



City of Richmond



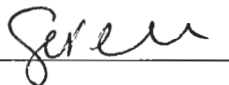
Report to Committee

To: General Purposes Committee
From: Katie Ferland
Director, Business Services
Date: February 23, 2024
File: 08-4150-01/2024-Vol
01
Re: **Economic Development Strategy Update**

Staff Recommendation

That the approach to updating the City's Economic Development Strategy as outlined in the staff report titled, "Economic Development Strategy Update," dated February 23, 2024, from the Director, Business Services, be endorsed.

Katie Ferland
Director, Business Services
(604-247-4923)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
SENIOR STAFF REPORT REVIEW	INITIALS: 
APPROVED BY CAO 	

Staff Report

Origin

Building on the success of the Resilient Economy Strategy, endorsed by Council on March 24, 2014, there is an opportunity to update the City's Economic Development Strategy. This strategy identifies key economic development priorities and guides the City's work in attracting and retaining businesses and creating an environment for a thriving and diversified economic and employment base. The updated strategy would consider what is required today and in the future to support a robust and diversified economy in Richmond.

This report supports Council's Strategic Plan 2022-2026 Focus Area #1 Proactive in Stakeholder and Civic Engagement:

Proactive stakeholder and civic engagement to foster understanding and involvement and advance Richmond's interests.

This report supports Council's Strategic Plan 2022-2026 Focus Area #2 Strategic and Sustainable Community Growth:

Strategic and sustainable growth that supports long-term community needs and a well-planned and prosperous city.

2.5 Work collaboratively and proactively to attract and retain businesses to support a diversified economic base.

This report supports Council's Strategic Plan 2022-2026 Focus Area #5 A Leader in Environmental Sustainability:

Leadership in environmental sustainability through innovative, sustainable and proactive solutions that mitigate climate change and other environmental impacts.

This report supports Council's Strategic Plan 2022-2026 Focus Area #6 A Vibrant, Resilient and Active Community:

Vibrant, resilient and active communities supported by a wide variety of opportunities to get involved, build relationships and access resources.

Analysis

Results Achieved to Date

The City of Richmond adopted its first comprehensive Economic Development Strategy (EDS) in 2002. Key actions implemented included the launch of the City's early work to support business retention and expansion, establishment of an economic development indicators and tracking system, and formalization of Council's Economic Advisory Committee (EAC). The City also leveraged unprecedented economic development opportunities related to the 2010 Olympic Winter Games and the completion of the Canada Line over that time period.

In 2014, Council endorsed an update to the EDS, the Resilient Economy Strategy, which identified priorities and actions for the city's economic development. Key focus areas of the Strategy included increasing the city's light industrial capacity, encouraging sustainable growth, and diversifying the economic base. Actions implemented included launching the Business Development Program and associated online communications channels, implementing the Community Tourism Partnership Model, and developing the Industrial Lands Intensification Initiative. For additional information, please refer to Attachment 1.

The strong foundation built through these previous strategies is clear, and Richmond has a diversified economy that has responded with exemplary resiliency to the challenges of recent years, including the COVID-19 pandemic, increased inflation, high interest rates, and the global slowing of economic growth. While an earlier update to the Resilient Economy Strategy was contemplated, this was paused due to the COVID-19 pandemic and the need to immediately pivot resources to support local businesses through the associated crisis and global disruptions.

As global dynamics and local conditions continue to evolve, there is now an opportunity to build the vision for Richmond's next stage of economic development and create a new Economic Development Strategy. It is anticipated that this strategy would continue to build on economic development fundamentals of attracting investment and retaining and growing existing businesses in Richmond.

At the same time, a way forward can be developed that looks beyond a GDP-growth focused approach and is designed to enable economic opportunities for Richmond residents and at the same time, work within environmental limits¹ and other constraints. This approach is aligned not only with Council's Strategic Plan 2022-2026, but also with the City's leadership in related areas, such as the Richmond Circular City Strategy.

Proposed Approach

As the City develops a new Economic Development Strategy, it will be key to learn more about the current situation and to engage the business community as well as a broader set of partners and stakeholders to provide input on the future vision and key goals.

As an initial starting point, a facilitated brainstorming session was held with the Economic Advisory Committee (EAC) in September 2023. This included a survey prior to the meeting followed by a facilitated discussion to assist staff with early scoping work on the new strategy.

Feedback from the EAC included advice that the new Economic Development Strategy should build on Richmond's existing strengths, consider infrastructure-led economic development opportunities, and explore partnerships with the City's economic anchors, including large businesses and institutions, to deliver new facilities, infrastructure, and programming in support of broader economic activity. Suggested key themes to be addressed in the strategy included

¹ This approach, conceptualized by Oxford University economist Kate Raworth and known as "doughnut economics," moves away from directly equating GDP growth with success and instead focuses on growth that remains inside of planetary boundaries while also ensuring a social foundation for the community. To date, a number of municipalities have started exploring and implementing this approach, including Amsterdam, Copenhagen, Brussels, Dunedin (New Zealand), Nanaimo, Squamish and Portland (Oregon, US).

innovation, transformation, entrepreneurship, inclusivity, and connection, which can be explored further during strategy development. For additional information on key themes and insights shared by the EAC, refer to Attachment 2.

Building on that early conversation, the following work plan is proposed for the development of the new strategy.

Table 1: Economic Development Strategy Work Plan

Task	Description	Estimated Timeline
Research and Analysis	Research and analysis of Richmond's strengths, weaknesses, opportunities and threats to better inform strategy goals. ² This work would form the analytical backbone of the strategy and would provide a deep dive into Richmond's economy, along with regional and global context, employment composition and forecasts and future trends, including impact of new technologies and associated needs (i.e. AI, automation, EVs, power grid sufficiency).	Q2 2024 – Q1 2025
Report to Council – Research Results (For Information)	An Information Report to Council by staff to provide results of the research and analysis phase and information on plans for upcoming business and public engagement.	Q1 2025
Business and Public Engagement	Engagement with the business and broader community to provide input and help develop the strategy vision and key goals. The City's Advisory Committees, economic anchors (e.g. YVR, Port, KPU, TWU, BCIT, others), key associations, and others will be invited to engage. Engagement with Indigenous partners and equity-seeking groups will be a key priority in facilitating an economy that delivers benefits and provides opportunities for many.	Q2 2025
Report to Council – Guiding Principles	A Report to Council to provide results of business and public engagement/ work to date and to seek endorsement of the Guiding Principles for the strategy.	Q3 2025
Development of Draft Strategy	Creation of the strategy based on the research and analytical work undertaken and input from business and public engagement processes. This will also include a short-medium term Implementation Plan for key actions and key performance indicators (KPIs) to measure progress.	Q3-Q4 2025
Draft Strategy to Council	Draft Strategy and Implementation Plan presented to Council; additional business and public engagement as needed.	Q1 2026
Final Strategy to Council	Final Strategy, Implementation Plan, and proposed amendments to the City's Official Community Plan will be presented to Council for endorsement and adoption.	Q2 2026

² This may also include an assessment of Richmond's economy in terms of whether and how it provides a social foundation and also works within environmental boundaries.

This project will be led by staff in the City's Economic Development Office. Throughout the development process for the new strategy, a cross-functional staff working group will also provide guidance and feedback on key milestones.

Financial Impact

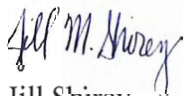
None. The project can be accommodated within the existing Economic Development operating budget.

Conclusion

The city is experiencing a great deal of development, particularly in the City Centre. From an employment perspective, broader global shifts are also occurring that affect where work is done and the intensity of labour required to produce goods and services, due to increasing automation and technology such as artificial intelligence (AI) that continues to advance.

As Richmond navigates these shifts and associated impacts and opportunities related to land use and economic activity, it does so from the strong foundation of previous economic development strategies and a resilient, diversified economy. It is anticipated that the development of a new Economic Development Strategy will support Richmond in responding to current challenges and evolving needs in ways that support residents, their well-being, and the environment in which they live and work.

If endorsed, staff will proceed with next steps noted in the proposed work plan above, including initiating the research and analysis phase and forming a cross-functional staff working group to provide input and guide the development of the strategy.



Jill Shirey
Manager, Economic Development
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Att. 1: Resilient Economy Strategy: Highlights of Results Achieved

Att. 2: Preliminary Economic Advisory Committee Insights

Resilient Economy Strategy: Highlights of Results Achieved

Important progress has been made across the nine key action areas identified in the Resilient Economy Strategy. Over the course of implementation and prior to the disruptions of the COVID-19 pandemic, industrial and office vacancy rates trended downwards, the tourism sector continued to grow alongside hotel room revenues, trade continued to increase, and relationships with senior governments and regional partners were strengthened. Examples of key successful programs and initiatives undertaken are as follows:

Key Action Area	Programs and Initiatives Implemented
1. Increase Richmond's capacity to accommodate light industrial business.	<ul style="list-style-type: none"> • Industrial Lands Intensification Initiative (ILII) • OCP Implementation • Input on key Development Applications • 1-1 Business Services, including connections to export development and other programs through referrals
2. Strengthen Richmond's role as a gateway for goods import and export	
3. Increase the tourism sector in Richmond	<ul style="list-style-type: none"> • Destination Enhancement Initiatives, including Richmond Discovery Shuttle, Bike Valet and programming at Steveston Heritage Sites • MRDT Community Tourism Partnership Model • Sport Hosting Program implementation • Implementation of joint Tourism Development Liaison role • Community Wayfinding Strategy (in progress)
4. Retain and support existing businesses	<ul style="list-style-type: none"> • 1-1 Business Services, including licencing and permitting facilitation/ one-window connections • Annual Business and Partner Appreciation Event • Supply Chain Resiliency Program • BusinessinRichmond.ca website • Regular digital communications, including e-newsletter and dedicated social media channels • Streamlining and digitizing City services for businesses, including MyBusiness and MyPermit • COVID-19 Business Support Center
5. Increase Richmond's appeal as a regional office centre	<ul style="list-style-type: none"> • City Centre Incentive-based Non-Stratification Policy • Facilitated developer/ business tenant introductions – City Centre office developments • Business Park support – accessibility and amenity improvements • Support Co-Working programming
6. Support economic diversity, small business opportunities, and localization	<ul style="list-style-type: none"> • Business Development Program • Night Market operational liaison • Mobile Food Vending Program • Richmond Film Office partnerships

Attachment 1

	<ul style="list-style-type: none"> • Young Entrepreneur Leadership Launchpad (YELL) support
7. Invest in stronger relationships with senior governments	<ul style="list-style-type: none"> • Active participation in Invest Vancouver as a member jurisdiction and advisory committee representative
8. Cooperate with the rest of the region	<ul style="list-style-type: none"> • Referral network with other governments and associations • Joint initiatives as opportunities arise (e.g. Supply Chain Resiliency Program, Amazon HQ2 Bid)
9. Maintain a high quality of environment, life and public services	<ul style="list-style-type: none"> • Economic data and reports • FoodMesh Richmond Food Recovery Network • Facilitation of business engagement in public consultations

Preliminary Economic Advisory Committee Insights

Note: The insights presented below are those from the brainstorming session with the Economic Advisory Committee. These should be understood as initial input, and the direction and content of the strategy will likely evolve as research is undertaken and additional consultations are held.

Richmond Economic Development Strategy **PRELIMINARY ECONOMIC ADVISORY COMMITTEE INSIGHTS**

STRATEGY PARAMETERS

- Guide municipal economic development efforts over the next 5-15 years
- Facilitate meaningful partnerships and engagement with other City functions and external stakeholders, including local institutions and businesses
- Balance inspiring direction-setting for Richmond's economic future with achievable and measurable economic development outcomes

OBJECTIVES

The strategy should serve several objectives, including:

- Supporting the retention, continuity, and evolution of local business operations
- Supporting the evolution of Richmond economy through entrepreneurship, innovation, and cluster development
- Ensuring the local Richmond economy supports Richmond residents' lifestyles and livelihoods through generating good local jobs, enabling Richmond residents to work close to home

**It was noted that attraction of new large-scale businesses should be considered secondary to creating a thriving local business ecosystem. Developing an attractive community and a skilled workforce are the primary drivers for business attraction.*

STAKEHOLDERS

The Richmond Economic Development Strategy should look to serve:

- Richmond businesses – businesses currently located in Richmond, with an interest in ensuring retention and evolution of these businesses to meet a changing business environment
- Entrepreneurs and scale-ups – new businesses looking to grow in Richmond or scaling businesses in the region that might be a good fit for relocating to Richmond, with an interest in supporting the growth and development of new, innovative businesses
- Richmond residents and workers – Richmond community members seeking opportunities to make a good living and reduce commute times, with an interest in enabling live-work communities
- Not-for-profits and social impact businesses – Socially and environmentally motivated organizations, with an interest in enabling these entities to scale their impact in the Richmond community
- Anchor organizations – Large businesses, public institutions, and infrastructure providers that are major employers in Richmond and play a significant role in shaping community infrastructure and services, with an interest in partnering with these institutions to improve the business ecosystem in Richmond

APPROACH

The Economic Advisory Committee made several suggestions on the approach the City of Richmond should take in developing the new economic development strategy. These included:

- Taking a Strengths-Based Approach – The new Richmond economic development strategy should play to Richmond's existing strengths. These include:
 - Sector Strengths in transportation and logistics (including aviation), agri-food, manufacturing, aerospace, and engineering, as well as emerging strengths in cleantech and pharmaceuticals.
 - Infrastructure Strengths such as multi-modal transportation infrastructure and major transportation hubs.
 - Land Use Strengths such as access to the Fraser River for industrial / port-related activities and significant industrial and agricultural land area.
 - Talent Strengths such as workers and investors knowledge in manufacturing, agri-food, and physical technologies (telecoms, aviation, systems engineering, agri-tech, cleantech).
- Considering Infrastructure-Led Economic Development Opportunities – The right infrastructure can be used to attract businesses of a specific cluster or set of requirements. The new Richmond economic development strategy should consider exploring opportunities to seed economic activity through the development of key infrastructure. Examples include:
 - Transportation & Logistics Infrastructure – e.g. power infrastructure to enable charging of electric trucks, vehicles, buses, etc. within key transportation and logistics nodes
 - Digital Infrastructure – e.g. digital bandwidth to support technology companies, digital media companies, and smart infrastructure demonstrations in some areas throughout the City
 - Industrial Infrastructure – e.g. wet lab space, combined office and industrial space, or combined industrial, agricultural, and commercial space to support businesses that do not fit traditional land use classifications
- Partnering with Richmond's Economic Anchors – The City's capacity to seed economic activity is significantly greater if it acts in partnership with large businesses and institutions to deliver new facilities, infrastructure, and programming. Working with local anchor institutions might entail:
 - Helping address the pain points of current economic anchors
 - Reviewing the strategies of local anchor companies and institutions to identify components the City can support
 - Seeding the development of co-investment opportunities with other economic anchors throughout the development of the strategy

THEMES

The Economic Advisory Committee noted several themes that should be addressed in an economic development strategy for the City of Richmond. These included:

- Innovation – The future of Richmond's economy does not lie in merely growing current forms of industrial, agricultural, and commercial activity, but in seeding innovation to ensure Richmond's businesses can succeed in a changing business environment. This can take many forms including:
 - Aiding with technology adoption inside Richmond businesses
 - Connecting existing manufacturing capacity with emerging entrepreneurs and innovators across the region
 - Working to attract new, innovative businesses to the City

- **Transformation** – Land and infrastructure limitations require the City of Richmond (and its partners) to be strategic about transforming land use and goods movement to meet emerging business needs. Examples include:
 - **Transformation of the transportation and logistics network** to address specific challenges in connecting airport and port activities, port and south Richmond industrial activities, and worker connectivity to key commercial and industrial nodes. (Specific challenges noted included a 91 N-S connector, Port lands connector to the South Richmond Fraser Lands, Translink connectivity to Fraser-Richmond Industrial Lands, and a Blundell missing link at Steveston Highway).
 - **Transformation of industrial and agricultural lands** to enable intensification of economic activity and combining of various economic activities on one site (e.g. agricultural, industrial, and commercial).
- **Entrepreneurship** – The City can leverage its own organization and infrastructure to drive entrepreneurship in Richmond through programs such as an entrepreneurs-in-residence program and through opening City infrastructure to entrepreneurs for demonstration projects.
- **Inclusivity** – The City can better support indigenous entrepreneurs, immigrant entrepreneurs, women entrepreneurs, and other economically under-represented groups through its economic development programming and planning. Examples include:
 - Being intentional about inviting more diverse voices to join the EAC
 - Mining business license data for DEI insights and engaging under-represented groups in the development of Richmond economic development strategy
 - Seeking opportunities for co-development of entrepreneurship programming
- **Connection** – One of the biggest economic development roles the City can play is as a connector. Examples include:
 - Connecting local business development efforts with funding from other levels of government
 - Connecting anchor companies with educational institutions for talent development programs
 - Connecting various players within the entrepreneur ecosystem, including investors, mentors, technology providers, and buyers

ROLES / TOOLS

The City's primary tools for economic development include:

- **Policy, Land Use Planning, and Permitting** – enabling the type of development that is needed to support various business activities.
- **Programming and Network Development** – helping connect businesses with the people, technology, programs, and insight they need to grow or improve their operations
- **Physical Infrastructure** – helping address infrastructure gaps through identifying key gaps, building municipal infrastructure where needed, and advocating for infrastructure needs with other infrastructure providers and other levels of government
- **Partnerships** – working with economic anchors and infrastructure providers to strengthen economic clusters and seed investment in new economic infrastructure including training facilities and research and development spaces

PROCESS CONSIDERATIONS

Several research, analysis, and engagement processes were recommended by the EAC. These include:

Research & Analysis	Engagement
<ul style="list-style-type: none"> • <u>SWOT Analysis</u> – Conducting a SWOT analysis on the City of Richmond’s economy could be an effective early exercise to surface any themes not brought forward by the EAC. • <u>Digital Infrastructure Requirements Audit</u> – Conducting a digital infrastructure needs assessment for the next 15 years and a gap analysis from what is currently available could help inform partnerships with digital infrastructure providers who will be critical to the City’s future economic development. • <u>Business License Data Analysis</u> – Mining business license data for DEI dimensions, business types and sizes, and business trends can help inform programming around technology adoption, innovation, and entrepreneurship. • <u>Transportation Gap Analysis</u> – A couple of ‘missing links’ in the transportation network (both the road network and the public transport network) are thought to be limiting Richmond’s potential to house economic activity. An analysis of the impact of addressing these gaps could help inform business cases to Council, TransLink, and other levels of government. 	<ul style="list-style-type: none"> • <u>Exit Interviews</u> – Exit interviews with large and mid-size companies that have recently opted to leave Richmond can help the City understand their reason for relocating and risks for losing other Richmond businesses to other jurisdictions. • <u>Intergovernmental Engagement</u> – Discussions with complementary regional, provincial, and federal entities are needed to identify complementary and competitive economic development interests. • <u>Infrastructure Partner Engagement</u> – Ongoing engagement with key infrastructure providers, such as TransLink, BC Hydro, the Port, YVR, etc. is critical to ensuring that infrastructure is designed to both support and drive economic development in Richmond. • <u>Engagement with Local Businesses</u> – Small and mid-size businesses are critical to Richmond’s economy and should be engaged across multiple sectors to understand their needs to continue to thrive in the City. • <u>Anchor Organizations</u> – Partnership with anchor institutions will be critical to delivering on the strategy. These partnerships should be fostered throughout the strategy’s development. Examples include MDA, T&T, KPU, BCIT, etc.

WHAT SUCCESS LOOKS LIKE

The Economic Advisory Committee expressed a few indicators of success for a new economic development strategy. These included:

- A clear vision for what Richmond’s economy will look like in 15 years, including clear direction for various City departments as to their role in helping realize that vision
- Identification of a series of co-investment opportunities for businesses, institutions, and infrastructure providers to support new / emerging economic activity
- Strong working relationships with strategy-delivery partners (e.g. Port, KPU, YVR, First Nations) rooted in common economic development goals
 - This includes a common working nomenclature