



## City of Richmond

## Report to Committee

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**To:** General Purposes Committee  
**From:** Jerry Chong  
Director, Finance  
**Date:** July 20, 2009  
**File:** 08-4150-20-005/2009-Vol  
01  
**Re:** Metro Vancouver Commerce (MVC) 2010 Partnership Investment Program

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### Staff Recommendation

That Richmond's participation in the MVC 2010 Program be approved with funding of \$20,000 to come from the current Economic Development budget

Jerry Chong  
Director, Finance  
(604-276-4064)

<b>FOR ORIGINATING DEPARTMENT USE ONLY</b>		
<b>CONCURRENCE OF GENERAL MANAGER</b>		
For <u>A. NAZARETH</u>		
<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**

In April 2009, the Metro Vancouver Commerce (MVC) economic development consortium submitted an application for funding to Western Economic Diversification (WD) under the Western Economic Partnership Agreement (WEPA) funding program.

MVC is a consortium of seven Metro Vancouver municipalities, with a mandate to carry out economic development projects and initiatives at the regional level. Currently, partner communities include Surrey, Richmond, Vancouver, District of North Vancouver, City of North Vancouver and New Westminster.

WEPA's mandate is to promote federal/provincial co-operation in regional economic development and MVC's 2010 Partnership Investment Program (PIP, Program) fits this mandate. The purpose of PIP is to leverage the 2010 Olympics to increase foreign direct investment in the Metro Vancouver region.

Valued at \$1.2 million, PIP has now been majority funded by WD and MVC partners, with the following contribution elements:

- WD – \$809,000 (confirmed)
- City of Vancouver – \$397,450 (confirmed, with an option of reduction if another municipality or another funding source comes to the table with a larger contribution)
- New Westminster, Richmond, District of North Vancouver, City of North Vancouver, Coquitlam, Port Moody, Surrey – \$20,000 each (note: Surrey may be looking at options to increase its contribution, Richmond's contribution has not been finalized)

### **Analysis**

The over-arching goal of the Program is to generate foreign direct investment and employment opportunities for Metro Vancouver long after the 2010 Games. The Program will target international companies with investment or site selection interests in Metro Vancouver, British Columbia and Canada. A total of 50 companies are to be short-listed and hosted during the 2010 Games.

### **Implementation**

PIP is to be implemented in three phases:

- Pre-Games (April 2009 – January 2010) – Each funding and non-funding partner (such as the Province) has the flexibility to introduce leads to PIP. MVC's key task at this stage is to generate, screen and qualify foreign company leads and develop hosting lists in the local communities
- Games-Time (February 2010) – Two representatives from each of the 50 target companies will be hosted in Metro Vancouver as part of a VIP business delegation

program. The hosting schedule will be divided in 5 waves of 10 companies each (20 people) from approximately February 10 to February 28, 2010. Delegates will be responsible for their own transportation costs to and from Metro Vancouver, with all accommodation, transportation, meal and entertainment expenses covered by the Program once they arrive. A sample itinerary may include:

- Day 1 – arrival, evening welcome reception with partners and special guests
  - Day 2 – Olympic Venue and City site tours (within the Lower Mainland only)
  - Day 3 – meet with businesses, industry associations, business leaders, officials
  - Day 4 – attend Olympic events and activities
  - Day 5 – additional meeting as/if required and departure
- Post-Games (March 2010 – December 2011) – the focal point at this stage is to proactively follow up and close deals with the 50 hosted businesses and any other opportunities that may arise as a result of PIP

### Outcomes

The main performance measure indicator of the Program is to generate 30+ foreign direct investment “announcables” during the Games and actual investment transfer by December 2011. “Announcables” may come in the form of:

- Foreign companies opening an office anywhere in Metro Vancouver
- Foreign companies signing major purchase/service contracts with Metro Vancouver companies
- Foreign companies licensing technology from Metro Vancouver companies
- Foreign companies entering into formal agreements (such as joint ventures) with Metro Vancouver companies to carry out research, develop technology, or commercialise products/services.

Each community is expected to be credited with “announcables” based on the value of its contribution to the program. For example, Vancouver’s contribution of nearly \$400,000 would secure approximately 75% or 20 “announcables”, with the rest of the Metro Vancouver municipalities securing 1 to 2 “announcables” each.

### PIP Implementation in Richmond

The Richmond economic development office has identified one solid lead that is highly likely to result in a significant “announcable” over the time-frame of PIP reporting (2011-end). Other suitable leads are expected to be generated as a result of City Staff efforts to promote and sell other 2010-related business programs to Richmond businesses, such as O Zone hosting, during the coming months. If further Richmond leads are identified for PIP, special priority will be given to interests non-competing to other Metro Vancouver municipalities, such as foreign companies in the aviation, software development or wireless communications sectors.

**PIP Value Proposition and Risk Assessment for Richmond**

All business executives invited under PIP will have to cover is their means of arriving to Metro Vancouver during the games (airfare or vehicle costs), with all accommodation, hosting, tickets to events and transportation provided through PIP. Should Richmond attempt to organize hosting for business leads at a similar level, the risk is that the costs would outweigh the benefits, given the high cost and limited availability of hotel rooms, dedicated transportation, access to entertainment, etc. Based on a 4-day itinerary, all-inclusive hosting can reach upwards of \$20,000 per individual. If Richmond were to secure 2 potential "announcables" on its own, that would require hosting 4 individuals at up to \$20,000 each, for a total of \$80,000. Alternatively, to achieve the same result through PIP, Richmond would have to invest only \$20,000.

The federal government has endorsed PIP through its investment of over 60% of the full Program value. The majority of MVC partners have committed financial participation, with Vancouver contributing 30% of the total Program value and the other 7 MVC partners contributing the remaining 10%. The Province is supporting PIP through linking it with its on-going initiatives at the 2010 Commerce Centre. This is the only regional business attraction program of its kind and refraining from it would prevent Richmond from realizing the outcomes associated with it. The potential economic benefits to the City far outweigh the costs.

**Financial Impact**

The MVC 2010 Program requires \$20,000 to be funded from the current Economic Development budget.

**Conclusion**

It is recommended that Richmond's participation in the MVC 2010 Program for \$20,000 be approved to better leverage the 2010 Games to generate focused foreign direct investment.

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