



**City of Richmond**

**Report to Committee**

**To:** General Purposes Committee

*To General Purposes - Oct 16, 2006*

**Date:** October 5, 2006

**From:** W. Glenn McLaughlin  
Manager, Purchasing & Risk

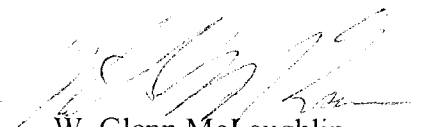
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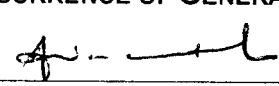

**Re:** **Community Associations' Special Event Insurance**

**Staff Recommendation**

That this report be forwarded to the staff group addressing Council's referral of June 12, 2006 relating to the Parks Recreation and Cultural Services Master Plan,

*"to assess the financial effectiveness of the current operating models to benchmark their efficiency and effectiveness and to potentially restructure or adopt new models to meet any shortfalls."*

  
W. Glenn McLaughlin  
Manager, Purchasing & Risk  
(4136)

FOR ORIGINATING DEPARTMENT USE ONLY					
<b>ROUTED TO:</b>	<b>CONCURRENCE</b>		<b>CONCURRENCE OF GENERAL MANAGER</b>		
Recreation & Cultural Services .....	Y	<input checked="" type="checkbox"/>	N	<input type="checkbox"/>	
Parks .....	Y	<input type="checkbox"/>	N	<input type="checkbox"/>	
<b>REVIEWED BY TAG</b>	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>	<b>REVIEWED BY CAO</b>
					YES <input checked="" type="checkbox"/>
					NO <input type="checkbox"/>

**Staff Report**

**Origin**

At the General Purpose Committee meeting of July 4, 2006 the following referral was passed:

“That staff review the City’s policy on insurance provisions for Community Associations special events and other similar activities and report to Committee on:

1. The feasibility of a yearly policy that encompasses all community societies and;
2. The issues around the City providing the above coverage.”

This report addresses the staff referral.

**Background**

The City’s operating agreements with partner Association’s require the City to name the Society as an additional insured on our liability insurance policy. This protection is provided to an Association member when they volunteer to “...participate in the delivery of services. ...under the *supervision* of an officer or employee of the municipality...”. The Associations contribute 2.5% toward the City’s annual liability insurance policy premium.

The City responds to claims made against the Community Associations and has been responsible for the cost of those claims.

The agreements also require the Associations to provide insurance for their special events and have the City as an additional insured. (Attachment 1)

The following chart summarizes our partner Associations annual special event activity:

<b>Event</b>	<b>Association /Location</b>	<b>Date</b>
Burkeville Days	Sea Island	June
Community Picnic	Hamilton	June
Salmon Festival	Steveston	July 1
City Centre Celebration	City Centre / Minoru Park	August
Multifest	East Richmond/Cambie	August
Nibbles & Bites	Thompson	September
Halloween Fireworks	Sea Island/ Hamilton/ West Richmond	October
Festival of Lights	Kinsmen /Nature Park	December

The attached correspondence from Community Associations indicate that the cost of a special event insurance policy in today’s marketplace may encumber their ability to “host future events” or to “put back into equipment for the future.”

**Analysis**

The purpose of a Special Event Insurance Policy is to insure the risks associated with these events that attract large numbers of visitors in activities that are outside of the norm of our typical programs. A special event policy provides insurance in front of the City's own liability policy to pay against a claim. This approach, of an insurance policy in front of the City's liability policy, is consistent for any third party carrying out activities on City property that we do not control.

A Special Event Insurance policy protects the City's \$1 million per claim deductible by insuring all parties including organizers, property owners, individuals and participants unless specifically excluded.

The event organizer will insure the overall event and/or transfer the risk of an activity to a specific service provider that may be excluded under the event policy. The attached Special Event Guidelines have been provided to the Community Associations to support their efforts.

***Item 1 of the Referral*** - The feasibility of a yearly policy that encompasses all community societies.

Special event insurers address each events policy coverage and cost based on the events duration, attendance, presence of rides, food services, alcohol, etc. Through discussions with those firms, staff understood that it is not feasible to obtain a single yearly policy to encompass all community societies special events.

***Item 2 of the referral*** - The issues around the City providing coverage.

The key issues surrounding the City providing coverage are:

- Cost of the event policy
- Financial capacity of the event promoter
- Managing the risks of the event
- Independence of the event organizer
- Allocation of City resources to support the event
- Precedence of the City supporting event expenses
- Current work programs and Council Referrals

**Cost of the event policy**

As noted, the cost of an event policy will depend on the events duration, attendance, presence of rides, food services, alcohol, etc. The policy pricing for the events listed above range from \$500 for the community festivals at Hamilton and Sea Island to \$8,650 for Salmon Festival.

The ability of the event to absorb this expense depends on the degree of commercial activity taking place at the event and the contribution received by the promoter from this commercial activity.

**Financial capacity of the event promoter**

A small scale individual event may not be able to support the expenses associated to hosting the event. Conversely large events with commercial activity have the ability to return a profit to the event organizer.

Notwithstanding a specific event profit or loss, the overall financial position of the event's promoter at the end of their fiscal cycle would indicate if they have the financial capacity to support producing a special event. Apart from City Centre, the most recent year end financial position of the Association's organizing significant special events shows those Associations could have the financial capacity to support producing a special event.

**Managing the risks of the event**

The promoter of an event is in the best position to manage its risks based on their knowledge of the event activities. They will insure the event, transfer the risks or control an events activity to ensure no third party is harmed by the event. Managing the risks also includes responding to claims that may arise from an event.

In addition there will be last minute situations that must be dealt with immediately. The organizer must be in a position of authority to expediently respond to those issues as they arise.

**Independence of the event organizer**

Historically the Association's have been in charge and responsible for the event with volunteers watching and directing the activities of the event.

In order for the City to accept liability and thus responsibility for the event, would require the City to demonstrate the supervision requirement under our insurance policy. In effect this would have City staff (or officer) fulfilling a critical watching and directing role of the event activities.

**Allocation of City resources to support the event**

City staff's role in the production of these special events varies in terms of the number of staff and the amount of their time either as staff or in a volunteer role. Their function is intended primarily in a support role to the Association's allowing them the autonomy for organizing and supervising the delivery of the event.

Should the City be fully responsible for the production of the event, a greater number of staff and time would be required to replace the efforts of the volunteers currently carrying out the many functions required.

In the event the City was responsible for the event, and if the activities and attendance were outside of the norm of our programming, we would likely purchase a special event policy to protect our \$1 million per claim deductible.

**Precedence of the City supporting event expenses**

City staff are currently developing criteria to determine the qualifications for a Council supported community event. This approach will address other non-profit Associations' that may request Council support. In addition, Association events may change over time and new events

may be introduced. As such, the criteria for determining which community events qualify for Council support will be included in a Community Events Strategy which will be brought forward for Councils consideration in early 2007.

**Current work programs and Council Referrals**

The Parks Recreation and Cultural Services Master Plan, adopted by Council on June 12, 2006 includes the following recommendation in the financial section:

*“to assess the financial effectiveness of the current operating models to benchmark their efficiency and effectiveness and to potentially restructure or adopt new models to meet any shortfalls.”*

The 2005 – 2008 Action Plan directs staff to analyze current financial effectiveness of operating models and develop strategies to meet community needs for the future. The issues surrounding special events and the City’s insurance needs and interests are part of this initiative.

**Financial Impact**

Significant special events taking place on City property should have an event policy in place regardless of who pays for it since the expense associated to purchase a policy is cheaper than taking on the risks of potential claims. The key issue is to have indemnity and insurance protection in place to protect the City’s financial interests.

The responsibility for the cost of an insurance policy for special events should be considered in context with the overall capacity of each partner involved with organizing the event.

**Conclusion**

Large Community Association organized special events have a positive impact on our community and provide the following benefits:

- Significant economic and social benefits
- Increase in community identity and spirit
- Enrich the quality of life for residents
- Showcase the City to out-of-town visitors

Staff are currently working with City Council on a Parks Recreation and Cultural Services Master Plan. The organizing of special events is included in the review of the *“financial effectiveness of the current operating models”* that are being considered in this broader context.



W. Glenn McLaughlin  
Manager, Purchasing & Risk  
(4136)

Sample Insurance Clause in Community Association  
Operating Agreements

8. **Insurance**

8.1 The City will name the Society, at a yearly stated cost to the Society, as an additional insured in its liability insurance for all activities of the Society. The City is responsible for insuring the facilities and City property. The Society is responsible for insuring the property owned by the Society.

8.2 The Society will provide insurance for its special events and name the City as an additional insured.

8.3 The Society will develop policies that will ensure that renters of the facilities have the required liability insurance outlined in the Licence to Occupy agreement.



SEP 15 2006

PC: Glenn McLaughlin  
COUNCILOR  
CITY CLERK'S OFFICE

**THOMPSON COMMUNITY ASSOCIATION**  
5151 GRANVILLE AVE., RICHMOND, B.C. V7C 1E6  
TEL: (604) 718-8422 FAX: (604) 718-8433

September 15, 2006

Mayor Brodie and Richmond City Council  
6911 No. 3 Road  
Richmond, British Columbia V6Y 2C1

Dear Mayor Brodie and Councillors  
Re: Insurance for Special Events

It has been brought to our attention that some consideration may be soon be given by Council to the idea of a joint insurance policy to cover the large special events organized by community associations. As many of you attended, you know Thompson's annual big event, Nibbles & Bites was held this past weekend. Insurance costs rose from \$1375 in 2005 to \$2475 to this year achieve the \$5 million liability limit suggested by the City. Thompson Community Association takes seriously our responsibility to insure events we organize on City property but the increasing costs of insurance make budgeting more difficult each year. Any initiative that would help to stabilize and, even better, reduce insurance costs would be a huge benefit to community events and the Richmond residents who enjoy them.

		INT
	DW	
	GJ	<i>JK</i>
	KY	
	DAW	
	OB	
	WB	

0395-03-01

The aim of Nibbles & Bites has always been that of a community 'fun-raiser', not a fund-raiser, and as such, we budget to break even. In the past three years, we've seen a 'profit' of about \$3000 per Nibbles & Bites, which we've put back into equipment for the future. This year we chose to invest in some youth activities that included rentals of two large inflatables and a dunk tank. With the insurance rising in price, our 'wriggle room' was reduced and we anticipate we may lose money on Nibbles & Bites 2006 as a result. Of much greater concern is the future of events held by our smaller community association partners and, in the event that our own resources are stretched, even Nibbles & Bites and Salmonfest. Another very significant concern is that of the time, effort and difficulty of searching out, comparing and choosing appropriate insurance coverage by our volunteers. Not only has the insurance coverage proven impossible to accurately budget, but it is also confusing and concerning, given the importance of this service.

Volunteers created Nibbles & Bites 15 years ago with City assistance and we sustain it today with a minimum of City help, most of which we pay for. Anything that makes it easier for the volunteers who dedicate their efforts to Nibbles & Bites and to those on Thompson's Finance Committee who craft our budgets and manage our risk, will be much appreciated. We have long thought that the City is in a position to negotiate an insurance package for the larger special events and we encourage Council to support such an initiative.

Sincerely

*Gerry Galasso*  
Gerry Galasso  
President

cc: Anne Stevens, Karen MacEachern

*Bernie Smerdon* PER  
Bernie Smerdon  
Nibbles & Bites 2006 Chairman





TO: MAYOR & EACH COUNCILLOR  
FROM: CITY CLERK'S OFFICE

**STEVESTON COMMUNITY SOCIETY**

4111 Moncton Street, Richmond, BC V7E 3A8  
Tel: 604-718-8080 Fax: 604-718-8096  
Salmon Festival Tel: 604-718-8094  
www.stevestonsalmonfest.ca

pc: GM - Business + Fine Services  
Manager, Purchasing + Risk

		INT
✓	DW	DW
	GJ	
	KY	
	DAW	
	DB	
	WB	

01-0395 00

September 6, 2006

Mayor Malcolm Brodie and Councillors  
Richmond City Hall  
6911 No. 3 Road  
Richmond, BC V6Y 2C1

Dear Mayor Brodie and Councillors;

**RE: Blanket Insurance Policy**

We are asking you today to please re-examine a blanket insurance policy for all city recognized community events.

To cite an example, the price of insurance for one day for the Steveston Salmon Festival three years ago was approximately \$2500.00; this year was \$8650.00. If insurance rates continue to rise like this, community centres will not be able to afford to host future events. We would like to see an arrangement similar to what was done at the Maritime Festival this year.

Sincerely,

*Ben Branscombe*  
Ben Branscombe  
President

*Jim Kojima*  
Jim Kojima  
Vice President, Finance

cc: All Community Associations

**PHOTOCOPIED**

SEP 11 2006

**& DISTRIBUTED**

July 4 GP referral  
⇒ Finance  
Glenn McE.





## SPECIAL EVENT GUIDELINES

The City and its respective partner Associations organize and host various special events. In doing so, they are exposed to liability for potential accidents that occur at these events.

The nature of our business includes delivering recreation and cultural programs and as such we accept liability arising from events that form part of those programs, including but not limited to:

- Displays
- Demonstrations – no participant participation
- Merchants – that have their own liability insurance.

The City **will not** accept liability for parties, functions or other events which we do not supervise or control. The activities of Association volunteers and employees must be supervised/consented to by the appropriate City staff for insurance protection to be provided.

When planning for events, the following things must be considered:

- Buildings & facilities – site layout, use of lands, buildings, and tents – **the location of the event must be suitable for the event activities.**
  - conduct inspections
    - lighting
    - parking
    - walkways
    - pedestrian flow & egress
  - needs for washrooms
- First Aid – stations, action plans
- Fire / Safety – cooking – fireworks - evacuation
- Traffic Control – proper use of barriers, cones, signage, parking
- Site security - Law enforcement - Communications
- Clean-up
- Required permits – building (tents), fire, liquor, health (food)
- Food Services - Activities involving food preparation and/or the sale of food draw additional exposures. If these services are provided by the City and/or Association, a Special Event Insurance Policy must be obtained.  
If these services are provided by the commercial sector, each concessionaire must provide a certificate of insurance with a \$2 million liability limit showing the sponsoring Association and the City of Richmond as an additional named insured at least 10 days prior the event.
- Rides – Mechanical rides also introduce additional liability exposures which the City will not accept nor will a special event insurer. All ride “contractors” must carry their own liability insurance with a \$5 million limit and provide a certificate of insurance showing the sponsoring Association and the City of Richmond as an additional named insured 10 days prior the event.

## Special Event Insurance

The City's property and liability exposures are increased when large numbers of visitors attend special events on our property. Events being put on by the City or community associations with 1,500 or more attendees should secure a special event insurance and the premium paid for by the sponsoring party. Depending on the activities planned for the event, a policy may be required for events with fewer than 1,500 participants. A complete listing of planned activities is required by the City prior to making this determination.

Special event policies will assist to:

- protect the City's interests
  - insurance deductible
  - added property exposures from use of site for event
  - liability from activities of the event
  - defence costs in event of claim
- protect all organizers, property owners, individuals and participants
- provide a single defence for all parties in event of claims.

The requirement for Special Event coverage depends on the activities taking place on site. A qualified insurance broker can review the activities and provide risk management recommendations, determine exposures and ensure that coverage is in place.

**FESTIVAL & SPECIAL EVENT OUTLINE**

\_\_\_\_\_  
(Name of Department or Appointed Committee)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Phone No.)

PRINCIPAL CONTACT PERSON (for this event)

\_\_\_\_\_  
Phone No. \_\_\_\_\_

NAME OF EVENT: \_\_\_\_\_

DATE[S] OF EVENT[S]: \_\_\_\_\_

LOCATION[S] OF EVENT: \_\_\_\_\_

HOURS OF OPERATION: \_\_\_\_\_

ANTICIPATED ATTENDANCE: \_\_\_\_\_

DESCRIPTION OF EVENT :

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Attach site lay out for fairs, entertainment etc.]*

City Facilities Required

_____	_____	_____
_____	_____	_____
_____	_____	_____

City Equipment Required

_____	_____	_____
_____	_____	_____
_____	_____	_____

Parade Information

NUMBER AND TYPE OF UNITS \_\_\_\_\_

ASSEMBLY AREA (attach sketch)

DISPERSAL AREA (attach sketch)

ROUTE

City Departments Required to Assist

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ACTIVITIES INVENTORY

This event includes:	yes	no
Alcoholic beverages.....	___	___
Food preparation.....	___	___
Merchandise or food selling.....	___	___
Temporary structures (stages, tents, etc.) .....	___	___
Entertainment.....	___	___
Amplified music/speeches .....	___	___
Fireworks .....	___	___
Other (explain) .....	___	___

The following participants, exhibitors and sponsors will be involved in this event

NAME <u>Company/Group/Individual</u>	INVOLVEMENT <u>i.e.: Volunteer/Vendor etc.,</u>	CONTACT PERSON <u>and Phone Number</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE OF EMPLOYEE AND VOLUNTEER REQUIREMENTS  
FOR EVENT BY DEPARTMENT

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

Schedule of Permits & Inspections

<u>Permits Required</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Copy Received</u>
Building Permits	_____	_____	_____	_____
Fire Permits	_____	_____	_____	_____
Health Permits	_____	_____	_____	_____
Electrical Permits	_____	_____	_____	_____
Plumbing Permits	_____	_____	_____	_____

Liquor License	_____	_____	_____	_____
Parade Permits	_____	_____	_____	_____
Insurance Certificate	_____	_____	_____	_____
<u>Inspections Required</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>	<u>Report Received</u>
Building Department	_____	_____	_____	_____
Fire Department	_____	_____	_____	_____
Health Department	_____	_____	_____	_____
Police Department	_____	_____	_____	_____
Public Works	_____	_____	_____	_____
Recreation / Parks	_____	_____	_____	_____