



To: General Purposes Committee **Date:** October 29, 2001
From: Cathryn Volkering Carlile **File:** -
 General Manager - Parks, Recreation and
 Cultural Services
Re: Richmond Tall Ships 2002

Staff Recommendation

1. That the City continue planning the 2002 Richmond Tall Ships Event; and,
2. The Tall Ships Committee be directed to reduce the scope of the event; and,
3. And that Council authorise expenditures of \$150,000 for Tall Ships project management and co-ordination in 2001.

Cathryn Volkering Carlile
 General Manager - Parks, Recreation and Cultural Services

Att.

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF CHIEF ADMINISTRATIVE OFFICER
GM, Community Safety.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
GM, Engineering & Public Works.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
GM, Finance & Corporate Services.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
GM, Urban Development.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	

Staff Report

Origin

At the Sept 10, 2001 regular City Council meeting, Richmond City Council resolved:

1. That Richmond 2002 Tall Ships Society be created and terms of reference be drafted,
2. The event planning continue, and,
3. The City contribution of \$446,800 be approved in support of leveraging future funding commitments from sponsorship, and federal and provincial governments.

The Tall Ships Committee and City of Richmond Staff continue to plan the event without a decision by Richmond City Council to host the event. The following report will outline the risks and opportunities related to hosting this event. A decision is required in order to continue with the Committee's planning efforts.

Background

The Tall Ships event is planned for August 2002 and is intended to celebrate Richmond's maritime history on an international scale. The event includes a four-day maritime festival in August 2002 that offers music, culture, history and competition in an appealing, family oriented format.

The Tall Ships Committee has been established to plan the event. It was intended that the committee would gain society status and manage the event. The City would be charged with underwriting the event and providing significant support to the planning and implementation of the event. The event would occur between August 8 – 12, 2002. Fit out and tear down would be planned a week prior and a week following the event.

The event objectives as presented to Richmond City Council on Sept 10, 2001 are:

1. The Richmond Tall Ships 2002 will directly benefit the citizens of Richmond by providing tangible social, economic, and cultural benefits to the community.
2. Richmond Tall Ships 2002 will be lead by a partnership of community leaders and skilled volunteers and city supported. A professional management team will be put in place to manage the event. The Richmond Tall Ships Society Board of Directors will be appointed by Richmond City Council and will work with the city in all aspects of the event, such as programming, fund raising, operations, promotion and marketing.
3. Richmond Tall Ships 2002 will leave a financial and social legacy by way of facility development, waterfront enhancement along the City's foreshore and community partnership. This could serve as a catalyst to kick-start ongoing waterfront economic development.

4. The City will commit resources and funds for the program through its annual budget process and enable a Tall Ships Sponsorship Program to fund the majority of costs related to the event.
5. The City will enter into a formal and binding contract with ASTA by resolution confirming the commitment to the event.
6. The Richmond Tall Ships Society will develop the skills needed to host future Tall Ship Events.

Analysis

In June 2001, City Council approved \$82,500 to review the potential and details of hosting a Tall Ships event in 2002. Three primary areas of concern have been identified in the planning. These are:

1. Infrastructure Capacity

Steveston Harbour is the proposed port for the ASTA Tall Ships Challenge. Currently, the Harbour cannot accommodate the event without infrastructure development and dredging. In order to accommodate the event in Steveston Harbour, dredging the channel and the Harbour Basin in addition to construction of floats and gangways for moorage is required.

Dredging

Small Craft Harbours have requested \$200,000 in 2001 for dredging the channel to 4.5 m. Applications to FREMP and Environment Canada have been made for dredging and ocean disposal. The funds have not been approved as yet. Once approved, Public Works will let a tender for the work to be completed.

For 2002, Small Craft Harbours have prioritized the Gulf of Georgia basin to be dredged to 3 meters at a further \$200,000. The request for funding has not been submitted, nor have any approvals been secured for this work. Although prioritised, this work may not receive confirmation until well into next summer or later.

Dredging the channel/basin could accommodate approximately 20 C class ships.

To accommodate B class ships with a deeper draft, additional dredging will be required. There isn't additional funding in place to complete additional dredging nor has a risk assessment been completed to determine whether deeper dredging will impact the existing infrastructure. If funded, additional permitting would be required for this dredging.

Small Craft Harbours advises that work cease when the funding runs out not when the project is completed. To increase the likelihood of success with the dredging, Administration advises that a marine consultant should be retained to work through the issues of project co-ordination, permitting and risk assessment/geotechnical assessment.

Wharves/Floats (Legacy)

To accommodate B and C class ships in Steveston Harbour, an acquisition of up to 900 linear feet of 16-foot wide floats are required to accommodate the flow of people visiting the ships and moorage of the ships. The estimated costs of engineering, design and constructing are approximately \$420,000. Other infrastructure (temp piles) and dolphins may be required to anchor the floats for the event.

These floats would be used for the Tall Ships event and then relocated elsewhere in the Harbour, such as at the BC Packers site, after the event. At this point, the floats are not funded but staff are looking into acquiring a HRDC grants for labour or infrastructure grants for their construction.

Used floats do become available at a much-reduced cost. A risk assessment and funding approvals will need to be completed prior to purchase to ensure that they can safely handle visitors and tall ships mooring.

Administration recommends that project management be retained to complete grant applications and manage the construction/acquisition of this infrastructure.

Garry Point Pier (Legacy)

To accommodate large A class ships, a pier structure is needed to anchor the ships to the shore. The suggested cost of a pier structure would be between \$350,000 and \$700,000. In addition, floats will be required to moor the ships. Renting these floats is recommended. Additional costs to consider for renting barges, scows, towing, and gangways all will be required to complete the moorage plan.

This legacy is not funded. The City has made a FREMP application for the moorage plan. Administration recommends that marine consultant and project management be retained to complete grant applications and manage timelines and construction/acquisition of this infrastructure.

No. 3 Road Pier

An A class ship could be moored at the No. 3 Road Pier. Additional dolphins may be required at a cost of \$11,000 - \$16,000 each. Event management costs would inflate with multiple sites for visiting tall ships.

Other Available Infrastructure

The BC Ferries and No. 1 Road wharf could accommodate A and B class ships if required with no additional infrastructure costs. Event management costs would inflate with multiple sites for access.

2. Financial Capacity

A draft budget has been prepared for the event. See attachment 1. It includes expenditures for Fleet Recruitment, ASTA Fees, Waterside Logistics, fleet operations, race operations, fleet events, maritime festival, city services, sponsorship and marketing, volunteer co-ordination, management and administration and contingency of the entire event.

Revenues from sponsorship, event revenues from ticket sales and commissions, in kind sponsorship are planned. Expectations for revenues from the Federal government, provincial government are being sought to offset infrastructure costs.

The event budget is currently estimated at \$4.1 million. The City has already committed \$460,000 to cover direct city expenses. See attachment 2.

By approving this event, the City acknowledges the risk that if funding targets are not attained that the City of Richmond will underwrite the event. The maximum financial risk is \$4.1M with a declining balance depending on the success of all funding and revenue initiatives.

At this point, the province and the federal governments have not committed any money. The sponsorship campaign has been underway for three weeks. The reception from Corporations has been warm and there will be follow up to all interested parties. Tourism Richmond has committed \$150,000 in kind and cash and CBC has confirmed \$250,000 in media, Tourism BC indicates they will also commit to the project.

Since the project was initiated, the Province has proceeded with a core services review and has not committed to any level of funding until the review is completed. City Administration has referred the Tall Ships costs into the 2002 Budget for discussion. No funds beyond the 2001 funding level have been authorised but they are identified in the 2002 budget process.

If this project is approved, immediate financial resources are required to cover costs related to project management, engineering, and marketing, establishing an office, preparation of marketing materials and merchandise. An estimation of \$150,000 cash will be required in 2001.

The budget could be reduced with a smaller event. The Committee has been discussing the options available to reduce the costs particularly with appearance fees, race fees and ASTA fees.

3. Organisational Capacity

The 2002 Richmond Tall Ships event is a complex management project. It requires dedicated resources, an office supported by automated systems and skilled volunteers to lead, co-ordinate and manage all aspects of the planning. To date, event co-ordination has rested with the Tall Ships Co-ordinating Committee and city staff. Staff and members of the Co-ordinating Committee acknowledge the need for immediate assistance as the planning progresses.

The original proposal recommended that the Richmond Tall Ships Society be created and that key community members be recruited to sit on the Society. A Society Constitution has been

drafted and will soon be ready for filing. Recruiting new members of the committee is critical for the success of this event.

Other issues that have emerged since the project initiated include:

1. An anticipated increased need for security as a result of the Sept. 11, 2001 event in New York. Staff have not been able to ascertain what might be required as yet.
2. Each Pacific Tall Ship has been invited to come to Steveston. To date, only one positive response has been received. These commitments are likely to change following the ASTA conference on Nov. 1 & 2, 2001. The Committee is anticipating securing 2 A class ships and the remainder being B and C class ships targeting about 40 ships not 45 as originally planned.
3. Managing the timelines is an issue. There may not be the time to complete all planning to host a successful event. Particular deadlines for securing sponsorship, advertising in visitor materials, environmental permitting timelines, grants deadlines are all extremely critical. Due to the complexity of this event, the committee is concerned about our capacity to meet deadlines.
4. New Westminster is reviewing the possibility of hosting some A class ships on their waterfront this summer as well. They also want to benefit from the economic potential of this event. There has been no confirmation of their initiatives to date. If New Westminster is successful in attracting A class ships, Richmond's ability to draw for our event may be compromised.
5. Other events occurring during the summer of 2002 will impact our capacity to get private sector sponsorship such as Festivals BC, Fireworks, Abbotsford Airshow.

Options

1. The City of Richmond approves hosting the 2002 Tall Ships Challenge event.
2. Reduce the scope of the Tall Ships Event.
3. Cease 2002 Tall Ship event planning and redirect the 2002 budget request to waterside infrastructure development for the newly acquired City water lots and plan for a future tall ship event.

Host the Tall Ships Challenge event.

Implicitly in hosting the event and continuing the planning, the City agrees to underwrite all financial risks related to the event. In addition, there may not be time to develop the infrastructure to accommodate A, B and C class ships particularly if environmental permitting is required.

The City would need to commit up to \$4.1M in the 2002 budget process and allocate \$150,000 new funds in 2001. Without guarantees of federal and provincial support the burden of funding would fall to the City and to the private sector to support festival costs. Administration feels that neither the private sector nor the City have the capacity to successfully support this event at this level.

Reduce the scope of the 2002 Richmond Tall Ships Event.

So the question is how can the City downscale the event and how much time would it take to further review the options? The scope of the event could be downsized by carefully inviting and selecting Class A and B ships once the dredging depth is confirmed and funded. Infrastructure development would still occur however; the ships could be placed at multiple venues along Steveston waterfront.

It needs to be recognised that a large component of the event is infrastructure driven. The infrastructure is a Richmond legacy and will become the City's second tangible component of Steveston waterfront development after Britannia. The City would still underwrite the event and in the event that the dredging did not occur to the required depth the City's ability to accommodate larger ships would be compromised.

Without guarantees of federal and provincial support the burden of funding would fall to the City and to the private sector to support the festival. A smaller event would still require immediate need for project management; engineering and committee volunteer recruitment as well as continuing the momentum with event marketing and sponsorship.

The City could choose to continue to work through the logistics of planning the event and ignore the pending November deadlines for promoting in Tourism Richmond publications. Once the event size is revised and ships confirmed, a thorough promotions campaign could be funded using other avenues.

Continuing with the planning and downscaling the event would enable the City and Committee to create an affordable event that still meets the event objectives. A revised proposal could be brought back to Council with commitments from the other levels of government and private sector.

The City could consider funding a modified event by directing gaming revenues, raise taxes or use a Capital account (revolving fund) with a repayment schedule as outlined by policy.

The City would need to pre-authorise/pre-commit 2002 operating expense to be used in 2001.

Cease 2002 Tall Ship event planning and redirect the 2002 budget request to waterside infrastructure development for the newly acquired City water lots and plan for future tall ship event.

The Tall Ships event is a real opportunity for the City of Richmond. Tremendous economic benefits can accrue to our community from a successful event. One of the event objectives was to leave a financial and social legacy by way of facility development, waterfront enhancement along the City's foreshore and community partnership. This could serve as a catalyst to kick-start ongoing waterfront economic development.

The timelines are tight and at this point, no federal, provincial and significant private sector funding has been confirmed. However, the City did commit to fund \$364,400 in 2002. This funding could be redirected to waterfront infrastructure development at the new waterlots in the Imperial and BC Packers site. This would fulfil the legacy objective.

The risks of not hosting the event could be that New Westminster or any other port community could host a tall ship event and establish a legacy for hosting this event. However, Richmond could also continue planning a Tall Ships festival and target our community for the 2005 race series.

Financial Impact

Option 1	\$4.1 Million						
Option 2	\$2.5 – 3.1 million in total event costs plus \$150,000 in additional funds for 2001 and a revised budget submission for 2002.						
Option 3	<table> <tr> <td>Project management costs</td> <td>\$100,000/year</td> </tr> <tr> <td>Committee Expenses</td> <td>\$10,000/year</td> </tr> <tr> <td>Infrastructure development</td> <td>\$360,000</td> </tr> </table>	Project management costs	\$100,000/year	Committee Expenses	\$10,000/year	Infrastructure development	\$360,000
Project management costs	\$100,000/year						
Committee Expenses	\$10,000/year						
Infrastructure development	\$360,000						

Conclusion

This is a tremendous community opportunity. Economic benefits, infrastructure improvements and community pride will result from the development of a high quality event. There are still many issues that have not been reviewed and commitments from government and the private sector that have not been confirmed.

Proceeding with this event will be a challenging task. The committee will need to be well supported and timelines will need particular attention. The strong interest in the community and the economic benefits that would result, lead to the recommendation to continue with the plan to host a modified tall ships festival in Steveston Harbour.

Given the high level of community interest in this project, it is prudent to continue with planning an event that will position us well for future tall ships projects and foster waterfront development in Steveston.

Cathy Volkering Carlile
 General Manager - Parks, Recreation & Cultural Services
 CVC: cvc

**CITY OF RICHMOND
TALL SHIPS 2002 PROPOSED BUDGET
OCTOBER 31, 2001**

REVENUE**GOVERNMENT**

City of Richmond	460,000	
Provincial	460,000	
Federal	860,000	1,780,000

CASH SPONSORS		375,000
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SPONSORS - DONATIONS IN KIND		1,250,000
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EVENT/ONSITE REVENUE		<u>710,000</u>
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TOTAL REVENUE			4,115,000
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EXPENDITURES

FLEET RECRUITMENT/ FEE		246,000
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WATERSIDE LOGISTICS		1,200,750
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RACE OPERATIONS		18,000
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FLEET EVENTS		128,000
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FESTIVALS		421,205
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EVENT INFRASTRUCTURE - CITY SERVICES		334,300
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SPONSORSHIP RECOGNITION		96,900
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VOLUNTEERS		27,500
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MARKETING/ADVERTISING		870,000
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MANAGEMENT/ADMINISTRATION		339,000
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SECURITY COSTS		100,000
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PROFESSIONAL FEES		120,000
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CONTINGENCY		200,000
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TOTAL EXPENDITURES			<u>4,101,655</u>
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EXCESS OF REVENUES OVER EXPENDITURES			<u>13,345</u>
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RICHMOND TALL SHIPS 2002 EVENT BUDGET

	River Status	Event Scope	Deadlines	Benefits	Issues	Economic Impact	Event Budget
C Class Event	In current condition	20 C Class	Promotion - Nov 01	Small event, one central location in Steveston Harbour, no federal funds for infrastructure required	Impact fishing fleet, no large attraction, less sponsorship potential, need up front funding to coordinate event	Potential economic benefit of \$2.5 m	\$1.5 m
B/C Class Event	Dredge Channel 4.5 m \$200 K in 01 and Basin 3 m \$200 K in 02	25 C/B Class Ships	Dredging approvals (30 days), ocean disposal notice (120 days), promotion	Small event attracts c/b ships, one central location in Steveston Harbour. Harbour dredging is prioritized by Small Craft harbors. Fishing fleet in Harbour benefits. Paid out of federal funds	Impact fishing fleet, no large attraction, less sponsorship potential, funds may not cover all dredging requirement, 02 funds may not be approved in time for deadlines, need up front funding to coordinate event	Potential economic benefit of \$2.5 m	\$1.5 m
B/C/A Class Event	Additional Basin Dredging \$100K in 02	30 C/B/A Class ships with a shallow draft	Dredging approvals (30 days), ocean disposal notice (120 days), promotion,	One central location, more ships can be accommodated, fishing fleet in Harbour benefits	Not funded, deadlines for environmental issues, needs marine risk analysis on infrastructure, need up front funding to coordinate event	Potential economic benefit of \$2.5 m	\$1.6m
B/C/A Class Event	Float construction of 900', gangways, and new piles.	35 C/B/A class ships	Grant deadlines for HRDC or infrastructure grants. Need dredging to be finished to have infrastructure placed and used	One central location, more ships can be accommodated, fishing fleet in Harbour benefits. Legacy for City. floats can be used after the event along City waterlots.	Not funded, needs project management, engineering to manage grants and construction. May need additional dolphins and piles to anchor floats, need up front funding to coordinate event	Potential economic benefit of \$5.0 m	\$2.5 - \$3.1 M

RICHMOND TALL SHIPS 2002 EVENT BUDGET

	River Status	Event Scope	Deadlines	Benefits	Issues	Economic Impact	Event Budget
B/C/A Class Event	Pier at Gary Point with floats.	40 C/B/A class ships	FREMP approvals (30 days), construction timeline	Use Garry Point as festival site, legacy for City, major attraction. Floats/barges could be rented and anchored to pier	Not funded, need project management, engineering, and need up front funding to coordinate event	Potential economic benefit of \$8 m	\$4.1 m
B/C/A Class Event	No 3 Road Pier needed, Additional dolphins BC Ferries	3 A class	FREMP	Could be used instead of constructing Garry point infrastructure	Not funded, creates two festival sites to manage. Congestion along River Road, may effect revenues from admissions, need up front funding to coordinate event	Potential economic benefit of \$8 m	\$4.1 m