEC COMPLEX

	2021 Budget	2021 Projected	2022 Budget
Event Operating Income	1,292,871	330,587	1,354,495
Other Income	1,351,054	1,048,436	1,592,758
Indirect Expenses			
Executive	164,879	151,400	196,595
Marketing/Sales	474,280	376,324	533,275
Finance	266,079	204,493	284,037
Events	305,361	266,665	338,816
Ops	1,673,603	1,280,876	1,711,523
Food and Beverage	571,329	361,690	611,644
Veos	532,437	406,975	541,135
Box Office	138,338	89,643	269,205
Overhead	445,820	420,874	517,620
Total Indirect Expenses	4,572,126	3,558,940	5,003,849
Net Operating Income	-1,928,201	-2,179,917	-2,056,596
Facility Surcharge Paid to City	36,667	0	57829
Net Income (Loss)	-1,964,868	-2,179,917	-2,114,425



SOUTH OKANAGAN EVENTS CENTRE



	2021 Budget	2021 Projected	2022 Budget
Event Operating Income	594,566	106,213	676,247
Other Income	686,446	468,965	895,934
Indirect Expenses			
Executive	92,151	85,345	111,438
Marketing/Sales	224,180	162,169	234,433
Finance	185,411	133,003	190,132
Events	223,491	190,253	245,247
Ops	838,841	691,388	861,330
Food and Beverage	327,438	196,167	314,086
Vees	532,437	406,975	541,135
Box Office	138,338	89,643	269,205
Overhead	257,742	251,262	315,922
Total Indirect Expenses	2,820,029	2,206,205	3,082,928
Net Operating Income	-1,539,017	-1,631,027	-1,510,747
*Facility Surcharge Paid to City	36,667		57829
Net Income (Loss)	-1,575,684	-1,631,027	-1,568,576

*Helps fund future capital enhancements

**Revenue cycle in line with hockey season, August to July.

*** Sales cycle, March, booking into Fall

****Budget in line with Western Canadian Event Centre's

PENTICTON TRADE AND CONVENTION CENTRE

	2021 Budget	2021 Projected	2022 Budget
Event Operating Income	698,305	224,374	678,248
Other Income	12,000	21,143	9,000
Indirect Expenses			
Executive	53,700	51,009	64,759
Marketing/Sales	250,100	214,155	298,842
Finance	63,042	55,628	73,879
Events	81,870	76,412	93,569
Ops	255,540	160,333	288,630
Food and Beverage	243,891	165,523	297,558
Veas	0	0	0
Box Office	0	0	0
Overhead	158,078	143,007	170,898
Total Indirect Expenses	1,106,221	866,067	1,288,134
Net Operating Income	-395,916	-620,550	-600,886
Facility Surcharge Paid to City	0	0	0
Net Income (Loss)	-395,916	-620,550	-600,886

*Revenue cycle, April-August, with large scale conventions, tradeshow's etc.

**Sales cycle for large scale events, post-covid booking into 2022, 2023, 2024

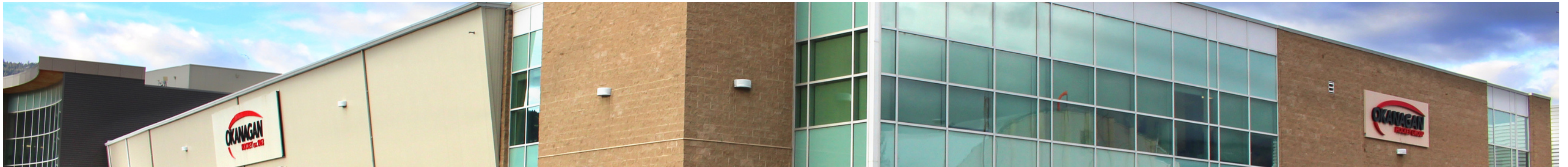


OKANAGAN HOCKEY SCHOOL TRAINING CENTRE

	2021 Budget	2021 Projected	2022 Budget
Event Operating Income	0	0	0
Other Income	375,513	325,382	396,814
Indirect Expenses			
Executive	9,514	7,523	10,199
Marketing/Sales	0	0	0
Finance	8,813	7,931	10,013
Events	0	0	0
Ops	243,813	170,563	243,797
Food and Beverage	0	0	0
Vees	0	0	0
Box Office	0	0	0
Overhead	17,000	16,151	18,500
Total Indirect Expenses	279,140	202,168	282,508
Net Operating Income	96,373	123,214	114,306
Net Income (Loss)	96,373	123,214	114,306

MEMORIAL ARENA

	2021 Budget	2021 Projected	2022 Budget
Event Operating Income	0	0	0
Other Income	277,095	232,946	291,009
Indirect Expenses			
Executive	9,514	7,523	10,199
Marketing/Sales	0	0	0
Finance	8,813	7,931	10,013
Events	0	0	0
Ops	335,409	258,592	317,767
Food and Beverage	0	0	0
Vees	0	0	0
Box Office	0	0	0
Overhead	13,000	10,454	12,300
Total Indirect Expenses	366,736	284,500	350,278
Net Operating Income	-89,641	-51,554	-59,269
Net Income (Loss)	-89,641	-51,554	-59,269



PTCC 2022-23 BOOKED/PROJECTED BUSINESS OPPORTUNITIES

- **Continued contract with Interior Health for Vaccine Clinic – Currently contracted to April 15, 2022**
- **The return of long standing clients forced to postpone including:**
 - Canadian Tire Holiday Party
 - Okanagan Concert Band
 - Canadian Home Builders Association (CHBA)
 - Condominium Home Owners Association (CHOA)
 - Axel Merckx GranFondo
 - Bridge Tournament
 - Pentastic Jazz Festival
- **Conventions Returning and New**
 - Educational Facility Management Association (EFMA)
 - Canadian Avalanche Association
 - Canadian Volkssport Federation
 - Local Government Management Association of BC
 - Canadian Beef Industry
 - Canadian Health Engineering Society (2023)
 - Fire Chiefs
- **Possible Conventions/Trade Shows/Consumer Shows**
 - Okanagan Horticulture Advisors Group
 - Spirits Festival
 - BC Liberals
 - Public Works Association of BC – 2022 and 2023 dates
 - Living Church of God
 - The Howes Group - 2023





SPECTRA

GOALS

To be ready at a moment's notice to host full capacity events once again.

FOCUS

To recapture the industry, as Penticton is uniquely positioned.



PENTICTON TRADE AND CONVENTION CENTRE

