



City of Richmond

Report to Committee

To: General Purposes Committee
From: Kate Sparrow, Director
Recreation & Cultural Services
Jane Fernyhough
Manager of Heritage and Cultural Services
Re: **Purchase of a Sailing Vessel**

Date: January 12, 2007
File: 11-7000-01/2007-Vol 01

Staff Recommendation

1. That Council endorse the concept of the acquisition of a sailing ship and a combination program of sail training, school programming, charters and rentals and at dock exhibit;
2. That Council authorize staff to make a legal conditional offer, as outlined in the report, to purchase the Sailing Vessel *Brora Thor* subject to:
 - a successful maritime survey;
 - a successful sea trial for the proposed uses of sail training, school programs, at dock public exhibit and rental;
 - confirmation from the Department of Transport Canadian Steamship Inspection of the potential to obtain appropriate certification for carrying of paying passengers for the above uses; and,
 - necessary due diligence, including but not limited to, ensuring clear title and ownership;
3. That Council direct staff to work with the community to develop a not-for-profit society that would manage and operate the *Brora Thor*.

Kate Sparrow
Kate Sparrow
Director, Recreation & Cultural Services
(4129)

Jane Fernyhough
Jane Fernyhough
Manager of Heritage and Cultural Services
(4288)

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER	
Budgets		Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	<i>Kate Sparrow</i>	
Economic Development		Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>		
Parks Design, Construction & Programs ..		Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>		
REVIEWED BY TAG		YES	NO	REVIEWED BY CAO	
<i>Kate Sparrow</i>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	(ACTING) <i>Jane Fernyhough</i>	
				YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	

Staff Report

Origin

At the Council meeting of November 14, 2006 the following recommendation was adopted by Council:

- 1) *That staff report to Council on the Vision (program) to position Richmond as a community that celebrates its maritime location and heritage; and*
- 2) *That staff report to Council on the Major Events program for pre, during and post 2010 Vancouver Olympic and Paralympic Games; and*
- 3) *That staff report on the Business Case for the acquisition of a sailing vessel in general, and the Brora Thor in particular, prior to a final decision regarding the purchase.*

As the owner of the *Brora Thor* has communicated to the City that he has received an offer to purchase the vessel, and is giving the City right of first refusal should the City wish to pursue purchase of the vessel, this report responds to part three (3) of the above recommendation. The Major Events program will be presented to Council later this month.

Analysis

In the report dated October 25th (attachment 1) from which the above recommendations accrued the vision from the Waterfront Strategy and many recent initiatives of the City that contribute to achieving that vision were outlined.

The acquisition of a sailing ship could make a significant contribution to the vision the City has for itself as an international destination while being a great place to live and work. As the 2002 Tall Ships Festival and subsequent visits by other sailing vessels such as the SV Nippon Maru and the SV Concordia demonstrated, there is a fascination for and attraction to the sea and sailing ships.

Richmond is ideally positioned both geographically and historically to be the home of a tall ship. The authenticity of having a resident 'tall ship' is apparent: the historical context of ships loading tinned salmon for export; the geographical position at the mouth of the Fraser and easy access to the Straits of Juan de Fuca protected by Vancouver Island provide an ideal location for sail training. As an island City Richmond has the opportunity to expand the experiences for residents and visitors beyond its land boundaries in an economical way.

The Britannia Business Plan and Marketing Plan both stress the importance of having a critical mass of visitor experiences in order to make Steveston and Britannia a viable visitor destination. A sailing vessel of significant size and stature would generate value to the overall tourism attraction of the City and add to the critical mass required to make Steveston a heritage destination for residents and visitors.

Benefits of the presence of a Tall Ship in Steveston:

- provides an educational experience for youth and adults in the areas of team work, sailing, environmental awareness and life skills;
- creates awareness of Richmond;
- enhances visitor opportunities;
- takes advantage of Richmond's geographical position to expand recreational & leisure opportunities in an economical way;
- provides an opportunity for community involvement;
- creates community pride;
- creates employment;

- creates sponsorship opportunities;
- increases filming opportunities;
- provides unique hosting opportunities for the City leading to, during and after the Olympic Games.

Potential Uses of a Tall Ship:

Opportunities for use as proposed include:

1. Museum exhibit
2. Sail training
3. School Program delivery
4. Charters & Rentals

Museum Exhibit

The vessel could be used as a museum exhibit at the dock increasing the experiences of visitors and thereby contributing to the destination appeal of Britannia and Steveston. There are no Department of Transport Canadian Steamship Inspection (DoTCSI) regulations related to this use.

Sail Training

The vessel could be used to provide a sail training experience for youth and / or adults. There are several successful models for this type of activity the closest being the Sail and Life Training Society (SALTS) who operate the Pacific Grace and the Pacific Swift out of Victoria. The American Sail Training Association (ASTA) has numerous examples and resources for sail training programs. The Department of Transport Canadian Steamship Inspection (DoTCSI) regulates the carrying of passengers and certification from this agency is required for sail training. There are additional regulations relating to the qualifications of captains and crew for passenger vessels engaged in this type of work.

School Program Delivery

The vessel could be used as a floating classroom, taking school students on trips with an environmental / geographical focus. The program would need to be developed with support from the Richmond School Board and incorporated into the school curriculum. There is no assurance that the School Board would support a program of this type or that the teachers would find the program of value as a field trip. DoTCSI certification is required.

Charters & Rentals

The vessel could be used for corporate rentals for functions, meetings, workshops. This could be either at sea (DoTCSI certification required) or at the dock (no DoTCSI certification required).

Acquisition of a Tall Ship:

Three options have been outlined to obtain a Tall Ship:

1. Purchase the SV *Brora Thor*;
2. Search other vessels that suit the desired uses;
3. Build a vessel at Britannia.

Purchase the SV *Brora Thor*

The *Brora Thor* is currently for sale by the owner for \$350,000 plus PST. She is a Canadian registered ship built in False Creek in 1922 and currently moored on Vancouver Island. The *Brora Thor* was originally build as a tugboat and in 1987 was converted to a sailing schooner. To be able to have sail

training, school programs and charters as part of her program she would require renovations in order to meet Department of Transport Canadian Shipping Inspection (CSI) regulations for carrying of passengers. While at this point the extent of the renovations required is not known at minimum these renovations would include water tight bulkheads and centralized sprinkler systems. In order to do overnight trips renovations would be required to the sleeping quarters to install bunks. The CSI would indicate the maximum numbers allowable. Renovations have been estimated at \$150,000 - \$200,000.

Should an offer to purchase be recommended one of the conditions could be the inspection by CSI personnel and recommendations on renovations required to obtain the appropriate certification to accommodate the carrying of paying passengers.

Purchase Another Vessel

Other wooden hulled sailing ships capable of use as sail training vessels, school programs, charters and exhibits occasionally become available for sale. Among those currently for sale the *Bill of Rights* in Los Angeles at \$750,000 and the *Spirit of Chemainus* in France for \$780,000 have proven records as sail training vessels and would require minimal renovations. However, since they are currently registered and located out of the country it would require the engagement of an agent to act on our behalf for any purchase.

Build a Vessel at Britannia

While the actual building of the ship could be considered an attraction it would take a considerable amount of time for completion and would cost more than purchasing. Recent building projects have been between \$2 million (the *Pacific Grace*, built for SALTS in Victoria in 2001 is a wooden hulled sail training vessel) and \$4.5 million (state of the art fibreglass hulled sail training vessels built in Los Angeles in 2000).

	Brora Thor	Other vessels (such as Spirit of Chemainus/Bill of Rights)	Build
Pros	<ul style="list-style-type: none"> • an historic Vancouver built vessel • locally registered and moored • wooden hulled • currently for sale • appropriately priced • builder has an excellent reputation for wooden hulled vessels 	<ul style="list-style-type: none"> • proven sail training vessels • fairly new • few renovations required for stated uses • Spirit of Chemainus is wooden hulled 	<ul style="list-style-type: none"> • purpose built • an attraction whilst being built • builds community involvement
Cons	<ul style="list-style-type: none"> • older so would require extensive maintenance • tugboat hull • does not conform to CSI regulations to carry passengers • not known if she can be converted to conform to regulations for sail training/charters/school programs 	<ul style="list-style-type: none"> • listed purchase price more expensive than the Brora Thor • off shore registration and moorage requires an agent be retained 	<ul style="list-style-type: none"> • far more expensive than other options • will take a long time to complete

Operation of a Sailing Vessel:

Research was conducted on several vessels and their operating models:

1. the *Hector* based in Pictou, Nova Scotia.
2. the two SALTS (Sea and Life Training Society) vessels the Pacific Swift and the Pacific Grace based in Victoria;
3. the Gray's Harbour Historical Seaport Authority vessels the Lady Washington and the Hawaiian Chieftain based in Aberdeen, Washington

Pictou, Nova Scotia

The *Hector* is owned by the Town of Pictou in Nova Scotia. The Town invested \$400,000 of the \$1.3 million required to build the vessel. The ship is not operational at this time and is seen by the Town to be a strong tourist draw as a museum/exhibit. The City built, maintains and operates the Heritage Quay where the *Hector* is berthed. The Quay features a carpentry shop, blacksmith shop, interpretation centre and artist studio operated by the City and the ship "*Hector*" company store run by a foundation. The foundation's role is to raise money for the *Hector*. The foundation would like to see the vessel operating however, the Town wants it to remain as a dockside exhibit for its tourist draw.

Victoria, British Columbia

SALTS is a not-for-profit Christian organization that is dedicated to helping young people reach their full potential. They operate two sailing ships out of Victoria harbour. The City of Victoria provides a reduced moorage fee valued at approximately \$90,000 as recognition of the value of the ships to the tourism industry. Annually they provide programs for approximately 2000 young people.

Aberdeen, Washington

The Grays Harbour Historical Seaport Authority is a not-for-profit agency that is an educational organization that provides sail training and shipboard education programs. They receive no City or other government funding but have strong connections to the state school system. They provide programs running out of many ports on the west coast of the US serving approximately 15,000 students annually. The two vessels are rarely at their home port in Aberdeen, Washington except for maintenance and repairs.

Options for Operating a Sailing Vessel

There are two options for operating a City owned sailing ship:

1. City operation
2. Not-for-profit operation

City Operation

Should the City choose to maintain the operation of the ship all costs including wages for staff & crew, fuel, maintenance, marketing, insurance, development of course materials, fundraising, etc would be the responsibility of the City. Operating costs including a sail training component are estimated at \$275,500 per year with revenues estimated at \$210,000 (see attached Business Case: attachment 2). For an at dock exhibit operating costs are estimated at \$166,175 and revenues at \$18,000.

Not-for-profit Operation

Upon purchase, the City may choose to work with interested members of the community to form a not-for-profit society to operate the ship. The society would be responsible for all costs and risk associated with operating the ship. The City could provide moorage, utilities, office space and staff time to liaise with and assist the organization. Arrangements would be made to ensure the ship had a presence at the

dock during events and at certain times of the year in order to provide the visitor experience. A group of interested citizens has already formed under the yet to be registered Richmond Sail Training Society with the purpose of promoting sail training to generate benefits to the community and has written a business plan.

Financial Impact

Acquisition Costs for the *Brora Thor*:

The asking purchase price is \$350,000 plus PST of \$24,500 (the owner has indicated he would then donate \$25,000 back to the city in return for a tax receipt). A deposit of \$35,000 would be required before conducting the sea trial and survey. The offer to purchase should be conditional upon:

1. a satisfactory survey,
2. a satisfactory sea trial based on the proposed uses of sail training, school programs, charters and rentals and at-dock exhibit;
3. confirmation of the potential to attain appropriate CSI certification to allow for the carrying of paying passengers for the purposes of sail training and charters; and,
4. necessary due diligence, including but not limited to, ensuring clear title and ownership.

Should the conditions on the purchase not prove satisfactory this is refundable. If the conditions are satisfactory but the City decides not to proceed with the purchase the deposit is forfeited.

Sea Trial & Survey: \$8,000 (this includes the survey, fuel, crew costs and expertise required to evaluate the sea trial. It is not refundable.)

Renovations to permit sail training, school programs at sea and charters: \$150,000 - \$200,000.

Legal costs of title and ownership search & contracts: unknown at time of writing.

Total Acquisition Costs required: \$ 582,500 plus legal costs

(minus \$25,000 donation from owner back to the City in return for a tax receipt)

These costs could come from Council provision, any arising 2006 appropriated surplus and possible sponsorships.

Operating Costs:

Dependant on method chosen to operate. The recommended model if the ship is used for sail training, school programs and charters is that a not-for-profit manage and operate. City operating costs:

- Power & Water consumption: \$1,000.00
- Office space and staff liaison will be accommodated through Britannia.

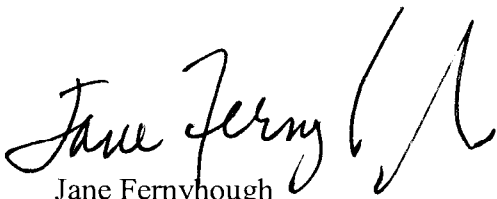
Should the ship be solely an at-dock exhibit and school programs plus at dock rentals it is recommended the City operate it as part of the Britannia experience.

- City operating costs: \$166,175
- An increase in the operating budget at Britannia is required.

- Risk Management would fall under the City's current insurance policy and a supplemental policy.

Conclusion

The acquisition of a sailing ship to complement the opportunities at Britannia, Steveston and the City would make a significant contribution to achieving the vision to be an international destination with a variety of opportunities for residents and visitors. A sailing ship would take advantage of the geographical location of the City and allow the expansion of activities beyond its land boundaries in an economical way.



Jane Fernyhough
Manager of Heritage and Cultural Services
(4288)

JF:jf



Bryan Klassen
Britannia Site Supervisor
(604-718-8044)



City of Richmond

Attachment 1

Report to Committee

To: General Purposes Committee
From: Kate Sparrow
Director, Recreation & Cultural Services
Dave Semple
Director – Parks and Public Works
Date: October 25, 2006
File: 11-7000-03/2006-Vol 01
Re: **Response to Referral to provide updates on visions for the Waterfront Strategy, Britannia Business Plan, the Heritage & Museum Strategy and provide context for the acquisition of a vessel such as the *Brora Thor***

Staff Recommendation

1. Staff be directed to report back to Council on the Vision (program) to position Richmond as a community that celebrates its maritime location and heritage;
2. Staff be directed to report back to Council on the Major Events program for pre, during and post 2010 Vancouver Olympic and Paralympic Games;
3. Council authorize staff to make a legal Conditional offer to purchase the sailing vessel *Brora Thor* subject to:
 - a. A 90 day closing period;
 - b. A successful survey and sea trial based on criteria determined for highest and best potential desired use;
 - c. Confirmation that appropriate renovations can be made to accommodate highest and best potential desired use;
 - d. Council approval; and,
4. Staff report back to Council on the Business Case for the acquisition of a sailing vessel in general and the *Brora Thor* in particular prior to final decision regarding the purchase.

Kate Sparrow
Director, Recreation & Cultural Services
(4129)

Dave Semple
Director, Parks & Public Works Administration
(3350)

Att. 2

FOR ORIGINATING DEPARTMENT USE ONLY					
ROUTED TO:		CONCURRENCE		CONCURRENCE OF GENERAL MANAGER	
Budgets		Y	N		
Parks Design, Construction & Programs..		Y	N		
Economic Development		Y	N		
Parks Sports & Special Events		Y	N		
Olympic Business Office		Y	N		
REVIEWED BY TAG		YES	NO	REVIEWED BY CAO	
		<input type="checkbox"/>	<input type="checkbox"/>		

Staff Report

Origin

At the General Purposes Committee meeting of September 5, 2006, the following staff referral was made:

That staff be authorized to examine the vessel Brora Thor and to report to Committee on the potential for acquiring the ship.

Staff were further requested to include in the report the potential for acquiring the *Brora Thor*, information on (i) the impact of such a ship being moored at the Britannia Heritage Shipyard from a tourist and environmental point of view, and (ii) how the acquisition of the ship would fit into the City's waterfront plan.

At the October 17, 2006 meeting of the Parks, Recreation and Cultural Services Committee meeting staff reported on the above referral (Attachment 1), and the following referral was made:

That the report (dated September 11, 2006 from the Director, Recreation & Cultural Services) regarding the vessel Brora Thor be referred to staff to provide an update on the vision for waterfront development, the Britannia Business Plan, and the Heritage Strategy and how a vessel such as the RFM (Brora Thor) would fit into that vision and report back in a timely manner (related to the possible purchase of a ship).

Information was also provided by Cllr. Steves that the referral could consider (i) the purchase of the Brora Thor, (ii) the purchase of another vessel, or (iii) the construction of a tall ship.

In addition, given the nature of the referral, staff were directed by the CAO to consolidate all past work, referrals, visions and strategies on the waterfront, major events, tall ships, heritage and Britannia to establish the links that lead to a larger more comprehensive Maritime Strategy.

Background

Richmond is a unique island City with the tremendous opportunity of continuous waterfront at its doorstep. With proper planning, investment and partnerships, there is an opportunity to create a powerful community catalyst for significant economic growth, improved quality of life, community vibrancy, heritage preservation and environmental enhancement.

Due to the unusual nature of the initial referral, to investigate the purchase of a sailing ship, the senior team invested time during their recent long range planning session discussing the various visions and strategies that could contribute to a more comprehensive maritime and major events vision. Investigated in light of all the existing City key strategies and the City's tourism initiatives, the acquisition of a "tall ship" could play a key role in achieving these visions.

In February 2003, Council endorsed the framework for the city's Waterfront Strategy and adopted it as a guide to the nature of development on the City's Waterfront. The intent of the Waterfront Strategic Plan is to embrace the river as an integral part of the community; to integrate economic development with cultural and recreational activities to enhance community vibrancy with environmental protection for Richmond's waterfront. The vision is one of parks, boardwalks, promenades, private enterprise, housing, water activities, wetlands, festivals and cultural and heritage celebrations all working together in an integrated fashion to create a waterfront that is not only a great place to live, work and play, but a significant economic driver as well.

The strategy outlines several objectives and guiding principles (**Attachment 2**) to guide the development, enhancement and integration of the water and waterfront. Several refer directly to the need to animate the waterfront in order to create excitement and realize the vision:

- Establish an exciting and dynamic vision for Richmond's waterfront that energizes all stakeholders;
- Create an exciting year round public domain within our seasonal weather constraints that is filled with vibrancy, excitement and legacy landmarks;
- Future development of the waterfront will build on tourism opportunities, including eco-tourism and cultural tourism;
- Through interpretation and education, future waterfront developments will make our community aware, appreciative and proud of the Fraser River as one of the great rivers of the world, with an important living history and culture.

The vision outlined in the Waterfront Strategy for the Steveston area is:

The Steveston waterfront area, with its working fishing harbour, historic village centre, active street life, festivals and beautiful riverfront setting, will be an unique and popular place to live, work and play and a key visitor destination for the region.

The Waterfront Strategy encourages animation and activities on the waterfront that promote our rich maritime heritage and a regionally significant port.

Many recent initiatives of the City of Richmond are helping achieve this vision:

- The Richmond Oval, a signature, permanent structure in a prominent waterfront location is being developed as a premier facility for the 2010 Olympic and Paralympic Winter Games. After the Games, it will be a multi-use facility that will continue to host the best of local and international sport, culture and special events blended with exciting community activity. The Oval will definitely contribute to the City's liveability and economic well-being.
- Recently, Council approved the provision of a Paddling Centre in the Oval which will provide a wide variety of community program opportunities, everything from learn to row programs for school children to corporate challenges to local businesses.
- The recently opened John M.S. Lecky UBC Rowing Boathouse will provide opportunity for community participation in rowing, paddling and dragon boating, while strengthening the rich history of UBC rowing through a centre of athletic excellence.
- On September 13th, 2004 Council approved the Concept Plan for the area called Terra Nova North West Quadrant. The Vision adopted for this unique 63 acre City owned park is: *"To preserve the unique rural landscape character of Terra Nova North West Quadrant Park while providing a balance between heritage, wildlife conservation, and recreational uses."*

The historically significant buildings in the western area of Terra Nova are reminders of when the area was home to a cannery and supporting community. These require restoration in the near future as well as a determination of interpretation and future use.

- Guiding principles and a concept plan are currently being prepared for the Middle Arm waterfront park/trail in concert with the City Centre Area Plan Update. The intent for the waterfront development moves from Olympic Gateway West with its intense urban node to the water-based recreational marine and commercial precinct to the east with its mixed marine-oriented industrial and commercial and recreational water uses. This area of the river is ideal for non-motorized water-based recreational programs.
- Work has proceeded on the restoration of buildings at Britannia Heritage Shipyard since 1990 and in 2006 work started on the restoration of the Historic Zone at Britannia Heritage Shipyard. The boardwalk was completed to the eastern edge of the site, buildings were relocated closer to the boardwalk, the marsh pond was built to replicate the tidal zone in front of the buildings and the parking lot was relocated. Remaining tasks to complete the historic zone – restoration of the exterior and interior and interpretation of the four (4) houses and the Chinese bunkhouse, north boardwalks, signage & way finding, and completion of the landscaping. Restoration of the superstructure of the Seine Net Loft and restoration and interpretation of the Japanese Duplex and the First Nations Bunkhouse will complete the restoration of the buildings.

The vision for Britannia Heritage Shipyard as outlined in the 2001 Business Plan is:

“for the Britannia Heritage Shipyard Park to be a publicly accessible waterfront heritage park and working museum with passive, active and interactive activities, focusing on the local industrial marine heritage. Emphasis is on the west coast wooden commercial fish boat building and repair that was historically based in Steveston; and the cultural mosaic and living conditions of the labour force on the Steveston waterfront.”

While the Parks, Recreation and Cultural Services Master Plan has identified the completion of the restoration of Britannia as the highest capital priority, the next steps are unfunded in the 2007 capital plan.

- While not yet complete the Museum and Heritage Strategy study outlines many potential benefits to an enhanced array of museum services and an improved heritage program:
 - Increased civic pride;
 - A showcase of community values and traditions;
 - Cultural enrichment, now recognized as an essential part of a complete healthy community;
 - Renewed cultural facilities that will act as economic generators;
 - Increased economic investment in heritage sites;
 - Culture and heritage opportunities that will be a key part of business retention strategies.

The proposed vision is *that Richmond is a city that proudly interprets and celebrates its unique and dynamic past, present and future*. Several of the proposed goals of the museum and heritage strategy speak to positioning Richmond as the leading destination for heritage in the Lower Mainland. This includes recognizing and celebrating our rich maritime heritage and creating signature events and attractions that facilitate this.

- The experience of Tall Ships 2002 proved to be a major draw for the community and visitors. It was estimated that 400,000 people attended the Richmond Tall Ships event over the 5-day period and 10 – 20,000 visited the Nippon Maru in the lead up to the Tall Ships event.

Subsequent visits to Richmond by other “tall ships” have had exceptional interest for the public. The Sailing Vessel Concordia has twice berthed at Britannia and has received wide spread interest and media attention.

- Staff have an outstanding referral from Council regarding Tall Ships: *that the matter be referred to staff to consider a long term plan for these events, including financial implications*. This will be covered with an upcoming Major Events Program.
- In April 2006 in response to a request for information on Tall Ships 2008 Council endorsed an enhanced summer Maritime Festival experience and allocated funding to support bringing large ships to Richmond. The Richmond Maritime Festival started in 2004, with support from the Steveston Rotary Club. Over the past 3 years the event has grown, attracting approximately 10,000 people, 25 exhibitors and 20 boats in 2006. A highlight of 2006 was the sail training barquentine Concordia and the converted fishing vessel Midnight Sun.
- Infrastructure built in 2002 at the #3 Road fishing pier to accommodate the berthing of the Nippon Maru is in place and can accommodate ships too large to make it through the inner channel to Britannia.
- Staff have also been considering deep water port access that may encourage docking of cruise ships in Richmond which if successful may bring addition large volumes of visitors to Richmond’s attractions.

Analysis

Many of the recent initiatives of the City have a relationship to the water and our maritime heritage and provide a prime opportunity to capitalize on Richmond’s location as an island city and position Richmond as an exciting maritime community.

The Senior Management Team has requested staff to develop a Major Events Strategy that will outline the various opportunities leading up to and following the 2010 Games that provide economic, tourism and community benefits and establish Richmond as a destination of choice to live, work and visit well into the future. This strategy, when completed, will be brought forward for Council consideration.

Having a tall ship such as the *Brora Thor* regularly at Britannia provides one more enhancement to the maritime experience. The vessel would generate value to the overall tourism attraction of the City of Richmond and add to the critical mass required to make Steveston truly a heritage destination for residents and visitors.

It is challenging to deal with an opportunity such as the acquisition of a sailing ship prior to the full development and acceptance of a comprehensive maritime and major events strategy. The total impact is hard to quantify without a business plan that would analyse the return on the investment. Therefore, prior to determining whether the City should make the investment in this asset, a business case analysis on this proposed purchase should be undertaken. This business case would include:

- The potential economic, tourism and community benefits of a major events strategy with a prime emphasis on a maritime focus;
- How a ship such as the *Brora Thor* would support the overall vision of the waterfront, maritime focus and Britannia;
- How the acquisition of a ship fits within the strategy for completing Britannia;
- Detailed analysis of potential uses of a ship;

- Renovations required to achieve these potential uses;
- Operational program costs and potential revenues;
- Operating models; and
- Funding options for capital purchase and ongoing operations.

Should the business case determine that the investment in a sailing vessel would contribute to the City's goals there are three options to achieve this:

1. Purchase of the *Brora Thor*;
2. Search for other vessels that suit the desired uses;
3. Build a vessel at Britannia.

1. Purchase the *Brora Thor*

The Sailing Vessel *Brora Thor* is currently offered for sale through a US broker. The asking price is \$365,991.00 (CAD) plus 7% PST (\$25,619.37). In order to proceed with this initiative staff would require approval to make a written offer to the broker. The offer to purchase, in writing, must be accompanied with a deposit of 10% of the purchase price.

2. Purchase Another Vessel

Other wooden hulled sailing ships capable of use as sail training and currently available for sale include *Bill of Rights* in Los Angeles and *Spirit of Chemainus* lying in France. Both of these vessels are newer than the *Brora Thor* and both have a proven record as sail training vessels.

The *Bill of Rights* is a 94-foot gaff rigged top sail schooner built in 1971 and has been used by Los Angeles Maritime Institute for sail training since 1998. She is offered for sale at \$750,000.00 CAD. *Spirit of Chemainus*, a 92-foot brigantine topsail schooner, was built in Chemainus for S.A.L.T.S. in Victoria in 1992 and is listed at \$780,000.00 CAD. *Blarney Pilgrim*, a 65-foot topsail schooner, was built on Galiano Island in 1985 and is listed at \$325,000.00 CAD.

3. Build a Vessel at Britannia

Many sail training vessels have been built specifically for and as part of the sail training program. Most notably, S.A.L.T.S. built *Pacific Swift* at EXPO 86. Britannia could build a vessel on site, creating interest and activity culminating in the launch of the vessel for sail training. This option takes longer, likely costs more, has potential for sponsorships, and builds awareness and interest in sail training program along the way.

The most recent building projects on the West Coast range in price from S.A.L.T.S. *Pacific Grace* (2001/2002) at approximately \$2 million to Los Angeles Maritime Institute's *Exy Johnson* and *Ervine Johnson* (2 vessels) at approximately \$4.5 million each in 2000. These vessels were specifically designed for sail training and meet all of the necessary Department of Transport and Coast Guard regulations for that use.

The acquisition of a sailing ship could make a significant contribution to the vision the City has for itself as an international destination while being a great place to live and work. The *Brora Thor* has presented itself as an opportunity to make such an acquisition.

However, there are other ships currently available on the market that may be as or more appropriate for the potential desired uses. A ship such as the *Bill of Rights*, while listed at a higher cost than the *Brora Thor*, would require no renovations to serve as a sail training ship, a school program platform or provide sailing excursions. It may be a better investment. Staff have not investigated this option at this time.

However, in order to ensure that the opportunity is not lost to the City should the business case indicate the investment would contribute to the City's goals, it is recommended that a legal conditional Offer to Purchase the *Brora Thor* be submitted.

The offer would be conditional upon:

1. A satisfactory survey;
2. A satisfactory sea trial under sail and power based on criteria determined for highest and best potential desired uses;
3. Determination that appropriate renovations can be made to accommodate the highest and best potential desired uses; and,
4. Council approval within 90 days from the acceptance of the offer.

These conditions would secure the vessel for the City, unless there was another offer, in which case the City would have 72 hours to remove the conditions. The deposit is refundable if the survey or sea trial are unacceptable.

Financial Impact

Deposit: \$36,000. This deposit is refundable if the survey or sea trial are unsatisfactory or do not meet the criteria.

Sea trial and survey: \$8,000. This includes the survey, fuel, crew costs and expertise required to evaluate the sea trial. This is not refundable.

These costs could come from the Council Provision account.

Business case for a Major Events Strategy, maritime focus and acquisition of a sailing vessel: This will require staff time and external expertise required for various aspects such as costs of appropriate renovations to accommodate desired uses.

Conclusion

The CAO and the Senior team have directed staff to prepare a maritime vision and a major events program for Council consideration. These reports will be brought forward for Council consideration upon completion.

The acquisition of a sailing ship could make a significant contribution to the maritime vision and the *Brora Thor* has presented itself as an opportunity to make such an acquisition. It is recommended that a conditional offer to purchase the *Brora Thor* be made in order to keep this option open and, tying in with the Major Events program, a business case be done to determine future actions regarding the acquisition of a sailing ship.

Jane Fernyhough
Manager, Heritage and Cultural Services
(4288)

Bryan Klassen
Britannia Site Supervisor
(8044)

Attach (2)

Attachment 1

Staff Report

Origin

At the General Purposes Committee meeting of September 5, 2006, the following staff referral was made:

That staff be authorized to examine the vessel *Brora Thor* and to report to the Committee on the potential for acquiring the ship.

Staff were further requested to include in the report on the potential for acquiring the *Brora Thor*, information on (i) the impact of such a ship being moored at the Britannia Heritage Shipyard from a tourist and environmental point of view, and (ii) how the acquisition of the ship would fit into the City's waterfront plan.

Analysis

The Ship

The *Brora Thor* (ex Francis Lynn II, ex W.F.M.) was built in 1922 in False Creek by Arthur Moscrop. She was one of three tugs built in this yard at the same time, the other two being the SS Master and SS Swell. She is 107 feet overall, 85 feet on the waterline, beam of 21 feet, draft of 10 feet, with a displacement of 96.5 tons. She has massive construction of fir frames of 7 inches on 6-inch centers, with 3" inner and outer planks, galvanized fastenings and yellow Cedar decks. She is powered by a GM6-110 diesel engine of 285 break horsepower. She carries 3,500 gallons of fuel in 2 tanks and 1,000 gallons of water. Attached are a number of photos of the vessel. (Attachment 1)

Over the years she has undergone many changes, the most notable being the conversion to a sailing schooner in 1987. Her current configuration as a yacht has 3 heads, two showers and 12 berths in four staterooms.

The ship was last dry docked in April 2005 at which time a survey was conducted and maintenance completed. The current owner has supplied copies of the latest survey which indicates that the vessel is in generally good condition. At that time she was painted, new zincs applied, and several planks and butt ends were replaced. As a pleasure vessel she requires a certified crew of two, a master and an engineer. Currently, she does not meet the Department of Transport Canadian Shipping Inspection (DoTCSI) regulations for the carrying of passengers.

Waterfront Plan & Britannia Heritage Shipyard

The vision outlined in the Council endorsed Waterfront Amenity Strategy (February '03) for the Steveston area is:

The Steveston waterfront area, with its working fishing harbour, historic village centre, active street life, festivals and beautiful riverfront setting, will be an unique and popular place to live, work and play and a key visitor destination for the region.

The vision for Britannia Heritage Shipyard as outlined in the 2001 Business Plan is:

“for the Britannia Heritage Shipyard Park to be a publicly accessible waterfront heritage park and working museum with passive, active and interactive activities, focusing on the local industrial marine heritage. Emphasis is on the west coast wooden commercial fish boat building and repair that was historically based in Steveston; and the cultural mosaic and living conditions of the labour force on the Steveston waterfront.”

The Waterfront Plan encourages animation and activities on the waterfront that promote our rich maritime heritage and a regionally significant port.

The experience of Tall Ships 2002 proved to be a major draw for the community and visitors. Subsequent visits to Richmond by other tall ships have had exceptional interest for the public. The Sailing Vessel Concordia has twice berthed at Britannia and has received wide spread interest and media attention. Having a tall ship regularly at Britannia provides one more enhancement to the visitors' experience. The vessel would generate value to the overall tourism attraction of the City of Richmond. The overall impact is very hard to quantify without a business plan that would analyse the return on the investment.

While there is no historical record of halibut schooners being built or serviced at Britannia, there are historical records of sailing vessels loading canned salmon at Britannia, before it was converted to a shipyard.

Environmental impacts of mooring a sailing vessel such as the *Brora Thor* would be minimal. All vessels with anti-fouling bottom paint leach a small amount of toxic chemicals into the water. Given the number of vessels currently berthed in Steveston harbour, this vessel would have little impact overall.

Potential Uses

The opportunities for use include at least four possible options:

1) As a museum exhibit:

The vessel could be used as a museum exhibit to represent a typical halibut schooner from the early 1900's. There were many sailing vessels involved in the early halibut, cod and salmon fisheries on the west coast. Typically, they were based on the schooner rig of the east coast fisheries. As such, this vessel's schooner rig is representative of the halibut schooners, even though the rig is built on a tugboat hull. There would need to be some reconstruction, notably to the Pilothouse. Much of the interior, including all contemporary furnishings and navigational electronic equipment, would need to be removed and fish holds installed. The living and working areas for the fishermen crew would need to be rebuilt. All areas of the ship would require interpretation and exhibits to show an early 1900's halibut schooner. The costs of these modifications have not been determined. There are no DoTCSI regulations related to this use.

2) As a School Program Platform:

The vessel could be used as a floating classroom, taking school students on trips with an environmental / geographical focus. The program would need to be developed with support from the Richmond School Board and incorporated into the school curriculum. The operational costs of this type of program have not been determined nor have the charges for the students. There is no assurance that the School Board would support a program of this type or that the teachers would find the program of value as a field trip. The DoTCSI regulates the carrying of passengers on vessels and this vessel does not meet those regulations at this time. It is not known how much it may cost to make the necessary changes to meet those regulations. There are additional regulations relating to the qualifications of captains and crew for passenger vessels engaged in this type of work, which will be an operational cost.

3) As a Sail Training Ship.

The vessel could be used to provide a sail training experience for youth and / or adults. There are several successful models for this type of activity the closest being the Sail and Life Training Society (SALTS) who operate the Pacific Grace and the Pacific Swift out of Victoria. The American Sail Training Association (ASTA) has numerous examples and resources for sail training programs. The business case and operating model for a sail training program has not been determined. Currently, this vessel does not meet the DoTCSI regulations for use as Sail Training. Some modifications would be required for this use. The cost of these modifications or the operational costs have not been determined at this time.

4) As a Combination of 1, 2, and/or 3.

The vessel could be used for a combination of uses. The most plausible would be as a museum and as a classroom. One of the problems of this type of use is when the vessel is being used as a classroom and away from the dock, it reduces the museum experience and when it is at the dock it is not available for classroom experiences.

No thorough investigation or business case analysis has been done for any of these options. Operational costs of crew and fuel would depend on the use to which the vessel is put.

Financial Considerations:

1) Capital

- Capital: asking purchase price is \$325,000 USD plus 7% PST
- Costs related to conducting a survey and sea trial: \$6,000-\$8,000
- Costs for modifications for use are unknown at this time depending upon intended use and operating model.

2) Operational

- Insurance - the current cost of insurance is \$10,000 per year as a pleasure craft, and could be up to \$17,000 per year if used for programs such as sail training. (estimate by Marden & Campbell).
- Annual maintenance costs estimate as a pleasure craft \$32,500 USD (rule of thumb in the industry is approximately 10% of the purchase price)
- Operating and program costs are dependant upon use.

Next Steps:

Should Council wish to proceed with the purchase of this vessel next steps would include:

- a detailed business case including analysis of uses; potential expenses and revenues; and operating models. Once the uses are determined the DoTCSI requirements can be determined and costs for modifications can be estimated. Uses will also dictate criteria for determining what would constitute a satisfactory sea trial.
- an offer in writing with a deposit (10% of the purchase price) for the purchase of the vessel subject to certain conditions to include:
 - a satisfactory purchase survey. The owner has indicated that he would prefer the Point Hope Shipyard in Victoria for a haul out and survey. This would cost approximately \$6,000.
 - a satisfactory sea trial. The 6 – 7 hour trip from Genoa Bay to Point Hope Shipyard could serve as the sea trial. Persons familiar with large sailing vessels and sail training such as the staff at SALTS would be requested to take this voyage to evaluate the suitability for sail training. Costs for this transport: approximately \$500. (\$250 fuel plus costs for crew)

Should the two conditions be met but Council decides not to proceed with the sale, the deposit (32,500 UDS) would be forfeited.

Financial Impact

The Capital costs include the purchase price (to be negotiated), plus any retrofitting required for intended uses. Funding sources could include 2006 surplus should there be any, capital program and/or potential sponsorships.

Ongoing operating costs would be identified as an additional level request for 2007 and in base operating budgets thereafter.

Initial deposit, purchase survey and sea trial: approximately \$32,500 USD plus \$6,000-\$8,000. This could come from the Council Provision account.

Conclusion

Staff were requested to investigate the potential for acquiring the vessel *Brora Thor*. This report outlines potential uses and steps to be taken should Council wish to proceed with the purchase.

Bryan Klassen
Site Supervisor
(8044)

Jane Fernyhough, Manager
Heritage and Cultural Services
(4288)

Attachment 2

A Waterfront Amenity Strategy for Richmond

Objectives:

1. Establish an exciting and dynamic vision for Richmond' waterfront that energizes all stakeholders - the different levels of government, property owners, investors, the public, and special interest groups – to work together to achieve this vision.
2. Ensure the waterfront is recognized as a key economic driver for the City, and that the waterfront strategy reflects an economic development focus.
3. Create an exciting year round public domain within our seasonal weather constraints, that is filled with vibrancy, excitement and legacy landmarks.
4. Improve the connection and integration of the waterfront to the City Centre and the City as a whole. This would include connecting people to the water's edge through various paths and networks, including public transportation, walking, cycling, water ferries and water taxis, small cruise facilities and water activities.
5. Encourage a mix of uses along the waterfront that include:
 - the creation of excellent living environments through a broad range of housing types and tenures
 - increases and enhancements to the public open space opportunities through accessible parkland, plazas, walkways, piers, and promenades
 - facilitation of significant business and employment opportunities that contribute to the City's overall livability and economic well being, enhancements to the natural environment
 - increases to public programs and leisure activities through new public buildings and facilities
 - working with various waterfront stakeholder to encourage development or re-development of underutilized lands
6. Ensure “smart planning and phasing” of the waterfront that results in financially affordable and sustainable development.
7. Develop the waterfront with awareness to the neighbouring Vancouver and Delta waterfronts, so that there is compatibility and synergy.
8. Ensure a prioritized approach to the development and enhancement of the waterfront, with corresponding implementing plans that reflect funding, partnerships and revenue opportunities.

January 12, 2007

Acquisition of a Sailing Vessel Business Case

Issue

To create a vibrant interesting community that celebrates its maritime heritage, has a variety of opportunities for citizens and a critical mass of opportunities to create a viable visitor destination.

Where are we now

- Britannia Heritage Shipyard is currently being restored to make it a viable heritage destination.
- There is no capital funding allocated in 2007 to move forward on the next phase of restoration.
- Improvement to the docks and floats at Britannia since Tall Ships 2002 have enables visiting vessels to moor safely and securely.
- Under the City of Richmond insurance policy, Britannia is currently covered for marina use which includes the mooring of vessels at the docks. This coverage does not extend to vessels or their operations.

Trends & projections

- Cultural tourism is the fastest growing area of tourism.
- Cultural tourists stay longer and spend more money.
- Both residents and visitors have a fascination and love of the marine environment as shown by the success of the Tall Ships Festival, the visiting Nippon Maru and Tall Ships temporarily moored at Britannia Shipyard such as the Concordia.
- Sail training provides an opportunity for youth and adults and engages youth that may not be engaged in the traditional activities offered by a City.

Objective

To acquire a sailing vessel that would provide opportunities for sail training, school programs, corporate rentals and charters and visitor interest and draw to the Steveston area. A sailing vessel, in addition to the historic fishing boats at Britannia and the Interurban (tram) tell the story of the transport vessels that contributed to the development of the community.

Benefits of Acquiring a Tall Ship

- Creates awareness of Richmond in the region, nationally and internationally;
- Provides an educational opportunity for children, youth and adults in team work, sail training, environmental awareness and life skills;
- Enhances the visitor opportunities and promotes Richmond as a tourist destination;
- Takes advantage of Richmond's geographical position to expand recreational and leisure opportunities in an economical way;

January 12, 2007

- Provides opportunities for community involvement;
- Creates community pride;
- Contributes to telling the story of the history and key features that contributed to the development of the community along with the heritage sites and the acquisition of the tram;
- Creates employment and volunteer opportunities for youth;
- Creates sponsorship opportunities;
- Increases filming opportunities;
- Provides unique hosting opportunities for the City leading to, during and after the Olympics.

Options to achieve the objective

1. Purchase the Brora Thor
2. Search out another vessel for purchase
3. Build a vessel at Britannia Shipyard.

Analysis of Options

1. Purchase the Brora Thor

Pros

- an historic Vancouver built vessel
- locally registered & moored
- currently for sale
- wooden hull
- appropriately priced
- builder has an excellent reputation for wooden hulled vessels

Cons:

- older so will require extensive maintenance (built in 1922)
- built on a tug boat hull
- does not currently meet CSI regulations for carrying passengers. Currently not known if she can be renovated to meet requirements for sail training, school programs or charters
- would require capital funds to renovate to meet CSI standards

2. Purchase another vessel such as the Spirit of Chemainus or the Bill of Rights

Pros:

- proven sail training vessels
- few renovations would be required to meet desired uses
- the Spirit of Chemainus and the Bill of Rights are currently for sale
- Spirit of Chemainus is wooden hull
- newer than the Brora Thor
- aesthetically appealing

January 12, 2007

Cons:

- purchase price is higher than the Brora Thor
- off shore registration and moorage so requires an agent to be retained to act on the City's behalf

3. Build a vessel

Pros:

- purpose built for stated purposes
- provides a tourist attraction as it is being built
- opportunity to engage volunteers in the building process

Cons:

- more expensive than purchasing a vessel
- would take a longer amount of time

Operating Models

1. City Operated
2. Leased (not-for-profit or for-profit)

1. City Run

Pros:

- better control of costs of participating
- profits go back into maintaining and paying the capital costs
- enhances the filming opportunities and associated revenues
- merchandising opportunities and revenue to the City
- opportunities for partnerships with the Fraser Port Authority

Cons:

- requires increased staff with specific skill sets
- costs of producing programs

2. Leased (not-for-profit or for-profit)

Pros:

- access to foundations and grants not available to the City (not-for-profit)
- City is not responsible for the operating costs or the liability associated to the operations

Cons:

- may lose the strong ties to historical context of Britannia
- merchandizing revenue lost to the City
- if a for-profit lease would require issuing an RFP

January 12, 2007

Operating Costs

These costs are estimates based on operating cost from other sail training organizations and assume the City of Richmond running the program.

Revenue		Program includes Sail Training	Britannia Exhibit (non operating)
Trainees	40 students X \$500. X 9 weeks	180,000.00	
Charters	\$700 / day X 10 bookings plus \$400 /day at dock X 10	11,000.00	4,000.00
Admissions	2000 @ \$5.00	10,000.00	5,000.00
Merchandise		5,000.00	5,000.00
School Programs	at dock	4,000.00	4,000.00
Total		\$210,000.00	\$18,000.00

Expenses:		Includes sail training	At-dock only
Administration	1 coordinator, FT program leaders seasonal	75,000.00 50,000.00	75,000.00 25,000.00
Crew – 2 full time 2 seasonal	contract - Captain, Engineer, cook 30 days @ \$750 /day	22,500.00	
Provisions		1,500.00	
Fuel & Oil		4,000.00	500.00
Insurance & License		30,000.00	15,000.00
Maintenance		50,000.00	25,000.00
Utilities (power & water)		1,000.00	1,000.00
Merchandise		3,000.00	3,000.00
Safety & navigation		2,500.00	
Contingency	15 %	36,000.00	21,700.00
Total Expenses		\$275,500.00	\$166,175.00

Proposed Initial Sail Training Program at Britannia Shipyard.

Monday, Tuesday, Wednesday, Thursday on board ship at dock, learning safety, sails, knots, charts. etc.

Thursday night onboard ship, sailing from Britannia standing watch, ships duties etc.

Friday onboard ship at sea under sail, returning Friday late afternoon, early evening

20 trainees each morning, 20 trainees each afternoon

40 trainees on board Thursday pm ready to sail.

Crew: Master - contract

Engineer - contract

Cook - contract

2 programmers – seasonal staff

9 weeks per year of sail training, 18 days at sea with Crew. Crew required for a additional 10 days for charters or other programs at sea, including attending Vancouver Wooden Boat Festival, Victoria Classic Boat Festival, and Port Townsend Wooden Boat Festival.