



REPORT TO COUNCIL

TO: Richmond City Council
FROM: Councillor Harold Steves, Chair
Parks, Recreation and Cultural Service
Committee
DATE: June 6, 2001
FILE: 1216-01
RE: TALL SHIPS

The Parks, Recreation and Cultural Services Committee, at its meeting held on Tuesday, May 29, 2001, considered the attached report, and recommends as follows:

COMMITTEE RECOMMENDATION

1. *That staff continue to review the potential and details of hosting the Tall Ships 2002 event;*
2. *That up to \$82,500 be allocated in 2001 from the Gaming Revenue Provisional Account or the Council Provisional Account to cover the resources necessary for staffing costs and consultant expenses to continue this review and to establish and work with a coordinating committee;*
3. *That a staff committee be established to liaise with the coordinator and the coordinating committee to ensure consideration of all City services required to host an event of this type; and,*
4. *That the Coordinating Committee be requested to report back with a plan and a budget for final Council approval.*

Councillor Harold Steves, Chair
Parks, Recreation and Cultural Services Committee

Attach.

VARIANCE

Please note that staff recommended the following:

1. That staff continue to review the potential and details of hosting the Tall Ships 2002 event;
2. That up to \$82,500 be allocated in 2001 from the Gaming Revenue Provisional Account to cover the resources necessary for staffing costs and consultant expenses to continue this review and to establish and work with a coordinating committee;
3. That a staff committee be established to liaise with the coordinator and the coordinating committee to ensure consideration of all City services required to host an event of this type; and,
4. That the Coordinating Committee be requested to report back with a plan and a budget for final Council approval.

STAFF REPORTORIGIN

At the Parks, Recreation and Cultural Services Committee on April 10, 2001 Councillor Steves presented a report on the Tall Ships Challenge and Sail Korea 2002 and the possibility of Richmond being a host port for the event. The following recommendation was adopted:

That the matter of the Tall Ships be referred to staff for a report on:

1. *the economic impact;*
2. *what community structure would be required to support the venture;*
3. *whether the available moorage would be sufficient.*

This report provides information on those topics and outlines the commitment that might be required from the City should it chose to be a host port for Tall Ships 2002.

ANALYSISTall Ships Challenge Background

The American Sail Training Association (ASTA), in conjunction with the International Sail Training Association (ISTA) based in England, has been hosting Tall Ships races and festivals on the eastern seaboard and the Great Lakes for the past 28 years. One of the prime considerations for ASTA is youth training; at least 50% of the crew on each vessel must be between 15 and 25 years of age. Not only is the event about sailing and sailing ships, it is about meeting others from different countries and taking part in a wide range of cultural, educational and developmental opportunities. To that end the festival consists of not only events to attract public visitors but events for the crews of the vessels. Examples of these from past events are:

- tall ships crew games
- arrival ceremony
- Captain's dinner and reception
- Captain and Cadet luncheon
- Lieutenant Governor's Captain's reception (captains and invited guests)
- Mayor's First Officers breakfast
- pancake breakfast (crews and public)
- tall ships crew parade (uniforms, music, flags)
- afterguard party – crews and other guests
- crew/cadet party
- Interfaith celebration
- parade of sail

Examples of public events are entertainment, buskers, fireworks, naval battle re-enactments, etc.

2001 marks the launch of a proposed annual series of races known as "Tall Ships Challenge". Starting in the Great Lakes in 2001, with Canadian ports of Kingston and Port Colborne, the series will move to the Pacific Coast in 2002 and to the Atlantic coast in 2003. It is expected to continue on a three year rotational basis.

Much of the information used for this report is drawn from the Halifax event held in 2000 although it was a much larger event than what is being proposed anywhere on the west coast. The organizers in Halifax have been very generous with their information.

ECONOMIC IMPACT

Halifax

Based on the information reported after the Halifax event, the economic impact on the City of Halifax and the Province of Nova Scotia was extensive. While it was originally projected to attract 750,000 people visits, approximately 1.14 million visitors generated over four million visits to the festival site. Based on data collected for the economic impact study, an estimated total expenditure of \$96.5 million was made in Halifax Regional Municipality (HRM). Of this it is estimated that Tall Ships Nova Scotia (TSNS) was responsible for \$53.8 million in extra direct spending in Nova Scotia. Estimated revenues to the Province of Nova Scotia are \$4 million and to the Government of Canada are \$4.5 million.

The HRM has a population of 356,000 (July 2000) while Greater Vancouver has a population of 2,048,800. It was estimated that 29.5% of the visitors came from HRM, 20% from other parts of Nova Scotia, 39.1% from other parts of Canada and 11.4% from outside Canada. Appendix 1 contains more details on visitors and visitor spending.

Other Cities Hosting Tall Ships Events:

South Haven Tall Ships Rendezvous 1998:

- over 200,000 visitors;
- conservative estimate of \$3 million in direct revenue to local business district and overall economic impact for the county amounted to \$6.2 million for the week of the event;
- net proceeds from the management of the event - \$150,000 to the Michigan Maritime Museum.

Sail Racine 1998:

- 100,000 visitors;
- \$80,000 to \$100,000 net profit to healthcare.

Tall Ships Chicago 1998: Navy Pier

- over 512,000 visitors over five days

OPERATING MODELS

In order for an event of this magnitude to be successful, a coordinating committee with the strength, stability, networks and connections and experience is critical. Should City Council decide to host this event a coordinating committee will need to be put in place with members approached on an individual basis for their strengths in areas such as overall administration, fundraising, financial management, protocol and large event experience. During the past few weeks several people with varied qualifications have expressed an interest in being involved.

Halifax organizational structure

The hosting of the Tall Ships event in Halifax was initiated by the Minister for Economic Development and Tourism of Nova Scotia and the Mayor of Halifax. A non-profit association, Tall Ships Nova Scotia, was formed in 1997 with the initial purpose of hosting the event in Halifax and ultimately to host tall ships events throughout Nova Scotia.

The organizational structure divided the event into three major functional areas: fleet management, marketing and event management and the administrative executive function. Each functional area was comprised of between 9 and 11 sub committees. See Appendix 2 for a detailed organizational chart.

The City services side was coordinated by an HRM Logistics Committee. This committee was co-chaired by a volunteer from the TSNS committee and a staff person from HRM. Members of this committee were representatives from police, fire and emergency services – both inspection and operations, waste management, engineering, traffic and transit, recreation facilities, parks and design staff. The Waterfront Development Corporation Limited, a provincial crown corporation, as a major land owner along the waterfront, was very involved in the organization of the event and the president sat on the board of Tall Ships Nova Scotia.

A marketing group (private company) was engaged in the early stages and also took on the event management. This appears to have been a major contributing factor to the success of the event.

Kingston Ontario

Kingston is one of the host ports for the challenge in 2001. They are expecting approximately 30 vessels and started planning in January, 2001. They are planning for 500,000 visitors over the four days and are not planning an elaborate festival. They are planning events such as a re-enactment of a navel battle and ceremonies and concerts (local performers are engaged in order to avoid large performance fees). They are basing their organizational structure on the Halifax model. The City has contributed \$410,000 which encompasses financial, physical and human resources (office, computers, use of City owned harbour). They do not have a final budget and are still working on sponsors but they do have one staff person on an Ontario work grant.

Seattle Washington

Seattle would be the host port after Richmond and the start of the next leg of the race in 2002. They are expecting approximately 30 vessels. The event is being sponsored by the Maritime Heritage Foundation and they have hired a Maritime Event Company to handle the whole festival. As of yet they have no contribution from the City of Seattle or the State of Washington. Their estimated costs (as of April 2001) are \$600,000 to \$750,000 U.S.

FINANCIAL INFORMATION – Halifax

The actual financial figures from the Halifax event, are unavailable until they have been audited however, budgeted figures based on 82 visiting ships and 1.1 million visitors, were:

income:	\$5,513,093
expenses:	\$4,934,985
net operating income	\$ 578,108

This was based on a very large and elaborate event, both on water with 82 vessels and on land with events running sixteen hours per day. For a breakdown of individual budget areas see Appendix 3. Verbal discussions with organizers indicated that both revenues and expenses were lower than projected and the event at least broke even.

For TSNS there was a tri government funding arrangement for funding start up costs and the City services required. The start up monies were used to prepare the bid, lobby for the event and secure an agency to do the marketing. The municipal services required for the event were police, fire, traffic and transit, clean up and garbage removal, engineering services (water, waste removal, recycling) and medical. The total direct costs for these services the week of the event were \$208,641 (primarily staffing). These costs do not include coordinating staff time.

LOGISTICS FOR RICHMOND

In the experience of ASTA there are several points to be considered for a successful event over and above the physical ability to accommodate the vessels:

- berthing of the fleet in the same general area so as to allow easy interaction among crews and convenient public access;
- berthing area accessible to shops and public transportation;
- berthing area must safely accommodate public visitation during agreed upon hours
- overall appeal of a city and the accessibility of its attractions.

It has been suggested that the largest of the potential visiting ships could berth in New Westminster since they cannot be accommodated in Steveston. However, the logistics of having two venues so far apart may tax resources and present challenges such as the promotion of the interaction among crews. As well as the challenges of such a spread out venue, the large vessels are the major public attraction - one large class A vessel can attract up to 60,000 people over three days.

The feasibility of docking the larger vessels in Richmond, although not in Steveston, has been explored. The B.C. Ferries maintenance yard off Rice Mill Road could possibly accommodate three large vessels and Fraser Wharfs has expressed interest in working with organizers to facilitate vessels docking in Richmond. Shuttle service could be arranged both on land and on water between the sites. The facilities at Riverport could be used to host crew and possibly public events.

Representatives from the Fraser River Port Authority and the Steveston Harbour Authority feel that from the water side perspective the event is achievable. They expressed some concerns regarding the land side logistics such as fire protection, potable water supply, public toilets and

parking. As well, since the dates of the tall ships festival are in August, any commercial sockeye opening would be a southern opening as opposed to a northern opening in early July.

Waterside issues to be resolved would be:

1. dredging costs: estimated at \$500,000 - \$750,000 for the channel and approximately \$1 million for the approach and berthing. Neither the Fraser River Port Authority nor the Steveston Harbour Authority currently has budgeted funds for this however, dredging is something that is done on a continual basis.
2. Dredging would need to occur at the Britannia docks in order for vessels to tie up there. This would be a City cost of approximately \$200,000. There is an added benefit to this as it is anticipated that this may be necessary in the future in order to support the ongoing development of Britannia.

Since Halifax was the starting port for the transatlantic race there was a crew change resulting in crews arriving and departing by transportation other than the ship and accommodation issues. Richmond would be a first port of call after the race across the Pacific and four weeks at sea. There is likely to be a major crew change as well as replenishment of supplies and repairs to any damages done in the transpacific crossing. Our proximity to the airport and connections to the Pacific Rim would be a benefit as would the boating related businesses in Richmond.

What would it take:

In order for this event to happen in Richmond in 2002 the City would need to take a lead role. There has been considerable interest generated by the media coverage thus far and several committed, capable and experienced community members have come forward, offering to come on board.

There is no bid package to be prepared or lobbying to be done. ASTA is very keen on having a Canadian port of call and Richmond was considered a potential host site by representatives from ASTA following visits in 2000.

Based on the attendance of 30 vessels and an operating budget based on 40% that of actual expenditures in Halifax it is estimated that a budget of \$2 million could be anticipated for Richmond. Sponsorship is an important part of covering expenses in an event such as this. A letter of interest in exploring opportunities from CBC Radio (they were a sponsor for Tall Ships Nova Scotia) is attached in Appendix 4 as is one from Tourism Richmond committing marketing and promotional funding. Several letters of interest in sponsorship are attached and others have expressed interest but are waiting to see sponsorship packages. Two local companies have committed computers, networks and telephone systems. Several companies have also expressed interest in sponsoring individual ships.

Should Council decide that this event would be a benefit to the community, several actions would need to take place immediately:

1. a staff person seconded or contracted to work with the coordinating committee to manage the event preparation and to work with a staff committee to coordinate the City services;

2. office space, computer, telephone, etc. allocated;
3. clerical support seconded or contracted;
4. a community coordinating or advisory committee formed. Membership on the coordinating committee may need to be specifically targeted and this committee would then develop the committee structure needed to organize the event. It is strongly recommended that someone that has successfully coordinated a previous tall ships event be contracted to advise the coordinating committee in its set-up phase. This could be a member of the TSNS committee, the chair of the fleet management portion of TSNS and now advisor to Kingston, or a member of the Bristol Group, the marketing and event management company that coordinated the Halifax event;
5. City departmental support committed – police, fire, emergency operations, engineering and public works, parks and recreation and cultural services, transportation and production centre and a staff committee of representatives of these departments established to manage the City services side of the event.

While the expectation of breaking even through sponsorships would be the goal, the City must accept some risk of financial outlay particularly in the form of overtime costs during the event.

FINANCIAL IMPACT

At the present the financial impact for 2001 is \$82,500 to continue developing this event. Once staff and a coordinating committee have been able to develop a full plan and budget, final costs will be brought forward.

Coordinator (secondment or contract) for 15 months (June 2001 to September 2002)

2001 (7 months)	\$42,700
2002 (8 months)	\$48,800

Clerical (secondment or contract) for 15 months

2001	\$27,755
2002	\$31,720

Office Space, Computers, Telephones – in kind and possibly some equipment costs

2001	\$ 7,000
2002	\$ 8,000

Initial Consultant: \$ 5,000

TOTALS

2001:	\$75,455 - 82,500 (depending on equipment costs.)
2002:	\$80,520

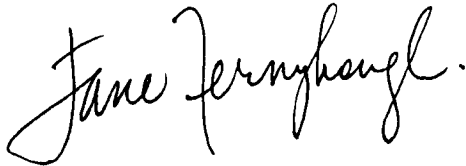
Since this is a one time event it is recommended that the expenses be provided from the Gaming Revenue Provisional Account.

The goal would be that sponsorship and revenue include reimbursement of the hard costs to the City as well as any overtime or extra direct costs incurred for services such as emergency services and garbage/waste removal. However, in the event that sponsorship and revenue fell short the City must be prepared to cover these costs from contingency funds.

It is recommended that once the Coordinating Committee is established they be requested to report back to Council with an event budget.

CONCLUSION

Tall Ships events have a history of generating strong economic impact in a community. Events such as this bring national and international attention to the community that brings benefits far beyond the event itself. These events also generate community spirit and pride among citizens and contribute significantly toward achieving our city vision of the most appealing, livable and well managed community in Canada. However, there are financial costs that may need to be covered by the City in the event fundraising falls short.



Jane Fernyhough
Manager, Cultural Services

JF:jf

Appendix 1

Halifax Visitor and Visitor Spending Details

Appendix 1

Halifax Visitor and Visitor Spending Details

Based on data from several surveys, the spending breakdown by visitors was:
\$14.0 million by visitors from HRM;
\$14.3 million by visitors from the rest of Nova Scotia; and,
\$68.2 million by visitors from outside Nova Scotia.

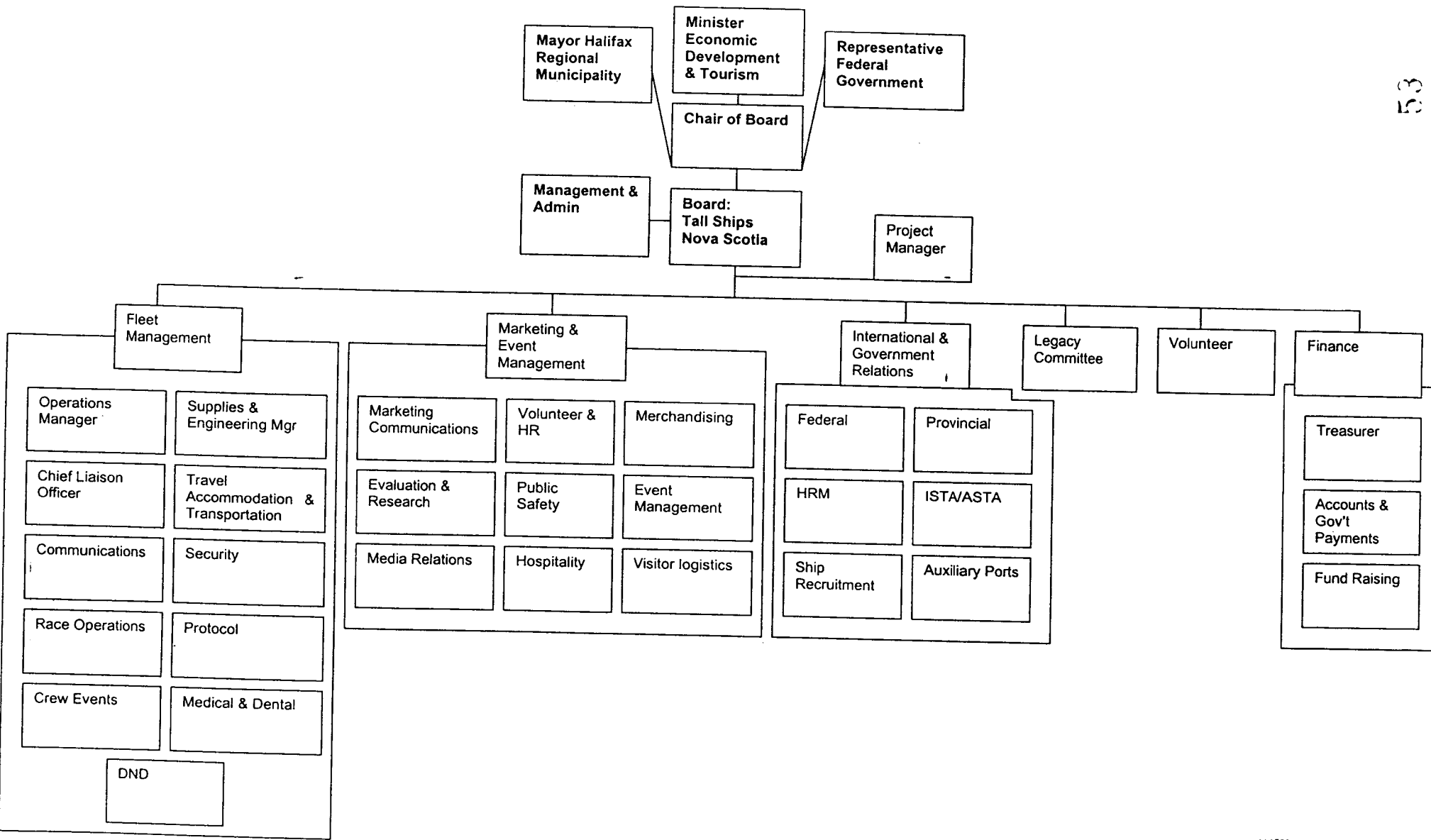
The breakdown of spending was estimated as follows:

➤ local transportation	\$3.7m
➤ event related souvenirs	\$11.8m
➤ food & drink in downtown area	\$17.8m
➤ other items in downtown	\$4.9m
➤ entertainment related in downtown area	\$6.4m

Other event related expenditures: \$52.0m

- HRM accommodations,
- Personal requirement
- Other spending not on site

Appendix 2
Organizational Chart (Halifax)



Appendix 3

Breakdown of Budget (Halifax)

Appendix 3

Breakdown of Budget (Halifax)

Income

Government Funding	\$2,592,667
Private Sponsorships	\$2,417,250
Event Revenue	\$ 503,176

Total Income		\$5,513,093
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Expenses

Fleet

Operations Management	\$ 58,000
Supplies and Engineering	\$137,000
Liaison Officers to Ships	\$ 4,000
Transportation & Accommodation	\$ 75,900
Communication	\$ 24,500
Security	\$ 54,545
Race Operations	\$ 21,500
Crew Events	\$226,850
International Race Official Expenses	\$ 25,000
Marketing Communications	\$ 10,000

Total Fleet		\$637,295
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Medical		\$ 10,000
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Marketing & Event Management

Marketing	\$1,365,555
Evaluation & Research	\$ 33,000
Public Safety	\$ 100,000
Event Management	\$ 806,135
Media Relations	\$ 80,000
Sponsor Fulfilment	\$ 316,000

Total Marketing & Event Management		\$2,700,690
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Administration	\$1,440,500
Volunteers	\$ 51,500
Eastern Canada Ports Program	\$ 95,000

Total Expenses		\$4,934,985
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Net Operating Income		\$ 578,108
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Appendix 4

Letters of Support



May 2, 2001

Councillor Harold Steves
City of Richmond
6911 No. 3 Road
Richmond, BC V6Y 2C1

Dear Councillor Steves:

On behalf of the Board of Directors of Tourism Richmond, I would like to thank you for updating us on the Tall Ships 2002 event. Your hard work and tenacity while attempting to bring the event to fruition is very commendable.

Please be assured that Tourism Richmond will support the Tall Ships 2002 with marketing and promotional funding, should the event be confirmed for Richmond. We would welcome the opportunity of working with the American Sail Training Association and sponsors to cooperatively promote the event.

At our recent board meeting on May 1st the following motion was passed:

"That we enthusiastically support the Tall Ships 2002 event and would welcome the opportunity of having a Tourism Richmond representative on the organizing committee, when the committee is established."

"That the Marketing Committee of Tourism Richmond determine the extent of our support and explore marketing opportunities, based on the City of Richmond's endorsement of the Tall Ships 2002 event."

We wish you the best of success and look forward to working with you in promoting the Tall Ships 2002 for the City of Richmond.

Yours truly,

A handwritten signature in black ink, appearing to read "Rob Tivy", is written over a horizontal line.

Rob Tivy
Executive Director

cc: Jane Femyhough, Manager
Cultural Services
City of Richmond

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Canadian Broadcasting Corporation
Société Radio-Canada

CBC  Radio-Canada

May 11, 2001

Mr. Bryan Johnstone
Sponsorship Coordination
Tall Ships Festival, Richmond 2002

Fax: (604) 484-1301


Dear Bryan,

This letter is to confirm that CBC Radio British Columbia would be very interested in exploring sponsorship opportunities with you for the proposed Tall Ships Festival, Richmond 2002.

Because we produce radio programs and web coverage for local, provincial, national and international audiences, CBC Radio British Columbia can offer you unique sponsorship opportunities that you will not find elsewhere in this marketplace. As you know, Tall Ships Nova Scotia was a huge success and CBC Radio played a pivotal role as their radio sponsor.

I realize that you are in the very early stages of securing the festival for Richmond, but when you are ready to discuss sponsorship ideas please give me a call at 662-6095.

Yours truly,
CANADIAN BROADCASTING CORPORATION



Sheila Peacock
Specials Producer
Radio 1 & 2

CBC  Radio-Canada

May 16, 2001

Mr. Bryan Johnstone
Sponsorship
Richmond Tall Ships Festival
c/o Group Telecom
1100 - 700 West Georgia Street
Vancouver, BC
V7Y 1B6

Dear Bryan,

It was great to hear that you are pursuing a visit by the Tall Ships in the summer of 2002. There are few events that generate as much excitement, and it would be a terrific compliment to Richmond and Steveston to host the Tall Ships.

CBC Television is always considering opportunities to engage the communities that we serve and a Tall Ships Festival would be of significant interest to us. As host broadcaster of Tall Ships 2000 in Halifax, CBC directly participated in an event that was by all accounts a tremendous success.

Should you decide to proceed with this project, we would be very interested about discussing the partnership opportunities with you. Please contact me if you would like to discuss the possibilities further, or if you have any questions. I will follow up with you at the end of the month regarding the Richmond Council's decision.

Sincerely,



Geoffrey Wong
Community Partnerships Consultant
CBC Television British Columbia.

Cc: Rae Hull
Regional Director
CBC Television British Columbia



TEEKAY SHIPPING (CANADA) LTD.

May 4, 2001

Jane Fernyhough
Richmond City Hall
6911 No. 3 Road
Richmond V6Y 2C1

Dear Jane,

Further to our telephone conversation today, I am writing to confirm that Teekay Shipping is committed to providing support to the Tall Ship Challenge 2002 should this event go ahead. We are very keen to learn about the sponsorship packages that will be available for this exciting occasion as soon as they are available.

Kind regards

Sharon Bidder
Manager, Customer Relations

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Bryan Johnstone
Group Telecom

25th May 2001

Re. Tall Ships Festival 2002.

Dear Bryan

Further to our discussion yesterday, Waste Not recycling and Disposal confirms our interest in providing waste disposal and recycling services for the Tall Ships event. We will provide a detailed proposal upon receipt of specifications and history from Halifax, but is prepared to donate everything but the negotiated cost portion of any services supplied.

Please let me know if this will suffice and when any other information is available.

Regards,

Niall Bisset
Sales Manager