



City of Richmond

Report to Council

To: Richmond City Council
From: Andrew Nazareth
General Manager
Business & Financial Services

Date: January 16, 2009
File: 08-4150-03-01/2009-Vol
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Re: Richmond Community Tourism and Sport Hosting Strategy

Staff Recommendation

1. That the Richmond Community Tourism and Sport Hosting Principles outlined in the enclosed Staff Report from the Manager, Economic Development be adopted.
2. That staff report back to Council with a business plan for the Sport Hosting Strategy, subject to receiving external funding and after further consultation with our Richmond Sports Council, the Olympic Oval Corporation and Tourism Richmond.
3. That, staff report back to Council with the necessary Bylaws for renewal of the 2% Hotel Tax from October 2009 to October 2014 and amendment to reallocate the funds accumulated in the Richmond Trade and Exhibition Centre Designated Project Fund, subject to receiving the express written support of at least 51% of the hotels and hotels representing 51% of the hotel beds in Richmond.

Andrew Nazareth
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Att. 1

FOR ORIGINATING DEPARTMENT USE ONLY		
CONCURRENCE OF GENERAL MANAGER 		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES 	NO <input type="checkbox"/>

Staff Report

Origin

In 2007, Council directed staff to make use of Phase One UBCM Community Tourism Program funding to develop a comprehensive assessment of tourism in Richmond. A consulting team, led by PriceWaterhouseCoopers, was engaged to identify gaps and opportunities for enhancing the current Richmond tourism model. The consultants conducted extensive best practices research and worked closely with City staff and key stakeholders from the tourism industry, community sport, business and other community representatives through focus groups and other meetings. The consultants completed their work in 2008 and provided City Staff with a report incorporating recommendations on five tourism-related components:

- Corporate Branding
- Tourism Capacity Analysis
- Tourism Benchmarking
- Community Tourism
- Sport Hosting

Analysis

The discussion below addresses progress on the five components of the tourism assessment, including a summary of work completed to date, as well as analysis and recommendations to advance any remaining components.

Evolution of Tourism in Richmond

Over the past 20 years, Richmond has evolved significantly as a tourism market. In the past, proximity to the Vancouver International Airport (YVR) and to the US/Canada border, along with abundance of competitively priced accommodations compared to Downtown Vancouver, had positioned Richmond as a tourism gateway – a convenient entry point for tourists and business travellers to the Metro Vancouver and British Columbia. While Richmond had a variety of tourist attractions, it was not commonly viewed as a tourism destination. In recent years, attractions such as Richmond's Steveston Village and Golden Village, events and festivals such as the Night market and WinterFest, and venues such as the RiverRock destination resort and the Richmond Olympic Oval have significantly contributed to raising the City's profile as a tourism destination of choice.

The ongoing development of Richmond as a tourism destination has provided new opportunities for the City to capitalize on and expand the economic benefits derived from tourism. In addition, the City's significant investment in the Richmond Olympic Oval and its plans for the surrounding neighbourhood, as well as other key initiatives including the City Centre Area Plan, Major Events Strategy, Richmond Arts Strategy, Museum and Heritage Strategy, 2010 Strategic Operational Plan and others have heightened the importance of tourism as a determining factor in the success in achieving overall corporate goals and objectives.

Two of the five tourism components were brought forward separately and adopted by Council:

- Corporate Branding Strategy – Approved by Council in June 2008. Implementation has been handled by the Corporate Communications department and has been extremely well-received within the corporate organization, the community at large and external markets. Tourism Richmond has adopted a new corporate brand that closely mirrors the City's new brand, supporting the overall branding strategy objective of presenting a unified Richmond "community" brand to the world.
- Tourism Capacity Analysis and Major Events Strategy – Based on the Tourism Capacity Analysis carried out by the consultants, a key recommendation included positioning Richmond as a Major Events hosting centre by capitalizing on existing tourism infrastructure, location, community capacity, cultural diversity and existing event base. The City adopted a Major Event Strategy and Council approved funding in the 2007 operating budget. The City's tourism initiatives will be aligned to support the Major Event Strategy.

Towards an Effective Tourism Model

The standard model for destination tourism development and promotion considers three distinct but overlapping elements:

- Destination Management – involves the development of overall tourism policy, regulation and facility infrastructure
- Destination Marketing – focuses on tourism marketing activities including promoting the destination's brand identity and tourism opportunities, conducting market research and disseminating it to both policy makers and individual operators, and acting as an advocate for the industry with government, the media and the general public
- Destination Services – provided by tourism operators that deliver tourism products and services to visitors

Many communities have established tourism models where Destination Management complements the efforts of the local Destination Marketing Organization (DMO). Often, local or regional governments take the leadership role in Destination Management. In the past, the City has generally left the area of tourism management and marketing to Tourism Richmond, an accredited DMO that has been successful in significantly growing local tourism and establishing Richmond as the fourth largest tourism jurisdiction in the Province.

However, the evolution of Richmond from a tourism gateway to a tourism destination, the City's lack of direct involvement in Destination Management and the highly focused Destination Marketing mandate of Tourism Richmond, have left some gaps within the overall tourism delivery model in Richmond. Implementation of the remaining three of five tourism components – Tourism Benchmarking, Community Tourism and Sport Hosting is aimed at addressing those gaps and strengthening the Destination Management component of the tourism model, while supporting the continued growth of the local tourism industry through increased collaboration among all stakeholders.

Community Tourism and Sport Hosting Strategy

The proposed Community Tourism and Sport Hosting Strategy has five main components, with Tourism Benchmarking built into all proposed tourism projects and functions:

1. Contract Agreement – a formal agreement between the City and Tourism Richmond that articulates the roles and responsibilities of both parties in relation to Destination Management and Destination Marketing. This will strengthen the collaborative relationship between the two organizations, while also providing increased accountability and opportunity to provide strategic direction. A formal benchmarking and performance measurement process is covered within the agreement. The agreement is a precursor to seeking a renewal of the 2% Additional Hotel Room Tax (AHRT or the Hotel Tax) which expires in 2009. Through this process, the City will be able to ensure the Hotel Tax is dedicated to initiatives that best meet the mutual objectives of both Tourism Richmond and the City.

Note: The Contract Agreement has been finalized and is being brought forward in a separate report to Council.

2. 2% Hotel Tax Renewal – The current term of the Hotel Tax expires in October 2009. In partnership with Tourism Richmond and the Richmond hotels, the City will seek renewal of the 2% Hotel Tax and the criteria for allocation of accumulated and future tax revenues to meet mutual objectives for tourism development within Richmond, as defined in the Contract Agreement. Work on the joint renewal application will be contingent upon Council's approval of the Contract Agreement.
3. Re-allocation of funds accumulated to date in the Richmond Trade and Exhibition Centre (RTEC) Project Designated Fund – Since 1999, 1% of the Hotel Tax has been accumulating into the RTEC fund. In November 2008, Tourism Richmond communicated that an RTEC is not viable in terms of financing and/or market competitiveness and the association's objective is to seek change of use of the funds towards tourism marketing from the Provincial Regulator. The City has requested funding for two projects from the RTEC funds – the Sport Hosting Strategy and the O-Zone and related Olympic initiatives. In partnership with Tourism Richmond and the Richmond hotels, the City will seek re-allocation of accumulated Hotel Tax revenue to date.
4. Establish a Sport Hosting function – In consultation with key stakeholders from tourism and sport, the City will lead the development and implementation of a deliberate, well-resourced and well-funded program aimed at maximizing benefits from attracting and

hosting major sport and sport-related events. Budgeted at \$500,000 per year and to be financed from accumulated or future Hotel Tax revenues, the Sport Hosting Strategy will incorporate the following main principles:

- Establishment of a Richmond Sport Hosting Office within the City with a mandate to serve as a "one-stop shop" for sport hosting in Richmond and to proactively pursue attraction of major provincial, national and international sporting events
- Establishment of a Richmond Sport Hosting Task Force, comprised of key stakeholders from City, sport, tourism and the Oval, and with a mandate to provide guidance to the Richmond Sport Hosting Office
- Recruitment of an experienced Sport Hosting Manager
- Establishment of a benchmarking and operational performance measurement process, compliant with the Sport Tourism Economic Assessment Model (STEAM) guidelines developed by the Canadian Sport Tourism Alliance

Upon availability of funds, the new Sport Hosting Manager will engage key stakeholders to develop a business plan for the Sport Hosting Strategy after further consultation with our Richmond Sports Council, the Olympic Oval Corporation and Tourism Richmond

Financial Impact

The financial impact of the City's proposed Sport Hosting function is estimated to be \$500,000 per annum for a total of \$2.5 million between 2009 and 2014. Funds are to be sought from accumulated or future Hotel Tax revenues and the City will be taking on this function contingent upon receipt of these funds.

Conclusion

To further strengthen the City's partnerships with sport and tourism stakeholders, to capitalize on sports, tourism, economic and media opportunities presented by the Oval, the 2010 Olympic and Paralympic Winter Games, and the associated legacy programs, and to take advantage of an available funding source, it is recommended that the Community Tourism and Sport Hosting Strategy be adopted.



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