



City of Richmond

Report to Committee

To: General Purposes Committee
From: George Duncan
Chief Administrative Officer
Re: **Economic Advisory Task Force Report**

Date: November 27, 2003

File: -

Staff Recommendation

That Council endorse the Recommendations outlined in the Report - *Enhancing Richmond's Economic Sustainability* – from the Economic Advisory Task Force.

That staff be directed to prepare a Work Plan in support of implementing the Recommendations of the Task Force.

George Duncan
Chief Administrative Officer
(4338)

Att. 1

Staff Report

Origin

In March 2003, Council, in response to receiving the Economic Development Strategic Plan established an Economic Advisory Task Force to advise the City on economic opportunities, and to assist the City to adopt a long-range strategic approach to enhancing and ultimately ensuring the sustainability of our economic prosperity and well-being.

The Terms of Reference are clearly stated in the attached Report from the Task Force – *Enhancing Richmond's Economic Sustainability*, which also offers a series of recommendations for Council's consideration.

The following Staff Report is provided to introduce and provide comment on the Report from the Richmond Economic Advisory Task Force.

Analysis

Through their Report – *Enhancing Richmond's Economic Sustainability*, the Economic Advisory Task Force has provided considerable insight into opportunities and means by which to both strengthen and implement the City's Economic Development Strategic Plan, and into other valuable vehicles which will be instrumental in supporting the City's efforts to move forward our goals concerning economic development and financial sustainability.

City staff participated in the process through which the Task Force developed their observations and recommendations. Staff were provided opportunities to give presentations on City programs and initiatives, to directly participate in ongoing discussions, and in the eventual formulation of the recommendations and drafting of the Report.

Specifically, staff concurs with the assessments offered in the Task Force's Report on Richmond's Economic Strengths and recognize the overall objectives as being consistent with the objectives outlined in Council's Term Goals, our Corporate Plan, and Sustainable Financial Plan.

Staff also concur with the Recommendations of the Task Force and support an expedient transition to implementation with the caveat that the assignment of staff resources to deliver the various specific initiatives will have to be periodically re-evaluated and prioritized in consideration of the demands imposed from other various sources such as staffing the RAV Project, and DFO Lands process (as activities to date have triggered activity on the Trade & Exhibition Centre, consultations with the Musqueam Band, and discussions with the Olympic Games organization on the International Broadcast Centre). However, in this regard, the Administration has already initiated organizational changes which will facilitate participation in the implementation of the Task Force's recommendations.

Typically, the Administration would request that a Report of this nature be referred to staff for a follow-up report from staff including Analysis and Recommendations which would be independent and possibly inconsistent with some or all of the Recommendations contained in the Task Force Report. However, due to staff's extensive involvement in the process and input into

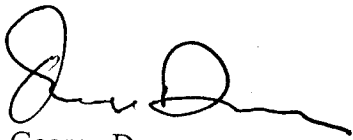
the final drafts of the Report, it is felt that a referral for the purposes of a staff review is not necessary and would simply introduce an unnecessary delay in the implementation of the program.

Financial Impact

Through the re-prioritization of work plans, staff can support the next steps and implementation without the City incurring any additional costs.

Conclusion

The Report from the Economic Advisory Task Force will provide an excellent framework through which the City can continue to pursue its economic objectives.



George Duncan
Chief Administrative Officer
(4338)

GD:acs

Enhancing Richmond's Economic Sustainability
Recommendations to Improve the City's Economic Position

Final Draft: November 24, 2003

Submitted to: Mayor Malcolm Brodie and Council, City of Richmond

Submitted by: Economic Advisory Task Force,
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Council Liaisons: Mayor Malcolm Brodie, Councillor Rob Howard.

Staff Liaison: Marcia Freeman

Date: ??

1) Introduction

The Economic Advisory Task Force is pleased to submit its draft recommendations for enhancing Richmond's economic development opportunities – and its economic prosperity - to Richmond City Council.

The Task Force was appointed by City Council in March, 2003, as a result of discussions regarding the City's Economic Development Strategic Plan. Task Force members were selected based on their significant business knowledge and experience with the City.

We were particularly interested in business retention and expansion strategies that would strengthen the linkages between the City and private sector. We also were interested in establishing ongoing measurement standards to determine if the City was achieving its goals of improving its economic development – and its economy.

We are pleased to be a part of creating an economic development action plan and integrated economic strategy that will enhance the City's long-term economic sustainability. We offer our recommendations to Council to assist them with creating employment opportunities, generating additional revenue growth and with increasing the overall prosperity of the City.

a) Purpose

"The purpose of the REATF (Richmond Economic Advisory Task Force) is to provide Council with input, feedback and advice on economic development planning and ways to enhance and manage City resources to promote and encourage economic development in the short and long term." (Terms of Reference.)

Task Force members were appointed by Council to address this purpose in line with the following objectives to provide Council:

- i. A clear understanding of the City's current economic climate.*
- ii. Recommendations for implementation of the City's Economic Development Strategic Plan.*
- iii. Expert advice to Council on key issues related to economic development (opportunities and constraints), including options and recommendations for priority actions.*
- iv. Recommended benchmarks for measuring the effectiveness of development initiatives.*
- v. Recommendations for soliciting ongoing economic development advice from the community.*

(Terms of Reference.)

We were asked to provide our report and recommendations in six months, and we are recommending that this be extended by two months so that we can test and validate our recommendations with a wider cross-section of the City's business community.

b) Our Approach

We were appointed in April and began monthly meetings that month.

Our approach was to begin our task by obtaining information about the City's:

- Current economic activity statistics.
- Current economic development operations.
- Current Economic Development Strategic Plan and rationale for its recommendations.
- Council's key economic development interests.
- Staff's strategic initiative and team approach on economic development.

We then moved on to develop our own analysis of Richmond's strengths, weaknesses, opportunities and threats (SWOT analysis).

Based on this, we developed this discussion draft as a simple road map to enhancing the City's economic development. We worked closely with senior City Staff on this final draft to ensure that it complemented current City strategic initiatives.

c) Thank You

We thank Council and staff for the opportunity to help Richmond enhance its economic development and become more economically sustainable.

We appreciate the time and effort that City Staff took to make our work easier, and would like to thank Deb McLennan, Valerie Wilmot, Marcia Freeman, Jim Bruce and George Duncan.

We also appreciated the participation and insight by our Council Liaisons: Mayor Malcolm Brodie and Councillor Rob Howard.

2) Richmond's Current Economic Climate

We agree with most economic and business observers that Richmond has a healthy economy, with great potential to improve it by attracting more people, businesses and investment to Richmond.

a) Economic Trends

The City of Richmond has had one of the fastest growing economies of all British Columbia communities over the past two decades. This growth has been reflected in the rapid development of the retail and service commercial sectors, as well as expansion of public services such as health. The majority of the City's growth, however, has come from businesses whose markets are much broader in scope. These businesses are predominantly in high technology, transportation and distribution, and light manufacturing.

Richmond continues to have the highest jobs to workers ratio in the region. Further, residents of Richmond live longer than in any other community in the country.

However, in order to ensure the continuation of our community's prosperity, and to achieve our vision of becoming the most appealing, livable, and well-managed community in Canada, we must continue to pursue a proactive, focused approach to economic development. Accordingly, the Richmond Economic Advisory Task Force has identified a number of important economic trends which may provide a benchmark against which to measure future economic performance, and insight into possible areas of focus.

- Richmond's population is continuing to grow at a steady pace. As of October 2003, the estimated population is 168,000, an increase of 9,000 people in the past 5 years. Richmond is growing faster (5.5% over 5 years) than the province (3.7%). The recent flurry of residential development in the past two years will continue to push up population numbers.
- The residential real estate market continues to be robust, driven by pent-up demand, low interest rates, and confidence in the economy. Sales are almost double the 2000 levels (1,902 for the first 9 months of 2000; 3,683 for the same period of 2003).
- Development activity in Richmond has remained strong over the past two years, with construction values to date in 2003 up 64% over the same period of 2000.
- Richmond continues to attract new businesses and jobs. Business licences at September 2003 were 7.4% higher than same time in 2000, an increase of over 800 businesses. Jobs in Richmond climbed by 16,000 from 1996 to 2001.
- Richmond continues to have more jobs (116,400) than employed residents (79,500), or 1.46 jobs to workers. 56% of Richmond residents in the labour force work in Richmond.
- The city has experienced significant commercial and industrial development in the past five years. Over \$289 million have been invested in commercial construction in the past 5 years and \$134 million in industrial development.

- Housing starts have risen sharply in the past two years. This trend is expected to continue. In the past 5 years permits have been issued for almost 5,000 new dwelling units, 38% of which are townhouse units, 35% apartments, and 27% single family homes.

b) Our Economic Strengths

Richmond has many economic strengths. However, the City has some key strengths that can enhance economic development:

- i. **Our location** – Richmond is a gateway community in every sense of the word – to the U.S. west coast, to Pacific Rim nations, and to the Lower Mainland and Canada.
- ii. **Our people** – We have a large, well-educated work force.
- iii. **Our quality of life** – There is no doubt that Richmond is a desirable city in which to live and work because of its environment, location and its educational, recreational, cultural and business services.
- iv. **Current business community** – Richmond has a stable and diversified business and employment base, which translates into a solid economic foundation on which to build economic development.
- v. **Vancouver International Airport** – It is the largest single employer in Richmond, with significant trade linkages to the world, particularly the U.S. and the Pacific Rim.
- vi. **Our ports** – The City serves as one of the B.C. coasts key marine transportation hubs with significant opportunity for growth. Fraser River Port is a key Pacific Coast port for international trade, North Fraser Port serves coastal B.C. and Steveston port services commercial fishing.
- vii. **Our Pacific Rim connections** – Our cultural and business connections to the Pacific Rim have opened up relationships that already form the basis of a significant part of the City's residential and economic growth.
- viii. **Competitive tax rates** – Commercial, industrial and residential tax rates are well in line with competing communities.

c) Our Economic Challenges

Council's recognition that Richmond has economic challenges and opportunities is in part the reason for the formation of our Task Force. Richmond's economic challenges are many, however the following ones were found to be the most dominant by the Task Force.

- i. **The need for an economic sustainability vision** – It is critical that the City balance its sustainability goals to ensure that the City plays a constructive role in creating a positive environment that protects the current quality of life and welcomes and promotes business and commerce. This means the City's own financial management and its efforts to promote economic development be planned and balanced in conjunction with its social and environmental obligations. It also means that the City should ensure that it looks outside its boundaries for assistance and incentives that the Provincial and Federal governments give to assist municipalities with strengthening their economic base.

- ii. **The need for an integrated economic development strategy** – Currently the City has a Waterfront Strategy (not yet published), an Economic Development Strategic Plan, an Official Community Plan with a variety of area plans and others under consideration – and a Staff initiative for improving the City's economic well-being. We see these initiatives as offering a significant opportunity to integrate with the City's overall economic development strategy so that they can complement and enhance its economic potential even more.
- iii. **The need to embrace, retain and grow our current business base** – The City currently has business retention as an objective, and as part of its Economic Development Strategic Plan. A business retention program is critical to keeping and growing the business foundation of Richmond. Adding functional benchmarks for this initiative will do much to track and enhance business retention.
- iv. **The need to develop and enhance the movement of people and goods** – Richmond's status as a competitive, multi-modal transportation hub is in jeopardy on a number of fronts – public transit, transportation of goods on roads, federal legislative/regulatory environment, etc. Our growth will be inhibited if our transportation infrastructure is not improved. The Richmond-Airport-Vancouver Rapid Transit line will assist in easing traffic congestion, transporting people to and from Richmond. It also will help shape the future of a significant commercial area of Richmond. However, Lower Mainland and Richmond businesses need help with getting passengers and goods to and from their operations. We need to improve the intermodal transportation network. As the major transportation hub in the Lower Mainland, our ports and airport need to have the physical and legislative/regulatory environment to ensure they remain competitive – and in being competitive, assist businesses that depend on them to be competitive and successful.
- v. **The need to be a business facilitator** – The City is attempting to enhance/streamline its services to expedite business development, and there is room to improve. This begins with ensuring that whatever business service system is in place is responding to the needs of businesses, and that this service is evaluated and measured. The City should continue its efforts to ensure that the City environment is business-friendly and is supportive of economic development potential. It includes the need to have a consistent marketing and public awareness program that makes target audiences aware of the pro-business attitude of the City.

d) Comparative Economic Development Functions

It is important to look at Richmond's economic development function in the context of other B.C. municipalities. This table underscores the need for the City to enhance its economic development function.

Economic Development Staff Per Capita by Area

City	Population	Real Number of Economic Development Staff	Population per 1 Economic Development Staff
Prince George	82,000	11	1 per 7,454 pop.
Chilliwack	70,000	9	1 per 7,777 pop.
Comox Valley	58,252	4	1 per 14,563 pop.
Kelowna	150,000	4	1 per 37,500 pop.
Victoria	72,000	2	1 per 36,000 pop.
Surrey	365,000	5	1 per 73,000 pop.
Vancouver	545,000	5	1 per 109,000 pop.
Abbotsford	125,000	1	1 per 125,000 pop.
Coquitlam	150,000	1	1 per 150,000 pop.
Richmond	168,000	1	1 per 168,000 pop.
Burnaby	200,000	0	

3) The Current Economic Development Strategic Plan

a) The Plan's Goals

- The Economic Development Strategic Plan's goals are laudable:
 - Goal #1 – Position Richmond as a distinct community within Greater Vancouver.
 - Goal #2 – Create a municipal regulatory environment supportive of economic development.
 - Goal #3 – Help grow key sectors of the Richmond economy.
- We believe the Plan is quite ambitious and broad in its view of the economic development infrastructure and functions in the City.
- The plan provides good background information and a solid foundation for a work plan.
- It is important to focus the City's staffing and resources in key areas.

b) Our Recommendations

- We offer the following recommendations regarding the Economic Development Strategic Plan.
 - i. Utilize the recommendations in the development of a revised Economic Development Strategy Work Plan as detailed later in this paper.
 - ii. Make reference to the Plan's "opportunities" to establish the opportunities and priorities outlined in this paper.

These actions are addressed in the following section.

4) A Simple Economic Development Action Plan

We offer the following simple steps to re-orient the economic sustainability and economic development vision for the City of Richmond.

This recommended action plan begins with the need to formally recognize and commit to the five challenges presented in Section 2 of this paper, and develop economic sustainability goals for Council that are in line with the 5 economic challenges.

We recommend the following priority actions as a first step towards addressing the aforementioned challenges.

In a later section, we recommend the creation of the Economic Advisory Committee (EAC) comprising representatives from the Richmond business community who can advise Council on economic development initiatives. We believe that EAC has a role to play in helping Council implement the recommendations in this paper also.

It is critical that the City's current economic development function and internal economic development initiative integrate with our recommendations.

a) Recommendation: Establish a business RETENTION strategy with targets and a timeframe.

- The challenge of a business retention strategy is to develop practical goals, objectives and benchmarks.
- We recommend that the City undertake a business retention analysis as a practical approach to developing this strategy.
- This analysis should lay out the strengths, weaknesses, opportunities and threats facing business retention in Richmond.
- A strategy and implementation plan should then be developed based on this analysis.
- The strategy should include realistic targets based on the most critical businesses to Richmond.
- Ensure that the Council, EAC and senior City Staff work together on this recommendation.

b) Recommendation: Integrate the overall land use planning initiatives for the City.

- Develop a framework and timeline that includes the economic development potential of each area plan.
- Finalize the Waterfront Strategy; develop plans for Cambie/#3 Rd., River Rd., Bridgepoint and Landsdowne North; City land acquisition strategy, along with the area plans already identified by the City – and integrate these plans.
- Incorporate a comprehensive economic impact assessment for all area plans with a view to maximizing the economic development potential to the City.
- Include an economic development plan for the Richmond-Airport-Vancouver Rapid Transit line.
- Evaluate the agricultural viability of the City's agricultural land.
- Re-align the City's economic development team work plan to include this strategy.

- Ensure that the Council, EAC and senior City Staff work together on this recommendation.
- Create a sufficient supply of industrial land to meet future demand for a variety of businesses and economic development.

c) Recommendation: Enhance business relationships with local businesses.

- Develop ongoing contacts with key major businesses to identify areas of opportunity to support their business retention and development.
- Special efforts should be made to work with major employers in Richmond, including YVR and the local ports. Assist them with facilitating the development of an "export distribution centre" and other opportunities.
- Enhance a "can-do" service quality culture with all City functions to expedite business development in the City, especially for permits and applications.
- Form new partnerships and alliances with other business-oriented organizations to explore opportunities and issues of common interest.

d) Recommendation: Establish a business DEVELOPMENT strategy with targets and a timeframe.

- These targets should be developed on the basis of the City's current business strengths and expertise.
- Special emphasis should be made to include the 2010 Winter Olympics as a key business development opportunity.
- The targets should also take into account the City's cultural linkages.
- Based on the target lists, linkages with those targets should be developed starting with potential relationships with current Richmond businesses – using them to open doors.
- We suggest that this target list start based on discussions with the largest employers in the City, and with local business associations.
- From these discussions, we recommend that 5 target sector area strategies be developed with input from local experts:

i. Transportation

- ⇒ Include opportunities for improving intermodal capacities in the City.
- ⇒ Enhance YVR and port development opportunities.
- ⇒ Lobby for key transportation infrastructure improvements/funding such as the Blundell interchange and RAV.
- ⇒ Improve public transportation within the City to offices and industrial parks.

ii. Education

- ⇒ Work with Richmond School Board and other educational organizations to develop education and training as a key economic growth strategy for the City.
- ⇒ Review opportunities to enhance zoning for education and training facilities.

iii. Tourism

- ⇒ Recognize that tourism has the potential to become a key economic driver in Richmond.
- ⇒ Ensure that development opportunities in the tourism sector are included as part of the City's overall economic development goals and objectives.

- ⇒ Work towards securing a Trade and Exhibition Centre, and develop strategies to maximize the economic opportunities it will create.

iv. High Tech

- ⇒ Work with high tech business leaders to enhance growth in information technology, including wireless technology and software development.
- ⇒ Ensure "office parks" can be enhanced for larger, higher structures that include support services.
- ⇒ Recognize the importance of public transportation to the growth and development of office and industrial parks and work towards enhanced service wherever possible.

v. 2010 Winter Olympics

- ⇒ Support the City's proposed product development initiative.
- ⇒ Identify opportunities noted in the Salt Lake City Olympic report.

Other Considerations

- **Agriculture/Food** – Seek opportunities for added value food and fish processing; support viable farm development and enhancement.
- **Arts and Culture** – Seek opportunities to include the City's arts and culture community and initiatives in its business development.
- **Film Industry** – Create a film industry development strategy as part of the overall business development strategy.
- **Manufacturing** – Continue to support opportunities in the manufacturing field.
- Ensure that the City's **business promotion strategy** supports this recommendations in this report.
- Benchmarks for business development should be based on substantive contacts and success rates.
- Ensure that the Council, EAC and senior City Staff work in cooperation on this recommendation.

We hope the recommended priority actions will form the basis for a comprehensive economic development action plan to be developed by the City and implemented within a certain timeframe with input from Council, this Task Force and senior City Staff.

5) Benchmarks

We recognize that municipalities operate largely in a competitive environment, and that benchmarking can offer an effective means of measuring a city's progress over time and relative to other jurisdictions. Benchmarks can provide insights into the unique character and specific challenges a city faces in addition to assisting it with guiding strategies, policies and actions necessary to enhance the performance of the local economy, and a city's overall well-being.

Benchmarking processes have been adopted elsewhere in B.C. – most notably by the B.C. Government through the B.C. Progress Board. We note that Prince George and Kamloops are reported to be in the early stages of developing such models.

a) Recommendation: Update and Track Statistical Economic Benchmarks

- We encourage the City to develop a core set of metrics to measure the economic performance of the City of Richmond.
- That Council use traditional economic activity indicators, such as those outlined in the Corporate Plan, as well as further statistical economic information from the Regional, Provincial and Federal Governments.
- These measurements should look at Economic Growth, Standard of Living (wealth creation) and Employment and Jobs as well as other key areas.
- The metrics should be single source to ensure consistency from one jurisdiction to another.
- We recommend a strategic approach, which would include establishing clear goals and objectives at the outset to ensure a useful analysis of data collected.
- Communication channels should be determined as well as the provision of staff and other resources required to develop and maintain the program.
- The initial benchmarks should be tracked with an overview on the implications, threats and opportunities to Richmond.
- As a first step, we recommend the City update the economic "trends and issues" statistics from the City's Corporate Plan.

b) Recommendation: Create Economic Development Benchmarks that Include Business Retention and Development Targets

- We have recommended that simple benchmarks be set for business retention and business development.
- These benchmarks should be specific to the strategy for each, with clear measurements that include performance, contact and success rates.
- The Task Force also recommends an internal benchmarking Program that would measure the City's progress in key economic areas over time.
- We encourage the City to develop metrics that would gauge business retention and business development.
- **Business retention measurements** might include such indicators as the top businesses to keep and enhance as well as a tracking system for priorities, actions and resources expended.
- **Business development measurements** could include: development applications received, number of building permits issued, number of new business licences issued, number of housing starts, median residential selling prices, development cost charges income, film permits issued.

- Other benchmarks may include a series of proxies to demonstrate growth in key business sectors, measurements for City marketing and communication programs, tracking programs for commercial and industrial real estate to name a few
- We recommend that tracking benchmarks be done in a fashion that will allow for reporting on a simplified basis.
- We recommend that each benchmark be looked upon as a "return on investment" of the economic development function's time and money expended.

6) Ongoing Economic Development Advice

a) Recommendation: Establish the Economic Advisory Committee (EAC)

- Appoint 12 local business leaders who represent the key economic sectors of the City; include one senior representative from each of the major local business associations.
- Appoint EAC as soon as reasonably possible.
- Establish terms of reference that include:
 - Advise the City on implementing the actions recommended in this paper.
 - Help establish and maintain economic development objectives for the City.
 - Offer Council ongoing advice on new economic challenges and opportunities.
 - Offer Council input on opportunities to integrate key business initiatives from local major business associations.
 - Advise Council on overall economic sustainability visioning and initiatives that support economic sustainability.
 - Advise Council on establishing and tracking economic development benchmarks.
 - Provide Council with expert advice on key issues related to economic development.
 - Create special sub-committees on specific economic development opportunity areas as appropriate.

b) Re-define the Economic Development Function

- A part of all of the priority target and strategy development agenda must include a time and budget estimate for effectively implementing the strategy on a realistic and cost effective basis.
- The first component of the implementation of the strategies is for Staff to develop an overall work plan.
- We encourage Council to ensure that the strategies and action plan recommended are adequately resourced.
- By establishing economic development benchmarks, Council will be able to measure their return on investment in the economic development function – an approach we recommend for all economic development initiative investments.

7) The Next Steps

In conclusion, the Task Force recommends that:

- This Report, "Enhancing Richmond's Economic Sustainability", be forwarded to Council.
- That this Report be presented with a covering report prepared by City Staff.
- That City Staff's covering report include recommendations on the next steps towards implementing recommendations in this Report.
- That the recommended next steps include:
 - ⇒ Convening an Economic Development Round Table to provide advise on specific industry sectors during the implementation phase.
 - ⇒ Appointing the Economic Advisory Committee.

Further, we recommend that this Report serve as a key reference document for Staff's recommended work plan.

We are pleased to have been able to assist Council with this work.