



City of Richmond


Report to Committee

To: General Purposes Committee
From: Marcia Freeman
 Manager, Economic Development
Re: Review of Fuelling Options in Richmond

Date: November 26, 2003
File: 4150-01

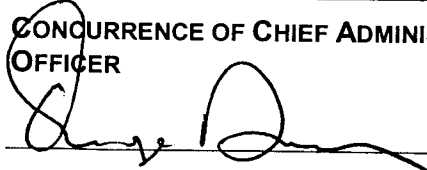
Staff Recommendation

- (1) That Bylaw No. 7634 which amends Business Regulation Bylaw No. 7538, be introduced and given first reading;
- (2) That Bylaw No. 7635 which amends Zoning and Development Bylaw No. 5300, to allow for the addition of split serve stations as a fuelling option, be introduced and given first reading;
- (3) That Council pass a Resolution that the: (i) notice of public hearing and (ii) the public hearing required for adoption of Zoning & Development Bylaw Amendment No. 7635 are deemed to satisfy the requirements of Section 59 (2) of the Community Charter



Marcia Freeman
 Manager, Economic Development
 (4133)

Att.

FOR ORIGINATING DIVISION USE ONLY		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF CHIEF ADMINISTRATIVE OFFICER
Fire Rescue	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Law	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Zoning	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	

Staff Report

Origin

In March of 2002 staff were approached by Equitas Real Estate Advisors Limited on behalf of their clients, a collective of 16 service station retailers operating in the City of Richmond. The purpose of the meeting was to discuss the prospect of adding a self-serve fuelling option to the existing full service offering provided for in the Business Regulation and Zoning and Development Bylaws.

In June 2003 staff attended a meeting, at the request of the retailers, to discuss their problems, issues and concerns. The meeting provided staff with an understanding of the challenges that are directly associated with, and result from the current prohibition (attachment 1).

As a result of that meeting, staff agreed to undertake a review of the existing fuelling option regulations.

Analysis

Historically, there have been material reasons to support the exclusion of self-serve or split serve fuelling options in Richmond. When self-service was first being introduced in 1966 it was rejected due to compelling safety concerns posed by the Fire Chief of the day. Then again in 1989 Council reaffirmed the City's position, citing the protection of youth employment as it's primary motivation.

In view of Council's term goals (economic development, financial sustainability, community safety), current conditions in the service station industry and relative consumer trends, a review of the City's fuelling options may be warranted at this time.

Staff are forwarding this report to address these interests. The following is a synopsis of a comparison of the current and proposed options.

Benefits and Challenges	Current Fuelling Option	Proposed Split-Serve Option
<i>Community Safety</i>		
<ul style="list-style-type: none"> • Fire Safety 	Historical concern over lack of safety features	New safety features and refined fuelling process reduce risk
<ul style="list-style-type: none"> • Fraud 	43% of all credit card fraud at service stations in BC occurs in Richmond	Potential for significant reduction in the level of credit card fraud
<i>Economic Development</i>		
<ul style="list-style-type: none"> • Taxes/ Capital 	Lack of investment has lead to deteriorating service stations	Reinvestment in existing stations and potential new stations could lead to increased tax revenues
<ul style="list-style-type: none"> • Employment 	Motivated by the desire to preserve youth employment.	Increased employment
<ul style="list-style-type: none"> • Related Business Impact 	Currently 70 Richmond-based businesses provide products and services to the industry	Could result in growth and expansion to supporting industries

<ul style="list-style-type: none"> • Consumer Demand 	One choice (historical)	Two choices (market demand)
<ul style="list-style-type: none"> • Retail 	Retail sales lower relative to other local jurisdictions	Increased retail opportunities
<ul style="list-style-type: none"> • Trends 	<p>Traditional offering of gas and convenience stores, but little traffic</p> <p>Increase market specialization has led to closure of many service bays</p>	<p>Combine gas with convenience store and other services</p> <p>Replaces revenues lost by eliminated service bays which have been closed due to market specialization</p>
<i>Environmental Sustainability</i>		
<ul style="list-style-type: none"> • Air Quality 	Longer transaction time and idling engines lead to additional carbon monoxide emissions	Reduced emissions due to faster transactions and less idling
<i>Community Sustainability</i>		
<ul style="list-style-type: none"> • Corporate Citizenship 	Corporate donations and sponsorships	Retained corporate donations and sponsorships
<ul style="list-style-type: none"> • Streetscapes/Quality 	<p>Few stations redeveloped relative to neighbouring municipalities</p> <p>Many deteriorating stations</p>	Redeveloped stations including: increased crime prevention through environmental design, better streetscapes, enhanced accessibility for the disabled, improved design and wider range of service offerings
<i>Public Interest</i>		
<ul style="list-style-type: none"> • Industry support 	<p>Retailers have outlined a number of problems, issues and concerns with the current bylaws</p> <p>Many businesses are in decline and operators are struggling financially</p>	Retailers expect the change will facilitate reinvestment, reduce crime, and contribute to the economic viability existing stations and their suppliers
<ul style="list-style-type: none"> • Public feedback <p>Public</p> <p>Stakeholders</p>	<p>letters/emails from individuals outlining concerns with the addition of split serve option</p> <p>Letter of concern from: The Seniors Advisory Com.</p>	<p>letters/emails from individuals expressing support for the proposed change</p> <p>Letters of support from: The Richmond RCMP Richmond Fire Department Richmond Chamber of Com. The Business Council of BC The Richmond Committee of the Disabled</p>

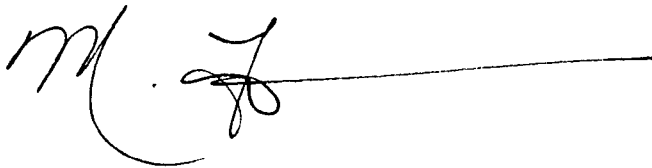
Financial Impact

It is expected that a bylaw change would lead to redevelopment of several of the existing stations in Richmond. The resulting increase in assessed value would generate increased tax revenue to the City. The number of stations and the extent of the redevelopment would determine the amount of any additional revenue.

Conclusion

While existing bylaws were particularly appropriate when introduced, staff believe they are not currently realizing their intended purpose. There is evidence that a change could have significant economic and community benefits. These benefits could include the facilitation of new investment, the creation of additional employment and an increase the City's tax base. Further, staff believe such a bylaw amendment could contribute towards reducing crime, improving accessibility for the disabled, providing better streetscapes and reducing hazardous emissions.

For these reasons, staff recommend amending the bylaws to allow for the addition of split serve stations as a fuelling option in Richmond.

A handwritten signature in black ink, appearing to be 'M. Freeman', followed by a long horizontal line extending to the right.

Marcia Freeman
Manager, Economic Development
(4133)

MF:mf

Att.



Business Regulation Bylaw No. 7538, Amendment Bylaw No. 7634

The Council of the City of Richmond enacts as follows:

1. Subsection 9.1.1 of Bylaw No. 7538 is deleted and substituted with the following:
 - 9.1.1 A **gas station operator** may only offer **self-service** pumping of automotive fuel if **full-service** pumping is also offered.
2. Section 25.1 of Bylaw No. 7538 is amended by:
 - (a) deleting the words “but excludes self-service stations” from the definition of “Gas Station”; and
 - (b) adding the following definitions in alphabetical order:

SELF-SERVICE means operated by a customer.

FULL-SERVICE means operated by a **gas station** employee.
3. This Bylaw is cited as “**Business Regulation Bylaw No. 7538, Amendment Bylaw No. 7634**”.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

_____	CITY OF RICHMOND APPROVED for content by originating dept.

_____	APPROVED for legality by Solicitor

MAYOR

CITY CLERK



Zoning & Development Bylaw No. 5300, Amendment Bylaw No. 7635

The Council of the City of Richmond enacts as follows:

1. Section 104 of Bylaw No. 5300 is amended by deleting the words "but excludes 'self-service' stations" from the definition of "Gas Station".
2. This Bylaw is cited as "**Zoning & Development Bylaw No. 5300, Amendment Bylaw No. 7635**".

FIRST READING

A PUBLIC HEARING WAS HELD ON

SECOND READING

THIRD READING

MINISTRY OF TRANSPORTATION &
HIGHWAYS APPROAL

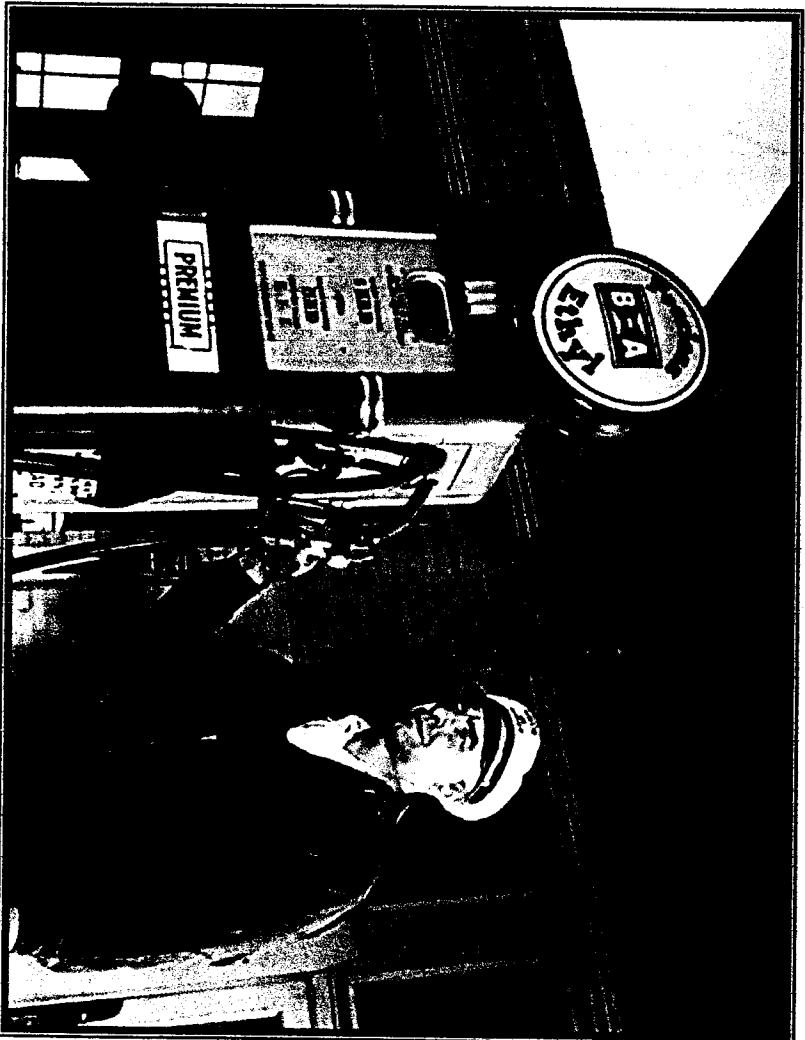
ADOPTED

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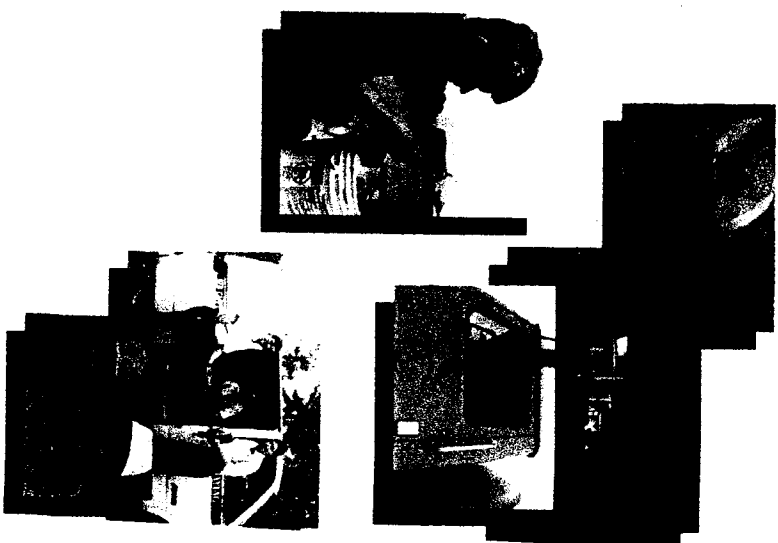
RICHMOND'S SERVICE STATION RETAILERS



Adapting to the Changing Needs of our Customers

Me?

- We are here representing the Richmond Service Station Retailers who wish to offer their customers a choice between full serve and self serve (15/24)
- We provide employment to over 250 people
- We purchase over \$15 million annually in goods and services from Richmond-based businesses



EQUITAS

Me?

We support:

- The United Way, which contributes over \$400,000 annually towards the following Richmond-based programs:



United Way

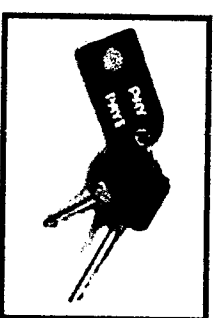
- The Developmental Disabilities Association
 - Richmond Family Place Society
 - Richmond Multicultural Concerns Society
 - Richmond Women's Resource Centre Association
 - Volunteer Richmond Information Services
 - SUCCESS
 - Richmond Youth Service Agency
- The Canadian Cancer Society
 - The "Kidsafe" Child Safety Day
 - B.C. Children's Hospital

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school program

EQUITAS

We Here?

- To explore the merits of adding self-serve as a fuelling option for those who choose it



FULL SERVE + SELF SERVE = SPLIT SERVE

- Because the majority of Richmond residents have expressed support for split serve



Overview

- In October, 1966 Richmond passed a by-law preventing Self-Serve because of the expressed concerns of the Fire Chief including (in his words):
 - " ... lack of supervision by competent persons, customers leaving motors running, smoking, overfilling of tanks/spillage, driving off with hose, dispensing pumps knocked off their bases by cars ... "
- In 1989, Richmond reaffirmed it's position on the issue, primarily to protect youth employment.

Changed?

Our Customer's Needs:



- Changing demographics and increased time pressures have led to a customer emphasis on convenience and speed

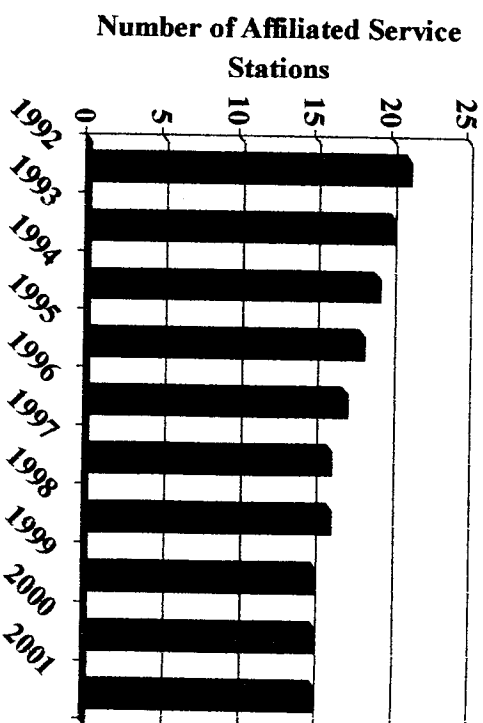


- The vast majority of people in the Lower Mainland now prefer to pump their own gas (over 90%)
- Approx. 7,000 Richmond residents now purchase all of their fuel outside the City of Richmond

Changed?

Youth Employment Has Declined Anyway:

- Richmond has experienced a drop of 32% in the number of service stations in the past 10 years
- Youth employment opportunities have decreased proportionally ... despite the full-serve by-law
- More employment opportunities are available in new and redeveloped stations with full-line Convenience Stores and Quick Service Restaurants

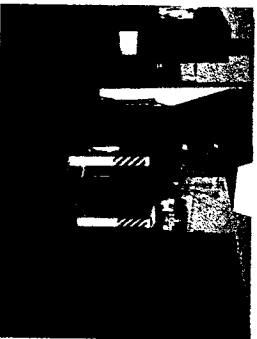


Changed?

Safety Measures Have Improved

- In spite of a dramatic increase in the availability of Self-Serve in the late 80's and 90's, there have been no injuries or fatalities anywhere in B.C.
- New safety features and regulations have effectively eliminated safety concerns:

- Automatic pump shut-offs - Engine Shut Off
- Protective bollards at pumps - Splash Guards
- Intercom between pump and staff
- No Smoking strictly enforced



Changed?

- In a recent meeting of the Community Safety Team, Richmond's Fire Chief, Jim Hancock stated:

... 'I have have absolutely no safety concerns with respect to Self-Serve' ...

Change?

Why Change?

EQUITAS

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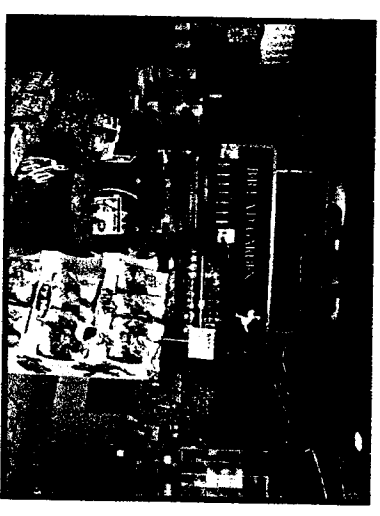
1. Greater Economic Benefits

- Station redevelopment generates significant business activity:
 - Between 1995 - 2001, Surrey opened 19 stations worth over \$16 M; Richmond opened 4 with a total capital investment of \$2.8 M
 - Richmond generates less than 50% of its pro-rata share of service station capital investment (3% vs. 6%)
 - Property Taxes increase significantly when stations are redeveloped (eg: Chevron - Ironwood Plaza - \$22,000/year pre-development vs. \$39,000/yr. post)

Change?

1. Greater Economic Benefits

- Customers purchasing fuel elsewhere in the GVRD spend significantly more in convenience stores:
 - \$63,000/yr/site in Burnaby
 - \$17,000/yr/site in Richmond
- Richmond's retailers, suppliers and distributors have far fewer revenue opportunities than elsewhere in the GVRD



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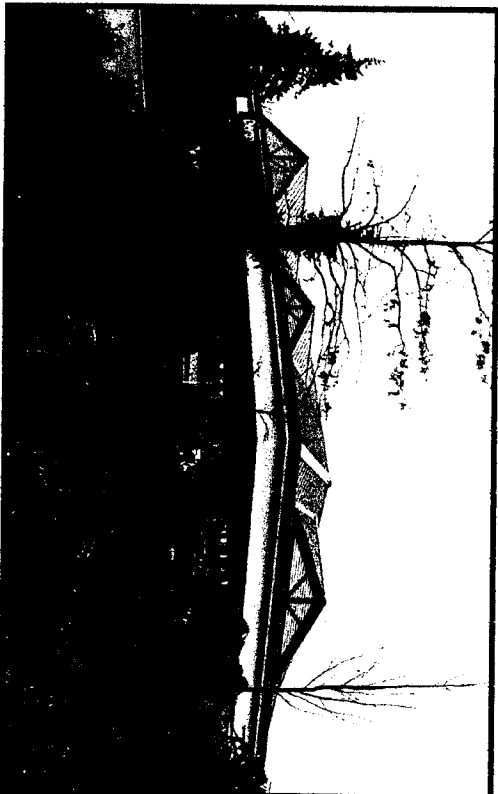
2. Enhanced Employment Opportunities

- Quick service restaurants and full-line convenience stores are now being built into service stations as they are redeveloped
- These new offerings add between 25 and 30 "man hours" (3 full time jobs) per day per station over existing stations
- Additional benefits include increased business opportunities for local suppliers

Change?

3. Better Streetscapes

Newer Stations (Surrey)



- Contextual Architecture
- Low-Mount Signage
- Wide Variety of Services
- Extensive Landscaping

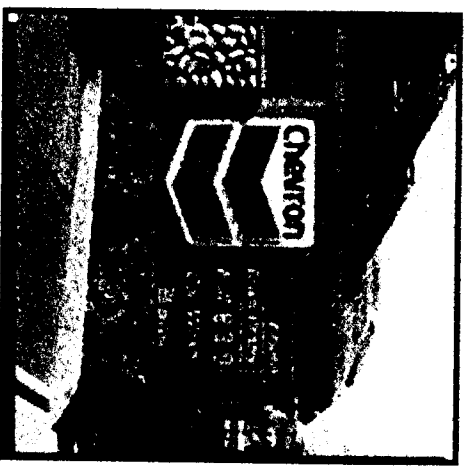
Old Stations in Richmond



- Minimal Landscaping
- Outdated Architecture
- Minimal Services
- Outdated Signage

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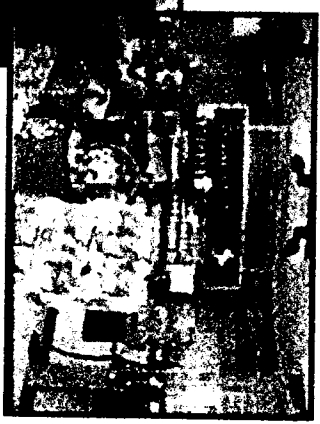
Newly Upgraded Service Stations



Newer Signage



Mature, Better Landscaping



Wide Variety of Services



Updated Architecture

EQUITAS

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4. Enhanced Public Safety

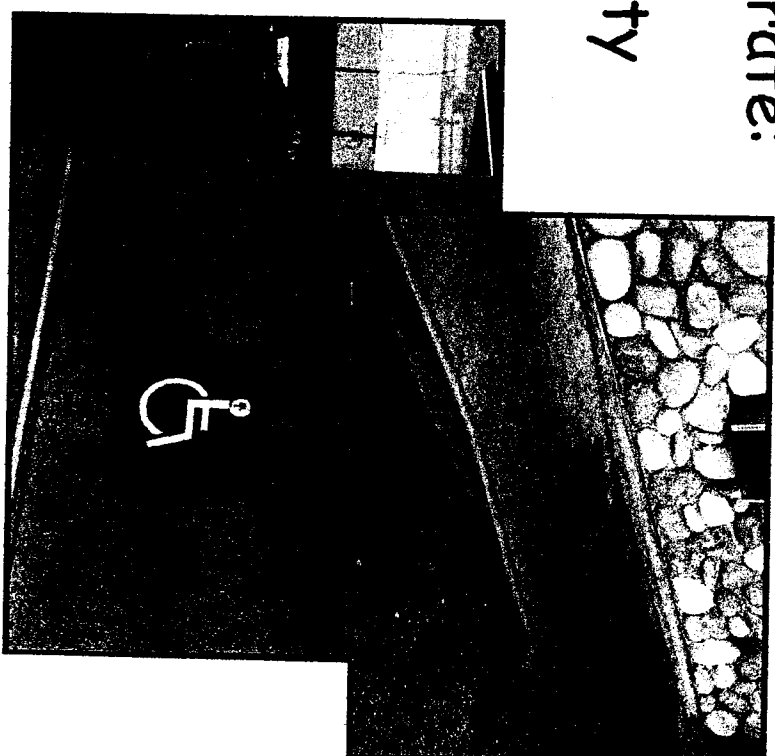
- Safety features that are incorporated into rebuilt facilities include:
 - Security Cameras
 - Enhanced lighting levels
 - Strategic, crime-preventative landscaping
 - On-site neighbourhood policing offices in some instances
- Some 24-hour stations in Richmond are cutting back their hours and eliminating 'beacon-in-the-night' safety opportunities due to the economies associated with full-serve



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5. Enhanced Accessibility

- Redeveloped stations incorporate:
 - Wheelchair Accessibility
 - Disabled washrooms
 - Let-down curbs
 - Disabled parking stalls
 - Lower countertops
 - Wider Aisles between merchandise displays



Change?

6. Reduced Credit Card Fraud

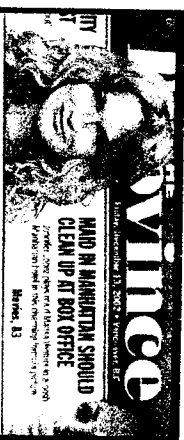
- Last year, over \$144 million was lost nation-wide to Credit Card fraud
- Richmond has become a target for organized criminals involved in credit card fraud
- 43% of credit card fraud at service stations in B.C. occurs in Richmond
- 60% of affected cardholders in B.C. currently reside in Richmond
- One Richmond station recently closed due to the level of fraudulent activity

...ange?

6. Reduced Credit Card Fraud

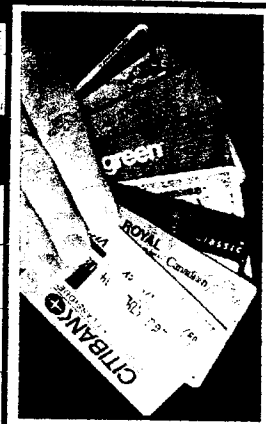
"Full-serve generally requires that customers give their credit card to a person who may or may not be trustworthy. Many customers, including myself, do NOT buy gas in Richmond for that reason..."

Frank Pohl - Fraud Investigation
Officer - Royal Bank



\$200m in hot credit cards made in B.C.

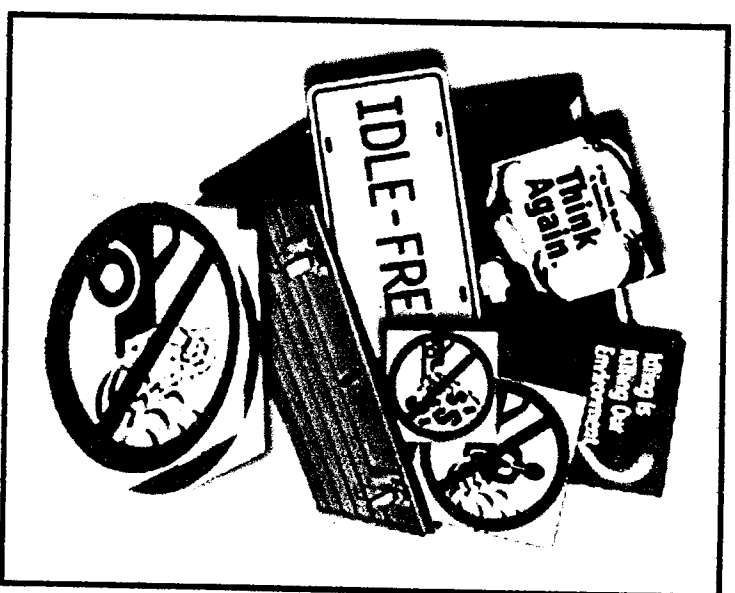
Police bust international ring that used three Lower Mainland factories to churn out cards used in multimillion-dollar spree. A3



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7. Environmental Impacts

- A full service transaction typically takes considerably longer than a self-serve transaction.
- Full-serve customers are often challenged with waiting in line-ups, sometimes up to 10 minutes.
- Customers leave their engines idling while in line-ups, producing harmful greenhouse emissions that contribute to problems such as climate change and smog.



7. Environmental Impacts

- If each Richmond driver cut their idling time by only 52 minutes per year (average 1 minute per fill), it would prevent 96,302,590 tonnes of carbon monoxide from entering our atmosphere - enough to fill 16,372 gymnasiums!
- Other problems associated with engine idling include:
 - increased wear and tear on engines
 - unhealthy air quality, particularly for children, seniors and those with respiratory problems
 - Unnecessary fuel costs



Do Richmond Retailers Support Change?

Do Richmond Retailers
Support Change?

Retailers Support Change?

Testimonials:

"The argument regarding protecting Youth Employment in Richmond is crazy. We cannot find anyone from Richmond to work in our stations..."

Nick Kaba - Steveston Esso
Steveston Highway and Number 1 Road

"One of the biggest problems for us is that no-one gets out of their cars to buy anything. We need better store revenues to survive"

Ranjit Minuas - Esso
Garden City and Westminster Highway

Retailers Support Change?

Testimonials:

"I hate servicing customers full-serve. They have no trust. They follow you around like a dog. They're afraid I'll skim their credit cards. It's very demoralizing"



Paramjeet Rai - Shell
Westminster Highway and Gilley

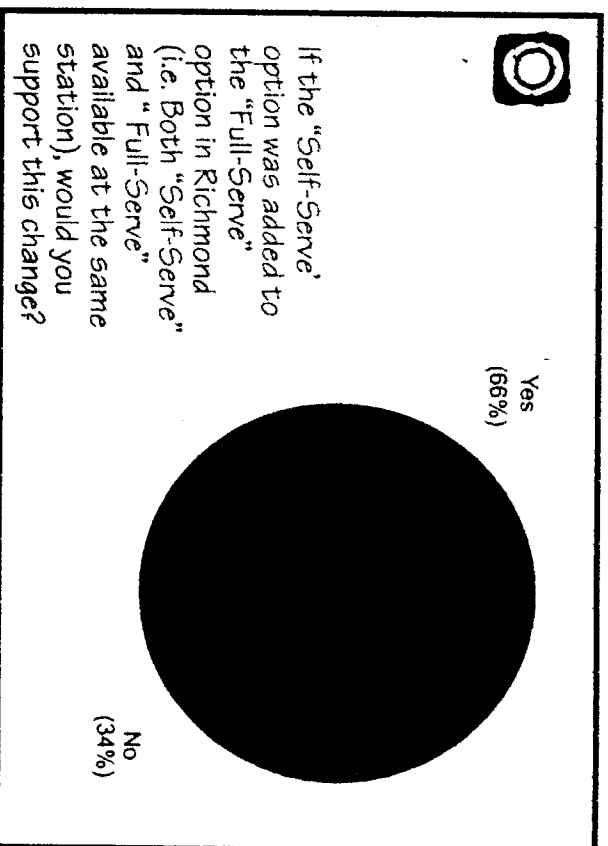
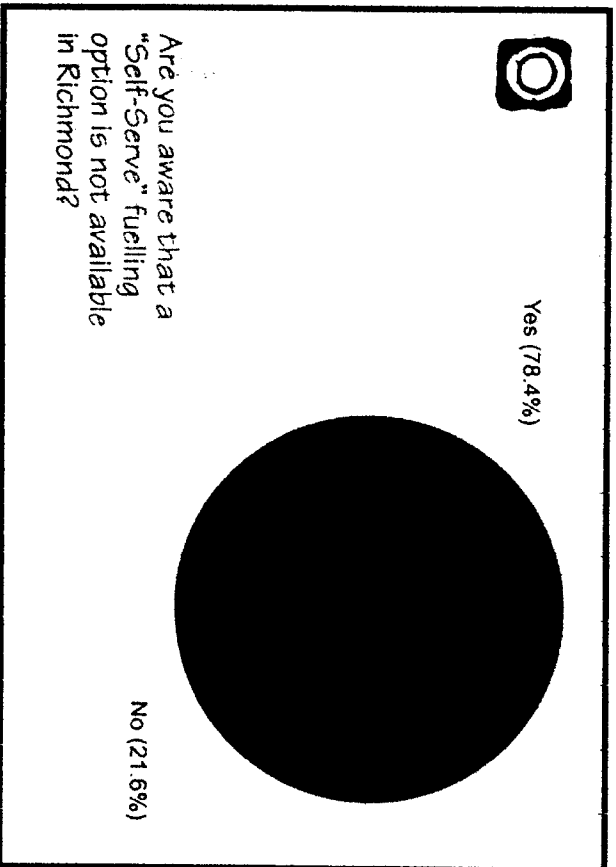
Richmond Residents Want?

*What do Richmond
Residents Want?*

EQUITAS

Richmond Residents Want?

During the months of February and March, 2003, a number of our retailers surveyed over 800 people at 6 separate service station locations throughout Richmond. The 'highlights' of the survey results are as follows:



Note:

- 1) 74% of respondents were Richmond residents.
- 2) 57% of the respondents were Male, while 43% were Female.
- 3) Some Richmond residents regularly go outside of the community to purchase fuel. One of our retailers undertook a separate survey of their credit card holders, and found that:
 - a) 40% of Richmond residents purchase their gas outside of Richmond on a regular basis.
 - b) 10% of Richmond residents (or approx. 7000 people) purchase their gas outside of Richmond on an exclusive basis.

RICHMOND'S SERVICE STATION RETAILERS



Adapting to the Changing Needs of our Customers