

IN CAMERA



## ADMINISTRATIVE REPORT

Report Date: July 7, 2009  
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Meeting Date: July 9, 2009

TO: Vancouver City Council  
FROM: CEO, Vancouver Economic Development Commission  
SUBJECT: 2010 Foreign Direct Investment Program Funding

### IN CAMERA RATIONALE

This report is recommended for consideration by Council in the In Camera agenda as it relates to Section 165.2(1) of the *Vancouver Charter*: (k) negotiations and related discussions respecting the proposed provision of an activity, work or facility that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the city if they were held in public.

### RECOMMENDATIONS

- A. THAT Council approve a request for an additional \$379,450 funding for the Vancouver 2010 Games Partnership Investment Program to be provided if necessary at the discretion of the City Manager, source of funds to be the Olympic Legacy Reserve.
- B. THAT every effort be made to continue seeking funding from other sources, including the MVC partners, as well as other levels of government such as Industry Canada. The timing on additional funding however is unknown, and because there is an imperative the program be formally launched, any additional funding acquired can be used to offset Vancouver's commitment.

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### ***CITY MANAGER'S COMMENTS***

City Manager recommends approval of the foregoing.

### ***COUNCIL POLICY***

City Council has a policy of contracting with the Vancouver Economic Development Commission (VEDC) for the provision of economic development services, with the general terms of this relationship defined in a three-year Service Agreement. According to this Agreement, specific deliverables and associated funding for the VEDC are determined through approval of a business plan that is presented annually to City Council by the VEDC. The VEDC's most recent business plan was presented to Council on January 20, 2009, and the associated funding was approved as part of the 2009 operating budget process.

On June 29, 2007, Council approved funding for a *2007-2010 Strategic Plan for the 2010 Olympic and Paralympic Winter Games*. During the 2009 budget process VEDC received \$88,000 toward that plan and has invested it into the City's portion of a regional Olympic Business Program.

### ***PURPOSE***

This report provides an overview of the strategic and tactical program that has been proposed as the City's Olympic Business Program, and recommends that the City of Vancouver support the program with an additional investment of \$379,450 in order that the VEDC can lever \$800,000 of federal funding that has already been committed to it.

### ***BACKGROUND***

Throughout the history of the Olympics, the primary focus of these mega events has been on global sport and competition. Over the last decade however, host cities have become smarter about using the Olympic platform to implement more proactive trade and investment programs in order to maximize opportunities for socio-economic benefit.

These efforts, when applied strategically and tactically, have proven extremely beneficial to host jurisdictions who almost always experience a significant increase in local economic activities. Some jurisdictions have generated up to and even more than 30 per cent increases in their local export and GDP activities.

In terms of best practices, Australia has become the leader following the Sydney 2000 Summer Olympic Games. Their programs were unprecedented in the context of an Olympic event and generated over \$1 billion in impacts in business investment alone (not including Olympic infrastructure investments).

The Sydney 2000 Games Business Development Program (Business Club Australia) featured the following benefits:

- First ever government/private sector investment program which directly produced 45 major investments worth over \$520 million and 1,150 new jobs;

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- Created the Australian Technology Showcase which highlighted over 300 innovative technologies and contributed to \$288 million in new sales, investment and exports to December 2001 alone (much greater now);
  - The Business Club Australia program provided powerful networking and B2B opportunities that continue to generate benefit today, and which has attracted over 16,000 visitors into the business event programs;

Other benefits of the Sydney 2000 Games Business Programs included:

- Funding for training to boost industry skills and increase labour force capacity as a long-term legacy;
- Strong legacy of business and expertise export as a result of experiences during the Games.

For Vancouver and its partners in Metro Vancouver, the opportunity to generate business development and positive economic gain is substantial. The City has produced a highly tactical program that will invite 50 strategically selected companies from around the world to Vancouver for an extraordinary executive Olympic Business experience.

This targeted group of approximately 100 foreign investment decision-makers are being selected based on a 12-point screening system based on a set of criteria such as: level of investment, number of jobs to be created, strategic nature of the sector, growth potential, opportunities for partnership with local business, corporate head office location, supply chain migration, etc.

Along with its Metro Vancouver Partners (Surrey, Richmond, North Vancouver (City and District), Port Moody, Maple Ridge, Coquitlam and New Westminster) the VEDC will lead the project in three main phases:

- 1) "Pre-Games" (July to December 2009), whereby the VEDC will work with regional MVC partners and industry representatives to identify relevant foreign corporate investment clients (targets); develop a tailored hosting and regional business development program (including the identification and recruitment of local host firms); develop and produce promotional materials; and develop computer systems for the tracking of outcomes;
- 2) "Games-Time" (January to March 2010), whereby the VEDC will work with a contracted firm to effectively deliver the program, which will include a series of business related B2B activities interspersed with a tailored Olympic experience and hosting elements;
- 3) "Post-Games" (April 2010 to December 2011), whereby the VEDC will lead the design and execution of a continued regional communications and coordination effort, ensuring that results will be produced for many years following the Games. This will include follow-up visits and meetings and new marketing materials, and investment outcomes will be tracked on an ongoing basis. An independent measurement of the project, including an economic impact analysis, will also be provided.

The program development is well underway and VEDC is currently assembling the Master List of Inbound businesses who will be invited during the Games, as well as a parallel list of host business and civic leaders who will be integral during the Games-Time portion of the program. VEDC is working very closely with more than 60 organizations and companies who are helping to target these businesses, and who are highly supportive of this very focused program.

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Key features and elements of the program:

- Based on world-wide best practices, including the Sydney 2000 Games;
- Incorporates major Business to Business (B2B) content to broker and promote local companies in strategic sectors (New Media, Green Tech, Life Sciences, Value-added Manufacturing, Creative Industries, Green Building, etc) and facilitates foreign investment;
- Detailed economic impact measurement and tracking system associated with the program;
- Highly collaborative with MVC cities, government, industry associations, and private sector;
- City of Vancouver is the lead on the program and will be the primary decision-maker for the final business (Inbound and Host) Master Lists;
- Powerful opportunity to globally showcase Vancouver as a Business Destination, and expose the City's Greenest City brand, while providing Mayor and Council with an opportunity to connect directly with international and local business leaders;
- The majority of the funding provided by other government partners (mainly Western Economic Diversification—WED);
- This is the only Inbound Canadian business program being planned for the 2010 Games.

Key Outcomes of the Program:

- New foreign investment, supply chain migration, the creation of employment, sector investment, and strategic alliances (knowledge and technology transfer) between foreign and domestic business;
- International exposure for Vancouver, British Columbia and Canada as a globally compelling location for business and investment, as well as a destination for skilled workers;
- An effective campaign to leverage the Olympics to bring business executives to Vancouver who would not otherwise come;
- Saturation of the global business media with the Vancouver Business Brand message;
- Facilitation of new investment into key economic sectors from targeted geographic regions, particularly those focused in the Green Economy, and that have Green Economy Enterprise content;
- Identification and attraction of additional supply chain migration associated with FDI efforts;
- Improvement in regional economic performance and GDP output;
- The establishment of an effective Best Practices program on trade and investment using a mega event as leverage, with a critical focus on FDI;
- A Metro Vancouver pilot program that will provide a platform framework for future regional efforts in economic development practices;
- The creation of a powerful **Vancouver Business Legacy** related to the 2010 Winter Olympic and Paralympic Games.

***DISCUSSION***

The budget for the Program is \$1.537 million and while VEDC made an application to WED for \$1.2 million they only committed a portion of the requested funding (\$804,888), leaving the program with a funding shortfall (\$379,450). Currently the following is committed:

WED	\$804,888
MVC Partners	\$160,000
VEDC	\$173,185
Other Partners	\$20,000
<b>TOTAL</b>	<b>\$1,158,073</b>
<b><i>Shortfall</i></b>	<b><i>\$379,450</i></b>

It should be noted that because of the way WED has made their funding commitment (per component of the program) scaling back the program to simply meet the program budget is not an option.

***FINANCIAL IMPLICATIONS***

The recommended source of the City's contribution is the Olympic Legacy Reserve fund.

Council has already approved the major programs to be funded from the Legacy Reserve with the exception of the torch relay program. Funding the additional requirements of Economic Development if this turns out to be necessary would leave a contingency of approximately \$550,000 in the reserve assuming council approves the torch relay report which will be advanced shortly. This is a relatively small contingency given the programs being implemented however the Economic Development Program has to be considered a priority in order to generate a return on investment from the games.

If additional outside funding can be found then the \$379,450 recommended here will not be required and would remain as contingency in the reserve.

***CONCLUSION***

This report recommends Council approval of the additional funds for the 2010 Games Partnership Investment Program.

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