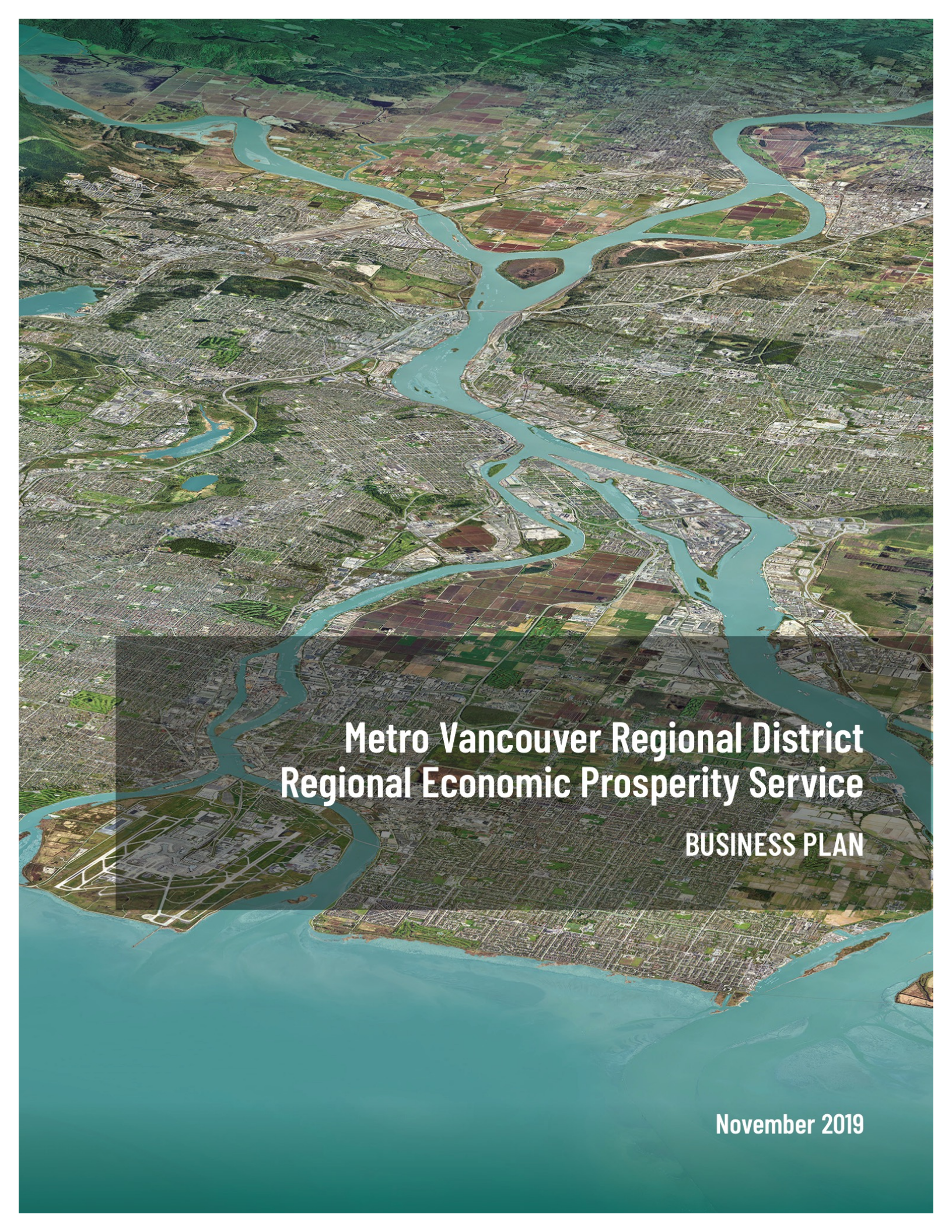


An aerial photograph of the Metro Vancouver region, showing a dense urban area with a complex network of roads and buildings. A large body of water, likely the Fraser River, winds through the center of the city, creating a natural divide. The surrounding landscape is a mix of green fields, forests, and developed areas. The overall tone is a mix of natural greens and urban greys.

Metro Vancouver Regional District Regional Economic Prosperity Service

BUSINESS PLAN

November 2019

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1 Executive summary

This document presents a business plan for a Metro Vancouver Regional District (MVRD) regional economic prosperity service that will contribute to the Metro Vancouver region realizing its full potential as a dynamic metropolitan economy that is attractive to new investment and enables local businesses and residents to thrive.

Metro Vancouver stands at a critical juncture. The region is recognized by global rankings to be a very attractive place for people to live and for companies to locate employees, but this potential has not fully materialized. Within the region, small to medium size enterprises are the prevalent characteristic of the economic, there are few large corporate headquarters, external investment is primarily in real estate instead of investments that generate broader economic benefits, and there is a relative lack of well-paying, high quality jobs for resident talent.

The Regional Prosperity Initiative, an initiative launched in 2015 by Metro Vancouver in response to a strategic direction identified in the Metro Vancouver *Board Strategic Plan 2015 to 2018*. The concept of the Regional Prosperity Initiative was open-ended; through a process involving research, stakeholder engagement, the participation of economic development experts, and a direction from the MVRD Board, a tangible and focused proposal for a regional economic prosperity service has been developed.

At a Regional Prosperity Forum in April 2016 involving leaders from the public, private, and academic sectors, there was a strong expression of support for an approach that would facilitate a multi-sector collaboration across the Metro Vancouver region to advance the region's prosperity. A group of key stakeholders formed the Regional Prosperity Initiative Steering Committee who, along with the leadership of the Metro Vancouver Regional Economy Task Force and an external Advisory Group, articulated a strong vision for this approach.

Vision statement: *Collaborating to advance shared economic prosperity, livability and sustainability in Canada's Pacific gateway.*

This business plan provides a high-level perspective of what a regional economic prosperity service provided by Metro Vancouver entails: how it will be structured within Metro Vancouver, the scope of work, description of activities, the resources required to take it from start-up to more fully operational, and key performance indicators for measuring its success. In defining the functions involved in the delivery of the vision, key stakeholders active in the economic development landscape of the Metro Vancouver region were consulted to determine what is working well and to identify the gaps that need to be filled.

It was determined that the major gap is a focused approach on attracting *strategic investment*¹ across the Metro Vancouver region. Addressing this gap would require a single point of contact, working under a regional brand with global resonance, to serve as the key point of contact for incoming investors while working closely with stakeholders across the region to identify priorities in attracting new investment, and compiling the data and analysis required to do so.

The primary focus of the regional economic prosperity service, provided to all member jurisdictions of the Metro Vancouver Regional District, would be to attract strategic investment across the region and will be organized around three core functions:

¹ For the purposes of this document, *strategic investment* is being used to specify the type of investment that stakeholders want to attract to the region. Strategic investments generate significant economic, employment, and community benefits that improve the long-term competitiveness of the region.

- **Foster collaboration.** Create a strategic regional approach to prosperity through engaging stakeholders, developing protocols for handling potential and interested investors, and communicating the work and success of the service.
- **Conduct regional data collection & research.** Support investment attraction through research and analysis to develop business cases for strategic investors, and to create a client-facing portal to inform investors.
- **Attract investment.** Attract strategic investment to the Metro Vancouver region that will add to well-paying, high quality jobs in the region while generating new tax revenues that support investment in infrastructure that benefits the region.

The annual operating budget for this service will grow over the first five years of operation, from \$0.4 in 2019 to \$2.5M in 2023. Funding for this initiative will be provided by Metro Vancouver with additional funding, in the support of specific projects, coming from partnerships with the private sector as well as the federal and provincial governments.

Important insights, knowledge, and experience of key stakeholders will help to guide the work of this new service. These stakeholders will be engaged through a Management Board as well as two other advisory groups: the Global Advisory Group and the Government Advisory Group.

To realize the potential of the Metro Vancouver region, this service will leverage and amplify municipal economic development activities and identify opportunities to pool capabilities and resources as well as coordinate efforts among the various stakeholders. The stakeholder groups that will help advance prosperity are many, including multiple orders of government, First Nations, research and academic institutions, businesses, labour, and existing promotion and development agencies.

2 The opportunity

While Metro Vancouver ranks as a very attractive place for people to live and for companies to locate their employees, there are signs that the current situation will not support long-term prosperity.

As any resident of the region knows, there is significant global interest in Metro Vancouver's real estate. This level of investment is not mirrored in non-real estate categories. In fact, foreign direct investment in British Columbia decreased an average of 10% per annum from 2012 through 2015 (Figure 1).

Mercer ranks Vancouver as the most attractive place in North America for companies to place their employees, yet the region fails to attract its fair share of headquarters. The market capitalization (value) of Metro Vancouver headquarters is one third that of peer cities, representing a \$250B missed opportunity (Figure 2).

Finally, while BC has one of the best education systems in the world, and a high rate of post-secondary education, it lacks well-paying, high quality jobs to retain this talent. Only 57% of BC graduates have jobs that require their degree – the lowest rate in Canada (Figure 3).

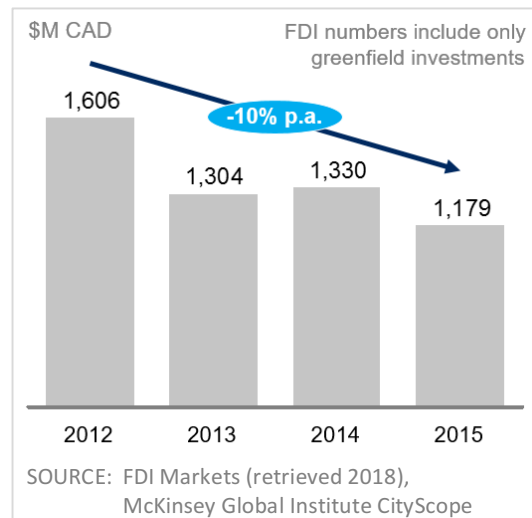


Figure 1 BC foreign direct investment

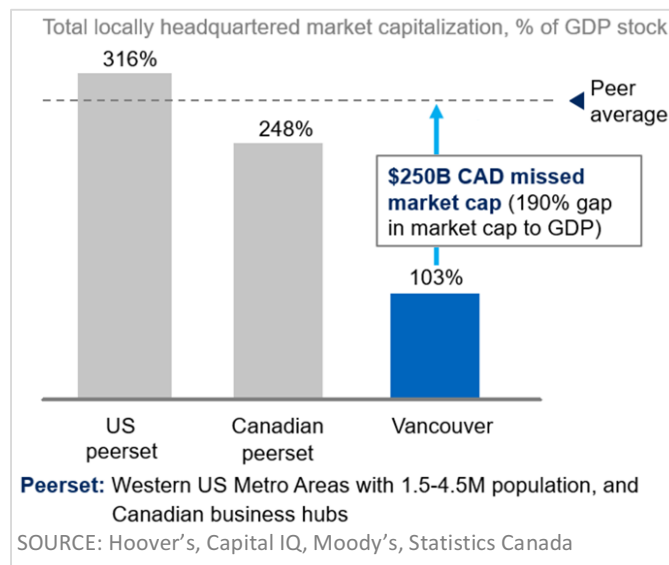


Figure 2 Size of market capitalization of headquarters as % of GDP

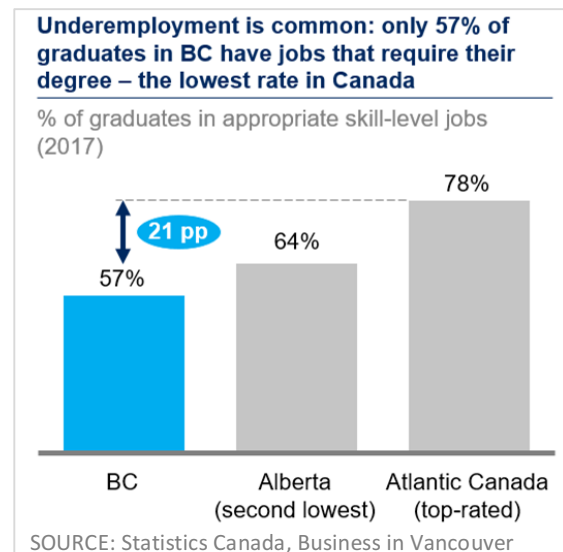


Figure 3 Percent of graduates in appropriate skill-level jobs

Together these indicators begin to explain one of the key issues facing the region – the discrepancy between incomes and housing prices.

2.1 Key challenges

To realize long-term prosperity in the region, a concerted effort to attract new strategic investment needs to be mobilized. The regional prosperity service will mitigate the following challenges faced by external investors to the region:

- **Lack of alignment** on regional priorities in terms of targeted economic sectors/clusters

- **Complex business environment** for investors to navigate
- Multiple organizations driving **individual economic development agendas**
- **Inconsistent marketing materials** across all stakeholders
- **Fragmented resourcing**

The current absence of a regional approach is contributing to Metro Vancouver’s economic underperformance. And the lack of a collaborative, regional approach sets our region apart from our competition – other prominent and large metropolitan areas across North America.

2.2 The value of a regional economic prosperity service

Through the Regional Prosperity Initiative, leaders from the business sector, academic institutions, labour, and local governments developed a vision for a new regional approach to enhancing regional prosperity. Research indicated that for global investors, there needs to be a single point of contact operating under a regional brand with global resonance. Anything less, means the region as a whole is losing out on potentially important investment opportunities.

The regional economic prosperity service would advance a shared prosperity in the region by providing a forum for collaboration on identifying target sectors, undertaking and disseminating key research, marketing and promoting the region, and developing proposals, strategies and other actions to attract new strategic investment. This will be accomplished through a collaborative approach involving member jurisdictions and other stakeholders and partnerships with the federal and provincial ministries and agencies active in investment attraction.

By providing one face for the Metro Vancouver region to potential investors, a new “prosperity cycle” could be jump-started. This cycle involves attracting new active strategic investment, including the location of headquarters and operations as well as new investment in existing businesses. Active investment differs from passive investment in real estate by outside investors. New strategic investment leads to the creation of new well-paying, high quality jobs, and the resulting increase in tax revenues facilitates further investment in infrastructure critical for a shared prosperity. As the region becomes more attractive for investment, the cycle continues (Figure 4).

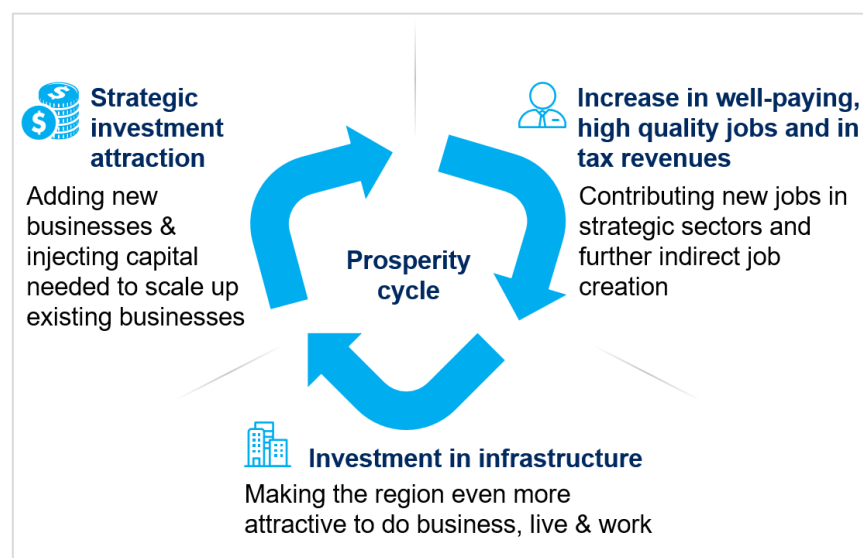


Figure 4 Prosperity cycle

2.3 The role of a regional economic prosperity service

The Metro Vancouver Regional District (MVRD) has the legislative authority through its supplementary letters patent to provide economic development services to its member jurisdictions along with a history of successful collaboration with members on issues of regional importance. The Regional Prosperity Initiative, launched by MVRD in 2015, has actively engaged representatives from the private sector, public sector, academic institutions as well as MVRD member jurisdictions to develop a collaborative approach to advancing regional prosperity.

A key contribution of the Regional Prosperity Initiative to date has been the engagement of stakeholders in two Regional Prosperity Forums and recruiting and working with leaders from business, industry associations, academia, and municipal governments to define the opportunities for a service focusing on investment attraction. While the intent to foster greater regional collaboration is not new to the Metro Vancouver region, a focus on investment attraction with buy-in of key stakeholders is.

The MVRD regional economic prosperity service will actively promote the region in global markets to regionally prioritized sectors as well as provide a single point of contact for foreign and domestic investors interested in new investment or expansion opportunities in the region. Doing so will fill a gap that has kept the Metro Vancouver regional economy from realizing its full potential. This business plan describes how this will be accomplished.

Figure 5 identifies important stakeholders in regional prosperity and maps out how the service will fit into the economic development landscape of the Metro Vancouver region.

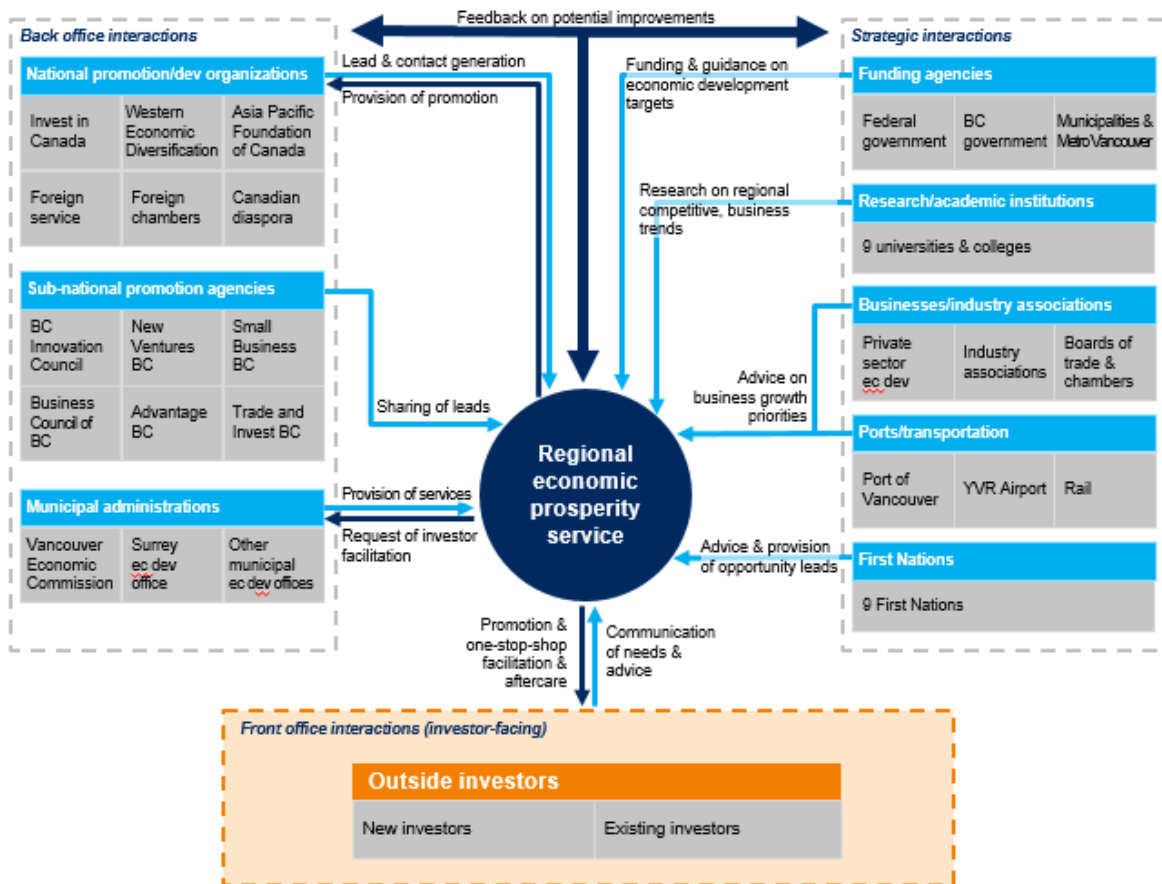


Figure 5 Stakeholder Map

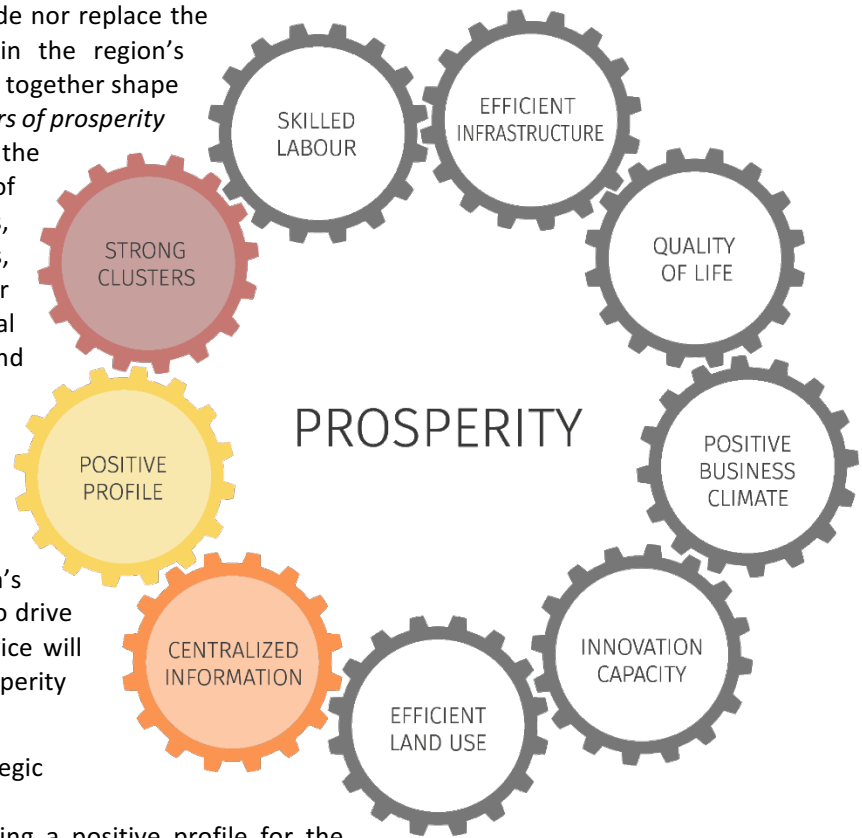
2.4 The enablers of prosperity

This service will neither supersede nor replace the efforts of other stakeholders in the region's prosperity. The components that together shape and drive the region – the *enablers of prosperity* – will continue to depend on the efforts and initiatives of businesses, industry associations, governments and their agencies, First Nations and their organizations, educational institutions, labour, and community organizations.

The service will continue to rely on collaboration and will apply a regional perspective to leverage both potential partnerships and the region's strengths and economic assets to drive prosperity. Activities of the service will contribute to three of the prosperity enablers:

- identifying strong/strategic economic clusters,
- developing and promoting a positive profile for the Metro Vancouver region, and
- centralizing and disseminating data and analysis.

The regional economic prosperity service will drive strategic and coordinated investment-seeking activity. This will be accomplished through collaboration and engagement of stakeholders to identify regional priorities and to enhance business ecosystems within the region. Early success will open the door to strategic partnerships that will further enhance the capacity of the service to attract new strategic investment to the Metro Vancouver region.



3 Scope & functions

The focus of the regional economic prosperity service will be to attract strategic investment to the region. This will involve three functions provided by the service: foster collaboration, conduct regional data collection and research, and attract investment.

While the majority of the budget for this service will be focused on attracting investment, the other functions are essential for success. Organizing annual forums for aligning stakeholders on regional priorities and other venues for dialogue are essential for identifying which industries should be targeted for investment attraction efforts and developing protocols for handling potential and committed investors. At the same time, developing systems to collect and compile financial and economic information at the regional scale and fund necessary research will benefit all economic development agencies as well as potential investors.

Municipalities and other organizations will continue to have an essential role in economic development activities at the local level. This work will be amplified by a service focused on attracting new strategic investment to the region.

Important inroads into the global network of investors have already been made by economic development teams in the region. For example, the cities of Surrey and Vancouver both have been active in developing contacts in the global community of investors. The BC Ministry of Jobs, Trade and Technology, Western Economic Diversification, and Global Affairs Canada all have a wealth of information and data relevant to attracting new foreign investment as well as the capacity to identify and seek out investors who align with provincial and federal priorities. Success will be dependent on leveraging partnerships with provincial and federal agencies will be important, as will clarifying the relation among the new service and existing economic development initiatives within the region.

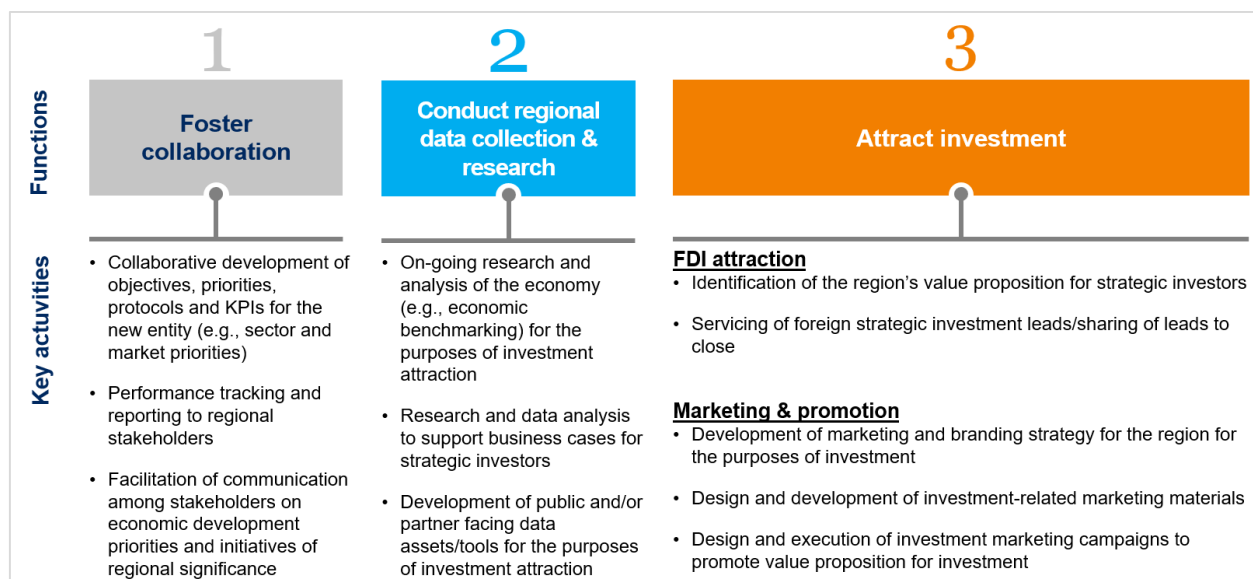


Figure 6 Functions & activities of the regional economic prosperity service

4 Proposed model for the service

The proposed structure, budget, and funding model for the regional economic prosperity service provided by Metro Vancouver to its member jurisdictions are described below.

4.1 Operating Structure

The regional economic prosperity service will be housed within Metro Vancouver and will operate in a manner similar to the National Zero Waste Council (NZWC). NZWC is a highly successful initiative of Metro Vancouver launched in 2013 that has gained national and international attention by bringing together leaders from business, governments, and non-profits to advance zero waste objectives and the transition to a circular economy.

An Executive Director will need to be hired to lead the regional economic prosperity service and manage the technical and administrative staff hired to support the functions and deliver on the service's mandate. The Executive Director will be a Metro Vancouver senior management position and will support a Management Board in the same way that Metro Vancouver senior managers support Board standing committees.

Figure 7 illustrates the Operating Structure along with the potential positions that can assist Metro Vancouver in performing this new service.

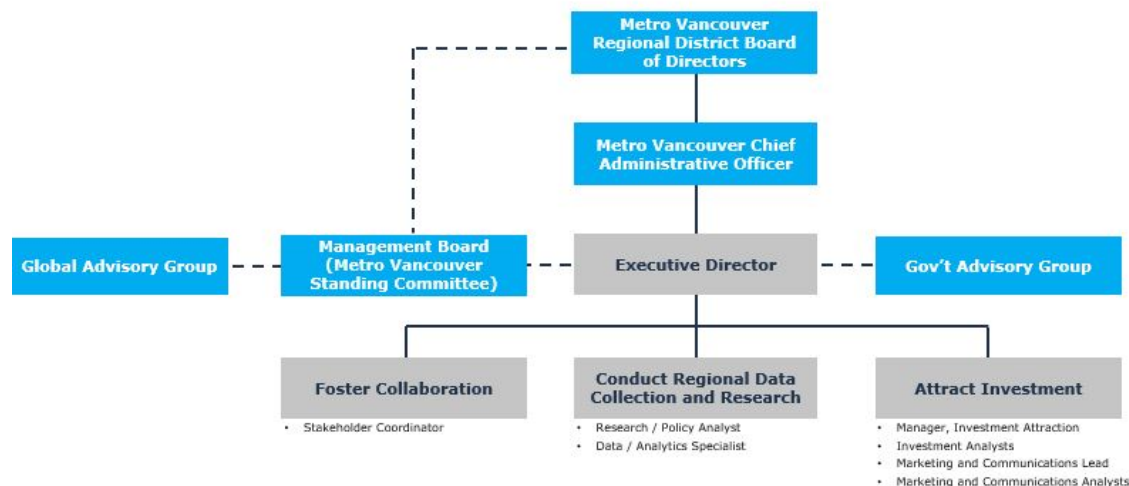


Figure 7: Proposed operating model of the regional economic prosperity service

4.1.1 Management Board

A Management Board will provide strategic oversight and guidance to the service and will meet on a quarterly basis. The composition of the Management Board will reflect the diversity of stakeholders involved in this initiative to date while ensuring accountability to the MVRD Board. The members of the Management Board will be selected by the Chair of the MVRD Board and will include directors from the MVRD Board as well as external members that represent business, industry associations, First Nations, labour, transportation authorities, and academic institutions. Members should be selected for their ability to provide important and relevant insights, experience, skills, and knowledge.

In the first year of operation, work should begin on defining the desired structure of the Management Board and the process for nominating members to the Board. Once this structure and nomination process are endorsed by the MVRD Board, the Management Board should be named and begin to operate. One of the first orders of business for the Management Board will be to develop a shared regional brand with global resonance and a marketing strategy.

4.1.2 Global Advisory Group

Advisory groups will provide important perspectives and maintain key relationships among stakeholders for the new service. The Global Advisory Group will be a relatively small group of executive-level leaders who, through an annual meeting, will provide the Executive Director and the Management Board insights on the broader national and international trends affecting foreign direct investment.

4.1.3 Government Advisory Group

The Government Advisory Group will be similar to the Metro Vancouver's staff advisory committee structure, such as the Regional Planning Advisory Committee that provides insights from the local level to the Metro Vancouver regional planning staff. The Government Advisory Group will be comprised of representatives of all Metro Vancouver Regional District members who are senior managers responsible for economic development or long-term planning plus staff from relevant federal and provincial ministries and agencies and First Nations. The meetings of this committee will be organized to facilitate the exchange of data and analysis and to share information on economic development activities within the region, particularly as it relates to the attraction of strategic investment. The group will also work with staff to develop protocols that define the process and procedures for handling leads interested in strategic investment in the region as well as the "aftercare" of new businesses and investors.

4.2 Proposed budget

The budget for the Regional Prosperity Initiative as it appears in Metro Vancouver's *Five Year Outlook* is \$0.4M for 2019, \$1.0M in 2020, \$1.5M in 2021, \$2.0M in 2022, and \$2.5M in 2023. It is proposed that the budget and staff be allocated to the three functions, plus the leadership and administration component, as follows:

Expenditure Categories	2019		2020		2021		2022		2023	
	Staff (FTE)	Budget (\$M)	Staff (FTE)	Budget (\$M)	Staff (FTE)	Budget (\$M)	Staff (FTE)	Budget (\$M)	Staff (FTE)	Budget (\$M)
<i>Foster Collaboration</i>										
Collaborative development of objectives, priorities, protocols and KPIs				\$0.05	0.5	\$0.10	0.5	\$0.15	0.5	\$0.20
Performance tracking and reporting to regional stakeholders					0.5	\$0.05	0.5	\$0.05	0.5	\$0.05
Subtotal				\$0.05	1.0	\$0.15	1.0	\$0.20	1.0	\$0.25
<i>Conduct Regional Data Collection and Research</i>										
Research and analysis of the economy for the purposes of investment attraction					0.5	\$0.10	1.0	\$0.10	1.0	\$0.10
Research and data analysis to support business cases for Strategic Investors					0.5	\$0.10	1.0	\$0.10	1.0	\$0.10
Development of public or partner facing data assets/tools			1.0	\$0.30	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00
Subtotal			1.0	\$0.30	1.0	\$0.20	2.0	\$0.20	2.0	\$0.20
<i>Attract Investment:</i>										
<i>FDI Attraction</i>			1.0	\$0.20	2.0	\$0.60	4.0	\$1.00	5.0	\$1.35
Identification of the region's value proposition for foreign Strategic Investors										
Servicing of foreign Strategic Investment leads/sharing of leads to close										
<i>Marketing and Promotion</i>		\$0.05	1.0	\$0.10	1.5	\$0.20	1.5	\$0.20	1.5	\$0.20
Development of marketing and branding strategy for the region										
Design and development of investment related marketing materials										
Design and execution of investment marketing campaigns										
Subtotal		\$0.05	2.0	\$0.30	3.5	\$0.80	5.5	\$1.20	6.5	\$1.55
<i>Leadership and Administration</i>	2.0	\$0.35	2.0	\$0.35	2.0	\$0.35	2.0	\$0.40	2.0	\$0.50
Total Expenditures	2.0	\$0.40	5.0	\$1.00	7.5	\$1.50	10.5	\$2.00	11.5	\$2.50

Figure 8: Draft projected budget

The budget for the initial year of operation, in 2019, should be sufficient to complete the recruitment of the Executive Director, initiate the hiring of additional staff, and provide funding for the first year of operation, including the work to define the new brand and marketing strategy. Over the five years it is proposed that the

staff contingent for the regional economic prosperity service grows from 2.0 FTEs in 2019 to a total of 11.5 FTEs in 2023. The budget and resources for *FDI Attraction* activities reflects the fact that it is the priority for this service, with 1 FTE starting in 2020 growing to 5 FTEs in 2023. The associated allocation of funds in Year 5 for these activities is over \$1.3M, representing over 50 per cent of the overall budget.

4.3 Funding model

As a regional economic prosperity service, the core operating budget will be provided by Metro Vancouver. It is anticipated that additional funding, to support specific projects, will come from partnerships with the private sector as well as the provincial government and federal government.

4.4 Engaging the private sector

To ensure ongoing engagement with the private sector, the initiative will provide businesses and associations the means to:

- Add input on target countries, sub-sectors, and companies the service should pursue
- Inform priorities to improve the business environment for new and existing businesses
- Influence infrastructure investment proposals
- Access deal flow early in the process with a potential to play a role in new relationships with future business partners
- Access to senior visiting delegations as well as senior private sector and government leaders
- Provide financial contributions / sponsorship for specific projects

5 Measuring success

The residents and businesses of the Metro Vancouver region will benefit from the success of this service as will the economies of British Columbia and Canada. New strategic investment should generate new tax revenues, and value chains within the region should experience new demand.

An important responsibility of the regional economic prosperity service will be reporting out its progress to the Metro Vancouver Board and key stakeholders. As a leading practice, economic development organizations publish ongoing updates on progress to stakeholders. Identifying the correct performance metrics and targets is critical in establishing a common understanding of what success looks like for the service.

The metrics for the regional prosperity service could be segmented into two categories: operational metrics and outcome metrics. Operational metrics measure the operational activity of the service, and relate to the transformation of inputs (e.g., funding and time) into outputs, and are therefore reflective of operational efficiency. Examples include:

- Number of events organized related to regional prosperity (e.g., roundtables, working sessions)
- Number of stakeholders actively participating in events and initiatives led by the service
- Number of research and analysis reports executed
- Number of business cases produced
- Dollar value of investment(s) brought in monthly, quarterly and/or annually
- Number, size, and dollar value of investments currently being developed

Outcome metrics measure the regional economic and community outcomes on which the regional prosperity service is focused, and are reflective of overall effectiveness or operational impact. Examples include:

- Regional economic contributions from new investments (e.g., output, GDP, incomes or government revenues)
- Recognition of the region within global rankings
- Impacts of community partnerships built by strategic investors (e.g., number of people who participated and benefited from a training partnership executed by an investor)
- Growth in the number of workers within specific clusters/segments in the economy

Measuring outcomes and attributing success requires careful analysis based on best-in-class methodologies that are defensible and clearly attribute the service's role in the success that is being measured. This consideration is particularly relevant when assessing the role that the service plays in helping an investor locate within Metro Vancouver, as investment decisions and site selection choices can be shaped by several macroeconomic and market forces beyond the control of any one organization or service.

6 Engagement

As the key point of contact for external investors, the regional economic prosperity service provided by Metro Vancouver will need to engage with the many stakeholders in Metro Vancouver's regional economy to realize success. Groups that have been identified as integral to the success of this service include private businesses and industry organizations, labour, First Nations, transportation authorities, academic institutions and government. This complex network of stakeholders will require thoughtful attention and engagement in order to establish meaningful and lasting relationships with the aim of advancing shared prosperity across the region. Aside from regular online communications, there are several ways that the regional economic prosperity service will carry out engagement and collaboration with these stakeholders.

The *Annual Forum* could be a key deliverable as a gathering of a broad and inclusive group of organizations in the region. Building on and in the spirit of the successful first and second Regional Prosperity Forums of 2016 and 2017, the Annual Forum could act as a regular, key point of engagement between the service and stakeholders. Furthermore it could be an occasion for a public report out on the activities of the service while convening stakeholders to assess and determine priority issues for the region's economy.

Regional Prosperity Initiative Leadership Groups

To advance the Regional Prosperity Initiative, a Steering Committee of community leaders and key stakeholders, supported by an Advisory Group of business CEOs, presidents of the largest academic institutions and one Senator, was formed to develop the key elements of a new entity that would be tasked with advancing regional prosperity. Their combined efforts, under the guidance of the Metro Vancouver Regional Economy Task Force, resulted in a proposed vision, mission, strategic directions, operating structure and funding model for the new service.

Regional Prosperity Initiative Steering Committee

Robyn Crisanti, Vancouver Fraser Port Authority
Joanne Curry, Simon Fraser University
Paul Faoro, CUPE BC
David Fung, ACDEG Group
Michael Goldberg, UBC Sauder School of Business
Hussein Hallak, Launch Academy
Michael Heeney, Surrey City Development Corporation
Anita Huberman, Surrey Board of Trade
Peter Leitch, Motion Picture Production Industry Association of BC
Val Litwin, BC Chamber of Commerce
Evi Mustel, Mustel Group
Ken Peacock, Business Council of British Columbia
Gordon Price, SFU Centre for Dialogue
Andrew Ramlo, Rennie Group
David van Hemmen, Greater Vancouver Board of Trade
Michael White, University of British Columbia

Regional Prosperity Initiative Advisory Group

Iain Black, President & CEO, Greater Vancouver Board of Trade
Tony Geheran, EVP & President Broadband Networks, TELUS
Kathy Kinloch, President, British Columbia Institute of Technology
Val Litwin, President & CEO, BC Chamber of Commerce
Santa Ono, President & Vice-Chancellor, University of British Columbia
Andrew Petter, President & Vice-Chancellor, Simon Fraser University
Robin Silvester, President & CEO, Vancouver Fraser Port Authority
John Wiebe, President & CEO, Globe Group
Jonathan Whitworth, Past CEO, Seaspac
Senator Yuen Pau Woo, Senate of Canada
Tamara Vrooman, President & CEO, Vancity

Metro Vancouver Regional Economy Task Force

Chair Greg Moore, Metro Vancouver Board
Mayor Linda Hepner, City of Surrey
Mayor Darrell Mussatto, City of North Vancouver
Mayor Gregor Robertson, City of Vancouver
Mayor Richard Stewart, City of Coquitlam

