



City of Richmond

Report to Committee

To: General Purposes Committee

Date: January 14, 2011

From: Andrew Nazareth
General Manager, Business and Financial Services

File: 11-7400-35-01/Vol 01

Dave Semple,
General Manager, Parks and Recreation

Re: Tall Ships® Richmond 2011

Staff Recommendation

1. That Tall Ships® Richmond 2011 be deferred until 2014
2. That Council approve a 2011 maritime festival season that begins in June and features a selection of the confirmed ships and also includes the reinstatement of the Richmond Maritime Festival in August.

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ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Parks & Recreation	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Budgets	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Transportation	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Emergency Services	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	REVIEWED BY CAO YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>

Staff Report**Origin**

On May 10, 2010, Council approved the following:

1. *That Richmond be approved as a host port city for the 2011 Richmond Tall Ships Maritime Festival;*
2. *the final Agreement, and any related agreements or documentation to give effect to the Agreement, with the American Sail Training Association for the hosting of the 2011 Tall Ships be brought back to Council prior to execution*
3. *the 2011 Richmond Tall Ships Maritime Festival Draft Operational Plan, as described in Attachment 1 of the report Tall Ships 2011 Operational Plan from the General Manager, Parks and Recreation and the General Manager, Community Services be endorsed; and*
4. *\$500,000 from the 2009 Operational Surplus be considered for the implementation of the Richmond Tall Ships 2011 Operational Plan with further discussion of the volunteer fees component at a later date.*

The May 10th Staff report presented a budget of \$6,228,800 in revenue and \$6,173,562 in expenses and noted that, in a worse case scenario, various factors could combine to produce risk of up to \$2,000,000. The report also stated that the event's scope and budget would be further assessed and adjusted in order to reduce the level of potential exposure.

On July 12, 2010, Council approved

that up to \$500,000 funding from the Major Events Provisional Fund be approved as funding towards Tall Ships 2011

Work began on the event scope and budget assessment with the goal of creating financial security and truly shaping the event into something uniquely Richmond's. This report outlines the preliminary plans undertaken by staff in order to assess the City's costs and risks.

Analysis

The 2002 Tall Ships Festival held in Richmond was a resounding success. It was extraordinarily well received by both Richmond and regional residents, with an estimated 400,000 people taking in the activities during the 5-day event. It was with that in mind that Staff worked with the community and volunteer members to create a scope of event that exceeded that of 2002, but allowed for optimum safety, financial security and a note-worthy experience for guests and residents.

The original Operational Plan emphasized that a quick start was critical as the ideal planning timeline was 2 to 3 years out. Therefore, full event planning, program and costing modeling, ship recruitment, sponsorship acquisition, volunteer recruitment and community engagement commenced immediately upon the approval of the event.

Programming

Staff created a model for a Tall Ship event that is imminently flexible and still strongly meets Richmond's place making goals. For a risk-mitigated event, programming would understandably be focused on the ships and related activities, but still allow for exciting landside activation.

Below is a programming scenario that a \$2,000,000 – 2,800,000 budget could deliver, per the attached budget. (See Attachment 1)

Day One

The Garry Point Park portion of the site could be ticketed admission for the Opening Ceremonies. It is estimated the fenced site could hold between 45,000 and 60,000 people. The Opening Ceremonies could include a Parade of Sail, main stage headliner entertainment, welcoming speeches and fireworks.

Day Two and Three

Weekend programming could focus on line-up and roving entertainment, kids zone, youth sail and education experience, local musical talent, emerging Canadian artists and entertainers, and multicultural history exhibits and demonstrations. The village of Steveston is central to event programming and any festival plan would not duplicate services or exhibits already available from Steveston-based businesses or attractions. Festival food and beverage would be geared to the "eat on the go" style experience, rather than sit-down service. Buskers and other types of entertainment would be active in the village until 10:00 pm each weekend night.

Day Four

While the event would still be open to the general public, programming on this day could focus on seniors, schools, youth groups as well as organizations supporting the disadvantaged in Richmond and the Lower Mainland. Social and educational exchange programs with ship crews and among school groups would make this an exciting day.

Day Five

Ships would depart this day. There would be no ship boarding, but it is expected that the public could come to see the ships depart.

More revenue would allow for greater landside programming, especially if the event was held in summer. Nighttime concerts and fireworks would be encouraged as programming enhancements.

In light of the postponement, discussions have begun regarding the development of a maritime festival "season" which would see some of the local tall ships and possibly a Class A ship from Japan or Russia visiting over the summer period. Should funding be available, ships such as the Lady Washington, Hawaiian Chieftain, Adventuress and Tiare Taporo would be welcomed to Steveston in 2011 in a timetable that best suits their schedules.

Ship Recruitment

The City has currently sent Memorandums of Understanding ("MOU's") to 20 ships. (See Attachment 2 for a list of invited ships.) An exciting new aspect to future festivals would be the inclusion of non-masted Canadian, US and Mexican naval vessels, potentially representing the entire North American Pacific naval fleet.

Through discussions with ship operators and national embassies, it has become apparent that the optimum time to approach larger Class A ships is no less than 2 years prior to the event date. At over 200 feet, these ships are understandably the stars of any tall ship or maritime event and are heavily requested around the world. Despite enormous recruitment focus and effort, only one such vessel is available for 2011. The postponement of the event will hopefully allow for a larger contingent of Class A ships.

Sponsorship

Cash and value-in-kind sponsorship acquisition has been more challenging. Below, in no order of importance, are the issues facing Tall Ships® Richmond 2011's sponsorship acquisition:

- Post-Olympic sponsor fatigue
- Sponsors' experience with 2005 Vancouver Tall Ship event
- Economy
- Competition for sponsor dollars, even by other Richmond entities themselves

To date, \$179,000 in cash and \$144,000 value-in-kind ("VIK") have been confirmed. An additional \$295,000 cash and \$105,000 VIK is currently being discussed with various companies. The minimal gross budget target for high-level corporate sponsorship is \$800,000 combined cash and VIK.

The target of community level and supplier sponsorship and VIK is \$200,000 gross. No funds at this level have been confirmed although discussions are well underway. With a multi-year lead-time, however this goal could be increased and ensure full community integration into the event.

Senior Government Support

A grant application for \$250,000 from Heritage Canada has been submitted in partnership with the Richmond Arts Coalition. These funds, if awarded, are eligible to be spent on the event's programming and production costs only. The success of the grant would not be known until April, which could hamper cash flow needed to secure programming and increase risk. Likewise a change in government could also negate the chances of award and there is a growing possibility of a springtime federal election.

While Tall Ships® Richmond 2011 did not qualify for any 2010 provincial grants, a positive meeting was held with Stephanie Cadieux, Minister of Community, Sport and Cultural Development on December 9th. Per Minister Cadieux's request, a briefing, which included an event overview and high-level budget, was created and forwarded to her on December 13th. The briefing requested that the provincial government match the federal "ask" and contribute \$250,000. Staff were recently informed that 2011 provincial funds are likewise limited. Staff have, therefore, scheduled meetings with local MLAs to garner their support for the event. The current risk, however, remains probable that significant provincial funding would not be forthcoming.

Ticketing

Considerable market research was conducted regarding the ticket prices as quoted in the original Operational Plan. Ticket price comparisons were made from tall ships events from Halifax, Chicago, Toronto and Victoria.

Preliminarily researched ticket prices were submitted to Senior Management and other members of the project team. While the prices were acknowledged to be well in line with other events, three issues potentially affecting Richmond's event pricing were determined to need further consideration.

- Unlike the events noted above, Tall Ships® Richmond 2011 is produced solely by the City of Richmond. Non-profit organizing societies' event success depends on a market approach to pricing. The City, however, is a municipal political body and perceived differently in the eyes of the attending public, many of whom are Richmond taxpayers. Past City events have focused primarily on non-financial values and benefits, including, but not limited to community good will, place-making, volunteer development and event capacity building and experience. The City has, therefore, heavily invested in past major events and has not charged market value for entry and/or programming attractions. While the attendance demographics targeted for Tall Ships® Richmond 2011 reach much further than Richmond itself, the City has created a local event culture not accustomed to paying market value for City-sponsored events.
- The 2002 Richmond Tall Ship event's ship-boarding ticket prices were far less than market prices command today. It was therefore determined that the jump from free-of-charge to market prices was too extreme.
- Economic factors, possible spending fatigue and the "non-summer holiday" event dates were also considered reasons to lower prices to mitigate the risk of an undersold event.

Per Senior Management's recommendations, ticket prices therefore were re-assessed and lowered. This necessary action significantly reduced projected revenues, contributing to a higher risk scenario.

It must be noted that a longer lead-up period would allow for the re-instatement of market value ticket prices which would contribute to more available revenue for ship recruitment and programming. Ticket revenue combined with an increased ship capacity and with the ability to charge market value prices could realistically reach \$1,300,000.

To successfully meet its Major Event Strategy Goals, the City is currently working to build local capacity and expertise to the point where independent organizations can become the producers of existing or new major events. Community level discussions are currently under way in Steveston regarding the creation of an independent organizing committee for maritime events. It is hoped that a 2014 Tall Ships major event would be independently organized, but strongly supported by the City.

Before transitioning existing events to these independent organizations, however, the City must work with the community to develop a local event culture where the audience is willing to pay market value. For, like Victoria, Halifax and Toronto, future Richmond event organizations will be significantly dependent on market value ticket revenue for their survival.

Marketing

Richmond's successful participation in the Olympic Games significantly strengthened the City's relationships with major regional media outlets and Richmond now is perceived as a very attractive event partner for TV, radio and print media. Plans to date would have had Tall Ships® Richmond 2011 extensively advertised and promoted within the core target audiences of Richmond and the Lower Mainland on TV, FM and AM Radio and in daily and community newspapers, with augmented television and newspaper promotion across the province, and in key regional BC markets as well as Washington State. This media plan can be carried forward and enhanced in 2014. A longer lead-time would also allow greater integration with Tourism Richmond's international destination and tour sales.

A "landing page" is now active (www.tallshipsrichmond.ca). A tangible Olympic legacy, the Tall Ships® Richmond 2011 landing page and upcoming website's costs were minimal as O Zone website architecture has been re-used and has merely been "re-skinned". The branding and design can be easily maintained into coming years.

Experience gained during the 2010 Winter Games has also allowed for the Tall Ships® Richmond 2011's logo, tag line and graphic standards manual to be created in-house at very low cost. Again this brand can be retained and used in future events.

Community Engagement

Event management regularly meets and updates REACT, the Steveston Not-for-Profit Committee, Tourism Richmond, and City departments when required. At these meetings it was emphasized that Staff and community partners were working very hard towards the mounting of a 2011 event. They are aware however that Council will make the final decision on a go-ahead for this event. As mentioned above and in light of the recommendation to postpone the event, it is hoped that community engagement will continue to grow and become more primary in the event planning and production.

Workforce

Efforts have focused mainly on ship and sponsorship acquisition, therefore leadership volunteers and community organization members have been involved mostly in these areas. Over 280 volunteers have visited the "icanhelp.Richmond.ca" website and signed up for Tall Ships® Richmond 2011.

Communication with registered volunteers will take place to encourage them to remain committed to the event. The postponement will quite possibly allow for the development of a strong core of leadership volunteers who are ready for 2014.

Safety and Security

Tall Ships® Richmond 2011 Safety and Security team includes City Emergency Services, RCMP (land and water), Coast Guard, British Columbia Ambulance, Richmond Fire and Rescue and Vancouver Port Metro. Meetings with this team have taken place and issues from 2002 have been considered and addressed in the Safety and Security Plan.

Highlights of the current Tall Ships® Richmond 2011 Safety and Security plan included:

- Sign off by all partners on emergency routes as defined in the event's Traffic and Transportation Plan.
- Gated event for Opening Ceremonies
- Improved "from the water" access to crowds at Garry Point, including no general public on riprap during Opening Ceremonies
- Personal floatation devices (PFDs) to be recommended for children under 10 in marketing messaging. Some PFDs will be available free of charge for public.
- Controlled access to all docks and monitored capacity. Capacity to be evaluated by a certified engineer. Vigorous dock safety measures and on-water vigilance will be in place as a strong freshet is expected next June. Freshet current was not a factor in August 2002.
- Increased number of bike and foot teams. Program-driven team placement strategy.

This planning can be retained for future events of this scale.

Transportation

A preliminary transportation plan has been drawn up. The plan highlights are:

- Three north/south and two east/west dedicated emergency access routes. No parking will be allowed on those routes.
- Increased signage and other communication aids.
- Improved vehicle, shuttle and transit vehicle routing and positioning
- Increased "Park and Rides". Approaching off-site parking opportunities that are on transit routes
- Request to TransLink for "dedicated" buses for event, much like the PNE.
- Strong pre-event messaging on use of public transit, much like the Olympics. TransLink and the media committed to applying the successful 2010 Olympic "leave your car at home" campaign tactics.

As with the Safety and Security Plan above, this planning can be retained for future events of this scale.

Waterside Infrastructure

Staff has completed the tender process for the supply and construction of the steel and timber pontoon floats for the development waterside infrastructure at Garry Point Park. In 2010, the City awarded the contract to build one of the modular sections of the pontoon floats, which can be used in a variety of locations including Garry Point Park, Britannia Shipyards and Imperial Landing year round. Funding for this initial contract will come from the 2010 Waterfront Improvement Capital Project Account. With the recent approval of the 2011 Capital Program, the remaining 3 sections of the pontoon floats and other components will be built.

This infrastructure will be used in 2011 for the proposed revitalized maritime festivals and in future years to support local and international ship visitation. By 2014, familiarity with the infrastructure will allow for a high level of confidence for mooring and public boarding logistics.

Financial Impact

Factors such as updated information, continued analysis of ticket pricing, revised cost estimates, current sponsor fatigue and limited availability of Class A ships have resulted in a reduction of the scope of the event and subsequent budget. Please see Attachment 1 for a summary of the budget.

The revised risk-mitigated budget projects total revenues conservatively at \$1,880,000 and total expenses at \$2,345,077 (\$2,696,839 with a 15% Contingency). Due care has been taken with the projected expenses to ensure that they are the minimum required to meet the City's high safety and security standard and not compromise the quality of event as expected by the public, media and sponsors.

Consequently with a potential projected shortfall of \$816,839 staff believe it is only prudent to defer the event until such time that it can be produced in a more financially responsible manner, ideally with more lead-time.

Staff request that the remaining funds of the \$500,000 originally allocated from the Major Event Fund remain assigned to the development of a 2011 maritime special event and the continued planning of the 2014 event. The actual amount of remaining funds will not be available until all contracts and commitments are fulfilled, per their cancellation clauses.

Conclusion

Like our community, Staff strongly believe in the Tall Ships product. It is an event perfectly suited to Richmond and Steveston Village. A Tall Ships® Richmond 2011 event is achievable, but not without considerable risk and possible degradation to the quality of the initially envisioned event. Many of the factors working against the event's favour are ones that the City cannot control and, therefore, mitigate.

The benefits of delaying the event until 2014 would outweigh the benefits of the scaled-down event. A 2014 event would allow for the:

- Probability of more Class-A ships
- Involvement of multiple ports creating an attractive critical mass for visiting ships
- Enhanced programming
- Increased sponsorship (possibility of multi-year opportunities)
- Greater ticketing revenue
- Positioning and promotion of event through smaller lead-up event (i.e. Winterfest in years leading to O Zone)
- Greater community integration
- Development of and transition to an independent organizing committee model.
- Higher international profile and tourism benefits.

January 14, 2011

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Staff believe that demonstrating a transparent budgeting process and responsible financial decision making will encourage, not discourage, our sponsors, and residents' faith in our City as a responsible, respectful event producer and future event partner.

A handwritten signature in black ink, appearing to read 'SS', with a large, sweeping flourish extending to the right.

Sandi Swanigan
Manager, Major Events Development
(604-276-4320)

SS:ss

Revenue:	Projection
Net Sponsorship (risk mitigated)	\$ 650,000
City of Richmond	\$ 500,000
Events Tickets	\$ 480,000
Federal Government Grant (applied for)	\$ 125,000
Provincial Government Grant (in discussion)	\$ 125,000
Total Revenue	\$ 1,880,000

Expense:	Projection
Landside Infrastructure	\$ 488,000
Programming	\$ 350,000
Safety and Security	\$ 344,900
Ship Recruitment and Servicing	\$ 314,400
Marketing and Hosting	\$ 225,000
Sponsorship and Event Logistics	\$ 200,000
Transportation and Traffic Control (not including Translink*)	\$ 184,558
Volunteer Recruiting and Services	\$ 120,000
Project and Event Administration	\$ 65,000
Ticket Management	\$ 30,000
1% Project Management Charge (by Policy)	\$ 23,219
Total Expense	\$ 2,345,077
Contingency (15%)	\$ 351,762
Total Expense + Contingency	\$ 2,696,839

Projected Overall Surplus / (Shortfall) **	(\$ 816,839)
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* Translink costs cannot be projected at this time

** Projected shortfall before contingency = \$816,839 - \$351,762 = \$465,077