

NO: **F016**

COUNCIL DATE: **May 30, 2011**

FINANCE COMMITTEE

TO: **Mayor & Council**

DATE: **May 20, 2011**

FROM: **General Manager, Parks, Recreation and
Culture
General Manager, Finance & Technology**

FILE: **8200-01**

SUBJECT: **Surrey International Marathon - Request for Funding**

RECOMMENDATION

The Parks, Recreation and Culture Department and the Finance and Technology Department recommend that the Finance Committee recommend that Council:

1. Receive this report as information; and
2. Direct staff to include an appropriation in the 2012-2016 Five Year Financial Plan of \$215,000 to provide financial support to the Surrey Marathon Society for organizing and hosting of the first annual Surrey Marathon to be held in September 2012.

INTENT

The purpose of this report is to respond to Council's request for a report in follow up to a delegation from the Surrey Marathon Society before Council-in-Committee at its meeting on April 18, 2011, at which time representatives of the Society requested that Council provide financial support for an inaugural marathon that is being planned in Surrey for 2012.

BACKGROUND

The Surrey International Marathon Society ("the Society") plans to host a marathon road race on Surrey streets on September 30, 2012. A written report on their proposal is attached as Appendix 1.

In brief, the Society plans to host simultaneously a marathon, a half-marathon, an 8k run and a children's fun run based on a theme of international music and performances, which will be presented at prescribed locations along the running route. The running routes will all begin and end in Surrey City Centre. The marathon will be international in

nature, will assist in building the image of Surrey both nationally and internationally, will have significant economic spin-offs, and will build community spirit and engagement.

The Society has requested that Council financially support the marathon in its inaugural year (2012) in the amount of \$250,000, and in each of four subsequent years at a diminishing amount as the marathon matures as a recognized event.

The Society anticipates that the race would be self-sustaining beyond year five. The Society's budget shows a transfer of \$34,350 to local Surrey charities following the 2012 marathon.

DISCUSSION

Evaluation of Benefits of the Marathon

The marathon should assist in achieving the following benefits for the City and its citizens:

1. The marketing of an international marathon is will improve the awareness of the City of Surrey well beyond the region to a national and international audience. Typical marathon marketing reaches an international clientele through a information distributed at other marathons, through web sites that feature marathons world-wide, through other media such as running newsletters and running/walking magazines and through the normal communications that are commonplace on social media;
2. Each mile along the race route will feature distinct cultural displays of music and art, which reinforce Surrey as a very culturally inclusive community, and will provide a significant outlet for promoting cultural development within the City;
3. Surrey is becoming known as a City with great events. The marathon will add to this reputation increasing civic pride and spirit;
4. The marathon will clearly bring enhanced economic activity to the city for accommodation, entertainment and food service businesses. Following the first year of the marathon, data from registration information and follow-up surveys will be used to develop estimates of the actual economic value of the event to Surrey; and
5. The marathon will result in health benefits to Surrey residents as they take up walking and running to participate in a road race in their home town. People training for these types of events generally become more conscious of their nutrition, are more likely to quit smoking, and are more likely to make other life-style changes that are consistent with healthy living.

Review of Society's Marathon Event Budget

The budget submitted by the Society covers all aspects of organizing and hosting this major event. The Society has recruited a talented production team to manage the event.

The revenue targets as documented in the Society's budget appear realistic. On the expenditure side key areas (such as traffic management costs) have been addressed with reasonable appropriations in consideration of the lay-out of the course. Modest savings in expenditures may be possible if the Society is successful in recruiting additional volunteers skilled in traffic management.

The projections for participation levels in the first year also appear to be reasonable as do the fees that will be charged for registration of participants in each of the different categories in comparison to other comparable marathons.

The Society has specifically requested that the City provide in-kind services associated with marketing and traffic management (including policing). The Society has budgeted \$34,350 to be contributed to eligible Surrey-based charities. While this is a laudable goal, it comes at the expense of the City in consideration of the amount that the City is being requested to invest in the event. Staff is recommending that the City's contribution be net of the amount that the Society has budgeted to contribute to charities.

Comparison to Support for Large Athletic Events from Other Cities

The BMO Vancouver Marathon takes place in the City of Vancouver. This well established marathon is in its 40th year. The City of Vancouver does not currently provide direct or in-kind financial support for the marathon, although they did provide a one-time grant of \$50,000 in 2009.

The BMO Okanagan Marathon, another well-established event, takes place in Kelowna. The City of Kelowna does not contribute financially to the event, and recovers all of its costs associated with staging the event from the event organizers.

The GoodLife Fitness Victoria Marathon has been hosted in the City of Oak Bay and the City of Victoria for many years. Victoria provides approximately \$20,000 in in-kind services to the event, while Oak Bay provides a very small amount of in-kind services related to policing for the event.

Penticton is the home of the IronMan Canada Triathlon. The City of Penticton has an Agreement with the event organizers under which the City provides \$30,000 in cash and \$106,000 of in-kind services to the event. In exchange, the City gets guaranteed tourism promotion on TSN during broadcast of the triathlon. For the IronMan Canada Triathlon, over 95% of participants are visitors to the City of Penticton who spend on average five nights in hotels and campgrounds in this tourism-oriented city.

Recommended Level of City Financial Support

The proposed Marathon is considered to have sufficient merit to justify City support. Staff proposes that Council authorize staff to include in the next Five Year Financial Plan an allocation of \$215,000 as support for the inaugural year (2012) of the proposed Surrey Marathon. The City would invoice the Society for any agreed upon services that the City would deliver including for example, traffic management and marketing.

Subsequent to the event, a full report will be forwarded to Council in late 2012 that provides a full financial, participation and operational analysis of the event in comparison to the expectations that the Society has set out. That report will make recommendations regarding City support for the event in 2013 and beyond.

FEST Involvement and Permitting

The event will be operated by the Society. The Society will make application to the City for a permit to hold the event on City streets. The event application will be reviewed through the City's FEST Committee, which is the normal process for such applications. The FEST Committee once it is satisfied that all relevant matters have been properly addressed will issue a permit to the Society to hold the event subject to conditions that will be documented in the permit.

SUSTAINABILITY CONSIDERATIONS

The proposed Marathon will assist in achieving the goals contained within the City's Sustainability Charter; specifically:

- Socio-Cultural Goal #13 – “Promote a variety of opportunities for community celebration and gathering through local and City-wide events and festivals, and through the establishment of a range of gathering places in neighbourhoods and at a City-wide level”;
- Socio-Cultural Goal #12 – “Encouraging and facilitating volunteerism and participation in community activities by persons of all ages, abilities and cultural communities.”; and
- Economic Goal #6 – “Locate economic activities where they can be best serviced by a sustainable transportation network that prioritizes the movement of people and goods over the movement of vehicles.”

CONCLUSION

Based on the above discussion, the proposed Surrey International Music Marathon is viewed as having sufficient merit to justify financial support from the City. On this basis, it is recommended that the Finance Committee recommend that Council direct staff to include an appropriation in the 2012-2016 Five Year Financial Plan of \$215,000 to provide financial support to the Surrey Marathon Society for organizing and hosting of the first annual Surrey Marathon to be held in September 2012.

Laurie Cavan
General Manager,
Parks, Recreation and Culture

Vivienne Wilke
General Manager,
Finance and Technology

Appendix 1 – Communication to Council from the Surrey Marathon Society, dated April 12, 2011

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SEH 5/27/11 11:50 AM

**Council-in-Committee
Monday, April 18, 2011
See Item A.3**



**REPORT FOR SURREY COUNCIL
SURREY INTERNATIONAL
WORLD MUSIC MARATHON**

COUNCIL-IN-COMMITTEE

DATE: April 12, 2011
TO: Mayor Watts & Council
FROM: Elizabeth Model, Surrey International Marathon Board of Directors
SUBJECT: Surrey International World Music Marathon

EXECUTIVE SUMMARY

The Surrey International Marathon Board of Directors are pleased to advise Mayor and Council of the following:

1. A not-for-profit society has been incorporated to manage the long-term development of the new Surrey International Marathon
2. Major event partners include: Downtown Surrey Business Improvement Association, Central City Shopping Centre, Tourism Surrey.
3. Race date has been set: September 30, 2012
4. Event includes three-day Wellness Expo, Festival, Finish-Line Concert
5. Five-year business plan prepared
6. Unique concept: "World Music Marathon" combines elements of Fusion Festival with Marathon, with each mile sponsored by a cultural group: The Chinese Mile ... the Jamaican Mile ... with music, décor and refreshment booths provided by community groups

7. Economic impact will generate huge benefit to Surrey tourism & economy
 - a. Participants spend 2-3 days in the host city
 - b. Studies indicate that marathoners typically have high incomes
 - c. Philadelphia Marathon pumped \$15.4 million into city's economy
 - d. Seattle's Rock and Roll Marathon generated \$30 Million in first year
 - e. Goodlife Fitness Victoria Marathon – economic impact \$7.1 million
8. Marathon, races and walk events are fastest growing segment in the international event industry
9. Marathons promote health and wellness; positive lifestyle choices of fitness and nutrition
10. Demographics depict a very lucrative market for event sponsors and ability to draw large numbers of affluent visitors to City
11. International Marathon presents an extremely positive image for City
12. Outreach plans include training programs and participation in Surrey schools
13. Wellness Weekend provides opportunity for speakers, exhibitors, health partners and sponsors
14. Aligns with City of Surrey sports tourism strategy, combined with healthy living, multicultural diversity, entertainment and fun
15. Beneficiaries will include local charitable organizations
16. Production contract has been signed with John Donnelly & Associates, and HK Sports (Vancouver Sun Run and Scotiabank Half-Marathon)
17. Written offer of sponsorship has been received from Adidas Canada
18. Request from City of Surrey includes approval and support of event, assistance with Traffic Control Plans, policing costs, marketing support and commitment to long-term plan.
19. Total event budget for Year One is \$750,000. Request from Council is \$200,000 including value-in-kind services for traffic control and policing costs plus \$50,000 for marketing in-kind support.

INTENT

The purpose of this report is to:

- Provide Council with a summary of the Surrey Marathon project development to date
- Provide an overview and seek Council support of a funding contribution towards the budget costs
- Obtain Council's authorization to proceed with event announcement

BACKGROUND

Since 1991, it has been the goal of the City to develop Surrey City Centre as the main business, cultural, and activity centre for the City of Surrey and the South Fraser Region. Surrey City Centre is home to a broad range of high density commercial, office, institutional and residential developments containing a wide range of entertainment, cultural and social amenities, community facilities and diverse residential neighbourhoods.

With Central City Shopping Centre on board, the start and finish line will be located at Central City Plaza, helping fulfill this mandate and further establish this area as an international destination.



EARLY SUPPORT

From the outset of this project, tremendous support has been received from the business community.

Downtown Surrey BIA is headquarters for race development and the Board of Directors includes:

- Elizabeth Model, DSBIA Executive Director, Chair
- Bill McNamara – Surrey 2010 Citizen of the Year
- Michelle Mackay – Central City Shopping Centre
- Bryan Tasaka – City of Surrey
- Cathy James – Tourism Surrey
- Donna Jones – City of Surrey
- Kevin Ridley – The Run Inn
- Soleman Hashmi – Hashmi & Company, Barristers & Solicitors
- Bonnie Burnside – Downtown Surrey BIA
- Sarah Kikkert – Pricewaterhouse Coopers

Confirmed sponsors include Central City Shopping Centre and Tourism Surrey.

The Board has contracted with John Donnelly & Associates to provide the personal services of John Donnelly as Event Producer, and Tim Hopkins of HK Sports Management (Vancouver Sun Run) as Race Director.



RACE EVENTS AND DATES

The Race Date was carefully selected, considering the dates of other international and regional races. As the two major races in the Lower Mainland are staged in the Spring (Vancouver Sun Run and Vancouver Marathon), there was a general consensus that a Fall Marathon would be well received by the running community. Local runners were traveling to Victoria, Kelowna and Portland for races in October, so this date was accepted as the best option.

Therefore the date has been set for Year One as: Sunday, September 30, 2012.

The event will include a three-day Wellness Expo, a festival which includes speakers, exhibitors, performers and artisans, Finish-Line Concert and four major races. The race events will include:

- Full Marathon – 26.2 miles – Boston Certified course
- Half-Marathon – 13.1 miles – certified course
- 8 KM Run
- Kids Fun Run
- Walk the World

A five-year business plan has been diligently prepared, with race registration conservatively forecasted at 3,720 runners in Year One growing to 6,500 runners registered in Year Five. Seattle's inaugural Rock n Roll Marathon saw over 20,000 runners in its first year, so there is tremendous potential to increase the registration and attendance with a strong marketing campaign.

RACE CONCEPT

The unique concept of the "Surrey International World Music Marathon" combines elements of Fusion Festival with marathons and fun runs. Each mile is sponsored by a cultural organization, similar to Surrey Fusion Festival.

We can envision signage stating (for example) "Welcome to The Chinese Mile" with Chinese décor, flags, lanterns etc. adorning the blocks leading up to a small stage featuring Chinese performers. Similarly, the Jamaican Mile will feature the music, décor and refreshments provided by the Jamaican community association.

This concept has been shared with sports marketing executives and marathon athletes and has been widely received with enthusiasm and support.

MARKETING AND ADVERTISING PLANS

Given the goal to establish this as an international race, the full course will be certified to become a Boston Marathon Qualifier, which provides credibility and is attractive to marathoners around the world.

In our view, we are not just marketing the marathon, we are marketing Surrey as an international destination. As such, the marketing initiatives for this event will reach well beyond the Surrey borders.

The timeline of the marketing plan includes an announcement of the event in May, 2011 – ideally with the participation of Mayor Watts and Councilors.

The marketing plan includes major media partnerships with TV, print and radio partners as well as a social media initiative, Facebook pages, and an exciting, progressive website for on-line registrations, training programs and race results.

We will be marketing the event through international marathon magazines, and attending events across North America to promote Surrey and the new Surrey International World Music Marathon.

COMMUNITY PARTICIPATION

There are numerous opportunities for community participation, which will all be explored fully by the event marketing committee, DSBIA staff, Surrey Tourism and City of Surrey staff. We can envision training programs being operated through the Surrey Rec Centres, retail stores, community halls and schools. School programs will include opportunities for the students to train and run their first 25 miles during the month of September, allowing them to run the final mile at the race.

Other programs we are working on will include a special First Nations training program and volunteer drive through Kla-How-Eya Aboriginal Centre. Support of this event will allow these organizations to promote healthy lifestyle choices including nutrition, exercise and fellowship.

ECONOMIC IMPACT

The Seattle Sports Commission produced a report which showed that event generated 12,223 hotel room nights and more than \$1.8 million in new tax revenue and other tourism-related fees collected by local municipalities. The race attracted an estimated total of 12,076 participants from out of town and 16,353 total visitors. The economic impact numbers from this marathon show how vital these events are to stimulating the local economy. Visiting runners alone brought over \$18.9 million in direct spending from outside the region, including expenditures on food, travel, lodging and entertainment.

City of Surrey's support of the World Music Marathon will represent an annual opportunity to promote Surrey as a world-class destination. The hard work of many organizations and individuals will not only help generate millions of dollars for our local economy, but the race will showcase how this community can come together to flawlessly execute a world-class event.

The positive economic impact will be noted in many industries including: hotel, restaurant, travel, taxi, local entertainment, retail, vehicle rentals and attractions benefitting the entire region.



BUDGET SUMMARY

The working budget for the event has been developed by John Donnelly & Associates working in consultation with HK Sports Management and City of Surrey Special Events Department. The five-year budget has been approved by the Board of Directors, and is summarized as follows:

SURREY INTERNATIONAL WORLD MUSIC MARATHON				
BUDGET AS OF APRIL 11, 2011				
CATEGORY	DESCRIPTION	UNIT / ITEM	TOTAL	EXTENDED
Registrations	Marathon	840	\$72,500	
	Half-Marathon	2165	\$133,000	
	8 KM / Kids	715	\$23,250	\$228,750
Sponsorships	Title Sponsor	Financial	\$125,000	
	Presenting	Central City	\$75,000	
	Supporting	Various	\$105,000	
	Requested	City of Surrey	\$250,000	\$555,000
REVENUE	TOTAL			\$783,750
Staff	Event Team	Course Team	\$151,500	
Marketing	Advertising	Promotions	\$90,700	
	COS Marketing	Value-in-kind	\$50,000	
Race	Operations	Course	\$87,200	
Main Stage	Festival	Production	\$62,800	
Traffic Mgmt	RCMP	Control	\$208,000	
Admin	Sales Costs	Legal	\$99,200	
EXPENSE	TOTAL			\$749,400
PROFIT	CHARITY NET			\$34,350

IMPORTANCE OF STRATEGIC PARTNERSHIP WITH CITY OF SURREY

Surrey International World Music Marathon will attract visitors to Surrey during an off-peak tourism period, thereby limiting the effects of seasonality on tourism and improving the image of the city as an international tourist destination.

The economic impact of successful marathons prove the value of this type of event to its host city partners. Mass participation events, such as marathons, provide an economically viable alternative to elite events with little outlay, and align with the City of Surrey's sport tourism strategy.

Further, these events can be self-financing, given that runners are prepared to pay to take part. In addition, these events are potentially excellent sponsorship vehicles. As such, the direct financial contribution from City of Surrey can be reviewed annually as the marathon grows to become completely self-sustaining.

Non-elite mass participation events, such as marathons, half marathons and other road races, can be used as valuable place marketing vehicles showcasing what an area has to offer, bringing further focus to City Centre.

CONCLUSION

The working budget demonstrates a profit potential of \$34,350 in Year One, which is modest but achievable. Our commitment is to work with a number of local charities whom can apply to the Board for support of specific local initiatives – delivering direct benefits to the community. Once the Surrey International Marathon is established, we are confident that it will do great things for Surrey – from image building and economic development at the outset, to increased health and wellness for the community at large and support for local charities.

We can't do it without your support and believe this event is truly one of the special projects that will prove once again that Surrey is a great place to live and The Future Lives Here.

Thanks for your consideration of this request.

On behalf of the Surrey International World Music Marathon Board of Directors,

Elizabeth Model
Chair

John Donnelly
Producer