



City of Richmond

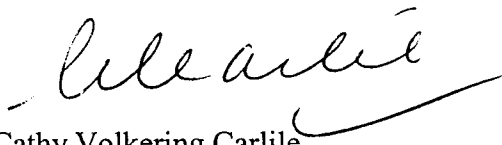
Report to Committee

To: Parks, Recreation and Cultural Services Committee
From: Cathy Volkering Carlile
General Manager - Parks, Recreation & Cultural Services
Re: 2002 Richmond Tall Ship Financial Report

To: Parks Rec + Culture - Nov. 26/02
Date: November 20, 2002
File: 7400-20-Tall1

Staff Recommendation

1. That City Council offset the Richmond Tall Ships 2002 event deficit of up to \$475,000 from the 2002 Council provisional budget, and;
2. That City Council accept the Richmond Tall Ships 2002 Coordinating Committee report for information, and;
3. That City Council accept the resignation of the Richmond Tall Ships 2002 Coordinating Committee, and;
4. That City Council conclude all Tall Ships financial activity.


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

Att.

Staff Report

Origin

At the regular City Council meeting of Nov.12, 2002, Richmond City Council directed staff to prepare a comprehensive report on the impact of hosting a tall ships event in 2005. Prior to this report being drafted, staff committed that they would bring forward the financial statement of the Richmond Tall Ships 2002. This report provides the financial overview of the Richmond Tall Ships 2002 event.

Also, the Richmond Tall Ships 2002 Coordinating Committee have prepared a final report that outlines all aspects of planning the event. The report is now complete and should be accepted by City Council as a planning tool for future events.

Findings Of Fact

Final Report

The function of a final report is to summarize, analyze, evaluate and document all activities, materials and processes related to the planning and production of the Richmond Tall Ships 2002 event.

The report was drafted from the perspective of each individual committee experience and includes content from staff and volunteers. It is particularly valuable when used as a blueprint for future events as it will provide an evaluation of what worked and what didn't, what resources we had, what we needed and will provide recommendations for future tall ships events production.

The report provides copies and examples of key materials, documents, maps, spreadsheets, media and organizational structure. The content of the final report includes information such as:

- budget requirements and outline information that would be helpful in preparing future budgets
- facilities used
- how & when were volunteers recruited and trained
- samples of printed materials, maps, diagrams, facility layouts, handbooks, id tags, forms used, tender documents, contracts, tracking lists, spreadsheets, working documents that became a "bible" during the event, invitations and programs
- equipment, supplies, signs, etc. required by committees'
- operational plans
- outlines of the major responsibilities of each committee
- recommendations of what worked and what didn't
- suggested changes for future
- suggested policies & procedures that impact the operation
- suggested timelines for committee planning

In general, the reports identify elation over the success of the event, recognizes the importance of partnerships between volunteer and staff, the City and the community and impress the common concern of such a short time period to plan and host the event. All committee chairs feel that the event was worthwhile and of enormous benefit to themselves, to the volunteers and to our community.

There was an overriding impression that had more time been given to plan that costs would have been reduced, logistics to manage the crowds better planned and the ability to raise funds and increase revenues to support expenditures would have increased.

Due to the size of the report, a copy for council review will be available in the Councillors office.

Financial Overview

In August 2001, Richmond City Council approved the event and contributed \$446,800 of City resources towards the Tall Ships project. In January 2002, a budget of \$2,374,500 was presented (Attachment 1). In Feb 2002, an event risk analysis was completed (Attachment 2) and the City resolved to fund an additional \$500,000 in the event of a deficit.

The budget was again revised in May 2002 to reflect the emerging event program. Adjustments to the expenses such as adjusting the infrastructure upgrade of #3 Road pier from operating to capital budgets, securing the Vancouver Symphony Orchestra which required more expensive staging, event signage expenses that had not previously been included and revenues for concessions, poster and print sales were made. The revised budget was \$2,481,470.

During the event, revenues estimates were not realized and some expenditure were more than previously calculated (Attachment 3). Attachment 4 outlines the reasons for the budget shortfalls and adjustments.

In brief, the variances were:

Income	Budget 06/02	Actual to date	Difference
Cash	\$1,552,900	\$1,033,191	(\$519,709)
Line Item City Value in Kind	\$427,070	\$427,131	\$131
Line Item Corporate Value in Kind	\$501,500	\$629,697	\$128,197

Expenses	Budget 06/02	Actual to date	Difference
Cash	\$1,328,580	\$1,505,087	(\$176,507)
City Value in Kind	\$427,070	\$427,131	\$131
Corporate Value in Kind	\$501,500	\$629,697	\$128,197

Summary	Budget 06/02	Actual to date
Income	\$2,481,470	\$2,090,019
Expenditures	\$2,257,150	\$2,561,915
Difference	\$224,320	(\$471,896)

City Council had requested the time commitment from staff for the duration of the project. Since August 2000, city staff dedicated the following person hours to the Tall Ships project.

This figure represents activities including and not limited to project coordination, committee support, administration, planning, media relations, it, community centre/site/venue operations, attending meetings and events, preparing and installing signage, infrastructure work, customer service, public information, communications and project management.

Additional Value in Kind Provided	Budget 06/02	Actual to date
City of Richmond Staff Time - (average \$30.00/hour)	0	\$796,350

Additional Costs Related to the Tall Ships Project

There were other expenses related to the Tall Ship project that were not included in the budget projections that should be noted. These are estimated as:

Contributions from other Sources	Value
Dredging funded by the federal government (estimates)	\$900,000
HRDC funded by the federal government to Britannia Society	\$ 56,250
City capital improvements to #3 Road Pier and Steveston Harbour Boardwalk	\$400,000
Corporately contributed value in kind (not included as a budget item)	\$205,500
Volunteer time value (2112 volunteers calculated at a 12 hours each @ \$17.55/hr)	\$444,787
Total	\$2,006,537

Financial Impact

The overall direct and indirect event costs (including contributions from other sources) for the Tall Ships event totalled approximately \$5,364,802.

There were direct economic benefits to the Steveston community and to other service sector industries in Richmond. Although these were not quantified by an economic impact assessment, anecdotal accounts from business support this claim.

Using the standard multiplier adopted by the Tourism industry of 2.11% to 2.17%, the economic benefits can be modestly estimated as \$11,300,000 to \$11,650,000 for the five-day event to our City.

Over 400,000 people attended the five-day event and an additional 10 – 20,000 visited during the previous visit of the Nippon Maru. Over 2200 volunteers and hundreds of staff supported this event, which was clearly the largest undertaking the City has hosted.

Initially, City staff and committee volunteers estimated the event would have an overall value of \$5,397,000. As it turns out the overall financial picture estimated at that time was accurate.

Conclusion

The event was an enormous undertaking by the City supported by an army of volunteers. The event was regarded as a tremendous success. The long-term benefits of the exposure of the Village of Steveston and to Richmond are still to be felt.

The event did not realize the revenues as had been projected and slightly increased expenditures due to unanticipated expenses that have been outlined in this report.

Once the event was approved by City Council in late fall 2001, City Council decided to approve funding for an event deficit from 2002 Council provisional budget. This was put in place in case anticipated revenues would not be received during the event. There will be a deficit of approximately \$475,000 by project close that primarily resulted from not meeting revenue targets which now needs to be offset.

Also, at the last meeting of the Richmond Tall Ships Coordinating Committee on Sept 12, 2002, the Committee resolved to stand down. The Richmond Tall Ships 2002 final report is the legacy from those committed volunteers and staff that outlines the experiences and achievements.

The report should be accepted by City Council and be used as a planning tool for the future. The Committee, in keeping with their resolution, should be dissolved.



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

:cvc

Tall Ships 2002 Worksheet Budget

Revised May 2002

REVENUE	INKIND	CASH	
GOVERNMENT			
City of Richmond	\$ 447,000		
Provincial - Crown Corporations	\$ 80,000	\$ 110,000	
Federal - Matching Grants		\$ 160,000	
Tourism Richmond	\$ 120,000	\$ 30,000	
CASH SPONSORS		\$ 290,000	
SPONSORS-DONATIONS IN KIND	\$ 431,500	\$ -	
EVENT/ONSITE REVENUE	\$ -	\$ 706,000	
TOTAL REVENUE	\$ 1,078,500	\$ 1,296,000	
TOTAL ALL REVENUES			\$ 2,374,500
EXPENDITURES			
FLEET RECRUITMENT/FEE		\$ 175,500	
TRANSPORTATION	\$ 33,000	\$ 39,500	
WATERSIDE INFRASTRUCTURE	\$ 158,450	\$ 455,000	
RACE OPERATIONS	\$ -		
FLEET/CREW EVENTS/TRANSPORTATION	\$ 12,000	\$ 49,000	
FESTIVALS	\$ 277,200	\$ 123,000	
EVENT INFRASTRUCTURE - CITY SERVICE	\$ 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	\$ 1,078,500	\$ 1,266,600	
TOTAL ALL EXPENDITURES			\$ 2,345,100
SURPLUS			\$ 29,400

Version 3 May 2002

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

**RICHMOND TALL SHIPS 2002
CONSOLIDATED INCOME AND EXPENSE STATEMENT**

November 20, 2002

	BUDGET	ACTUAL
INCOME		
<i>Cash</i>		
Event	\$ 982,900	\$ 551,501
Donations	\$ 570,000	\$ 481,690
Friends	\$ 25,000	\$ 30,800
Corporate	\$ 265,000	\$ 238,890
Government	\$ 280,000	\$ 212,000
Sub Total Cash Income	\$ 1,552,900	\$ 1,033,191
<i>Value In Kind</i>		
City	\$ 427,070	\$ 1,623,481
Corporate	\$ 501,500	\$ 1,791,447
Volunteer (Note 1)		\$ 444,787
Sub Total Value In Kind	\$ 928,570	\$ 3,859,715
TOTAL INCOME	\$ 2,481,470	\$ 4,892,906
EXPENSES		
<i>Cash</i>		
Corporate Hospitality	\$ 73,100	\$ 24,451
Finance & Administration	\$ 192,600	\$ 265,069
Landside Venues	\$ 115,000	\$ 276,953
Maritime Festival	\$ 122,400	\$ 202,898
Marketing & Communications	\$ 180,000	\$ 163,181
Security, Safety & Telecomm	\$ 40,500	\$ 74,140
Sponsorship	\$ 94,980	\$ 78,724
Transportation	\$ 39,500	\$ 10,726
Volunteers	\$ 35,500	\$ 68,841
Waterside	\$ 435,000	\$ 340,104
Sub Total Cash Expenses	\$ 1,328,580	\$ 1,505,087
<i>Value In Kind</i>		
City	\$ 427,070	\$ 1,623,481
Corporate	\$ 501,500	\$ 1,791,447
Volunteer (Note 1)		\$ 444,787
Sub Total Value In Kind	\$ 928,570	\$ 3,859,715
TOTAL EXPENSES	\$ 2,257,150	\$ 5,364,802
PROFIT (-LOSS)	\$ 224,320	-\$471,897

Note 1 Volunteer Time - est. 2112 volunteers @12 hours each @ \$17.55/hour

**Richmond Tall Ships 2002
Expenditures/Revenues Variances**

In April 2002, City staff reviewed the approved Richmond Tall Ships 2002 budget against the activities then currently underway. This provided staff new to the project the opportunity to revisit initiatives. This variance analysis addresses the *cash revenue and expenses* and links to the City's financial systems.

The variance of cash activities from the final budget and actual revenues and expenses of the event are summarized by the difference in value between the events budgeted profit of \$224,320 and the actual loss of \$471,896 for a total variance of \$696,216.

INCOME – Variance of (\$519,000)

Donations

Down approximately \$90,000 posted however \$110,000 from budget as follows:

- \$75,000	Federal Government (Heritage Canada) Donation not received
- \$40,000	Corporate Donations not realized
+ \$5,800	Friends of Tall Ships (Community)
-\$109,200	Total

+ \$20,000 Offset with \$20,000 donation from
Sunshine Rotary Captains Ball
Budgeted as Miscellaneous Revenue (\$15,000)

Event

-\$126,200	<i>Ticket Sales</i> – 40,174 tickets of 50,500 total available were sold. The net variance is unsold tickets and refunds.
-\$20,000	<i>Program Sales</i> – An “official program” of the West Coast event was to be available by an ASTA partner. Late into the event this initiative did not materialize and no program was printed or sold. We had budgeted this amount as our portion of income.
-\$15,000	<i>Liquor Sales</i> – 25% off target sales.
-\$115,000	<i>Concession Revenues</i> – Our income was partially based upon a commission on vendor sales. Vendor gross sales were off approximately 80% from budget. We also “wholesaled” soft drinks to vendors and revenue from this was off \$10k. Both these initiatives influenced by competition from village merchants and the location of the “Maritime Market” where the majority of vendors were. The mainstream of potential patrons did not get to the Maritime Market.
+10,000	<i>Parking Revenue</i> – Gross Revenue was \$46k and after deduction for taxes, expenses and income distribution to our “partners” and property owners we netted approximately \$20K.

-\$10,000	<i>Licensed Product Royalties</i> – The program to capitalize on the festival logo and promotion suffered from lack of exposure and time in the marketplace. Net revenue was approximately \$10,000.
-\$45,000	<i>Ship Cruise</i> – This initiative was to capture sponsors and customers to participate in a “day sail” on board a Tall Ship. Complications associated to the fishery in the Fraser River kept the ships at dock cancelled this program.
-\$15,000	<i>Captains Ball Donation</i> – see donation revenue
-\$40,000	<i>Poster Sales</i> – Printing of commemorative poster was included in the marketing program. However due to the late availability, lack of market penetration and consumer response resulted in poor sales. The City will continue to market this product and contribute proceeds to general revenue.
-\$53,500	<i>John Horton Print</i> - Local artist John Horton has donated half the proceeds from the sale of his limited edition print “Days of Glory” to Tall Ships. Total of 425 prints available, 21 sold to date.
-\$429,700	Total

EXPENSES

Cash expenses changed throughout the event with VIK relief from the corporate community. The *Cash Expense Budget* is based upon each committee's total expenses less the forecast of City and Corporate VIK contributions. This is shown as the *City Expense Forecast* on the festivals Revenue and Expense worksheet and on the City Program Expenditures Report.

Cash Expenses – Variance (\$177,250)

+\$48,500	<i>Corporate Hospitality</i> - A role of this committee was to provide Corporate and Dignitary hospitality functions which included complimentary food and beverages. These services were budgeted for but not provided.
-\$72,500	<i>Finance & Administration</i> – additional expenses for ancillary revenue operations i.e. <ul style="list-style-type: none"> ➤ Liquor costs ➤ Soft Drink costs ➤ Pay Parking expenses ➤ Horton Print expenses
-\$162,000	<i>Landside</i> – Additional expenses signage used in house instead of contract, electrical, grading, fit out and teardown
-\$80,000	<i>Maritime Festival</i> - additional expenses related to VSO and additional entertainers, staging.

+\$17,000	<i>Marketing</i> - additional advertising (local media to off set Pacific Press strike)
-\$33,000	<i>Security, Safety & Communication</i> – Cost of ambulance services
+\$16,250	<i>Sponsorship</i> - Reflects sponsor entitlements not charged to expense account.
+\$28,750	<i>Transportation</i> – Additional VIK and signage expensed by Landside.
-\$35,250	<i>Volunteer</i> – 3 times the number engaged
+\$95,000	<i>Waterside</i> – use of existing City assets (bridges & ramps) and additional Corporate VIK reduced expenses
<hr/>	
+\$177,250	Total