



To: General Purposes Committee
From: Cathy Volkering Carlile
 General Manager - Parks, Recreation &
 Cultural Services
Re: Richmond Tall Ships 2002

Date: November 13, 2001
File: 7400-20-Tall 1

Staff Recommendation

1. That City Council approve the Richmond Tall Ships 2002 budget projected at \$2.526 million; and
2. That City Council approve the city cash exposure at \$1.256 million and the City underwrite any deficits related to the event; and
3. That the City approve \$45,000 in 2001 for maritime engineering, surveying of Garry Point and an environmental assessment of the materials at the Gulf of Georgia site; and
4. In the event that sponsorship targets and government-funding targets are not secured by December 30, 2001, that City Council cancel the event.

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

Att. 5

FOR ORIGINATING DIVISION USE ONLY	
ROUTED TO:	CONCURRENCE
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"/>
Chief Administrative Officer	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>

Staff Report

Origin

At the November 5, 2001 meeting of the General Purposes Committee, the Committee referred the following back to staff:

1. That the City continue planning the Richmond Tall Ships 2002 Event;
2. The 2002 Tall Ships Committee and staff reduce the scope of the event and bring to City Council a recommended revised scope and management structure for the project; and
3. Information be provided to the General Purposes Committee on the financial aspects of the project, identifying the anticipated cash flow for the event, including timing and 'in kind' remuneration; and the status of the expenditure of \$82,500.

Analysis

Scope of Event

The Richmond Tall Ship Co-ordinating Committee has reviewed the previous budget/scope of event and have reduced the proposal to \$2.526 million in total (see attachment A). The anticipated cash required to cover expenditures is \$1.256 million. This assumes federal, provincial and crown corporation funding totalling \$300,000. If this is not realised by December 30, 2001, the event should be cancelled.

This offers Richmond a four day tall ships event in Steveston Harbour that will attract about 30 Tall Ships of A, B, and C class vessels. This event is anticipated to meet the Tall Ships Challenge requirements. This event is dependent on the development of infrastructure and approval by the Steveston Harbor Authority for mooring the ships in the Gulf of Georgia basin. These sites have been confirmed by the Committee as the primary festival locations with Garry Point as the Land side festival site.

The proposal meets the ASTA race and crew requirements plus provides the optimum sponsorship opportunity.

City Exposure

The proposed budget for the event is \$2.526 million in total with a combination of in kind donations and cash. The cash exposure of \$1.256 million is the liability risk that the City takes. If in kind funds are not secured through the sponsorship program, the budget will be adjusted accordingly. The cash exposure is projected to be:

Total Event Cash Expenses	\$1,256,000	Cash related costs for Tall Ships event
Less Cash Sponsorship	(\$ 40,000)	Corporate Program commitments and local Friends of the Tall Ships
City Exposure	\$1,216,000	
Government Funding	(\$300,000)	If Governments contribute, the exposure will be reduced
Event Onsite Revenues	(\$710,000)	During the event, revenues received will reduce the City's exposure
Sponsor Revenues	(\$260,000)	
Net City Profit	\$ 54,000	If all funding targets are met

If a deficit occurs, the City could consider funding by directing 2002 gaming revenues, raise taxes (1.2%) or use a Capital account (revolving fund) with a repayment schedule as outlined by policy.

Cash Flow/Sponsor Potential

The Cash Flow Statement outlines the potential risk factor for the City (see attachment B). Up front funding requirements include sponsorships, event administration, office, marine engineering, recruiting or seconding an event manager.

Currently, the Richmond Tall Ships 2002 Sponsorship Committee has raised \$40,000 cash in the corporate sector sponsorship program. Requests for Government funding have yet to be fulfilled but applications are in for the Provincial Olympic Fund (\$50,000). All Provincial cash amounts will be matched by the Western Diversification Fund. Meetings with potential sponsors continue and it is anticipated that the cash sponsorship will reach the \$300,000 target.

The Committee recommends that a sponsorship consultant be retained to continue to work with the sponsorship committee over the next couple of months to support the raising of funds. In addition, the local sponsorship program "Friends of the Tall Ships" needs to be supported to maximise its effectiveness.

Maritime Engineering and Infrastructure

The proposal requires float/moorage design and construction, dredging with an option for land disposal at Garry Point. In order to meet all related permitting requirements, environmental approvals and provide options for placing the dredged materials on City land, engineering, surveying and environmental materials testing must be funded in 2001.

The Committee recommends that the City fund these activities in 2001. These cost estimates are budgeted for in the overall waterside logistics budget. However, advanced funding is needed and the work needs to be completed in 2001 in order to meet all deadlines for dredging and construction.

Management

The original proposal authorised the creation of the Richmond Tall Ship Society. The Society is responsible for co-ordinating all aspects of the event and liaising with stakeholders and partners. The Society will participate fully in planning and implementing the event. The Society will be considered a City partner. A formal agreement/contract will be drafted between the City and the Society binding the commitment.

The City's role is to facilitate the development and implementation of the festival, manage and administer the finances, facilitate capital improvements and underwrite any deficit related to the event.

The Tall Ships Society Board of Directors is appointed by City Council. Director recruitment and appointment is based on the skills needed to plan and implement the event. Each Director will be expected to chair a major committee. Currently, there are four director vacancies and several chair vacancies to fill. Once the event gets approval, a rigorous recruitment process will be undertaken.

It was noted in the last General Purposes Committee report that event co-ordination has rested with the Co-ordinating committee and city staff. Both acknowledge the need for immediate assistance as the planning progresses.

A Tall Ships Event Co-ordinator is required immediately. Recruiting an individual with specialised event skill and preferably maritime event experience is essential to the success of this project. This recruitment will occur between now and the end of the year and will start in January 2002.

2001 Expenditures

In June 2001, City Council approved \$82,500 be allocated from Council Contingency to cover the resources necessary for staffing, consulting expenses to continue the review and to establish and work with a coordinating committee. The expenditures are outlined on Attachment D.

Financial Impact

The City has committed a total of \$446,800 cash towards this event. \$82,500 in 2001 and \$364,300 in 2002 Budgets (pending approval). An additional \$45,000 is required in 2001. This does not increase the City's contribution overall as funding in 2002 will offset this amount.

The total cash exposure to the City could be up to \$1.256 million with a declining balance depending on the success of the sponsorship, on site revenues and government funding requests.

The ticketing program will offer advance ticket sales and the program will be developed by the Event Co-ordinator once hired. Pre-ticket sales ensures ticket revenue despite weather conditions the week of the event.

Conclusion

The Richmond Tall Ships 2002 event is still a work in progress. The American Cities have stated that their planning "drop dead date" will be December 30, 2001. If the financing and infrastructure commitments cannot be confirmed and the financial risk to the City is too high, the City is best to cancel the 2002 Tall Ships event and work towards a future date.



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

TALL SHIPS 2002 WORKSHEET BUDGET

ATTACHMENT A

REVENUE	INKIND	CASH	
GOVERNMENT			
City of Richmond	\$ 446,800	\$ -	
Provincial - Crown Corporations	\$ 40,000	\$ 100,000	
Federal - Matching Grants	\$ -	\$ 200,000	
CASH SPONSORS	\$ -	\$ 300,000	
SPONSORS-DONATIONS IN KIND	\$ 783,200	\$ -	
EVENT/ONSITE REVENUE	\$ -	\$ 710,000	
TOTAL REVENUE	<u>\$ 1,270,000</u>	<u>\$ 1,310,000</u>	
TOTAL ALL REVENUES			\$ 2,580,000
EXPENDITURES			
FLEET RECRUITMENT/FEE	\$ 60,000	\$ 100,000	
WATERSIDE OPERATIONS	\$ -	\$ 136,000	
INFRASTRUCTURE	\$ 20,000	\$ 270,000	
RACE OPERATIONS	\$ -	\$ 18,000	
FLEET/CREW EVENTS/TRANSPORATION	\$ 20,000	\$ 90,000	
FESTIVALS	\$ 73,000	\$ 150,000	
EVENT INFRASTRUCUTRE - CITY SERVICE	\$ 447,000	\$ -	
SPONSOR RECOGNITION	\$ -	\$ 120,000	
VOLUNTEERS	\$ -	\$ 22,000	
MARKETING/ADVERTISING	\$ 600,000	\$ 150,000	
MANAGEMENT/ADMINISTRATION	\$ 50,000	\$ 200,000	
TOTAL EXPENDITURES	<u>\$ 1,270,000</u>	<u>\$ 1,256,000</u>	
TOTAL ALL EXPENDITURES			<u>\$ 2,526,000</u>
SURPLUS			<u>\$ 54,000</u>

CITY OF RICHMOND
 RICHMOND TALL SHIPS 2002
 CASH FLOW STATEMENT

	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	TOTAL
OPENING CASH BALANCE	-	(45,000)	(25,000)	(25,000)	90,000	42,000	40,000	80,000	149,000	117,000	
CASH INFLOWS											
GOVERNMENT											
- City of Richmond											200,000
- Federal		20,000	20,000	100,000	60,000	100,000					100,000
- Crown Corporations											
CASH SPONSORS		15,000	15,000	15,000	15,000		90,000	90,000	60,000		300,000
SPONSORS - DONATIONS IN KIND											-
PRE-EVENT REVENUE								45,000			45,000
EVENT/ONSITE REVENUE									665,000		665,000
TOTAL CASH INFLOWS	-	35,000	35,000	175,000	15,000	100,000	90,000	135,000	725,000	-	1,310,000
CASH OUTFLOWS											
FLEET RECRUITMENT/FEE		2,000	2,000	2,000					94,000		100,000
WATERSIDE LOGISTICS									136,000		136,000
INFRASTRUCTURE	45,000				30,000	50,000			105,000	40,000	270,000
RACE OPERATIONS									18,000		18,000
FLEET EVENTS									90,000		90,000
FESTIVALS						4,000		5,000	136,000		150,000
EVENT INFRASTRUCTURE - CITY SERVICES											-
SPONSORSHIP RECOGNITION		3,000	3,000	3,000	3,000	3,000	3,000	3,000	96,000	3,000	120,000
VOLUNTEERS							2,000	3,000	17,000		22,000
MARKETING/ADVERTISING			20,000	40,000	10,000	20,000	10,000	25,000	20,000	5,000	150,000
MANAGEMENT/ADMINISTRATION		10,000	10,000	15,000	20,000	25,000	30,000	30,000	45,000	15,000	200,000
TOTAL CASH OUTFLOWS	45,000	15,000	35,000	60,000	63,000	102,000	50,000	66,000	757,000	63,000	1,256,000
ENDING CASH BALANCE	(45,000)	(25,000)	(25,000)	90,000	42,000	40,000	80,000	149,000	117,000	54,000	54,000

**Richmond Tall Ships Society
Board and Committee Candidate Proposals**

Position	Volunteer	Committee Chair	City Staff Liaison
Chairperson	Janice Podmore	Government Liaison/Protocol	Kate Sparrow, Hilda Ward
Vice Chairperson		Land Side Operations	
Secretary		Administration	
Treasurer	Danley Yip	Finance	
City Council Liaison	Harold Steves	Friends of Tall Ships/Sponsorship	
City Council Liaison	Bill McNulty	Friends of Tall Ships/Sponsorship	
Fraser River Port Authority	Alan Domas		
Steveston Harbour Authority	Bob Baziuk		
Tourism Richmond	Kathryn Warren		
Maritime Society Committee Chair	Matthew McBride	Operations - Fleet	Dave Semple
Director at Large Committee Chair	Bryan Johnstone	Sponsorship	Contract
Director at Large Committee Chair	Jeff Conatser	Marketing/Tech	
Director at Large Committee Chair		Volunteer Services	
Director at Large Committee Chair		Festival	
Director – Staff	Cathy Volkering Carlile		
Director – Staff	Jane Fernyhough		
Director – Staff	Dave Semple	Operations- Waterside	
Ex Officio	Mayor Richmond		
Ex Officio	Honorary Commodore		
Committee Chair		Transportation/People Moving	Gordon Chan
Committee Chair		Culture/Heritage	Jane Fernyhough
Committee Chair		Security and Protective Services	Refer to RCMP/Fire Services
Committee Chair		Communications/Media	Ted Townsend

Richmond Tall Ships 2002

Expenditures 2001

Expenditures	
Meeting Expenses	\$ 670
BC Packers Waterfront Review	\$ 3,000
Maritime/Moorage Plan	\$ 1,450
Event Plan/Proposal	\$ 8,500
ASTA Conference and meeting participation	\$ 4,100
Research/Best practices	\$ 4,300
Marketing/Printing/Image	\$20,000
Sponsorship Campaign	\$30,000
Chamber of Commerce presentation	\$ 100
Misc. Expenses	\$ 400
Campaign Kick Off Gulf of Georgia Cannery	\$ 1,150
Total to Date	\$73,670
Activities - Year End	\$ 8,830
Total Expenditures	\$82,500

RICHMOND TALL SHIPS 2002 EVENT OPTIONS
 Revised 15/11/2001

River Status	Location	Event Scope	Deadlines	Benefits	Issues	Financial Impact
In current condition	Gulf of Georgia, BC Ferries	Combination of A,B,C's	Promotion Nov	Small event, opportunity to build on event for the future, no Tall Ship Challenge, no land side events	Small budget, only City funds to be used on City services, marketing impacted, significant impact to sponsorship campaign, ships possibly to New West, no race, no ticketing.	\$446,800
In current condition	Gulf of Georgia	5 A/3B/20 C Class	Engineering and design of floats. Promotion - Nov	No dredging required. Floats are a legacy following event. Meets race requirements. Possible HRDC funding.	Will need floats designed and constructed. Meets original objectives	\$2.256M
Dredge Channel 4.5 m \$200 K in 01 and Basin 3 m \$200 K in 02. Additional spot dredging	Gulf of Georgia	5 A/3B/20 C Class	Dredging approvals (30 days), disposal notice (up to 120 days)	Don't need pier structure at Garry Point, no float construction, full event, good sponsor capacity, central location. Meets race requirements and meets original objectives.	Meeting deadlines and getting necessary approvals and work done get approval for land disposal, full Cupertino by Federal Govt. No Nippon Maru moored. If dredging isn't done will need additional funds for pier or wharf.	\$2.256 M with a cash surplus.
Pier at Garry Point	Gulf of Georgia and Garry Point	6A/3B/20 C Class	Prep approvals, Engineering, design and construction	Host Large A Class, primary attraction, legacy at Garry Point, capacity for future ship visits in Richmond. Meets race requirements. Optimum revenue potential. Possible HRDC funding	Recommended, meets original objectives, creates a future site for ship visits.	\$2.256M with a cash surplus of \$54,000.