



City of Richmond

Report to Committee

To: General Purposes Committee **Date:** February 26, 2014
From: Andrew Nazareth **File:**
 General Manager, Finance and Corporate Services
Re: **Richmond Business Development Program – 2013 Results**

Staff Recommendation

That the attached staff report, titled “Richmond Business Development Program - 2013 Results” dated February 26, 2014, and presenting the analysis and outcomes of Richmond’s business retention, expansion, attraction, partnership development and promotional initiative, be received for information.

Andrew Nazareth
 General Manager, Finance and Corporate Services
 (604-276-4095)

Att. 1

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS:
APPROVED BY CAO 	

Staff Report

Origin

In 2013 the City of Richmond launched a formal Business Development Program (“Program”), designed to enhance service delivery to existing and prospective businesses and to increase overall engagement with this segment of the community. Components of the program include a web-based information and access portal, business outreach program, business liaison service, corporate partnership development initiative, and annual business appreciation event.

Managed by the City’s Economic Development Office, this program directly supports multiple priorities under Council’s Term Goals, as follows:

- Council Term Goal 3.1: Increase the economic development activities in the City.
- Council Term Goal 3.2: Foster a collaborative economic development culture within the City where the City and businesses are working together to build on and seize opportunities in a faster, more efficient manner, with critical mass.
- Council Term Goal 3.11: Increase the focus on business retention.

Enclosed as Attachment 1 to this report is the publication titled “*Richmond Business Development Report 2013*,” which details Program outcomes, with the highlights listed below.

Analysis

Program Context – 2013

As a contributor of 41% of the City of Richmond’s municipal tax revenue, and a source of more than 125,000 jobs, local businesses are critical to the city’s continued economic sustainability and community development.

Currently, over 14,000 companies choose Richmond as their place of business due to Richmond’s competitive advantages, including comparatively low business costs, large inventory of commercial land and direct access to global trade markets. Municipal infrastructure investments, such as the Richmond Olympic Oval, Canada Line, and Nelson Road Interchange, as well as local assets, such as the Vancouver International Airport, Port Metro Vancouver – Richmond Properties, and diverse workforce, are also continuously cited by businesses as reasons for their establishment here.

A positive outlook has been the predominant sentiment among Richmond businesses which participated in the 2013 Program. Among the participants, 88% anticipated expanding in the next two years, 71% anticipated a growth in sales, and 78%, a growth in number of employees.

However, constraints to Richmond’s economic resilience and development do exist, and primarily entail the future supply and readiness of employment lands and effective ground transportation for goods movement.

Business Development Program Purpose & Structure

This Program allows the City to proactively work with the business community to address challenges and constraints to economic development, as well as facilitate opportunities for business growth and expansion.

In addition to on-going promotion of the Program, the Economic Development Office conducts targeted outreach to over 100 key businesses annually and works one-on-one with participants to facilitate their plans to expand, remain or establish in Richmond.

As well, data and information is collected through a business survey and used to identify potential City policy and process improvements of benefit to the overall business community. This approach ensures business interests are incorporated into the City's economic development work plans and are reflected in other City initiatives and policies.

Business Engagement & Resulting Opportunities/Challenges

The Program and other services for businesses can be accessed at www.businessinrichmond.ca. This website provides a single point of contact for businesses and serves as an access portal to municipal information vital to business planning such as zoning bylaws, business licence regulations, local economic indicators and market intelligence. Resources from partner organizations are also included such as Provincial trade development initiatives, workforce development programs and government tax incentives.

Since the site's launch in February 2013, additional and unique to Richmond business tools have been added, such as SpaceList - an interactive commercial and industrial facility search tool, and the Funding Portal - a customizable database of public and private funding sources across Canada. Awareness of the site continues to grow with 8,500 pages of information viewed by 1,915 visitors in the second half of 2013.

The following additional channels ensure a comprehensive suite of communication tools are used to proactively engage the business community:

- Richmond in Business e-news (~800 recipients monthly) – information on City initiatives, local business success stories and other data relevant to an audience made up of corporate clients and partner organizations.
- @RichmondEDO twitter account (1000+ followers) – social media following grew by 90% in 2013 with posts and interactions relating to key economic sectors, City services available, partner initiatives and local business success stories.

1. Annual Business Outreach

Proactive and strategic outreach efforts complement the communication channels identified above and in 2013 staff targeted executives of 111 local businesses in Richmond's key economic sectors. Of the businesses invited to participate in the Program, 48 completed a

survey and 38 were further individually engaged by staff to facilitate their plans to expand, relocate or remain in Richmond.

2. Business Retention and Expansion Survey

The 48 companies which completed the business survey in 2013 provided valuable information on their operations, markets, workforce, future plans, as well as constraints to growth. Surveys were completed by companies with an average facility size of over 72,000 square feet, average revenue reported of over \$81 million, and an average number of employees of 195. A complete breakdown of the survey results is available in Attachment 1.

3. Economic Development Opportunities

Analysis of data captured by the surveys reveals an environment of growth in the Richmond business community that is consistent with local economic indicators such as commercial vacancy rates, building permit values and trade volumes. 88% of businesses surveyed indicated plans to expand their operations in the next two years and one third were considering a location change in the next two years.

This presents an opportunity for the City to proactively assist these businesses in finding a suitably zoned location elsewhere in Richmond, as well as to facilitate the municipal permit process for them. Staff engage City and external resources to develop solutions which meet individual business requirements to facilitate projects through to successful completion.

As part of the 2013 Business Development Program, staff identified 46 opportunities to proactively support businesses with location searches, municipal permit processing and other business requirements. The vast majority of these opportunities (38 of 46) were related to retaining or expanding existing businesses, with a smaller share (8 of 46) related to business attraction and start-up. The businesses assisted in 2013 represent a total of over 2 million square feet of commercial space, more than 2,000 employees and nearly \$400 million in revenue. Examples of the type of support provided to a diverse range of Richmond businesses can be found in the “Case Studies” section in Attachment 1.

4. Challenges for Business Development

Of the businesses which plan to expand in the next two years, 90% anticipated facing constraints related to lack of skilled workers, lack and/or affordability of space & facilities, and financing. Other areas of concern cited by participating businesses included local regulatory processes and lack of employee access to work. In addition to working with individual businesses to overcome their constraints, where possible, and achieve their growth plans in Richmond, challenges facing large segments of the business community are identified and incorporated into annual economic development work plans and policy and program initiatives.

Corporate Partnership Development Initiative

Business engagement through the corporate partnership development initiative is another aspect

of the business development program. In 2013, businesses collectively contributed nearly \$350,000 to City programs and events, such as the Earth Day Youth Summit, Maritime Festival and Newcomers' Guide, which aligned with their corporate and community objectives.

City of Richmond Business & Partner Appreciation Event

In its second year, the annual Business and Partner Appreciation event was attended by over 100 local business executives, decision makers and community partners in 2013. This represents a 70% growth in attendance over the inaugural event, and recognizes the significant role local businesses and City corporate partners play in advancing local economic development and overall community development.

On October 9, 2013, guests had the opportunity to network with peers and local government officials, and to hear from two distinguished speakers. Warren Jestin, Senior Vice-President and Chief Economist at Scotiabank and one of Canada's top economists, provided the audience with exclusive insights into the current and forecasted state of global financial markets. George Melville, owner of Boston Pizza, engaged the audience with stories of leadership around his highly successful casual dining franchise, based in Richmond.

Feedback received about the event was very positive and indicated a strong demand for the City to host a 3rd annual Business and Partner Appreciation event in 2014.

Financial Impact

None. Costs associated with implementation of the Richmond Business Development Program are included in the existing economic development departmental budget.

Conclusion

The first year of the Richmond Business Development Program was successful in engaging and enhancing service delivery to an important segment of the community. Significant economic development opportunities were identified, including the 46 business retention, expansion and attraction opportunities representing over \$400 million of combined revenue and over 2,000 jobs.

The tools developed to serve the business community, including the www.businessinrichmond.ca access portal and business liaison service, continue to be marketed and made available to the Richmond business community through the City's Economic Development Office. Proactive business outreach is scheduled to continue in 2014 in order to facilitate further opportunities for business expansion and retention.

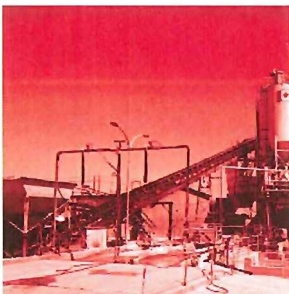
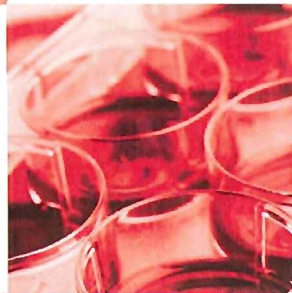
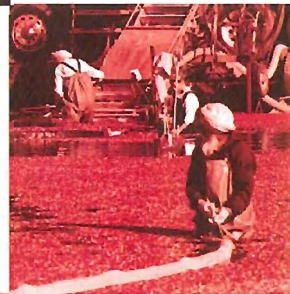
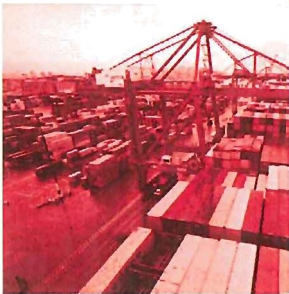
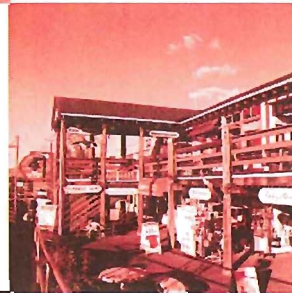
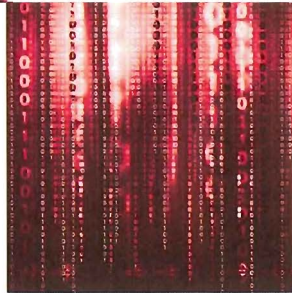
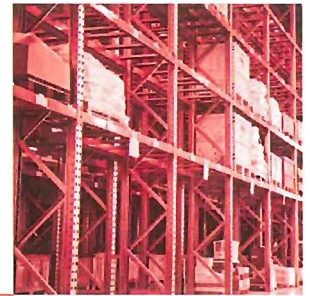
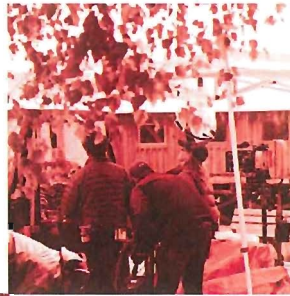


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Attachment 1: City of Richmond Business Development Program, 2013 Report



Richmond Business Development Program 2013 Report



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Web: www.businessinrichmond.ca



@RichmondEDO



/RichmondEconomicDevelopment

Introduction to the City of Richmond Business Development Program

The City of Richmond is committed to providing a high level of service to our business community. In 2013 the Economic Development Office launched a business development initiative which serves to:

- Provide a dedicated point of contact for business clients to access City programs, services and information.
- Facilitate municipal permits and processes related to business development.
- Identify solutions to concerns faced by the business community.
- Identify new opportunities for business development in Richmond.
- Measure and monitor local business and sector performance and gather business intelligence for areas of potential improvement to the Richmond business environment.
- Proactively engage the Richmond business community to build lasting relationships and partnerships.
- Promote Richmond as a destination for business and investment, and a talented workforce.

The basis for the Richmond Business Development Program is a survey which asks questions on companies' operations, markets, workforce, future plans and prospects, as well as constraints to growth.

Data is used in overall policy and program development, as well as to identify opportunities to provide support to businesses either undertaking expansion plans or which are at risk of leaving the community.

This report provides a summary of the outcomes from the 2013 program and an analysis of trends, opportunities and concerns faced by the Richmond business community. The results will provide a basis for economic development initiatives and programs throughout 2014.

The final page of the Richmond Business Development Report lists City services available to support existing and prospective businesses in our community.



Awards

Richmond ranked in the top 10 by fDi Magazine in three categories, including 3rd overall among small cities in the Americas.

2013 Business Development Program Profile

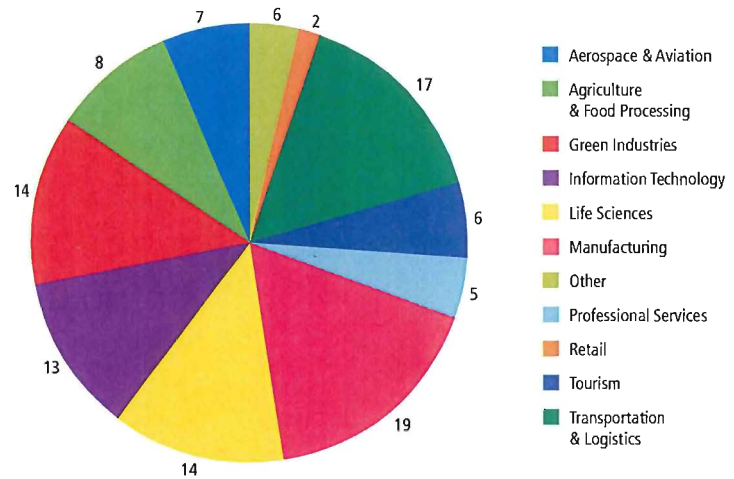
Companies Contacted

The companies selected for participation in the Richmond Business Development Program ("Program") are locally established economic drivers spanning the sectors representative of Richmond's economy. In 2013, 111 companies were contacted as part of the Program.

Participating Companies

Of the 111 businesses contacted in 2013, 48 completed the survey. The majority of responses came from the information technology, green industries, manufacturing, agriculture & food processing, transportation & logistics, and aerospace & aviation sectors. 76% of the businesses were company headquarters with the remainder representing regional head offices, satellite offices or other types of facilities.

Companies Contacted by Sector



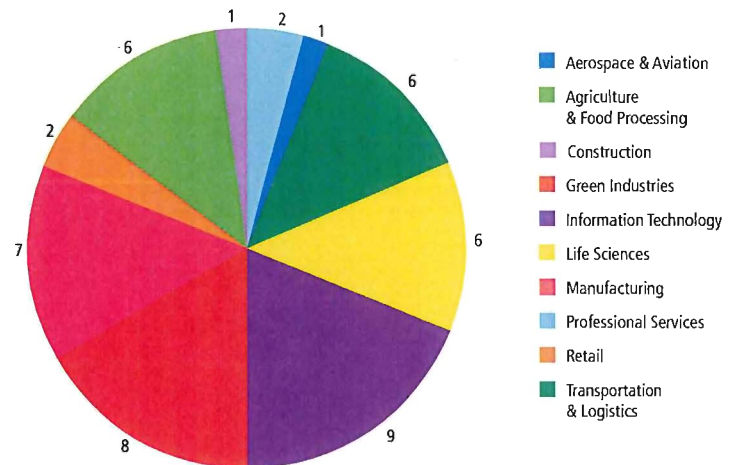
Profile of Companies Contacted

Number of businesses contacted in 2013: **111**
 Average size of facility: **51,938 square feet**
 Average number of employees: **123**

Profile of Participants

Number of businesses who participated in 2013: **48**
 Response Rate: **43%**
 Average size of facility: **72,855 square feet**
 Average number of employees: **195**
 Average revenue reported: **\$81,218,216**

Surveys Taken by Sector



What Businesses Said

The following pages highlight trends, opportunities and concerns faced by the Richmond business community, as reported through the surveys completed in 2013.

Workforce Trends

Of the businesses surveyed, 18% reported a decrease in workforce over the past two years, while 14% reported no change. The majority, at 65%, reported an increase in number of employees over the past two years.

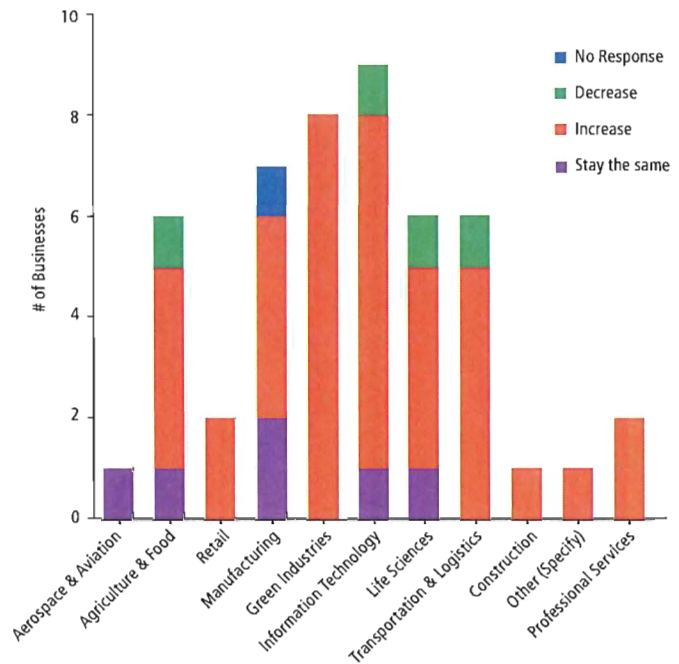
At 78%, a large share of the businesses surveyed predicted an increase in their workforce over the next two years; only 8% expected to cut back on the number of employees. 2% of respondents did not answer questions related to workforce trends.

Employee Concerns

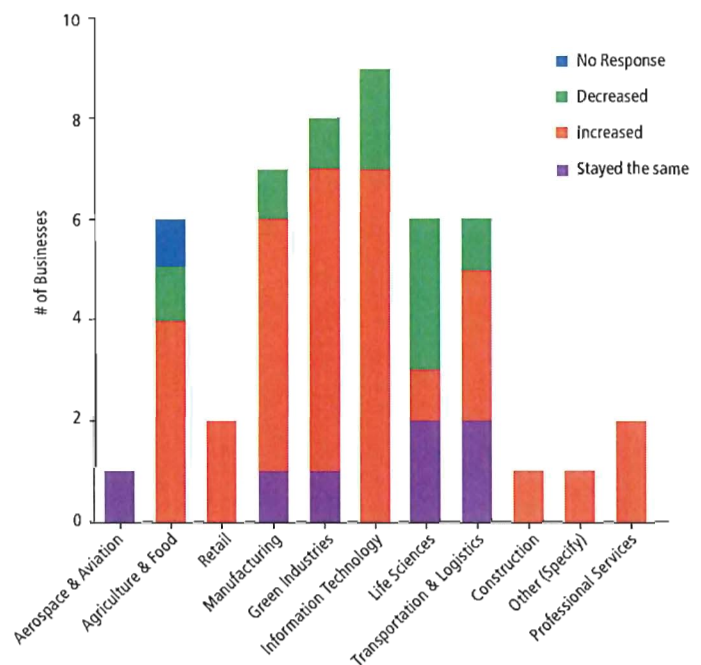
31 companies representing 4,275 employees cited commute and transportation to be their employees' top concern. Businesses reported the following challenges to their ability to recruit suitable talent, ranked in order of importance:

1. Commute/Transportation
(31 companies with 4,275 employees)
2. Cost of Living
(29 companies with 3,938 employees)
3. Child Care Availability
(12 companies with 2,722 employees)
4. Housing Availability
(9 companies with 1,437 employees)

Workforce Change – Next Two Years



Workforce Change – Past Two Years



Expansion Plans

88% of the businesses surveyed indicated they planned to expand their operation in the next two years; 10% did not plan to expand and 2% did not reply. The accompanying chart demonstrates the most common forms of expansion with the top ones listed below.

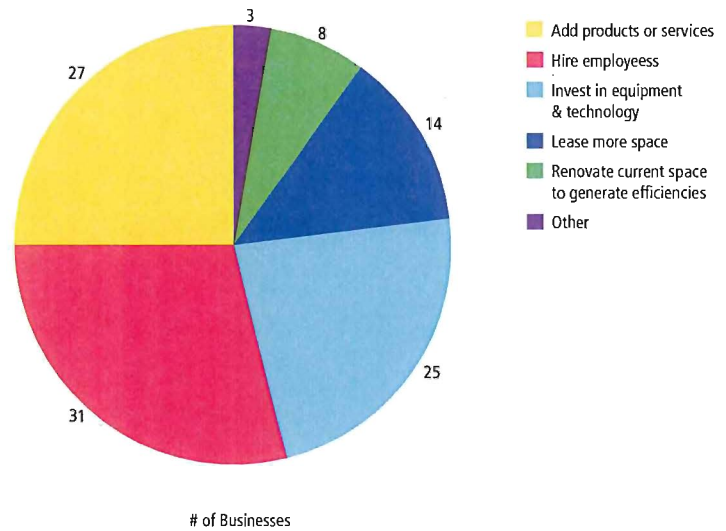
1. Hire Employees (31)
2. Add Products or Services (27)
3. Invest in Equipment & Technology (25)
4. Lease more Space (14)

90% of businesses with plans to expand in the next two years anticipated facing constraints when executing these plans. Lack of skilled workers, lack and/or affordability of space & facilities, and financing were listed as the top constraints.

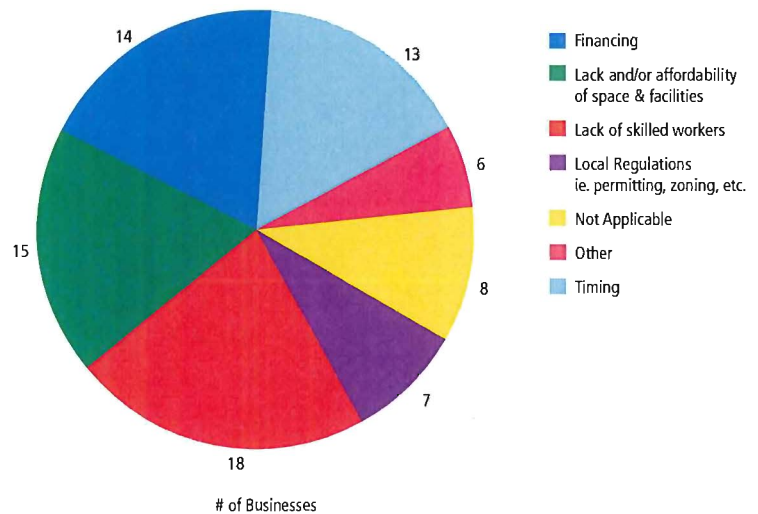
Business Location

Of the businesses who participated in the 2013 Program, 35% were considering a location change in the next two years because their facilities were too small, too large, or otherwise unsuitable. Most of these (15 businesses) were searching for a new facility elsewhere in Richmond, with 7 companies also exploring other options in Metro Vancouver. 5 companies did not specify which community(ies) they were considering for a new location.

Expansion Plans – Next Two Years



Constraints to Expansion



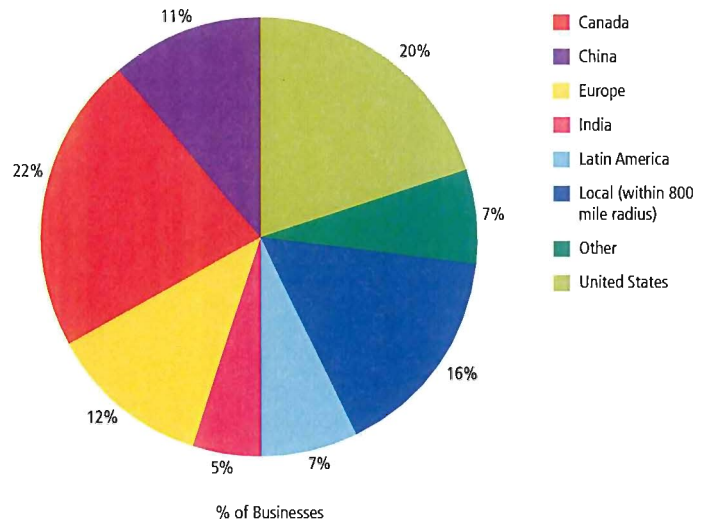
Sales & Markets

Of the businesses surveyed, 70% reported an increase in sales over the past two years; 10%, a decrease and 20%, no change.

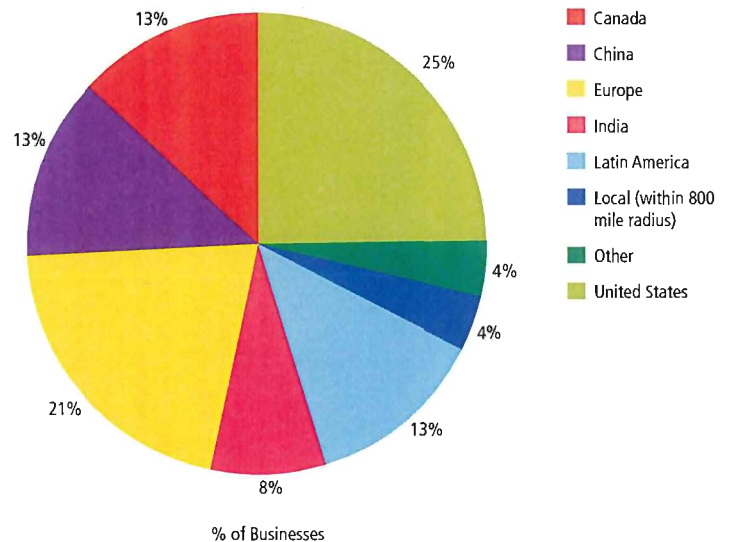
The businesses surveyed currently sell most of their products and services to markets in BC, Canada and the US, for a combined total of 58%. In the next two years, respondents anticipate the most significant new export opportunities to be for markets in Latin America and Europe. Sales in established markets in BC, Canada and the US are predicted to remain strong, representing 61%. Only 4% of businesses predicted a growth in local sales over the next two years.

Richmond companies expect to continue utilizing their advantageous position along the Asia Pacific Gateway to sell their products and services to markets in Asia. Businesses reported that Asian markets (notably China and India) represent 16% of their sales now and expect they will represent 21% of new export opportunities in the next two years.

Current Markets



Growth by Market



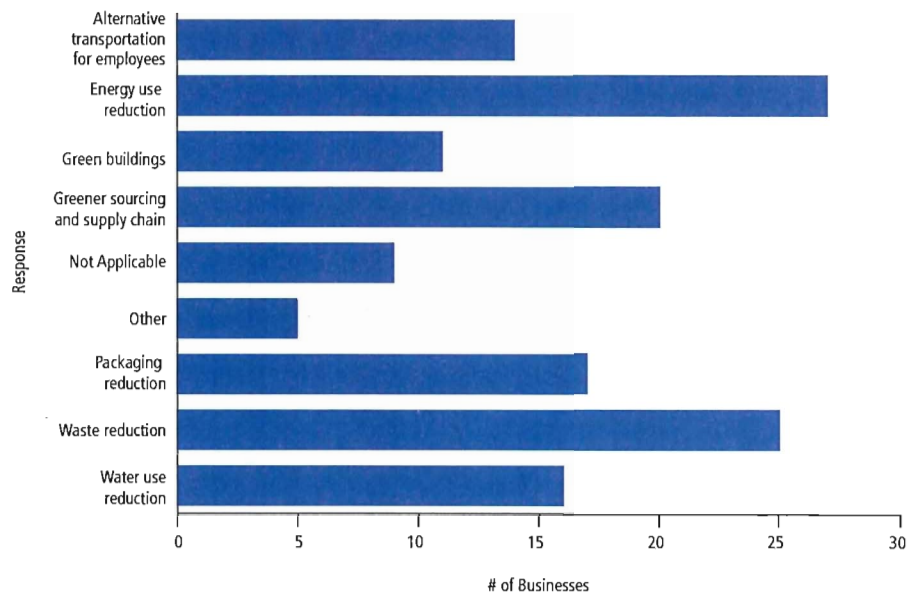
Corporate Social Responsibility

Businesses' top plans for future sustainability initiatives remain consistent with current measures taken. Energy use reduction, green sourcing and supply chains, packaging reduction and waste reduction are the top measures taken by businesses to become more environmentally sustainable. Alternative transportation for employees and green buildings are areas attracting increased attention and potential future investment by Richmond companies.

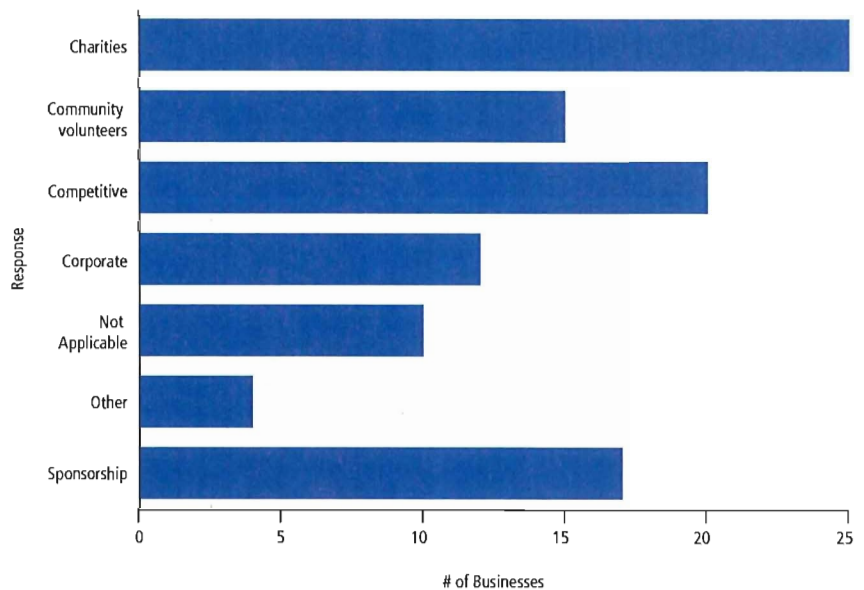
Charities, community volunteerism, competitive wages and sponsorship were the top socially responsible measures taken by businesses surveyed. In the next two years, the same measures were listed as priorities, with more businesses planning to increase their corporate social responsibility reporting.

In 2013 the City of Richmond partnered with 26 companies to deliver community events and programs such as the Children's Arts Festival, Earth Day Youth Summit, U-ROC Youth Awards, Hockey Day, Ships to Shore and the Maritime Festival. The business community collectively contributed nearly \$350,000 towards these initiatives.

Sustainability Plans – Next Two Years



Social Plans – Next Two Years



Businesses Served

In 2013, 83% of economic development opportunities in Richmond were generated from existing businesses. The majority of efforts involved helping businesses expand their current operations, or helping to retain them in our community. Business attraction and start-up inquiries represented 17% of the Program's work. This supports the common statistic that the majority of new job creation is generated from existing businesses.

In 2013, the Economic Development Office worked with 46 companies to establish or expand their operations in Richmond. Support was also provided to those businesses at risk of closing or leaving the community. 38 of these businesses were identified through the City's outreach efforts. The remaining originated from internal and external referrals, as well as contact made through the City's business information portal, www.businessinrichmond.ca.

Areas of Concern (# of businesses)

While undertaking expansion or relocation plans, businesses cited the following top areas of concern:

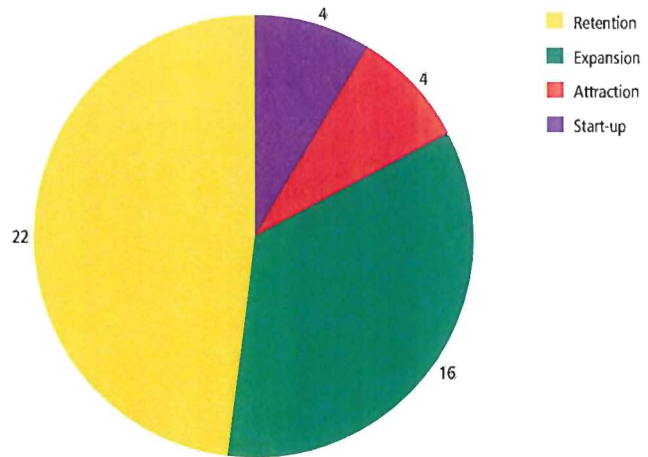
1. Commercial space availability/cost (13)
2. Local regulatory process (8)
3. Employee access (7)
4. Market accessibility (5)

Initial Factors (# of businesses)

The businesses cited the following top reasons for establishing in Richmond:

1. Proximity to Vancouver International Airport/Port Metro Vancouver (14)
2. Proximity to markets (10)
3. Accessibility within Metro Vancouver (8)
4. Availability of space (5)

Business Development Opportunities by Type



Profile of Businesses Served

Number of business development opportunities in 2013: **46**
 Total revenue reported: **\$398,300,000**
 Total Commercial Space: **2,133,025 square feet**
 Total number of employees: **2,085**

Case Studies

The following case studies represent examples of the types of support provided to a diverse range of Richmond businesses by the City's Economic Development Office as part of the 2013 Business Development Program.

Note: company names have been omitted to maintain confidentiality.

Western Canada grocery distributor consolidates facilities

Established in Richmond 20 years ago, this company currently operates out of multiple buildings throughout the city. Experiencing continued growth and seeking process efficiencies, it started searching for a large facility to consolidate operations.

After meeting with company representatives, the Richmond economic development team made introductions to owners of suitably zoned and sized lands in Richmond. The City is looking to expedite the municipal permitting and licensing process, once the company identifies a property.

Cold storage warehouse expansion benefits global food supply chain

A storage and delivery provider for hundreds of food and beverage clients internationally, this company epitomizes Richmond's advantage in the global supply chain. It offers a suite of turnkey third party logistics services, including freight, customs brokerage, pick and pack fulfillment and transloading.

When the need for an additional 50,000 square feet of cold storage arose, the company accessed Richmond's municipal permit facilitation and expediting services. Another opportunity to support this and other companies in the area explores alternative modes of transportation for shift workers in the absence of direct access to public transit.

Local tech start-up chooses Richmond to build company

Fresh out of a technology incubator, this software development start-up chose Richmond as the location for its first office. One year later, the company employs nine professionals and continues to secure new global clients.

Being new to business and new to Richmond, the owners contacted the Richmond economic development team to discuss local regulatory requirements and business development opportunities. The City's business portal was used by the company to research the jurisdiction and identify leads. Additional business prospects were identified after company representatives attended Richmond's Business and Partner Appreciation Event in September of 2013.

Innovative organic farmer grows through diversification

Recognizing that innovation is fundamental to agricultural business sustainability, this long-time Richmond business began to explore ways to diversify its operations. Agri-tourism, retail, and value-added production were identified as ways to achieve this goal.

On the target list for the City's 2013 Business Development Program, the company enthusiastically took advantage of the program to share its plans. Several City departments, external agencies and industry partners engaged with the business through the economic development team's facilitation, introductions and services. When complete, new and diversified sales channels will generate new revenue streams and added market exposure for the busy farmers.

Richmond Economic Development Services

In addition to the Business Development Program detailed in this report, the City of Richmond provides the following tools, programs and services to support the growth and development of existing and prospective businesses in the community.

Business Services Portal

www.businessinrichmond.ca is the City's dedicated information portal and access point for current or prospective Richmond businesses.

Business Directory

An online directory of over 13,000 Richmond businesses is available to search for a particular product or service, or to assist with market research.

Sector Profiles

For each of Richmond's 10 key economic sectors, a printable Sector Profile is available online which includes information on company profiles, land & facilities, government incentives and industry resources.

Richmond Data Centre

Explore or download the latest Richmond data and interactive statistics on key areas such as housing & development, tourism & trade, business growth and commercial space cost and availability.

Funding Portal

An interactive search tool of more than 4,500 government funding programs and 2,500 private financing sources in Canada.

SpaceList

A comprehensive and interactive inventory of commercial and industrial space for lease in Richmond, searchable by size, location and other business requirements.

Municipal Permit and Process Facilitation

The Richmond Economic Development Office acts as the first point of contact for business clients and facilitates municipal permit and licence processes.

Business Liaison

We engage City resources to develop solutions which meet individual business requirements to facilitate your project through to successful completion.

Richmond Interactive Map

The City's interactive GIS Map provides access to detailed property information, including zoning information, active development permit applications, and more.

BizPaL

Based on individual business requirements, BizPaL will generate a custom list of required permits and licenses from all levels of government, in one place.

Metro West Inter-municipal Mobile Business Licence

Allows eligible construction trades contractors to work in multiple jurisdictions under one licence. The City of Richmond has partnered with Vancouver, Surrey, New Westminster, Delta and Burnaby in this trial program.

Connect with us to access these services and discuss business development opportunities in Richmond, BC

Phone: 604-247-4923

Email: economicdev@richmond.ca

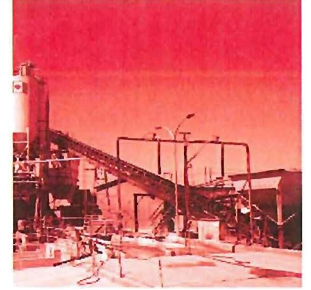
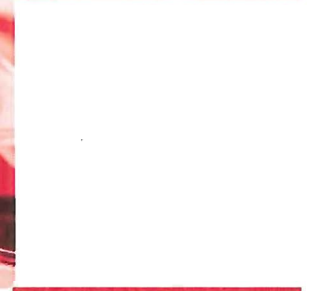
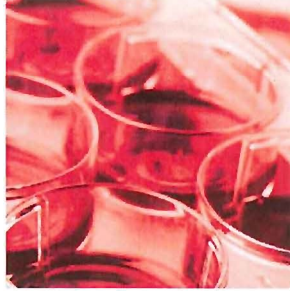
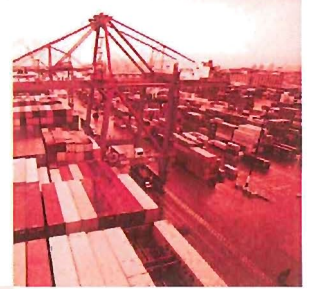
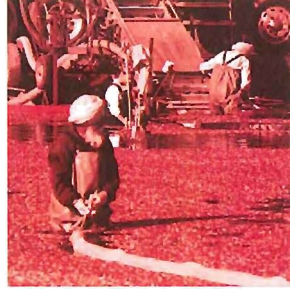
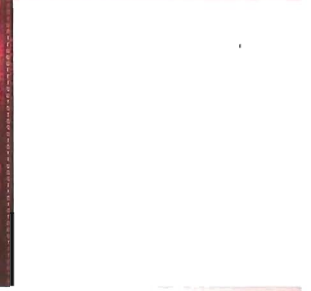
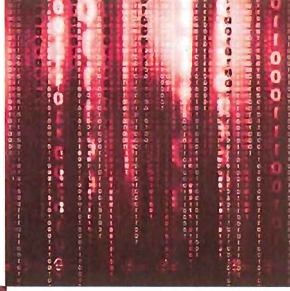
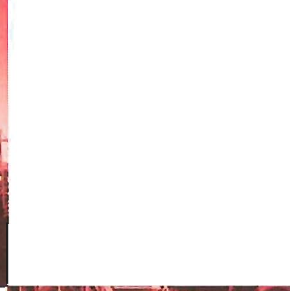
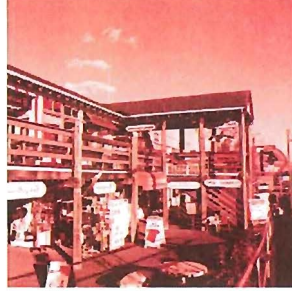
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