



## ADMINISTRATIVE REPORT

Report Date: March 20, 2012  
Contact: Lee Malleau  
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RTS No.: 9562  
VanRIMS No.: 08-2000-20  
Meeting Date: March 27, 2012

TO: Vancouver City Council  
FROM: Lee Malleau, CEO, Vancouver Economic Commission and the City Manager  
SUBJECT: Vancouver Economic Commission 2012 Funding Request

### *RECOMMENDATIONS*

- A. THAT Council provide 2012 funding to the Vancouver Economic Commission (VEC) up to a maximum of \$2.9 million to fund the VEC's operations and programming, with the release of \$600,000 of these funds to be contingent on the VEC raising matching funds from alternative sources ("matching funding"); the source of this funding be the City's 2012 Operating Budget.
- B. THAT the \$600,000 "matching funding" described in Recommendation A be released upon the condition that the Vancouver Economic Commission has demonstrated evidence that they have raised the equivalent amount of funding from other sources, to the satisfaction of the Director of Finance.
- C. THAT the Service Agreement between the Vancouver Economic Commission Society and the City of Vancouver be extended from January 1, 2012 to December 31, 2012 without any material change to its current form.

### *CITY MANAGER'S COMMENTS*

The VEC is an agency of the City that executes programs and initiatives that promote prosperity in the local economy. The work of the VEC is important in ensuring the local economy remains healthy and robust over the long term, and focuses on a balance of both mature and emerging sectors, with the latter focused on growth sectors in the creative and green economies.

The work of the organization involves leading and/or enabling key initiatives in Vancouver that support both the City and private sector partners, and works to enhance the business climate. Through targeted programs on business retention, expansion and attraction the VEC

aids the City in achieving its economic development objectives. Programming includes targeted incoming and outgoing trade missions, major special events and seminars to encourage strategic collaboration among members of the business community, the government as well as academic and/or non-profit sectors. The VEC also conducts intensive research programs to ensure policy decisions are based on a timely and accurate understanding of the local economy.

Over the past 16 months, the City executed a series of changes to its economic development agency that have streamlined operations, improved the organization's capacity to focus on its business programs, and restructured the participation on the board of directors which is now led by the Mayor as Honorary Chair.

Of significance in 2011, the VEC produced and released Vancouver's most comprehensive economic plan, the Vancouver Economic Action Strategy (VEAS). This strategy was presented to Council in January, 2012, and the VEC is well into the execution of it which is already producing results—many of which are outlined in this report and its appendices.

The VEC also serves as an important liaison between the City and the business community, and works closely with Council and staff to facilitate the relationship between the City and local business, and to support municipal policies so they are aligned with the City's economic objectives. In an unprecedented manner, the VEC and the City have worked on policies and programs to showcase, support and promote key Vancouver companies in growing technology sectors, especially companies in early stages of development when growth is more fragile. This is the type of collaboration in support of local business that will maintain more robust economic health in Vancouver's local economy.

Overall, the VEC's profile has expanded significantly over the last few years, and was particularly elevated with the success of the 2010 Olympic Business Program which was done in partnership with other municipalities under the Metro Vancouver Commerce (MVC) banner. Since 2010, the companies in the Olympic Business Program have made almost \$200M in new direct investment, generated over \$350M in economic benefits, and generated 3,000 jobs across nearly a dozen sectors. These and other recent accomplishments are outlined in this report and are indicative of the VEC's effectiveness as the City's leading economic development agency.

The VEC continues to focus on the objectives of the Vancouver Economic Action Strategy, and already this year has produced one of the City's most successful global events, the Cities Summit 2012. Supporting the VEC in their efforts to deliver both the strategic and tactical objectives of Vancouver economic plan remains a priority for the City.

### *COUNCIL POLICY*

City Council has a policy of contracting with the VEC for the provision of economic development services, with the general terms of the relationship are defined through a Service Agreement that was last renewed in January 2011. Per this agreement, specific deliverables and associated funding are approved annually by Council, through a review of the VEC's prior-year operating results, and approval of the VEC's Business Plan for the upcoming year. The current request is to extend the current levels of funding with an increase of \$300,000 through to the end of 2012. Increasing funding to the VEC to support implementation of the Economic Strategy was one of the priority items of the 2012 budget

recently approved by Council. In 2013, in response to the recommendations of the 2010/11 operational review, VEC will come forward to Council consider a multi-year funding strategy.

### ***PURPOSE***

The purpose of this report is to present to Council the VEC's 2011 performance highlights and results for information, and the VEC's 2012 Business Plan, based on the Vancouver Economic Action Strategy, and associated funding request for Council approval.

### ***BACKGROUND***

The VEC's most recent business plan was presented to Council in January 2011, and the associated 2011 funding was approved at \$2.6 million.

In 2011, the CEO of the VEC reported to the City its recommendations for a clarified mandate, structure and operating model. Following the 2010 Games, the VEC began to examine structures and best practices for urban economic development, and hired Oglov Consulting to perform an evaluation of the organization and its board structure. The report made a series of recommendations that included the following:

- The City and VEC establish/reinforce its mandate on economic development and build a joint leadership role based on mutual respect and trust;
- The City support VEC in setting up working relationships with key departments like planning, housing and real estate, etc, and that VEC take a leadership role in marketing Vancouver internationally;
- The City and VEC think and act regionally wherever possible on economic development;
- The VEC reconstitute its board and governance structure to strengthen its position as the City's official economic development agency, with a board that can provide direction and thought leadership on managing the local economy in a global environment, and that the Mayor be established as the Honourary Chair of the Board;
- The City consider a formula of support for funding (e.g. business licenses, etc) that provides continuity for the VEC, such as a multi-year funding agreement;
- The VEC rebrand and position itself as Vancouver's leading agency on economic development and investment.

With these recommendations, the VEC worked with organizational specialists Watson and Associates to develop an effective process that would realign the governance model with the recommendations in the Oglov Report, and that the transition is led by an interim board. This interim board took effect in January, 2011, and was subsequently appointed as the permanent board in July, 2011.

### ***DISCUSSION***

The Vancouver Economic Commission (VEC) is the City's economic development agency. Its goal is to strengthen the city's economic future by helping existing businesses, attracting new investment, researching the business environment and making policy recommendations. The VEC delivers:

- Business retention, expansion and attraction programs, and international branding and marketing initiatives;

- Economic policy research and communications - providing expertise, information and practical assistance to the City, businesses, media and the community at large.

The VEC is a not-for-profit society under the *Societies Act*, with a City-appointed Board of Directors. It operates under a funding and service delivery contract with the City, which provides operating funding through the City's annual budgeting process.

The VEC was established in 1996, but only developed more active programs when the City provided stronger support for the agency in 2008-09. Thereafter, the organization began an escalating period of growth and performance that was particularly strong during and following the 2010 Winter Olympics. Following the 2010 Games, the restructured organization continued to enhance its role as the Vancouver's leading agency on local economic development, and is pleased to provide an overview of this work to Council in this report.

Today, the VEC's mission is to provide leadership and expertise in economic development, and work with partners to actively shape and develop a more prosperous, inclusive and resilient local economy.

To do this, the VEC engages regularly with members of the business community, post-secondary and technology institutions, legal, real estate and business services professionals, and others whose work affects economic development in the region. The agency also works closely with elected officials and relevant departments of all levels of government. It links directly with peer organizations in the region and broad-based and sector-specific industry associations in British Columbia and around the globe.

The Commission especially works closely with the City on policies and programs that impact the local economic climate. In 2011, and even more so in 2012, the VEC has participated in a large number of City activities, including development of the new transportation plan, showcasing and supporting business development, neighborhood revitalization strategies such as the work underway in Chinatown, and planning for industrial areas and employment-focused lands.

### *VEC Performance Highlights and Results for 2011*

The past 12 to 24 months have been transformative for the City of Vancouver's economic development agency.

In 2009, the Commission ramped up a strategic planning process to re-envision how the City should approach economic development in Vancouver, and promptly accelerated its pre-planning for business programs that would be executed during the Olympics.

#### *The Olympic Game-Changer*

In 2010, The Vancouver Olympic and Paralympic Winter Games provided the perfect global platform to execute an unprecedented business development and investment attraction program that galvanized 9 lower mainland cities into collaborating on the generation of extraordinary results. The Vancouver 2010 Olympics were a game-changer, they added a global dimension to the city and to Vancouver's approach to economic development that previously did not exist, and two years later the VEC continues to lever that experience to generate profile and beneficial results.

In February 2011, VEC announced that one year after the Vancouver 2010 Olympic and Paralympic Winter Games, its business program generated significant benefits. According to a report conducted by Price Waterhouse Games-time business program generated \$186 million in new direct investment, over \$300 million in economic benefits and supported the establishment of 2,500 new jobs.

In February 2012, the VEC announced that two years after the Games, the business program continued to generate benefits. The businesses involved in the program generated over \$200 million in new direct business investments, and according to a second review by Price Waterhouse Coopers (PWC) well over \$350 million in economic impacts and benefits were generated, including nearly 3,000 new jobs.

### *New Leadership and Identity*

In 2010-11, the City of Vancouver led a detailed review of the Economic Development Commission to explore whether the organization's structure, priorities and directions were consistent with global best practices and the City's vision on economic prosperity.

Following two reports conducted by independent experts with international perspectives on the effective structures and mandates of similar organizations, the City guided the Commission towards a number of fundamental changes. This included new representation on the Council-appointed board of directors, and adjustments to the professional team. In 2011 these recommendations were executed, while at the same time the Commission relocated its offices to an expanded and more affordable space in Gastown.

During this period, the organization's brand identity was reviewed. The Vancouver Economic Development Commission had an identifiable profile locally that was reasonably well-known, so it was recommended that the identity be protected with some moderate changes that would streamline and modernize the agency's name. The visual identity (logo) was refreshed to more closely align with the City, and in September 2011, the Vancouver Economic Development Commission became the Vancouver Economic Commission (VEC).

Throughout this transition, the staff at VEC continued to engage in extensive follow-up to the 2010 Winter Games, and execute priority initiatives that included launching a pilot for its business retention and expansion programs (BusinessWORKS). Additional investment attraction missions, both inbound and outbound, were launched such as Vancouver's programs at the Shanghai Expo in September 2010 and the SIGGRAPH Conference in August 2011.

The VEC continued to expand its in-house and ad-hoc expertise in research, communications, event logistics and protocol, business development and project management, and has transitioned into 2012 with the improved capacity it needs to effectively execute its ambitious but achievable economic action plan.



### *Vancouver's New Economic Action Plan*

A significant accomplishment in 2011 was the launch of the City's Economic Action Strategy (EAS). The first-ever comprehensive economic action plan for the City of Vancouver, involved input hundreds of voices from key stakeholders and leaders in business, strategic agencies, organizations and partners, as well as citizens who took the time to get involved.

The strategy's vision is:

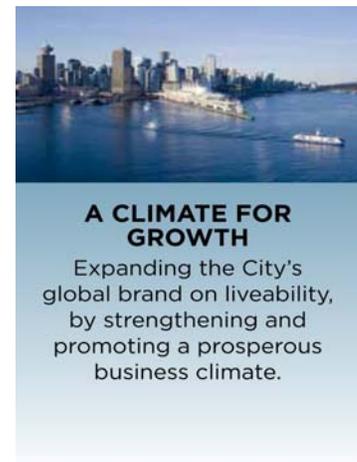
"A high performing economy that successfully levers the City's global profile and its momentum as a centre of innovation and entrepreneurship."

Combined with a broad spectrum of research, the plan was crafted into a detailed economic action plan that identified over 200 objectives and measures organized into three major categories of activity.

#### *1) A Strong Local Climate for Growth;*

Expanding the City's global brand on livability, by strengthening and promoting a prosperous business climate. Objectives in this area of focus include—

- An expedited review of regulations and burden on business
- Protection and densification of job spaces
- A global communications and events program that markets Vancouver to the world for investment and talent
- Support for mature industries: transportation, shipping, tourism and forest products...
- Green Enterprise and Innovation Showcase pilots that support emerging local technologies
- Leveraging and strengthening strategic partnerships
- Produce and attend major global events that support Vancouver's strategic objectives



#### *2) Facilitating Business Investment and Trade;*

Promoting business growth and new investments that drive employment, exports and global trade. Objectives in this area of focus include—

- Strengthen existing and build new corridors for Foreign Direct Investment (FDI) and trade
- Work with partners to explore technology start-up incubation and acceleration, increase jobs and business growth
- Facilitate green data and rendering farm initiatives that increase competitiveness in digital media sectors
- Increase BusinessWorks, meets with hundreds of local companies a year to retain business and promote growth
- Develop sector and cluster strategies for key job creating and growth sectors
- Leverage major event platforms to seek and secure new investment and promote Vancouver



3) Retaining and Attracting Human Capital—The Talent Factor;

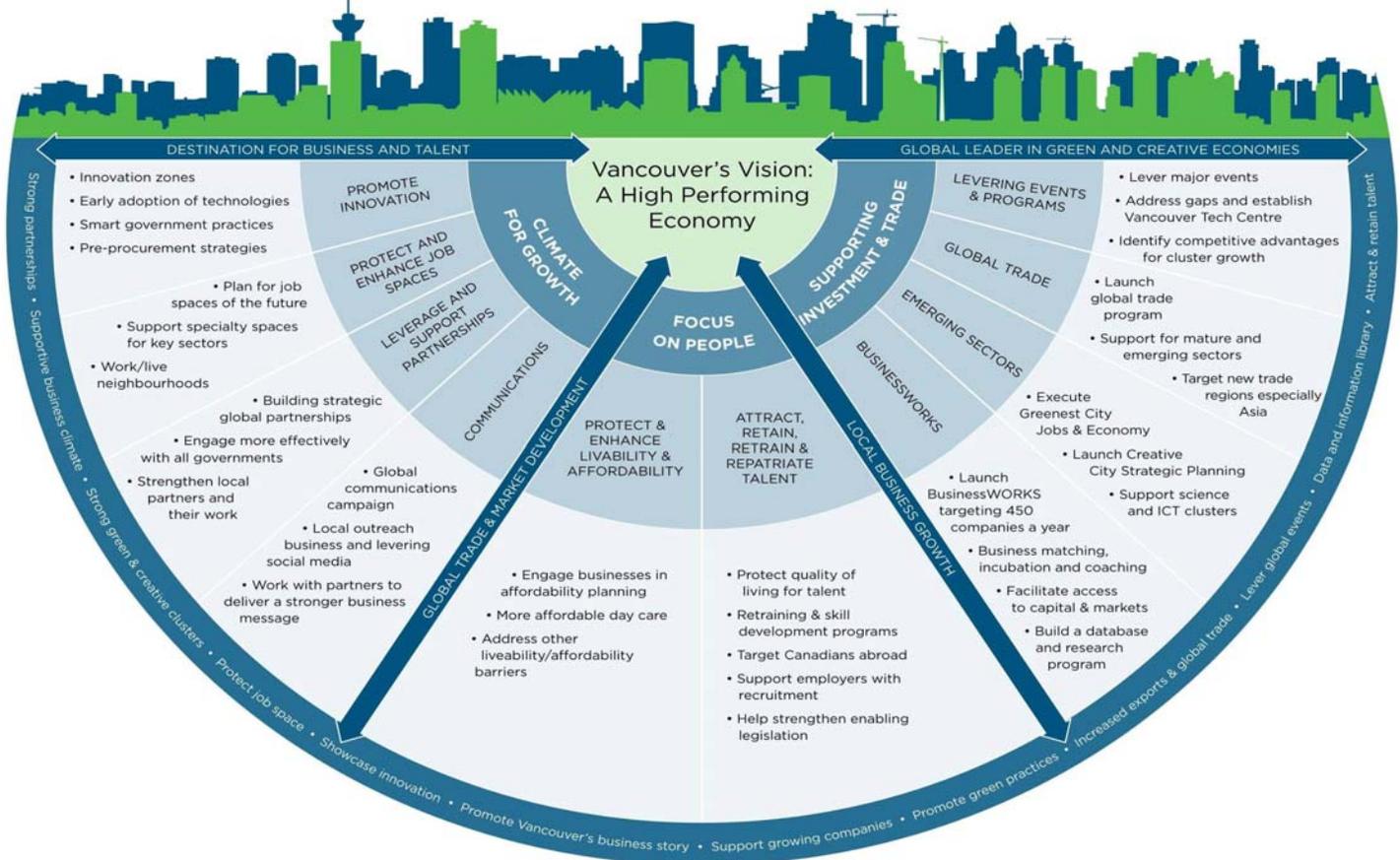
Boosting efforts to retain and attract the talent that is powering the future. Objectives in this area of focus include—

- Conduct a review with business leaders to address livability and affordability barriers to attracting and retaining talent
- Work with partners on opportunities for increased family services, even including affordable day care
- Execute talent and skills fairs with major employers and clusters
- Work with upper levels of government to promote enabling legislation that supports skilled immigration
- Work with universities and training institutes to develop skills in emerging sectors



**A FOCUS ON PEOPLE**

Boosting efforts to attract and retain the human capital that powers the future.



*The Vancouver Economic Action Strategy – At A Glance*

More details on the EAS can be found on the VEC website [www.vancouvereconomic.com](http://www.vancouvereconomic.com)

*A Complete Review of VEC's 2011 Programs and Performance Highlights can be Found in Appendix B of this Report.*

### *Key Highlights of VEC's Work Program for 2012*

In 2012 the VEC team is fully engaged in delivering the objectives of the Vancouver Economic Action Strategy to promote a stronger business climate, generate business growth and international trade, and target the retention and attraction of skilled talent.

The agency's work plan is ambitious but achievable given the ongoing strong support from Council and City Departments, whom the team and board at VEC work closely with on all aspects. The highlights of VEC's major events and activities are outlined in this section.

### *Building a Stronger Business Climate*

#### *The Vancouver Cities Summit 2012*

The VEC launched the City's first Global Summit in February 2012. There were a number of key objectives for the Summit that included building on Vancouver's global profile as an Olympic and leading green city, business development and trade, as well as the generation of a dialogue on city building that would explore solutions for civic leaders in the 21<sup>st</sup> Century.

It was an extremely successful event that attracted nearly 500 delegates (300 were expected) from more than 10 countries and 30 cities. Participants were divided almost evenly between public and private sectors, and the event was well supported by corporate sponsors. Well over 40 Business To Business (B2B) meetings and events took place during Vancouver's global summit and these will be tracked for follow up and supported for results. Profits from the 2012 Cities Summit will be reinvested into future global summit events.

#### *Tourism Development Strategy*

In 2012 VEC will be working with Tourism Vancouver on the development of a Tourism Development Strategy, the first ever for Vancouver. The early objectives will be to develop a comprehensive inventory of tourism assets, identify gaps and opportunities for growth and additional investment, and develop an execution program around achieving the targeted outcomes.

#### *Regional Collaboration*

Since 2007 Vancouver has worked with other Metro Vancouver cities, primarily Surrey and Richmond, to collaborate on regional economic development initiatives. The most significant program to date by this regional partnership, which is labelled Metro Vancouver Commerce and includes 6 other lower mainland cities, was the 2010 Olympic Business Program in 2010. For 2012, the 3 leading MVC cities of Vancouver, Surrey and Richmond are exploring the opportunity to launch a regional mobile business license pilot program.

#### *Policy, Planning and Research Initiatives*

Participating with the City on planning and policy initiatives pertaining to growth and the economy is a daily priority for VEC. Areas the VEC team participate in include transportation, planning and zoning, business licensing and permitting, smart government practices, procurement and pre-procurement, technology showcasing, regulatory review and key competitive issues like affordability and other regulations that impact business. Major pieces

of work for 2012 will include zoning for 21<sup>st</sup> Century technology companies, mixed use in neighbourhoods that promotes stronger relationships between population and employment, incentives, and technology showcasing. Major research pieces will focus on the green and creative economies, tourism, mining and 21<sup>st</sup> Century business zones.

#### *New Communications and Marketing Outreach Program*

The VEC is preparing to launch a highly proactive economic development and investment attraction campaign for 2012 that includes a new website and social media program, stronger business outreach through business information tools and newsletters, and a focused media campaign that will more effectively engage the public on issues related to the local economy and business. This will also focus on a global marketing campaign with earned media featuring Vancouver's major economic development initiatives and investment programs.

#### *Key Partnerships*

One of the most important success factors for VEC is the quantity and quality of its partnerships with organizations that deliver business, social and environmental services. Partnerships with the private sector and other levels or facets of government are essential to the agency's success and remain a significant focus of the organization's work. In 2012 formal partnerships will include those with BCTIA and the C4G program, Life Sciences BC, DigiBC, Discovery Parks and the Generator Program, BC Innovation Council, BC Film, Tourism BC, Globe and the C3 partners, and many others.

#### *Supporting Business Investment and Trade*

##### *BusinessWORKS 2012*

*The core focus of VEC's business development program, BusinessWORKS targets for 2012 include interviews with 400-500 Vancouver companies in multiple sectors, an improved conversion rate for investment targets, and a series of major inbound and outbound missions that include the Vancouver Cities Summit, Globe 2012 where VEC worked with more than 8 foreign consulate teams connecting directly with more than 270 global businesses on investment and trade.*

*Of major significance for 2012 will be Vancouver's programs at the London 2012 Games. The 2010 Winter Games provided VEC with a strategic platform to successfully launch an aggressive business development and investment attraction program, that Vancouver used to strengthen key trade corridors like that along the US west coast.*

*The VEC's experience in delivering effective programs during a major event like the Olympics, with limited funding, has prepared Vancouver for the opportunity to take advantage of the 2012 Summer Games in London to strengthen strategic trade corridors with the UK and the EU—targets that VEC would have recommended pursuing regardless of the London 2012 Summer Games. As it happens, VEC can take advantage of the opportunity to partner with the federal government to effectively implement a series of business programs in London targeting businesses in the green, creative, ICT and wireless sectors. The other major objective is the promotion of Vancouver's key sectors to skilled workers and creative talent in the UK—a highly compelling target for Vancouver. More than 35 Vancouver companies are expected to participate in the London programs, and more than 50 per cent of those are already committed. The outcomes are expected to be strong, and consistent with the type of results generated by VEC from the Vancouver 2010 Winter Games programs.*

### *Technology Incubation and Acceleration*

In its efforts to identify and address socio-economic gaps that can help Vancouver achieve its vision of a higher performing economy, the VEC will be working with the City and other key delivery partners on the establishment of Vancouver's first-ever major technology incubation and acceleration centre. Key points of VEC's research include:

- A culture of entrepreneurship is necessary for healthy economy
- Support for Vancouver entrepreneurs is required for strong economic performance
- UBC, SFU and BCTIA all report entrepreneurship strong and on the rise
- There is pent-up, and growing demand
- Less than 10% of applicants for technology support spaces is accepted in the city

### *A Snapshot of Demand and Need for Start-up Support*

Incubator/Accelerator	Applications	Accepted	Desks	Sq. Ft incl. admin
Entrepreneurship@UBC	39	4	16	2,000
SFU TIME Centre	48	8	24	3,000
SFU Venture Labs	80	15	60	10,000
Wavefront	300	27	97	12,000
Institute B	24	8	14	2,200
GrowLabs	350	5	17	2,000
Disc. Parks Generator	20	8	50	5,000
<b>SUM</b>	<b>861</b>	<b>75</b>	<b>278</b>	<b>36,200</b>

A Vancouver technology incubator will:

- Address commercialization gaps in the tech industry ecosystem
- Create local employment at all levels
- Create a one-stop hub for entrepreneurs with access to capital and supporting services (both public and private)
- Support Vancouver's technology sector
- Produce global companies right here
- Directly support increased and measurable economic performance and prosperity
- Help strengthen the social and economic culture of the surrounding area
- Contribute to Vancouver's business brand as a culture of entrepreneurship

### *National Collaboration with C11*

The VEC is a leading partner in a national collaborative of Canadian cities called C11. The members are the CEO for economic development corporations of the nation's top 11 city-regions. The key priority of the C11 group is to work collaboratively to build stronger national technology clusters, and market Canada more effectively as a destination for investment.

The C11 has partnered closely with the national government, primarily through the Department of Foreign Affairs and International Trade (DFAIT) on these key objectives and members participate in global trade missions and activities to promote Canada and their respective cities.

Vancouver has participated in 2 global trade events in early 2012, both in the USA, and has been invited to join the DFAIT and C11 trade teams to represent Vancouver in China in early June to follow up on the Prime Minister's visit earlier this year. Anticipated outcomes include increased profile for Canada and Vancouver with Asian investors, and an increase in trade and investment deals for Vancouver.

### *Creative Sector Strategy*

Vancouver's creative sectors are some of the strongest in Canada and continue to demonstrate extraordinary growth. Digital media, visual effects and animation companies are leading this growth and over the past 3 years more than a dozen new studios have relocated to Vancouver adding to a powerful global cluster of companies that is beginning to rival London and LA. To continue supporting this growth, the VEC will be leading the development of a major Creative Sector Strategy in 2012, in partnership with other levels of government and stakeholders in the industry.

A large component of this work will be a research initiative that clearly defines Vancouver's cluster in a global context, and what its strengths and opportunities are to continue to building on its internationally competitive position. This especially includes programs to attract and retain talent.

### *Green Sector Strategies*

As described earlier in this report, the VEC has focused significantly on the development and implementation of green job and business strategies for Vancouver. In 2012 the VEC will finalize the tactical components of its execution plan on achieving its targets to double the number of green jobs and the number of businesses engaged in green practices by 2020. Many of the components of these strategies are already launched, and some will be launched in 2012 including green business incubation, technology showcasing and talent attraction.

### *Asia-Pacific Investment Strategy*

Vancouver has long been a destination for a variety of types of investment from a number of regions in the Asia-Pacific, and has facilitated these investments effectively but generally in a more passive approach. This year the VEC is developing the City's most strategic approach ever to attracting and maximizing the opportunities associated with foreign investment from Asia. The results will produce a more targeted approach to investment attraction that will promote key growth sectors important to the prosperity of Vancouver's economy.

### *Focus on People and Talent*

#### *The Campus City Collaborative (C3)*

Development of local talent, and enhancing the connection of talented and mobile individuals to the local job market, is an important priority. For two years the VEC has been leading the C3 initiative, bringing together the six post-secondary institutions in the city, to lend their talent and expertise to tackling some of the difficult challenges in growing the green economy.

In 2011, C-3 launched CityStudio and it has been highly successful. In 2012, the C-3 program will continue to expand:

- CityStudio will be expanded to five days a week, so students will earn 15 credits for their participation;
- A full day C-3 symposium on green workforce development, led by BCIT and supported by the Globe Foundation, is taking place in March 2012;
- A Carbon Talks limited-attendance dialogue on how to engage major corporations in C-3 work will be held in April 2012;
- A workshop on best practices in greening major institutions will be held in the summer of 2012;
- A full day symposium on creating more long term research linkages between the City and post-secondary institutions, led by SFU, will be held in the fall.

C-3 is also attracting international attention. Discussions of the program have been held with the City of Copenhagen, Chalmers University in Gothenburg,, Sweden and Northeastern University in Boston, MA.

#### *Legislation*

In 2011 the VEC participated in a major collaborative effort with industry and the province to protect immigration legislation that supported technology companies in Vancouver, when the federal government was planning on eliminating it. These efforts were successful and VEC will continue to observe and monitor programs and legislation that protects the in-migration of skilled workers that support local companies. In 2012 VEC will support provincial efforts to expand those immigration programs, including the Provincial Nominee Program (PNP) that provides an essential portal for companies to attract foreign skilled workers into BC.

#### *Talent Fairs and Events*

The VEC is launching Vancouver's first-ever talent attraction strategy in 2012 that will target sector and region-specific opportunities to promote local companies to international talent. The FMX programs in Germany, SIGGRAPH in LA and when it returns to Vancouver, and London 2012 are all major initiatives that are part of this strategy for 2012. A talent website and tracking system is being launched to develop and maintain a database of international talent that will support Vancouver companies, particularly in (though not limited to) emerging growth sectors in the green and creative economies.

#### *Affordability and Livability*

One of the top challenges faced by employers in Metro Vancouver is the issue of housing affordability. In 2012 the VEC is holding a series of round table sessions with employers and developing a series of solution-oriented reports that will complement the findings of the City's task force on affordability.

### ***FINANCIAL IMPLICATIONS***

The VEC is requesting 2012 funding from the City totalling \$2.9 million - \$2.3 million in core funding and \$600,000 in "matching funding," to be released to the VEC as the equivalent amount of funding is raised from alternative sources. The source of these funds is to be the 2012 operating budget. The City provided VEC \$2.6 million funding in 2011, and \$2.6 million in 2010.

#### ***2012 Unconditional Funding***

The VEC is requesting that \$2.3 million of the total \$2.9 million funding request be unconditional funding, for the programs and activities described in the 2012 Workplan Overview in this report related to the execution of the City's Economic Action Strategy.

#### ***2012 Matching Funding***

The VEC is requesting that \$600,000 of the total \$2.9 million funding request be in "matching funding," be released to the VEC if they are successful in raising equivalent matching funding from alternative sources. This was a new approach in 2010 and subsequently the VEC has successfully raised the matching amounts through various sources, as reported to the Director of Finance in 2010 and for 2011.

### ***CONCLUSION***

The VEC had another year of solid performance in 2011 and this report contains a summary of those achievements and outcomes. This report also provides highlights of the ambitious activities and initiatives planned for 2012 related to the execution of the Vancouver Economic Action Strategy.

Staff is recommending that Council approve the VEC's 2012 funding request of \$2.3 million in core funding and up to \$600,000 in matching funding, to be released as the VEC provides evidence that equivalent funds have been raised, to the satisfaction of the Director of Finance.

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## APPENDIX A—

### Vancouver Economic Commission Board of Directors

Honourary Chair, Mayor Gregor Robertson

Chair, Tom English, Q.C.  
Counsel, Fraser Milner Casgrain LLP

Treasurer, Bruce Flexman  
President, AdvantageBC (formerly IFCBC)

Director, Dr. Penny Ballem  
City Manager, City of Vancouver

Director, Moura Quayle  
Professor, Thinking Strategies, Sauder School of Business, UBC

Director, Glenn Entis  
Partner, Van Edge Capital

Director, Joel Calvo  
CEO, Calvo Capital

## APPENDIX B—

### Detailed Overview of VEC's Programs and Achievements for 2011

#### SECTION 1: Building a Strong Local Climate for Growth in 2011

##### *The Green Economy*

Throughout 2010 and 2011, the VEC led work on the Green Economy as part of the City's Greenest City initiative, which received final approval from City Council in July 2011. The VEC is responsible for the Green Economy goals that will aim to achieve two main targets by 2020:

- Target 1: Double the number of green jobs (over 2010 levels) by 2020;
- Target 2: Double the number of businesses engaged in greening their operations (over 2011 levels) by 2020.

During the development of the Greenest City Plan through 2010 and 2011, the VEC led the green economy working group which consisted of five City staff from economic development, social planning, land use planning and business services. The group worked to integrate economic development thinking into all ten goal areas of the Greenest City Action Plan, to encourage consideration for job creation potential of policy and program recommendations. The working group also convened two External Advisory Committees, one for each of the two economic targets. The total membership of these two advisory groups was close to forty and these members represented business leaders, thought leaders, academics and other stakeholder groups.

The External Advisory Committee process generated recommendations on how to green Vancouver's economy, and refined the two economic targets. In its role as Chair of the Green Economy working group, VEC also participated on the Greenest City Steering Committee, and participated as a member of the External Advisory Committees for the Green Buildings goal area. In addition, the VEC shared the results of its Local Food Jobs study with the Local Food External Advisory Committee.

##### *Green Jobs and Green Businesses*

The Green Jobs and Business targets are fully incorporated into VEC's Economic Action Strategy, and includes initiatives like the Campus-City Collaborative (C3), delivering green cluster growth strategies like incubation programs and showcasing, and building on existing programs to develop a comprehensive business engagement strategy for greening business practices. In order to meet the targets in the Greenest City initiative, VEC is strongly focused on the green sectors of the economy, and helping businesses "green" their operations. This approach to helping businesses both grow in size and green their operations, and will ultimately help Vancouver achieve its goal of being the greenest city in the world by 2020.

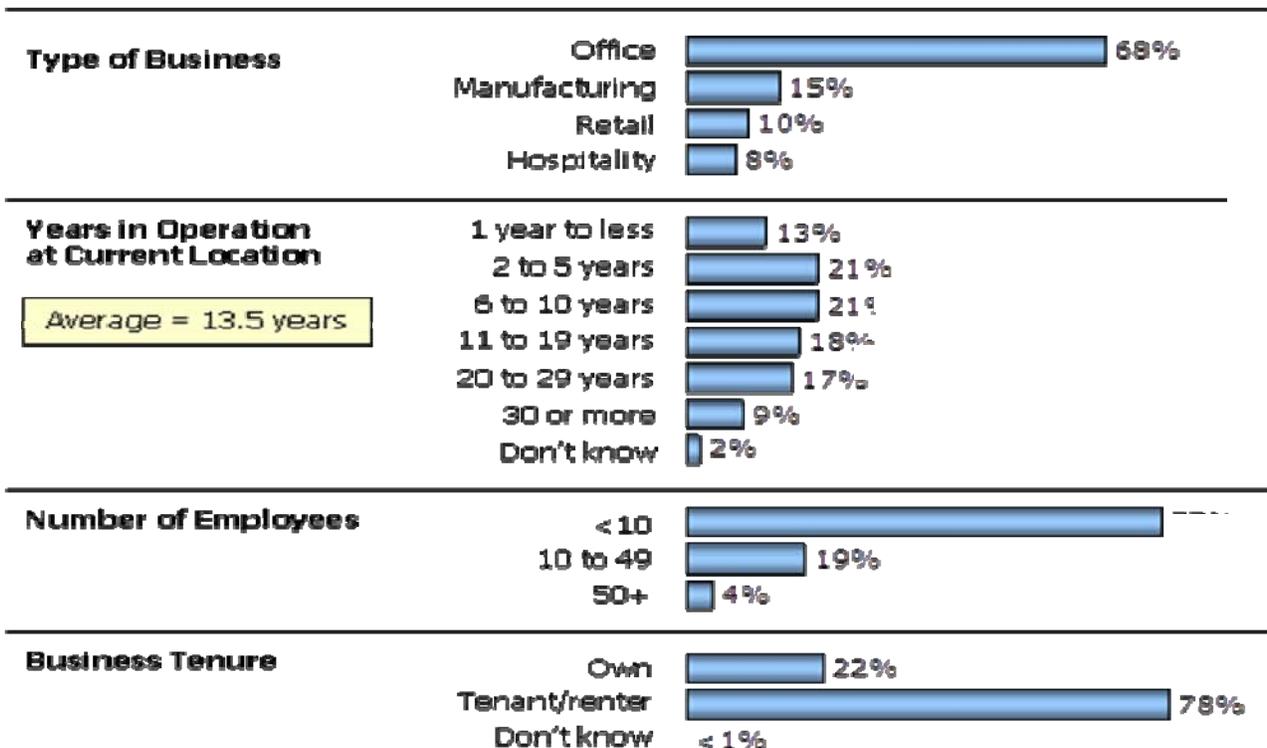
Amongst the leading growth areas in the green economy, clean technology offers some of the highest potential for growth. Currently VEC works with over 55 clean tech companies in a variety of forms from assisting with global market development to location and expansion solutions. Approximately a dozen of those companies are 'investment attraction' targets (not from Vancouver) and VEC is working to help them establish their operations in Vancouver. In

2011, two clean tech companies announced the establishment of offices in the City creating approximately \$25m in direct new investment and new employment. The VEC team continues to work with its other investment targets and is projecting another 5 to 8 new businesses in 2012.

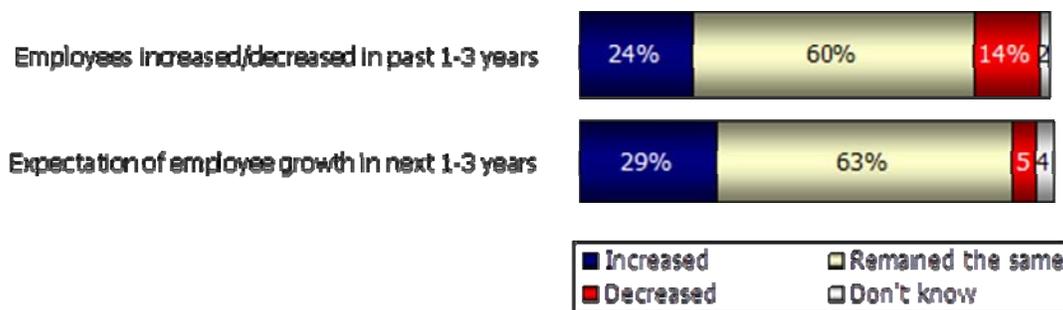
One of the recommended strategies for a Greener Economy was the creation of a Green Enterprise Zone. Work on this initiative is being led by a separate working group, co-chaired by the City and VEC. The objective is to consolidate both a virtual and geographical approach to supporting, incubating and showcasing businesses in green and technology growth sectors. The establishment of an incubation and acceleration model that will substantially increase the success rate for start-up technology businesses in Vancouver is a significant component of this work.

Work on the second target—to double the number of businesses engaged in green business practices, is well underway and is working to encourage and recognize businesses that are reducing their carbon emissions and waste. The VEC’s partnership with Climate Smart offers subsidies for Vancouver companies to learn how to engage in greener business practices and why it will save them money, while improving their brand and generating mentoring relationships with other businesses. In addition to these initiatives, VEC’s Business Energy Advisor offers free energy audits to Vancouver businesses. This program provides Vancouver businesses with much needed support in identifying potential energy savings, and accessing incentives and rebates from various sources.

In early 2011, VEC completed a study that would inform its broader green strategy and help achieve the City’s targets. The results of the study done by Earth Voice Greening Business Reports were discussed with a range of stakeholders including small business owners, and sustainability service providers. Based on these discussions, VEC then developed an additional survey aimed at businesses in order to determine a baseline for the number of companies that can be considered engaged in green business practices. Conducted for VEC by Mustel Group, the survey targeted the following businesses:



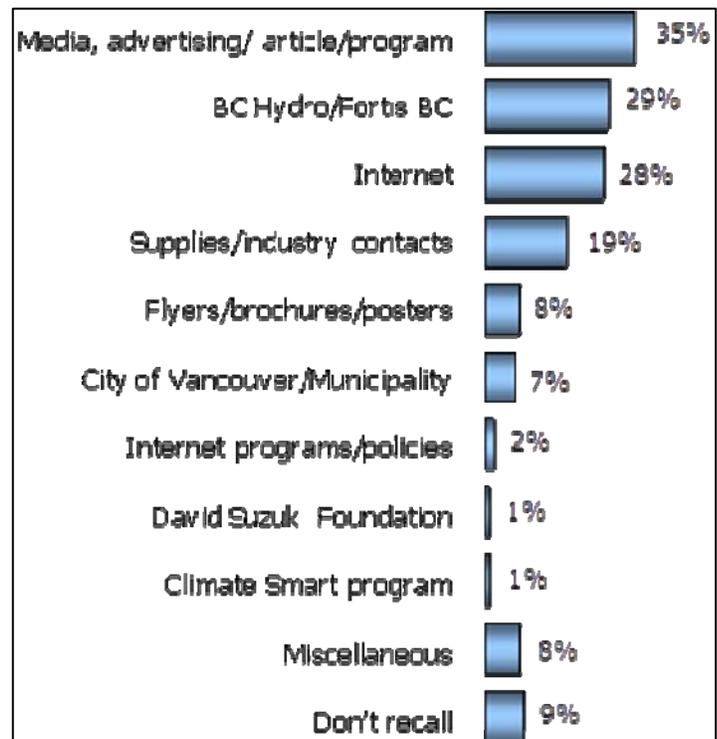
Approximately one-quarter of businesses have expanded their number of employees in the past few years and an even larger proportion (29%) expect further growth in the coming years. This is offset to some extent by businesses who have reduced their work force but the overall trend is expansion.



Other findings include:

- The majority of businesses are participating in recycling programs but only approximately one-third are involved in energy efficiency programs and even fewer have water conservation programs;
- The findings are relatively consistent by industry but vary by company size, companies with over 50 employees being more inclined to be engaged in such programs;
- The majority of renters involved in energy efficiency programs are participating in programs co-ordinated by their building;
- Approximately half of companies with 10 or more employees have their own program, and about half are involved in programs that are co-ordinated with other tenants;
- Larger companies (10+) are more likely to be operating the program on their own;
- The majority those who own their buildings and have an energy efficiency program have *not* involved their tenants;
- Conserving energy is of some importance to most companies. It is of particular importance to the hospitality sector and larger companies, whether they own or rent is of no significance;
- Most companies are achieving energy efficiencies through behaviour change. Larger companies have also invested in equipment upgrades.
- Those in retail and hospitality are most inclined to invest in equipment.
- Approximately four-in-ten (a greater proportion of hospitality, large businesses and building owners) pay their own waste collection, recycling and composting bills. Those who pay their own waste collection, recycling or composting bills tend to have independent contracts;
- Reducing waste is of importance to most businesses, especially to those in hospitality and large businesses. However, only 17% are measuring the amount of waste they produce, increasing to 27% in hospitality businesses and 38% of large companies;
- Most efforts to reduce waste are through behaviour change, while small proportions are diverting waste or have implemented sustainable purchasing practices;
- Approximately three-in-ten admit to taking no steps to reduce waste;

- Only 6% of companies measure the number of employees that commute by carpool or alternative modes of travel, primarily through surveys, most acknowledge they do not take steps to increase the number of employees carpooling or using alternative modes;
- An employee transit program is the most common practice among those who have taken steps, with almost three-in-ten large businesses (29%) having such programs;
- Approximately half of companies include some form of environmental or social criteria when making purchasing decisions, with sustainable considerations being the most common, particularly among service offices.
- Approximately one-in-five, increasing to over one-in-three large companies, promote its environmental commitments to job seekers.
- Approximately 15% have a formal commitment such as an environmental statement, policy or goal, with hospitality and large businesses being most inclined to have such commitments, three-quarters of these companies have made their commitment public;
- A small proportion of all businesses, 3%, but up to 26% of large businesses measure their greenhouse gas emissions;
- Approximately four-in-ten businesses (regardless of sector or size) recall recently seeing or hearing tips on how to be more sustainable, with information on energy efficiency being most forthcoming. The media, BC Hydro/Fortis BC, internet and supplier or industry contacts are the most common sources of information about sustainability, and building owners are twice as likely as tenants to receive information from energy utilities;
- Businesses offered a number of suggestions for additional programs to support their business to improve productivity and greening practices. Green mission statements, full recycling services, and incentives or grant programs are the most common suggestions.



A complete greening business strategy is under development based on the results of this survey and the early business audit work, and will be completed in spring 2012.

*Green Buildings*

As part of the evolution towards a Greener and Smarter City, the City of Vancouver and VEC have invested in a relationship with Cisco Systems and Pulse Energy. The goal of this partnership is to investigate and deliver a new group of sustainable and digital services that

provide value to both the City and its citizens. The main avenues of investigation are in green buildings and community engagement.

Based on an agreement with Cisco Systems and Pulse Energy, the VEC and the City co-sponsored a project to support the involved parties by identifying and facilitating specific green building initiatives.

Project elements being implemented have focused on communication of energy information and small retrofit trials, specifically:

1. Cisco Digital Media Screens & Pulse Dashboard (City Hall)
2. Cisco Video Phones (12 Units)
3. Energy Information being pushed across existing telephony network
4. City Hall IP lighting pilot (Floors 8-11)

The partnership is expected to announce the completion of its objectives in late spring 2012.

#### *Green Technology Showcasing*

The VEC and the City are exploring the possibility of leveraging City infrastructure for the purpose of demonstrating and supporting prosperity in the local economy, this particularly includes examining ways to showcase local innovators in clean tech and other important technology sectors. The Green Technology Showcase is a pilot project intended to support the growth of local companies, champion innovators, foster global partnerships, and generate investment by allowing companies to showcase their market-ready solutions in their home-city. In order to facilitate this, the project tests new processes, roles, tools, and relationships in order to achieve these economic development objectives.

Many Vancouver companies have a difficult time accessing markets and attracting investment when they do not have a working prototype or pilot project to demonstrate the feasibility of their technologies. The technology showcase project could offer a solution to this by creating a zone, a process, and supporting tools and investments to enable green technology demonstrations that will help local companies expand their businesses. Ultimately, the project will help grow the number of green jobs in Vancouver by providing qualified companies the opportunity to demonstrate or showcase their market ready solutions.

The VEC is working with the City to explore global best practices on technology showcasing, including the initiatives in San Jose (who participated in Vancouver Cities Summit) to develop a local program. As of December 2011, the VEC identified more than 30 showcase opportunities (commercial and pre-commercial companies).

#### *Economic Research and Analysis*

The research studies at VEC are typically background pieces related to specific economic issues under consideration by the Commission or the City. During 2011, some major research studies related to Vancouver's green economy were completed and published. Other analysis reports relating to the mining industry, the Downtown Eastside and some of the economic implications of immigration were started in 2011 and will be completed in 2012.

One significant research project conducted by the VEC in partnership with the City's Transportation Department was the Separate Bike Lane Business Impact Analysis, which effectively brought together business groups representing businesses impacted by the bike lane pilots to examine the real impacts of the lanes.

*Snapshot of Research Projects Undertaken In 2011*

1. Bike Lanes Study

In 2011, VEC was involved in a high profile analysis of the impact on businesses resulting from the introduction of separated bike lane pilots in the city centre. The Commission led the work on the study, chairing a partnership that included the City's Transportation Department and three private sector associations including the Vancouver Board of Trade. The results of the bike lane study were presented to City Council in July 2011, and demonstrated some evidence of moderate impacts that could be mitigated by a series of recommended measures.

*Highlights:*

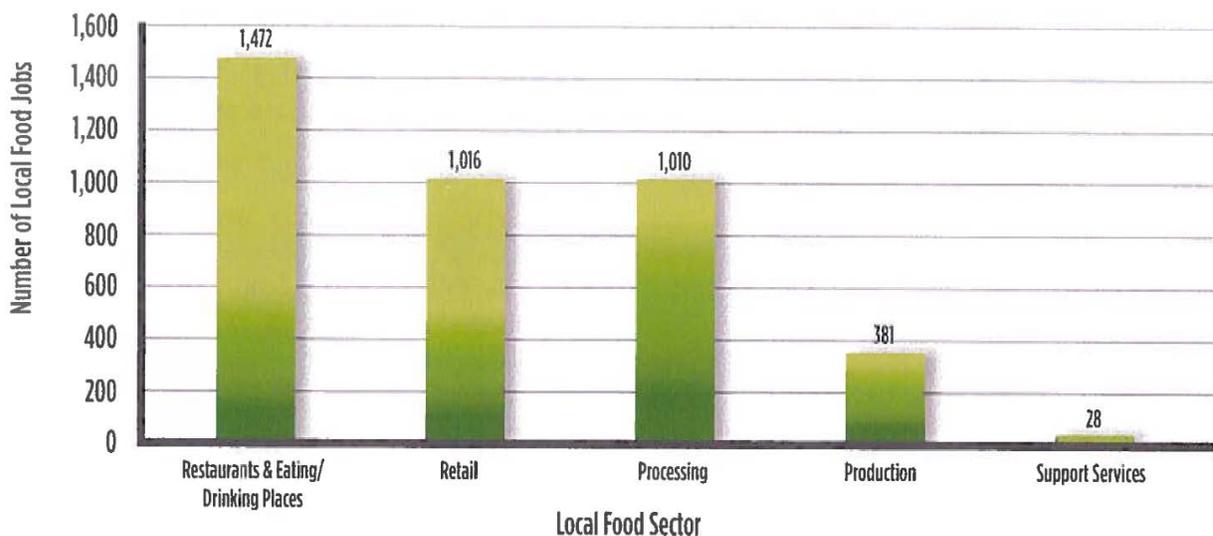
- Vancouver one of the first cities in North America, and perhaps the world, to undertake such a comprehensive study.
- The study revealed moderate economic impacts and included recommendations for mitigating impacts.

The City's Transportation department is continuing to monitor the impacts of the bike lanes, as well as considering the Study's recommendations, some of which have already been implemented.

2. Local Food Jobs Study

Conducted as part of VEC's ongoing commitment to achieving the Greenest City Action Plan goals, this study defined and quantified the number of local food jobs in the city of Vancouver. This study was conducted to establish the number of local food jobs in the city, in order to establish a baseline for this sector's contribution to the total number of green jobs in the city, and a sampling of 250 local businesses were surveyed in the course of the study, and it is currently posted to VEC's website.

*Figure 3: Local Food Jobs In The City Of Vancouver By Sector*



### Highlights

- The study found that approximately one per cent (3,900) of the total number of jobs in the city of Vancouver can be considered as local food jobs.
- These jobs are found across 5 main categories: restaurants & eating/drinking places, retail, food processing, food production, and support services.

### 3. Vancouver as a Global Centre for Mining Exploration

This report examined one of Vancouver's most important industries; specifically focusing on the composition of the mining and mineral exploration cluster, and identifying how each of its various components relates to the city. Vancouver is a global business leader in exploration mining. Approximately 800 companies are headquartered in Vancouver, creating a cluster of international suppliers, service providers and other auxiliary companies that continues to attract additional industry stakeholders. This report is being finalized, and will be posted to VEC's website in April 2012.

#### *Highlights*

- Vancouver is host to over 800 mining exploration companies.
- The main factors contributing to Vancouver's continuing success as a global mineral hub are: access to a robust venture capital market; a high concentration of top quality training institutions and thus, workforce; its strategic location as a gateway to Asia, combined with world-class transportation infrastructure; BC's low energy cost; and BC's world-class data systems including the online mineral titles registry and the geological database.

### 4. Downtown Eastside Economic Analysis

This paper examines the dominant sectors of the DTES economy, including high tech & creative and social enterprise. It assesses its strengths and challenges of each sector, and highlights the key businesses located in the area. A first draft of the report has been completed and is being circulated to key stakeholders in the community for feedback. The finalized report will be used as background material for the ongoing DTES local area planning process and will be posted on the VEC website in May.

#### *Highlights*

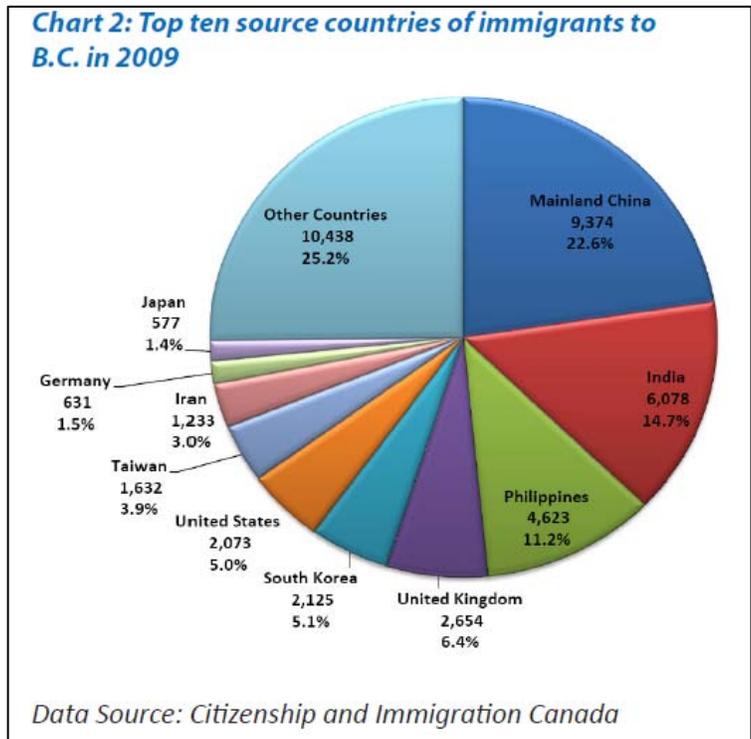
- There are a number of important and vibrant economic sectors concentrated in the DTES; the area is becoming an important employment location for experimentation and innovation.
- DTES has become a hotbed for the creative industries, with Gastown becoming central to BC's digital economy.
- The uniqueness of the area (eg its historical buildings) make it a great location for mixed use and commerce.

## 5. Backgrounder on Foreign Immigration in Vancouver

Research was undertaken by a MITACS graduate student into the key components of immigration, identifying the major sources of immigrants and typical channels. It also analyzes the economic performance of immigrants within Vancouver, identifying recommendations to facilitate greater and more successful integration into the local economy that recognizes and maximizes skills.

### Highlights

- Vancouver is home to the 2nd largest number of immigrants in the country.
- Vancouver now holds North America's largest number of Asian immigrants, making the city "the most Asian city outside of Asia."
- Metro Vancouver is home to the largest Punjabi-speaking community in the country.



## 6. Vancouver's Business Data Opportunities

The VEC continually seeks to build and improve upon its knowledge of the local economy, actively seeking out new and enhanced forms of data that can better inform this understanding. An important project in 2011 was an analysis of the City's Business Licence database, research that has helped inform VEC's work on the City's new business licensing project.

### Highlights

- There just over 30,000 unique business licenses in the city.
- The current database provides a number of challenges in providing an accurate overview of changes in the city's business makeup.
- New sources of economic and business data for Vancouver are being identified and investigated to complement the business licensing data.

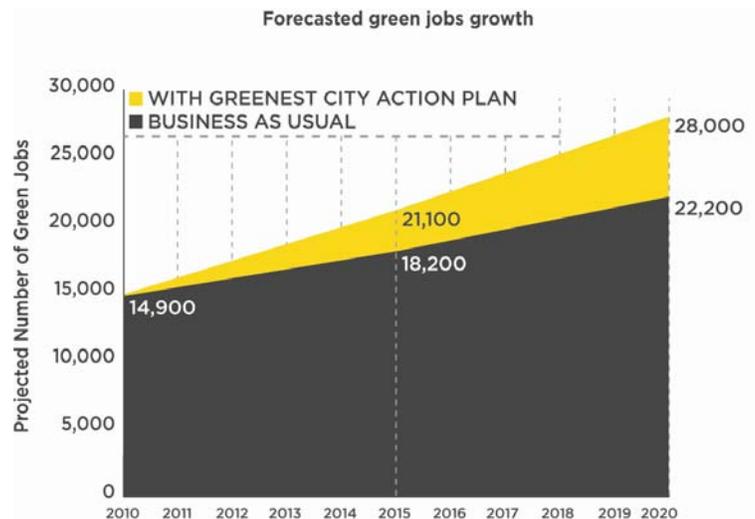
## 7. Vancouver's Green Economy

This was the second report on Vancouver's Green Economy, building on VEC's 2010 study. This report provides the details of VEC's survey of green jobs and compares the results with green

economy studies from other sources (e.g. GLOBE Foundation etc.). The study further creates projections for job growth to 2020 and assesses the stimulus to green job growth created by the City of Vancouver's Greenest City Action Plan. It provides an analysis of GCAP strategies and actions, and shows how these policies can help accelerate growth. Published on the VEC website (Data Centre) in February 2012.

**Highlights:**

- Green jobs make up about 3% of total jobs in the city; local food jobs account for an additional 1% of city jobs.
- Projections show fast growth in green sectors with support of GCAP (2-6 % CAGR) with roughly 70% of growth coming from the clean tech and green buildings sectors

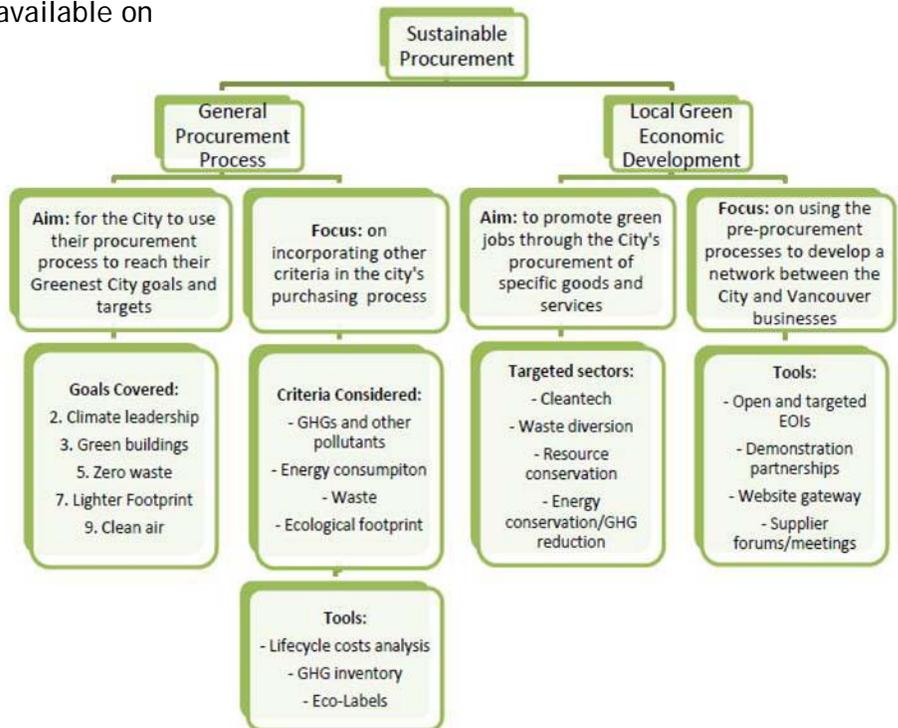


8. Pre-procurement

This study examined the role of pre-procurement programs and practices in growing the green economy and why providing a platform for municipal demonstration and showcasing of technology projects is valuable, available on VEC's website.

**Highlights:**

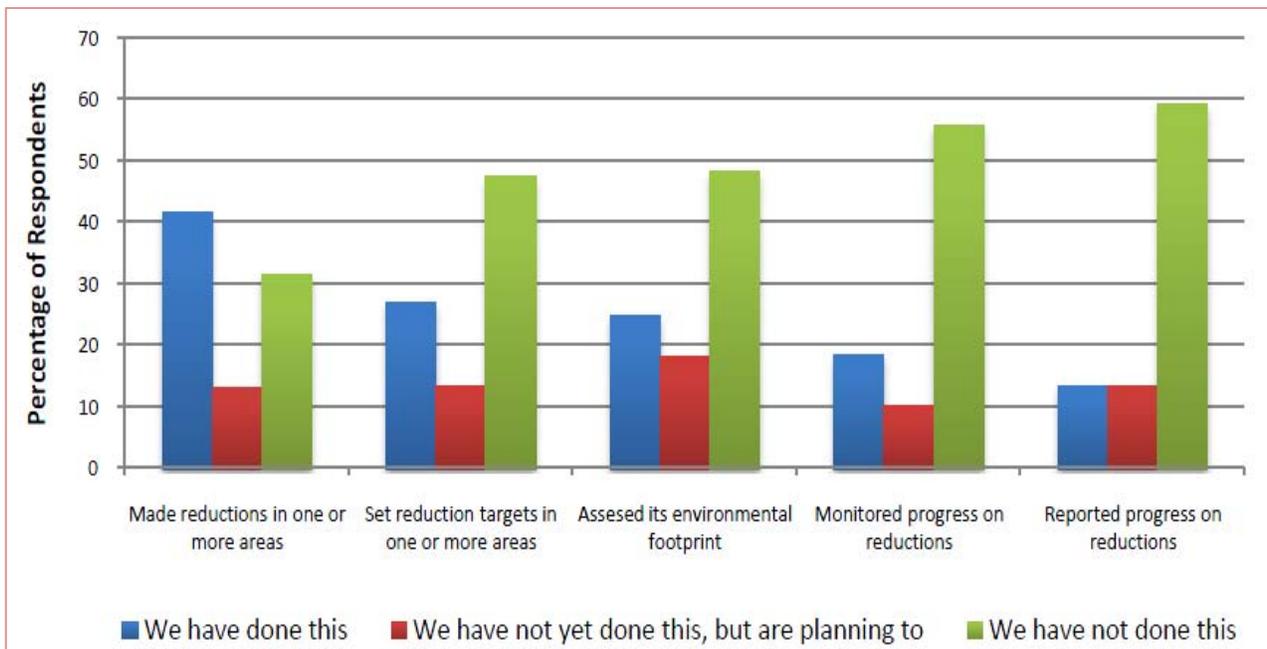
- Pre- procurement activities can help cities both support local sustainable business and source sustainable products and technologies.
- The study provides in-depth case studies of successful pre-procurement policies in Seattle, San Jose, and within the Ontario government;
- The report recommends that Vancouver incorporate best practices from these jurisdictions into its green economy strategy and its economic action strategy.



9. Greening small businesses

This paper provides recommendations on the role of municipalities in greening the small business sector. It includes an analysis of potential metrics to create a baseline for determining the number of businesses that could be considered 'engaged' in greening their business operations.

Business Progress Report on Environmental Footprint Management



Report Highlights:

- The study included a series of stakeholder meeting and focus groups that helped to understand what Vancouver businesses are doing and are able to report with respect to GCAP goals for GHGs, energy, water, waste and transportation.
- The results formed the basis for the design of the survey outlined in *Survey of green business engagement in City of Vancouver* (study #10 below) - a survey of the degree to which businesses are currently engaged in greening their operations.
- The study makes recommendations on ways to engage businesses on sustainability issues, and states the following should be included:
  - Information, advice & tools
  - Peer-to-peer learning
  - Engagement, support & promotion
  - Sourcing from Green Businesses.

The work of this report was completed, and has been shared widely with stakeholders and various City departments including Sustainability Group, it is posted on VEC's website.

## 10. Survey of green business engagement in City of Vancouver

This survey was a citywide representative sample survey of green business practices in Vancouver. The data collected provided a window into the activities of all businesses across all sectors of the economy in the area of greening business operations. Early data from this report is previewed on pages 7 to 9 in this report, and the full study will be published on VEC's website in May, 2012.

### *Highlights:*

- Purpose of the study is to establish a baseline for the GCAP green economy target 2—to double the number of businesses engaged in greening their operations by 2020.
- A survey has been completed; VEC is currently analysing the results by business size and by sector
- Preliminary results suggest that around 5% of Vancouver businesses are currently engaged in sustainable business practices including practices relevant to the GCAP goals of GHGs, Energy, Waste or Water.

### *Other Policy Initiatives and Programs in 2011*

#### *City Business Licence Rationalization Project*

As part of the Vancouver Services Review, VEC has worked with the City on updating Vancouver's business licensing system. The anticipated 2012 outcomes of this process include a simpler, more user friendly and readily understandable system, and the generation of more data about businesses that will be increasingly important to VEC and the City in helping to design and monitor programs to support businesses in the city.

As a first step towards a more business-friendly system, VEC took part in a series of workshops with the team from Licensing, Development Services and a consultant from Secor Group to rationalize the current business licence categories. The VEC represented the views of the business community in these discussions, and ensured that the new system will provide the business data essential for its economic development activities. As a result of this work, the number of business licence categories has been reduced by over 50 percent - down to 269 main and sub-type categories from over 600. The results of this work will also significantly help simplify the new online self-serve application being developed as part of the Amanda Online Portal Implementation. When is this coming to council - this is a good news story and likely should be told separately pb

#### *Hubs and the Local Food Economy*

The VEC has worked closely with the City to support development of the local economy via support for industry hubs in a variety of sectors including the local food economy, the recycling and materials reclamation sector, and in the technology cluster. The VEC study on jobs in the food sector was part of this initiative.

#### *New City Market*

VEC provided preliminary scoping and business planning for commercial kitchen facilities and/or processing operations to be integrated into a proposed future hub for local food (March 2011). Provisionally named 'New City Market', this hub is envisioned as a centre for

local producers, processors and others to support the growth of a local food economy. VEC supports the work of the Social Planning Division and the Food Policy Council on this file, and has also participated in stakeholder engagement workshops where the preliminary business plan for New City Market was presented to vendors, farmers, processors and other local food advocates.

#### *Street Food Vendor Program*

Invited by the Social Planning Division, VEC provided advisory services for the program as a member of the Street Food Vendor application review panel in March 2011. The VEC reviewed 50 applicant's business plans in order to identify and support those submissions that demonstrated a solid business plan with a high probability of success.

#### *Recycling and Materials Reclamation Hub*

The VEC played a key liaison role between a Vancouver consortium of private sector companies and City departments including Engineering Services, Sustainability Group and Real Estate Service in order to discuss the feasibility of locating a major recycling and materials reclamation hub on City-owned land. Having this group of companies together at one anchor site will help them to realize economies of scale, operational efficiencies, optimized material recovery and employment opportunities. VEC will continue to be involved moving forward as a link between Louise Schwarz, CEO of Recycling Alternative, and various City departments.

#### *Deconstruction Hub*

Working with the Social Planning Division and Sustainability Group, VEC provided business development advice during the feasibility study for a proposed deconstruction hub and retail centre located in Vancouver. A deconstruction pilot was held in March 2011 where the City partnered on a deconstruction pilot project where twenty youth were trained and employed to deconstruct two Vancouver homes. The pilot project was aimed at maximizing salvage and reuse of building materials, and was funded primarily by a Service Canada grant as well as a grant from the City and support from Metro Vancouver. Through the pilot, more than 90% of the building material from these homes was recycled and sold for reuse, instead of being sent to the landfill.

Overall, VEC's priorities on creating a strong and prosperous economic climate, are based on the objectives of the Vancouver Economic Action Strategy. The level of collaboration between the VEC and City teams is unprecedented, and relationships with other government and non-government organizations are strong and productive.

### **SECTION 2: Supporting Business Investment and Trade**

The core of VEC's work in the economy is its focus on business and investment. The agency's performance is largely measured on outcomes related to the performance of the economy as a whole, where attributable, and on the maintenance and growth of local business. The VEC has established a number of clearly articulated working tools for its outreach initiatives with business, and the measures associated with the results, and in 2011 launched a pilot of Vancouver's BusinessWORKS programs.

#### *Launching The VEC BusinessWORKS Program*

This is one of a number of business tools the VEC launched in 2011 to help achieve the City's major objectives in the Economic Action Strategy.

BusinessWORKS is Vancouver's business-care initiative that focuses on business retention, expansion and attraction. The BusinessWORKS program has three inter-related goals:

- 1) Retention and expansion of businesses in the city;
- 2) Attraction of businesses to the city;
- 3) Advancing global investment and trade.

As part of the BusinessWORKS program, interviews are conducted with hundreds of company executives a year. The overall goal of the interviews is to identify needs and concerns that enable businesses to retain or create jobs, and to promote overall prosperity in the local economy. It provides a wide range of additional benefits, including:

- Ability to develop effective working relationships with business leaders and a much greater understanding of the needs of business;
- Stronger understanding of how to build and support strong sector clusters;
- Real-time warning mechanisms that prevent business losses, and flag issues that are barriers to healthy business growth;
- Increased awareness of business concerns and broader economic development issues that can be addressed and resolved;
- Tangible socio-economic benefits in the form of job retention, expansion and the ability to identify and pursue new investments—both local and FDI based.

Another important benefit of the BusinessWORKS program is that it allows VEC to produce a variety of reports that calculate local impacts, job numbers, expansion plans and taxation values. It also identifies opportunities to pursue valuable supply chain gaps where companies can be attracted to Vancouver or founded in the region.

#### Short-term BusinessWORKS Objectives

- Provide community support for local business and improve profitability;
- Identify and address immediate concerns of individual business;
- Let local businesses know how much they are valued in the community;
- Collect timely and accurate information that helps advise on regulatory policy that improves the local business climate and urban environment;
- Identify additional investment attraction opportunities for new businesses, markets and supply chains that add significant value to cluster development.

#### Long-term BusinessWORKS Objectives

- Increase the competitiveness of local businesses and promote growth, especially into global markets;
- Refine strategic action plans for economic development based on accurate and timely research and data from hundreds of business operators;

- Promote business development and job creation;
- Integrate the data and findings into city planning exercises to improve land-use strategies around mixed use and employment generation;
- Support a higher performing economy.

*The VEC BusinessWORKS Process*

Category	Stage 1	Stage 2	Stage 3	Stage 4
<b>Business Retention &amp; Expansion</b>	Target Companies by Sector and/or Location	Schedule and Execute Interviews/Visits	Data Input and Follow Up	Report Results and Track
<b>Investment Attraction</b>	Target Opportunities by Type, Sector and Location. Identify type:			
	1. Local New Investment	Schedule and Execute Interviews/Visits	Data Input and Follow Up	Report Results and Track
	2. Foreign Direct Investment (FDI)	Execute Outreach and Visitation	Data Input and Follow Up	Report Results and Track

*Key Elements of VEC’s 2011 Pilot BusinessWORKS Program*

The initial pilot of the BusinessWORKS program has demonstrated significant success in flagging and resolving issues for businesses, and for protecting jobs and investment in Vancouver. Specifically, the pilot program allowed for:

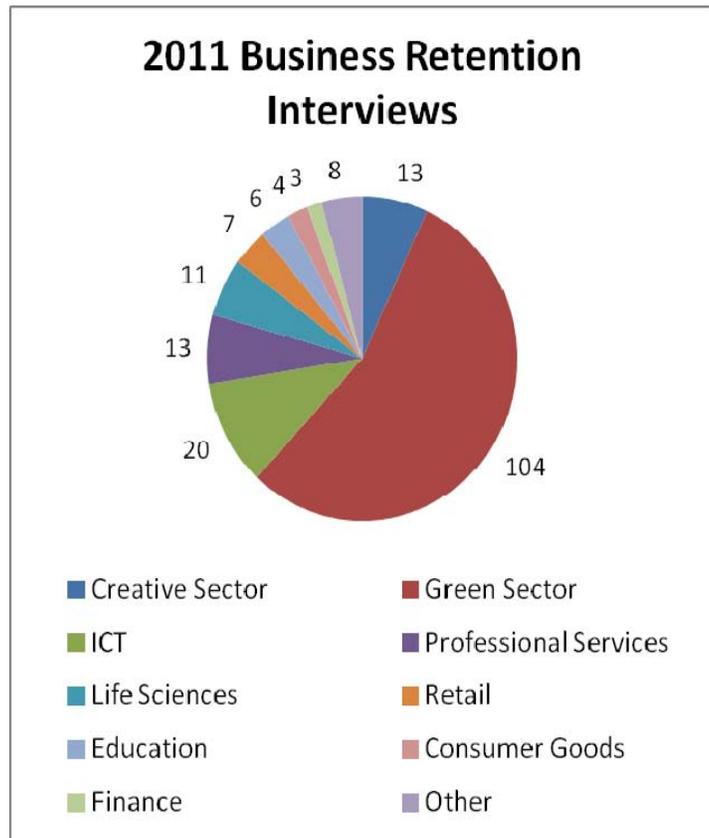
1. Close to 200 company interviews and site visits;
2. Management of ongoing requests for assistance from the local business community;
3. Responding to inquiries about doing business in Vancouver from outside interests.

Over a six month period, 190 business retention interviews were conducted in the 2011 pilot of BusinessWORKS. Around half were conducted with leaders from clean technology and sustainability-related sectors, while the remainder focused on businesses in other mature and emerging sectors like mining, forestry, creative industries, ICT/Wireless and sciences.

These interviews allowed VEC to identify opportunities to help companies in a variety of ways including introductions to other government resources, business matchmaking and real estate location assistance. The VEC also learned of the business community’s needs and perceptions about Vancouver and how supportive the business climate is. For example, 13 per cent of companies said they have plans for expansion within the next 1-3 years—VEC’s objective would therefore be to ensure they have every opportunity to expand in Vancouver and not have to relocate elsewhere. Other examples of data collected include:

When asked about Vancouver’s strengths or advantages, the following was reported:

- 18% said government programs such as NRC-IRAP, SDTC, SR&ED, and other incentives need these to be translated - noone will know what these are
- 12% said it was the talent of the employment base
- 19% said it was the “green” culture and policies that already exist here
- 17% cited location as a Vancouver strength or advantage.



When identifying some of the challenges of doing business in Vancouver:

- 29% cited access to capital and affordability
- 16% said it access to local markets including public institutions
- 14% said local market size and ability to access external markets
- 14% cited taxes and regulations

The BusinessWORKS program is helping to uncover sector-specific issues, opportunities and challenges that can be addressed in a variety of ways. For example, the top three competitive advantages for Vancouver either are, or need to be:

1. Talent: while the quality of talent is high, the industry is growing increasingly concerned about availability and shortages—VEC is working with industry on talent attraction and retention programs;
2. Infrastructure: high speed bandwidth, large capacity processing including image rendering, and large volume data storage are all necessary for a competitive cluster—VEC is working with private sector providers to address or enhance these;
3. Real estate: digital media companies have special requirements for office and studio space that include small viewing theatres, motion capture rooms, and well-conditioned rooms for in-house data storage and rendering.

As a result of the business retention and expansion work in its 2011 BusinessWORKS pilot, the VEC has accounted for 325 jobs maintained (more than \$23m in annual salaries) and 197 new jobs created (representing more than \$15m in salaries).

Another aspect of BusinessWORKS is responding to local businesses who have requests for assistance. These requests vary from detailed location inquiries, to permitting issues, to office relocation and/or expansion. In 2011, the business development team handled

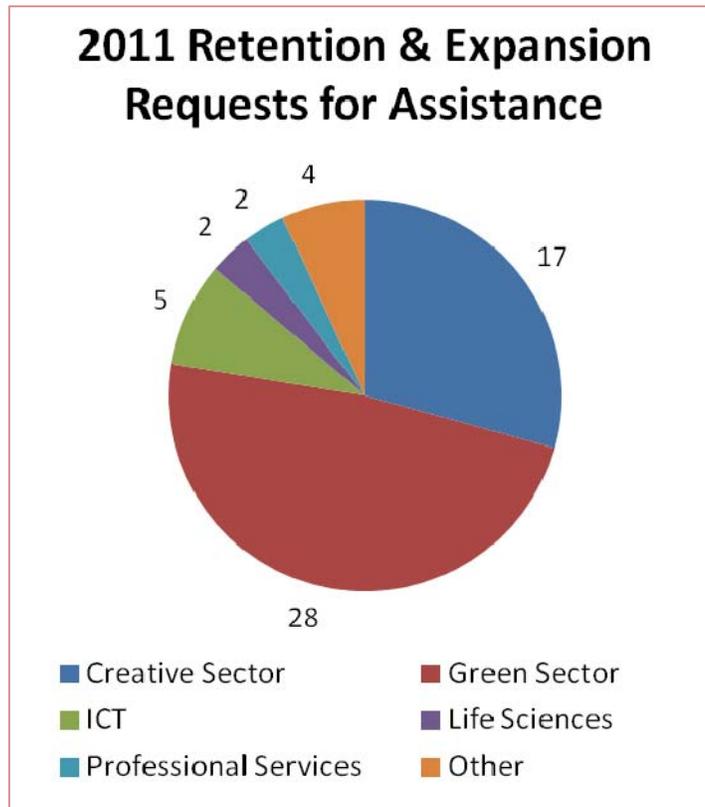
approximately 60 local inquiries for assistance that required more than just simple information.

Examples of business inquiries where VEC played an active role in facilitating solutions include:

1. MPC (Moving Picture Company)- VEC helped facilitate the studio’s expansion into a much larger space. This translated into a 108% job growth (from 120 to 250 employees) and facilitated \$6 million worth of work during their transition from a 12,000 square foot studio to a 25,000 square foot studio in 2012. The overall growth due to this move is estimated at \$15.1M.

2. TNG Visual Effects - This facility participated in VEC’s SIGGRAPH 2011 business delegate program and has since expanded their digital scanning studio in Vancouver to 1200 square feet. They have successfully bid for all work for the latest Superman movie which was filmed in Vancouver.

3. Westport Innovations - Recognized as one of Vancouver’s top clean tech companies, Westport is growing rapidly. The global company required more space to operate their research and development and general operations. In partnership with the City Manager’s office, City Planning, and the City’s Real Estate Services, VEC was able to successfully retain this company by making accommodations in permitting after assisting in looking at a variety of alternative locations within the City. Over 200 jobs were maintained with a company that is looking to hire 60 more engineers. More than \$1.5m in taxes alone were retained and the company continues to grow its global markets.



Another major area of focus for VEC’s BusinessWORKS program is investment attraction and Foreign Direct Investment (FDI). Many opportunities to attract businesses and investment to Vancouver, and to facilitate business-to-business (B2B) meetings to advance trade and investment, come from VEC’s internationally-oriented activities. These include missions to other cities, and hosting missions to Vancouver from elsewhere. This especially includes taking advantage of major event platforms for business development that provide the best opportunities to capture the attention of business decision-makers.

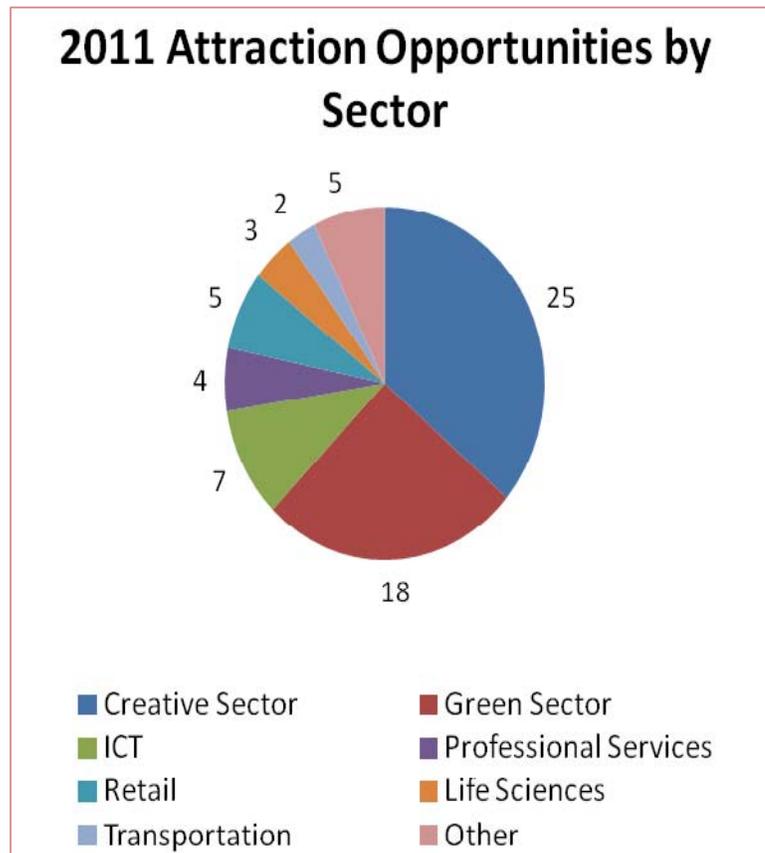
Other than the 2010 Games and World Expo, the VEC has focused on events like the SIGGRAPH conference in Vancouver in August 2011, the Cities Summit in Vancouver in February 2012,

Globe 2012, FMX 2012 in Germany, and the London Olympic Games in July 2012. These are rich platforms to market Vancouver, pursue investment and attract talent—all key objectives of the City’s strategy.

In 2011, VEC generated 46 new qualified businesses attraction opportunities. On average, conversion rates in economic development are between 2 to 5 per cent of inquiries when it comes to qualified investment initiatives. The VEC’s conversion rate in 2011, which means transforming inquiries into successful investments, was nearly 10 per cent.

A sample of Vancouver’s investment attraction successes for 2011 include:

1. Scanline Visual FX - European based visual effects studio opened a 6,000 sq ft Vancouver studio in August 2011, employing 20 people and investing \$3,900,000.
2. Rhythm & Hues - US based visual effects studio opened a 24,000 sq ft Vancouver studio in November 2011, employing 40 people and investing \$3,300,000.
3. Look Effects - US based visual effects studio opened a 5,000 sq ft Vancouver studio in June 2011, employing 20 people and investing \$1,700,000
4. Lost Boys Learning - This unique school opened a training centre in Vancouver and doubled student intake from 15 to 30 students per term. 6 new jobs created and \$450,000 invested.
5. Giacomini - from Italy, this company is a manufacturer of sustainable construction materials, and it established its North American headquarters in Vancouver in 2011. Starting with 5 employees, but initial investment alone totals \$25 million.
6. Modern Green - from China, they established their North American headquarters in Vancouver and initiated their first green building development and R&D showcase at UBC. Their headquarters started with 5 employees and an initial \$1.15 million in investment, and their first project at UBC will have a capital expenditure of \$24 million.



In the aggregate, these six deals alone represent over 300 immediate new jobs, \$50 million in new capital expenditures, and over \$9 million in recurring operational expenditures. Over time these impacts will continue to be cumulative and will be reported out by VEC.

*Key Business Initiatives Led or Supported by VEC in 2011*

The VEC participated in or led hundreds of business events and initiatives in 2011. Some of the major highlights include:

SIGGRAPH 2011: During the SIGGRAPH 2011 Conference in Vancouver, the VEC team executed a business development program where studio and gaming company executives from around the world were invited to do business and meet with officials and senior executives from Vancouver. Participants included over 200 industry leaders in visual effects, animation and gaming from both local and international companies. The program included an opening business networking event that connected key decision makers, a targeted business panel that educated investors on the advantages of doing business in Vancouver, and a private dinner with city officials and business leaders hosted by the Mayor. Critical to the program's success was a proactive program that scheduled dozens of Business to Business (B2B) meetings that generated deals and investment results.

Shortly after the SIGGRAPH program, two companies committed to opening studios in Vancouver with combined initial capital expenditures at \$1.2 million and 65 jobs. Several other studios are investigating the benefits of positioning themselves in Vancouver, and VEC will continue working closely with these companies—including ILM Lucas Film who recently established a location on the edge of Gastown.

Business Restoration Fund: VEC also worked with the City on two other projects in 2011. One was the administration of the fund that was established to pay for damages created by the hockey rioters that was otherwise not paid for by normal insurance channels. The target recipients were the small business owners of the downtown core. The \$100,000 fund was financed by Telus and VanCity and administered by the VEC with assistance from the Downtown BIA and the Vancouver Board of Trade.

There were 49 damaged businesses of which 21 have been approved for compensation by the fund, so far. Over \$47,000 has been disseminated with several applications still pending. The VEC is currently planning a final event for donors to hand over cheques to latest round of impacted businesses. The aim is to complete all applications and close the fund in first quarter 2012.

Eco Fashion Week: Eco Fashion Week (EFW) is the only independent Eco Fashion Week in the world, and features local and international designers who have the opportunity to meet retailers and build business relationships. The VEC has been a supporter of the event since its beginning in 2009, as it aligns with the City's goals of becoming the "World's Greenest City" by 2020 and moving towards an environmentally sustainable economy and creation of green jobs and products. This event also creates a platform to develop and showcase Vancouver's creative sectors.

Inbound/Outbound Business Missions: During 2011, VEC hosted 9 incoming missions and 7 outgoing business missions. Incoming missions mainly originated from China, while outgoing missions focused mainly on the western US.

BCTIA C4G Program: VEC directly supports and participates in the BC Technology Industry Association's (BCTIA) Centre For Growth (C4G) program that provides virtual coaching and mentoring for start up businesses. More than 34 entrepreneurs and start-up innovators were supported in 2011.

DIGIBC: This digital media and gaming industry association is one of VEC's key partners in the outreach and delivery of programs for those sectors and is a partner directly supported by the City.

2010 Olympic Business Program Ongoing Follow Up: The Vancouver Economic Commission led the delivery of the City's business programs during the 2010 Games. This unprecedented collaboration with 9 Metro Vancouver municipalities, a number of corporate partners and the Government of Canada continues to exceed expectations in delivering business and investment results. Two years after the Games, VEC worked with PricewaterhouseCoopers (PwC) to produce an updated report on the City's efforts to continue supporting the businesses in the program. The report confirmed almost \$200M in direct foreign investment resulting from the Program. This investment generated \$350M in economic impact and benefits, and \$179M in GDP growth. The Program resulted in nearly 3,000 new jobs.

Overall, the VEC's activities to directly support business, trade and investment are all based on the Vancouver Economic Action Strategy objectives, and the strategy's vision to promote a higher performing economy. A number of key projects were initiative in 2011 that will continue to evolve in 2012, such as the development of a technology incubation centre and ongoing global trade and investment missions. These are described more fully in the Report's section on Highlights for 2012.

### **SECTION 3: Vancouver's Focus on People—Talent Retention and Attraction**

Skilled workers and 'talent' used to follow technology. Today however technology and companies are following talent. In many of its key sectors, Vancouver has strong competitive advantages because of the quality and quantity of its skilled labour forces, such as the film/television and digital media sectors. The Vancouver Economic Action Strategy outlines a series of objectives to protect and enhance these competitive advantages, and some of these programs were launched in 2011, and continue to be a major focus through 2012.

#### *Talent in the Creative Economy*

Access to Talent is critical for economic success. This is especially true for Vancouver's growing digital media sector. Success depends on an ever evolving pool of talented artists.

Due to the unpredictability of the production cycle, studios must have quick access to a large amount of talent should the body of work expand or the schedule change. Although Vancouver has an impressive body of home grown talent the demand for skilled artists is so high facilities must look outside of Canada to fill the positions.

For that reason, in 2011 VEC became engaged with the provincial and federal governments in seeking ways to facilitate the flow of talent to local companies. It also began working with partners, including local firms and ex-pat organizations, to look for ways to encourage Canadians in the US and other countries to return home. These efforts continue to expand in 2012.

#### *Talent in the Green Economy*

The green economy is inarguably growing at a rapid rate. Regional, provincial and municipal policies such as Zero Waste, Extended Producer Responsibility, the carbon emissions disclosure, carbon neutral public sector, and energy efficiency retrofits all are attributed to the acceleration of this growth. The VEC has studied Vancouver's green economy and sees the highest growth potential in green buildings and clean technology sectors. The GLOBE Foundation confirms this, and is forecasting a potential shortfall of 60,000 skilled workers to fill jobs in the green economy over the next decade.

The Green economy is also an area which requires a specialised workforce. Development of local talent, and enhancing the connection of talented and mobile individuals to the local job market, is an important priority and has become a vital focus for VEC.

### *City-Campus Collaborative (C-3)*

For two years, the VEC has been leading an effort to bring together all six public sector post-secondary institutions in the city, to lend their talent and expertise to tackling some of the difficult challenges in growing the green economy. This initiative, known as the Campus-City Collaborative, or C-3, began to make tangible progress in 2011.

The C-3 partners are the City of Vancouver, VEC, BCIT, Emily Carr, Langara College, Simon Fraser University, University of British Columbia (UBC), and Vancouver Community College (VCC).

The C-3 works on the premise that university students need and want access to real life problems and to a sense of how workplaces operate, while the City needs the talent of students and academics to help it achieve its Greenest City goals. The VEC anticipates C-3 will deliver several economic returns to the City such as cost effective research on Greenest City issues, including development of strategies to advance and implement greenest city initiatives and better training so more trained personnel are available for emerging green jobs.

In 2011, C-3 launched its first major project - a pilot studio course on the Greenest City ("CityStudio") that students from all six post-secondary partners could take for academic credit. The course, led by professors from SFU and Emily Carr, focused on the Local Food and Access to Nature elements of the Greenest City Plan. The course was very successful, earning high acclaim from students, teachers and the City staff who posed their challenges to the students. An important element of the program was 12 partner courses that complemented the work in the Studio, so that a total of 300 students were involved in the process. CityStudio had an excellent response to its events that opened the Studio to the general public in December 2011. It received excellent media coverage, and a long table designed by and built by the students is now available to the City and to not-for-profit societies to use as a venue for community discussions.

### *Green Workforce Development Symposium*

On March 2, 2012, a full day C-3 symposium took place on green workforce development. It was led by BCIT and supported by the Globe Foundation. The Green Workforce Development Symposium brought together private sector employers in a number of industry sectors (clean tech, mining, health care, construction and others) and asked them to tell C-3 institutions directly what types of skills they will require over the next 3-5 years, so that curriculum developers at the schools can respond with relevant and appropriate programming and training curriculum. The Symposium was well attended and a report on the symposium outcomes is under development while feedback has been very positive to date.

### *Other upcoming C-3 initiatives:*

- A Carbon Talks limited-attendance dialogue on how to engage major corporations in work will be held in late April 2012
- A workshop on best practices in greening major institutions will be held in the summer of 2012;

- A full day symposium on creating more long term research linkages between the City and post-secondary institutions, led by SFU, will be held in the fall.

Other areas VEC is working on supporting talent attraction and retention include affordability, legislation and special events targeting talent, both locally and globally—several of these are being executed in 2012.

*Development of Talent Attraction Strategies and Tools*

Follow up is a critical component to VEC's work, including 'after care' with clients who are potential talent candidates for Vancouver. The VEC is exploring a number of key tools and strategies with the private sector throughout the development of its sector strategies and for the economy in general on what best practices can be emulated or established in Vancouver to continue to effectively attract and retain top talent.