

Richmond Industrial Strategy Interim Report

Staff Recommendation

That Council:

1. Endorse the six strategic objectives described in the report dated July 5, 1999, from the Manager - Land Use, as the basis for the following actions to implement the Industrial Strategy.
2. Endorse the areas generally outlined on Map 1 in the report dated July 5, 1999, from the Manager - Land Use, as areas for the types of industrial expansion shown and direct staff to bring forward appropriate Plan and Zoning Bylaw amendments.
3. Direct Land Use staff to bring forward a rezoning strategy and program, along with related servicing and transportation strategies for the proposed industrial expansion areas outlined on Map 1.
4. Direct Land Use staff to work with the Fraser River Port Authority and the North Fraser Port Authority to:
 - Complete their plans for the south and north arms of the Fraser River;
 - Identify areas and clearly defined uses for water dependent industry; and
 - Bring forward a zoning mechanism to protect these identified areas for water dependent industrial use.
5. Direct appropriate City staff to bring forward:
 - Measures for crime prevention in the industrial areas;
 - Procedures to improve efficiencies in permits and business licence processing;
 - Revisions to the Development Cost Charge Bylaw for industrial renovations and minor additions;
 - Appropriate amendments to the industrial zone regulations in Zoning and Development Bylaw No. 5300 to achieve efficiencies.
 - Proposals for strategic land acquisitions to assist in servicing of future industrial areas.
 - Other initiatives as required.

Terry Crowe Manager, Land Use

Origin

On February 22, 1999, Council:

1. Endorsed a proposed work program for establishing a new Industrial Strategy for Richmond; and
2. Directed that an Industrial Task Force be formed to help establish the Industrial Strategy.

City Role in Industrial Development

The role of the City in industrial development is to assist in creating industrial opportunities and in removing constraints by providing:

- municipal leadership (e.g., strategic vision, goal, objectives, etc.)
- planning (e.g., the OCP, industrial, financial policies)
- a positive:
 - business culture (e.g., partnerships, co-operation, innovation) and
 - business climate (e.g., regulations, licences, taxes, development cost charges, fees)

- services to industrial clients
- land use management (e.g., industrial land policies, zoning, etc.)
- beneficial projects (e.g., infrastructure)

The purpose of the Industrial Strategy is to identify how the City can improve its industrial role.

Work Program

The work program for the Industrial Strategy consists of four phases aimed at creating comprehensive initiatives for attracting, retaining and increasing industry in Richmond.

The status of each phase is indicated below:

PHASE	OBJECTIVE	STATUS
1	To develop a good understanding of the industries we have now and what makes sense in the future	Completed
2	To assess industry's needs for land and infrastructure and to propose policy responses to those needs	Almost Completed
3	To assess other City policies (e.g. finances) and finalize directions for servicing and land use policies	Underway
4	Identify actions for partner agencies to help strengthen the effect of City actions in reinforcing industry	Started

The work program also called for an interim report to be submitted in July, 1999.

The purpose of this interim report is to:

- Advise Council of the work completed to date;
- Advise Council of the work in progress; and to
- Bring forward specific recommendations for Council's consideration.

Findings Of Fact

This section summarizes background information used as the basis for analysis and recommendations for action to improve local conditions for industry.

Existing Policy Context

The 1999 Official Community Plan (OCP) says that the City should:

- Continue to reinforce Richmond as one of the major industrial employment centres in the Lower Mainland and a predominant location for airport - serving business, and
- Reinforce Richmond as a pre-eminent location for advanced technology or knowledge based businesses.

The OCP also sets out specific policies to help achieve this vision.

Consultation

To ensure both a sound base of information and a strong sense of involvement by Richmond's industrial community, City staff developed a consultation process which included:

- Establishing an Industrial Task Force.
- Industrial Task Force meetings in March, 1999 and June, 1999.
- A survey of Richmond industrial businesses in April, 1999.
- Discussion with the Development Issues Committee of the National Association of Office and Industrial Parks (NAOIP) in June, 1999 (see Attachment 7).
- A review of the Coriolis Consulting / Dr. Tom Hutton, Lower Mainland Employment Study (GVRD, 1999). · Internet data scans.

The first three of these items were most critical. The Task Force provided useful information on existing land market conditions, and feedback on emerging directions for the Strategy. The industrial business survey provided important information on current industries and their future prospects for growth and remaining in Richmond. A total of 3,300 surveys were sent to businesses in all industrial zones, and over 600 were completed and returned. The return rate was 20%, which is considered very successful for this type of survey.

Outlook For Industry (Summarized from Working Paper 1)

By understanding Richmond's current industrial make-up and future sector growth prospects, the City can better meet businesses' specific needs. Based on survey findings as well as a review of global and regional trends, the overall outlook for industry in Richmond is strong and has tremendous potential for growth, particularly for certain industrial sectors.

Other key findings are:

(a) From the survey of Richmond Industrial businesses:

- The majority of existing industrial firms surveyed expect both revenues and staffing levels to grow over the next five years (61% and 54% respectively)
- Many of the firms surveyed (especially high technology and business services) plan to relocate over the next five years and the majority of these firms hope to stay within Richmond. The main reason for relocating is to enable expansion.

(b) From an examination of the global and regional prospects for industry:

- The industrial sectors expected to grow the most are:
 - high technology
 - firms specializing in food processing, garments, high value-added wood products, and light manufacturing oriented to the local market;
 - wholesale distribution firms linked to the airport.
- The traditional heavy manufacturing and land-extensive wholesale/distribution sectors will decline in importance in Richmond.

The industry outlook for Richmond suggests that in the future:

- there will be an accelerated demand for Business Park Industrial District (I3) zoned sites;
- there will be a steady demand for Light Industrial District (I2) zoned sites; and
- there will be a reduced demand for (Heavy) Industrial District (I1) zoned sites, although it is important to continue providing lands for ports and other water dependent industries, due to the scarcity of strategically located sites within the GVRD for these uses.

Land supply implications for the future are as follows:

The land supply situation (Working Paper 2)

Three main findings arise from the staff analysis of Richmond's industrial land supply:

- There is a critical shortage of vacant land for high technology businesses (I3 zoning);
- There is a declining supply of vacant land in prime locations for specialized manufacturing and distribution activities linked to the airport (I2 zoning); and
- There is a surplus of land for heavy industry (I1 zoning).

Roughly 37% or 593 ha (1,466 ac.) of Richmond's zoned industrial lands are vacant. However, as the following table shows, 68% of the vacant industrial land supply is zoned I1, but only 20% is zoned I2 and only 4% is zoned I3. There is an estimated 42 ha (104 ac.) of airport lands (zoned AIR), which could be developed for high technology and distribution businesses, once these are serviced. These lands would augment the supply of I2 and I3 zoned lands.

VACANT INDUSTRIAL LAND BY ZONES

ZONE	AMOUNT ZONED	PERCENTAGE	AMOUNT VACANT	% OF TOTAL VACANT
I1 (Heavy)	606 ha (1,496 ac.)	38%	402 ha (994 ac.)	68%
I2 (Light)	429 ha (1,059 ac.)	27%	118 ha (291 ac.)	20%
I3 (Bus. Park)	321 ha (792 ac.)	20%	23 ha (58 ac.)	4%
I4 (Retail)	98 ha (242 ac.)	6%	2 ha (5 ac.)	< 1%
I5 (Storage)	13 ha (32 ac.)	< 1%	6 ha (14 ac.)	1%
Others (CD, LUC AIR)	143 ha (354 ac.)	9%	42 ha. (104 ac.)	6%
All Zones	1,609 ha (3,975 ac.)	100%	593 ha (1,466 ac.)	100%

Land ownership pattern (Working Paper 3)

While ownership patterns vary within individual industrial parks, there is generally a significant degree of fragmentation. This, in turn, poses significant obstacles to industrial redevelopment, even with the implementation of zoning changes to enhance permissible densities.

To determine the extent of fragmentation affecting those areas with the greatest redevelopment potential, staff examined detailed ownership patterns within 7 key areas (described in more detail in the attachment). Across all seven areas, 362 acres constituting about half of the land are held by owners with holdings of 10 acres or greater (not necessarily adjoining). The results suggest that an opportunity exists for the City to play a small role in complementing development industry efforts to assemble viable parcels for business park development and/or services.

Work in progress (Attachment 6)

Staff have initiated several projects which are to be incorporated into the Industrial Strategy. These are:

- Utility services
- Transportation services,
- Improving efficiencies in permits / business licence processes,
- Zoning Bylaw regulations for industrial zones

The findings to date are summarized in matrix format as Attachment 6.

Analysis

Strategic Objectives

Staff have identified six strategic objectives to help enhance the City's industrial role. These strategic objectives will be implemented through a range of specific actions.

Objective 1

Land for high technology and desired light industry.

Ensure a supply of well located and serviced land in order to enhance Richmond's attractiveness for high

technology, specialized manufacturing, distribution and film industries, of various sizes.

Objective 2

Places for water dependent industry.

Reserve strategic sites for port and water dependent industrial use.

Objective 3

Services

Ensure that the local servicing infrastructure serves the needs of industrial businesses.

Objective 4

Transportation

Ensure that the local transportation infrastructure serves the needs of industrial businesses and their employees.

Objective 5

Meeting customer needs.

Keep industrial "customers" satisfied by providing relevant and timely services and programs, including crime prevention measures, community amenities, efficient permit processing and a generally enhanced customer service experience (e.g., co-ordination, early consultation to identify client needs, information, research, marketing, project initiatives, planning).

Objective 6

Partnerships for expanded services.

- Enhance existing partnerships and establish new ones to address industrial issues and to deliver a range of business services (e.g., education, information, research, marketing).
- These partnerships and services are to be client based and established where they achieve efficiencies, enhancements and benefits to Richmond businesses, tax base, revenues and cost savings.

Each of these strategic objectives is accompanied by a listing of:

- the strategic actions required;
- the implementation process, costs, etc.;
- who will assume the lead role;
- potential partners; and
- the results expected.

Strategic Actions

The following strategic actions are presented as general directions for Council endorsement. (As noted earlier, they are also summarized in matrix format in Attachment 6 to this report.) If Council endorses these proposed actions, staff will bring forward the required implementation details for Council consideration.

Land for high technology and desired light industry (Objective 1)

Additional land for high technology and desired light industry may be achieved by:

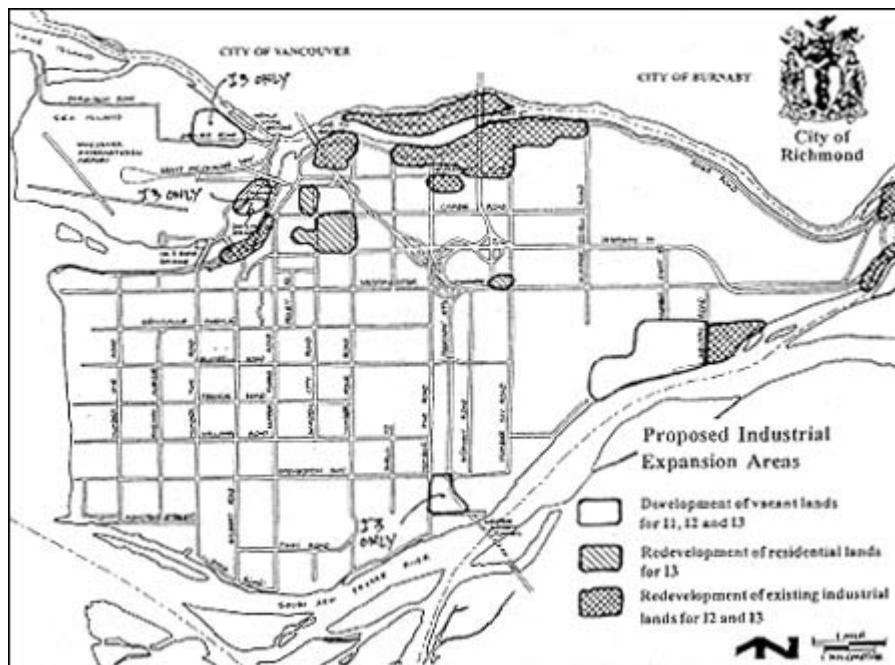
- rezoning selected, existing I2 lands in north Richmond to I3 for high technology industry;
- rezoning selected, existing I1 lands on Mitchell Island to I2 for light industry;
- working with the Fraser River Port Authority to make available lands on their Fraser Port site for light industry (I2) and business park (I3) uses (the Authority will be allocating about 81 ha (200 ac.) for port use (I1));
- rezoning appropriate non-industrial sites (e.g., older single-family residential areas under the airport (YVR) flight paths in north Richmond) for high technology industry (I3 zone);
- working with the Airport Authority (YVRAA) to make available appropriate airport lands for high technology and desired light industry; and
- consider acquiring strategic land parcels to assist future private land assemblies.

Rezoning may be initiated by:

- the City, or
- property owners/developers.

Staff proposes that the rezoning of the areas indicated on the map below be pursued. Where rezoning is initiated by the City, it would establish a clear industrial vision and provide property owners/developers with certainty. Any rezoning should be done through a consultative process with property owners, including the YVRAA and Port Authorities.

Map 1 Potential Industrial Expansion Areas



The Land Ownership Issue

An analysis of the land ownership pattern in existing and proposed new industrial areas indicates that one of the major challenges facing industrial developers in Richmond today is the diminishing number of large industrial zoned parcels. Except for the Fraser Port and YVRAA lands, industrial developers or users wishing to create new business parks or requiring large individual sites, are faced with the problem of having to assemble a number of smaller, high priced sites. This means that:

- development costs may be high compared with other suburban municipalities; and
- desired developments may take longer to come to fruition.

This problem could:

- weaken the City's ability to attract high technology businesses, which require quick approval times for development,

- and
- make it difficult for start-up companies to locate here.

The best thing the City can do to help mitigate this problem is to indicate to the industrial development community that the City is "open for business" by:

- adopting a clear industrial vision for the selected industrial areas;
- consistently implement this vision by providing the necessary zoning, utility services/transportation infrastructure, customer services and partnerships to enhance the ability of industries to locate in these areas; and
- considering acquiring (for trade or resale) strategic land parcels to assist in future private land assemblies and servicing.

The industrial land market will then determine if, how and when these areas can be developed or redeveloped.

Land for Water Dependent Industry (Objective 2)

The demand for sites for water independent industry is difficult to gauge and evolves over a long time frame. However, the supply of waterfront industrial lands within the GVRD is very limited and so it is important to protect sites for this purpose. Also, none of the industrial zones in Richmond can restrict waterfront sites from being used for non-water dependent industrial purposes.

This is not an issue along the south arm of the Fraser where the Fraser River Port Authority has reserved and will be developing about 81 ha (200 ac.) for port facilities. Similarly, the federal government will be maintaining waterfront lands in Steveston for commercial fishing fleet home port uses. The main issue is how to protect lands along the north arm for water dependent industry, where there are no publicly owned waterfront industrial sites.

City staff should continue to work with the North Fraser Port Authority in the preparation of their overall plan for the river. If and when areas are identified for water dependent industries along the north arm, staff should pursue the feasibility of creating a zone exclusively for water dependent industry in order to protect identified sites for these uses.

Services (Objective 3)

If Council endorses the concept of rezoning the areas identified for industrial expansion described above, it will be necessary to review and address any utility servicing deficiencies in these areas.

At this time:

- Urban Systems Ltd. has completed a servicing study for the Fraser Port lands. Engineering staff will be reviewing their findings and recommendations and will respond with an implementation proposal.
- Riverport Business Parks Ltd. has engaged a consultant to investigate the possibility of the City taking over their private sanitary sewerage treatment plant. This study will help to decide if it is in the City's interest to take over the plant and subsequently upgrade it in order to handle sewerage from the Fraser Port lands. This could remove the need to rely on the Annacis Island treatment plant.

In addition to completing and implementing the above studies, it is proposed that:

- *Engineering staff place a high priority on determining the servicing needs, costs and their timing, for the proposed industrial expansion areas not covered by the above servicing studies;*
- *Engineering Staff include any required works for consideration in the City's Capital Works Program; and*
- *Finance staff identify appropriate and viable funding options for servicing.*

Transportation (Objective 4)

Initiatives under this objective will play a key role in improving conditions for local industry. Transportation staff have identified a number of initiatives already in the Urban Development Work Program and Capital Works Program.

The first set of initiatives includes projects already identified by staff. These include:

- The Airport Connector Project § Mitchell Road improvements between Knight Street and No. 5 Road (1999 - 2000)
- Longer term proposals such as:

- Extending Knox Way between No. 6 and No. 7 Roads to reduce industrial traffic on River and Bridgeport Roads
- Garden City Road extension through to Van Horne to further reduce River Road and Bridgeport Road traffic, and
- City Centre road improvements to reduce City Centre congestion.

The second set of initiatives will expand travel choices for industrial employees through improved transit and cycling services such as:

- The Rapid Bus project which will strengthen connections between Richmond and downtown Vancouver;
- Restructuring local transit service to improve connections within Richmond;
- Representation from industry in the stakeholder group helping to shape local transit planning; and
- Continued implementation of the Richmond Cycling Network.

Through the industrial business survey, Transportation staff also identified several additional initiatives for further investigation. These relate mainly to intersection improvements in the industrial area.

As a next step, Transportation staff will work together with Land Use staff to develop a comprehensive strategy to address transportation issues raised by the industrial stakeholders including:

- the feasibility of expediting the strategic transportation upgrading projects already identified and endorsed in principle; and
- recommending priorities and implementation details to respond to transportation concerns raised by business survey respondents.

Meeting Customers Needs (Objective 5)

Staff should pursue the following actions immediately:

- work with the RCMP and owners to implement crime prevention measures in industrial areas (this is a major concern of existing industrial businesses);
- facilitate more efficient permit processing (e.g., early consultation with the client to facilitate timely processing);
- review the Development Cost Charge (DCC's) for renovation of, and additions to, existing industrial buildings to ensure that these charges do not unnecessarily hinder the renovation and conversion of these buildings to a higher level of industrial use. For example, consideration may be given to reducing this charge to a maximum of say one-third of the construction value;
- review Development Permit requirements in I3 zoned areas; and
- make amendments to the Industrial sections of the Zoning and Development Bylaw No. 5300 in order to simplify, make consistent and update the regulations. Staff have prepared a preliminary list of proposed regulatory amendments, which are set out in Attachment 4.

Staff have reviewed the City's industrial property tax rates and find that they compare favourably with other municipalities in the GVRD. Finance and Corporate Services staff advise that there is no immediate need to adjust these rates, but they are prepared to review any valid anomalies and to bring forward any necessary recommendations to address these anomalies. A table comparing the City's industrial tax structure with other municipalities in the region is contained in Attachment 5.

Partnerships (Objective 6)

These will be identified in more detail after work on this initiative is completed. Preliminary actions which should be scoped out include:

- Working with Kwantlen College and other post-secondary institutions to promote and enhance training opportunities in high technology occupations, fashion design, environmental consulting, and other appropriate fields
- Working with the Vancouver International Airport to help further attract desired industries and airport clients to Richmond; and
- Working with the local port authorities to create a free trade zone at one of their Richmond facilities.

Financial Impact

None at this time.

Conclusion

The outlook for industry in Richmond is strong, particularly for specific industrial sectors.

There is a shortage of zoned land for those industrial sectors expected to grow the most.

The parcel size and ownership pattern for existing and potential industrial expansion areas is characterized by many small lots and fragmented ownership. This fact makes it difficult to assemble parcels for development of desired industries.

There are six strategic objectives which can help achieve the City's industrial vision. Each of these objectives lead to a range of strategic actions.

The key actions that should be pursued include:

- Rezoning of selected sites within the identified industrial expansion areas.
- Protection of sites for water dependent industrial use.
- Provision of adequate utility services within the proposed industrial expansion areas.
- Provision of adequate transportation services to the proposed industrial expansion areas.
- Meet customer needs by:
 - implementing crime prevention measures ü improving efficiencies in permits/business licences
 - review Development Cost Charges for industrial renovation projects
 - review Development Permit requirements in I3 zoned areas
 - mending industrial zone regulations in the Zoning Bylaw to improve efficiencies
- Acquisition of strategic land parcels to assist in the assembly and servicing of future industrial areas.
- Other initiatives as required.

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