



To: Richmond City Council
From: Cathryn Volkering Carlile
General Manager - Parks Recreation and
Cultural Services
Re: Richmond Tall Ships 2002
Date: February 7, 2002
File: -

Staff Recommendation

1. That the balance of funds in the Steveston Road End Reserve be transferred to the 2002 Capital Waterfront Amenity Program, and;
2. That all Tall Ship related waterfront infrastructure requirements be excluded from the Tall Ships event budget and be transferred to the 2002 Capital Budget Waterfront Amenity Program, and;
3. That any deficit up to \$500,000 be funded by the City, and;
4. That any deficit resulting from the Richmond Tall Ships project be funded from 2002 Council Provisional account.

Cathryn Volkering Carlile
General Manager - Parks Recreation and Cultural Services

Att.

Staff Report

Origin

At the General Purpose Meeting of January 8, 2002, the Committee requested a report on the Tall Ships budget. The purpose of this report is to provide realistic projections for the event and seek approval to proceed based on the revised projections.

Analysis

The budget for the Tall Ships project has evolved as more accurate information is received by the Tall Ships Co-ordinating Committee on aspects of producing a quality tall ships event. In January 2002, the budget was reviewed and revised. (Appendix 1).

At the last Parks and Recreation Committee meeting, the Committee recommended that the infrastructure costs related to the event be removed from the event budget and placed more appropriately in the City's capital budget under the Waterfront Amenity Program. This change is supported by the City's Senior Administration and by the Tall Ships Co-ordinating Committee.

Infrastructure

The development of waterside infrastructure has a budget estimate of \$613,450, which is the largest single event cost centre. Transferring the costs of waterfront improvements would reduce the event budget by \$523,500 leaving the waterside budget at \$90,000 for waterside operations.

This proposed capital expenditures provides a permanent legacy for the event including engineering and design and construction to No. 3 Road Pier, 7th Avenue Pier, supplementary dredging, mobilisation, demobilisation and contingency.

Funding this project from the Steveston Road Ends budget is permissible under our guidelines and is consistent with a past ruling from Municipal Affairs. The Road Ends Reserve has \$622,452. If approved, the 2002 Capital budget will be revised to include this capital project.

Exposure

The November 2001 budget has been reviewed and revised (Appendix 2). The revised budget reflects updated costs for all aspects of the event. City Council requested staff to calculate the financial exposure to the City and carefully calculated the degree of risk based on incremental shortfalls measured against the revised budget projections.

To analyse the City's exposure, the City's Finance Department has outlined various risk scenarios based on the event attaining the revenue targets (Appendix 2). These scenarios review the impacts of 10 – 50% revenue shortfalls and identify the corresponding financial impacts.

If all targets are met, the City would be in a surplus position of \$29,400. Conversely, if the event failed to raise 50 % of all revenues from sponsorship, admissions, on site revenues and in kind donations the City's exposure would be \$419,350. We believe this to be a reliable measure of the extent to which the City could have to underwrite the event.

Financial Impact

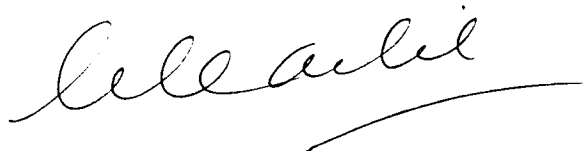
By referring the infrastructure to the City's 2002 Capital Program, the Tall Ship event budget for expenditures will be reduced from \$2,345,100 to \$1,821,650. (Appendix 3)

Conclusion

City Council requested that the projections be reviewed and alternatives be sought to reduce budget for the budget. Transferring waterfront improvements from the event budget to the City's Capital budget enables a reduction of \$523,500.

By establishing the event budget as being event operation centred, the financial risk to the City is greatly minimised. The event can be maintained as a quality, international event that not only will draw thousand of people to Richmond, provide a variety a sponsorship opportunity to the corporate community but be an economic generator to local business.

By approving the recommendations, the Tall Ships Co-ordinating Committee can focus on raising funds and planning the event for next summer. A permanent waterfront infrastructure legacy will be developed for the community to enjoy.



Cathryn Volkering Carlile
General Manager - Parks Recreation and Cultural Services

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RICHMOND TALL SHIPS 2002 BUDGET

REVENUE	IN-KIND	CASH	TOTAL
Government			
- City of Richmond	\$ 447,000	\$ -	
- Provincial - Crown Corporations	\$ 80,000	\$ 110,000	
- Federal - Grants	\$ -	\$ 160,000	
- Tourism Richmond	\$ 120,000	\$ 30,000	
	<u>\$ 647,000</u>	<u>\$ 300,000</u>	
Sponsors - Cash	\$ -	\$ 290,000	
Sponsors - Donations In-Kind	\$ 431,500	\$ -	
Event/Onsite Revenue	\$ -	\$ 706,000	
Total Revenue	<u>\$ 1,078,500</u>	<u>\$ 1,296,000</u>	
Grand Total Revenue			\$ 2,374,500
EXPENDITURES			
Fleet Recruitment Fee	\$ -	\$ 175,500	
Transportation	\$ 33,000	\$ 39,500	
Waterside Infrastructure	\$ 158,450	\$ 455,000	
Fleet/Crew Events	\$ 12,000	\$ 49,000	
Festivals	\$ 277,200	\$ 123,000	
Event Infrastructure - City	\$ 123,800	\$ -	
Sponsor Recognition	\$ 50,980	\$ 71,600	
Volunteers	\$ 15,000	\$ 20,000	
Marketing & Advertising	\$ 394,100	\$ 150,000	
Management Administration	\$ 13,970	\$ 183,000	
Total Expenditures	<u>\$ 1,078,500</u>	<u>\$ 1,266,600</u>	
Grand Total Expenditures			\$ 2,345,100
SURPLUS			<u>\$ 29,400</u>

RICHMOND TALL SHIPS 2002 BUDGET

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Event Infrastructure - City	\$ 123,800	\$ -	
Sponsor Recognition	\$ 50,980	\$ 71,600	
Volunteers	\$ 15,000	\$ 20,000	
Marketing & Advertising	\$ 394,100	\$ 150,000	
Management Administration	\$ 13,970	\$ 183,000	
Total Expenditures	<u>\$ 920,050</u>	<u>\$ 901,600</u>	
Grand Total Expenditures			<u>\$ 1,821,650</u>
SURPLUS			<u>\$ 552,850</u>

RICHMOND TALL SHIPS 2002 RISK ANALYSIS - REVENUE & EXPENDITURE ADJUSTMENTS

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8
REVENUE								
Government	947,000	500,000	450,000	400,000	350,000	300,000	250,000	225,000
Cash Sponsors	290,000	290,000	261,000	232,000	203,000	174,000	145,000	130,500
Donation In-Kind Sponsors	431,500	431,500	388,350	345,200	302,050	258,900	215,750	194,175
Event/Onsite Revenue	706,000	706,000	635,400	564,800	494,200	423,600	353,000	317,700
Total Revenue	2,374,500	1,927,500	1,734,750	1,542,000	1,349,250	1,156,500	963,750	867,375
EXPENDITURES								
Fleet Recruitment	175,500	175,500	175,500	175,500	175,500	175,500	175,500	175,500
Transportation	72,500	72,500	72,500	72,500	72,500	72,500	72,500	72,500
Waterside Infrastructure	613,450	605,000	90,000	90,000	90,000	90,000	90,000	90,000
Fleet/Crew Events/Transportation	61,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Festival	400,200	199,500	199,500	199,500	199,500	199,500	199,500	199,500
Event Infrastructure - City	123,800	0	0	0	0	0	0	0
Sponsor Recognition	122,580	76,600	76,600	76,600	76,600	76,600	76,600	76,600
Volunteers	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Marketing & Advertising	544,100	520,000	520,000	520,000	520,000	520,000	520,000	520,000
Management Administration	196,970	183,000	183,000	183,000	183,000	183,000	183,000	183,000
Total Expenditures	2,345,100	1,898,100	1,383,100	1,383,100	1,383,100	1,383,100	1,383,100	1,383,100
Surplus (Deficit)	29,400	29,400	351,650	158,900	(33,850)	(226,600)	(419,350)	(515,725)
ASSUMPTIONS								
Scenario 1 - Revised budget - February 2002								
Scenario 2 - Budget is same as Scenario 1 except the City's In-Kind Donation Revenue & Expenditures are excluded from the Budget.								
Scenario 3 - Budget is same as Scenario 2 except the Waterside Infrastructure is reduced to \$90,000 and the total revenue is 90% realized								
Scenario 4 - Budget is same as Scenario 2 except the Waterside Infrastructure is reduced to \$90,000 and the total revenue is 80% realized								
Scenario 5 - Budget is same as Scenario 2 except the Waterside Infrastructure is reduced to \$90,000 and the total revenue is 70% realized								
Scenario 6 - Budget is same as Scenario 2 except the Waterside Infrastructure is reduced to \$90,000 and the total revenue is 60% realized								
Scenario 7 - Budget is same as Scenario 2 except the Waterside Infrastructure is reduced to \$90,000 and the total revenue is 50% realized								
Scenario 8 - Budget is same as Scenario 2 except the Waterside Infrastructure is reduced to \$90,000 and the total revenue is 45% realized								