



Staff Report for Economic Development Committee

Date of Meeting: October 15, 2024

Report Number: SRCM.24.10

Department: Office of the City Manager

Division: Economic Development and Richmond Hill Centre

Subject: **SRCM.24.10 - 2025 Investment Attraction Program**

Purpose:

The purpose of this report is to present the 2025 Investment Attraction Program to the Economic Development Committee.

Recommendation(s):

That staff report SRCM.24.10 be received for information.

Contact Person(s):

- Brenda Osler, Senior Economic Development Officer, Ext 5483
- Anthony Ierullo, Director of Economic Development and Richmond Hill Centre, Ext 6515

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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Background:

In 2021, the City engaged MBD Insights to advance the creation of an investment attraction strategy to support and frame planned business attraction activities over the next 10 years. The City of Richmond Hill Investment Attraction Strategy (the “Strategy”) actively seeks to attract investment in key sectors and capabilities central to the future growth and competitiveness of the local economy.

The Strategy assesses, prioritizes, and defines investment attraction opportunities for the City to attract major employment-generating investment. It is intended to act as a roadmap for future investment attraction activities and supports the City's current Economic Development Strategy objectives. The research and stakeholder engagement conducted as part of the development of the Strategy highlights a strong value proposition for investment attraction, including the City's diverse knowledge-based resident population, high-value industries, and the emergence of Richmond Hill Centre as a future Regional Growth Centre. This analysis supports the identification of three strategic priorities in the Strategy that are briefly described below:

1. **Establish the investment attraction brand:** Establishing the investment attraction brand ensures that lead generation efforts support and promote the growth of target sectors and high-value industries. An investment attraction brand is a proactive approach to advocating for the community. It increases awareness and positive engagement within the local business community and the wider investor network.
2. **Build a strong Business Retention and Expansion program and after-care support:** The strategic priority of building a strong Business Retention and Expansion (BR+E) program and after-care support will further existing well developed business outreach activities such as the Corporate Calling Program. The Strategy recommends formal sector-based key performance indicators, ongoing targeted business engagement and proactively addressing business concerns to enable growth as potential enhancements to the City's current BR+E program.
3. **Focused support for transitioning industrial lands:** The strategic priority of focusing support for existing employment lands and transitioning industrial parks to enable modern and relevant zoning permissions is essential for Richmond Hill to remain competitive, attract new investment, create jobs, and accelerate economic growth. The intent is not to support the conversion of employment lands, but rather introduce complementary uses that increase the utility of the lands for high quality employment uses.

Staff have been working to implement the strategic priorities of the Investment Attraction Strategy. This includes advancing a Subsector Strategy to further evaluate target sectors and refine future investment attraction activities.

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Subsector Strategy Overview

In 2023, the City advanced a Subsector Strategy to further evaluate subsector opportunities within the City's 4 target sectors (Information and Culture Services, Finance and Insurance, Health and Social Services and Professional, Scientific and Technical Services). The Subsector Strategy recommended 8 subsectors within 15 markets that the City should pursue for foreign direct investment. These subsectors and related markets are listed below:

- Alternative Financial Services (Atlanta, London (UK), Toronto);
- Fintech (Financial Technologies) (London (UK), Silicon Valley, New York City);
- Digital Healthcare (Denmark, Israel, Australia);
- Environmental Services (Scandinavia, Australia, Vancouver);
- Medical Device Manufacturing (ASEAN Countries, Mexico);
- Electronic Products (London (UK), ASEAN Countries);
- Information Technology Services (India, Silicon Valley, Texas); and.
- Head Office / Regional Office (Various).

These subsectors were highlighted based on their potential for growth, compatibility with Richmond Hill's investment attraction assets and opportunities to support the transition of select industrial lands.

Discussion:

The market for global foreign direct investment ("FDI") is extremely competitive and requires investment readiness, patience, teamwork and planning. Levels of investment have been slowly recovering from the Covid pandemic and current trends that need to be taken into account include:

- the shift from manufacturing to services;
- nearshoring and friendshoring;
- a focus on sustainability;
- the digital economy and technology;
- emerging markets;
- increased competition for FDI; and,
- the impact of geopolitical tensions.

As noted above, the Subsector Strategy highlights markets to target for investment attraction, which will continue to be revisited to ensure that they are still relevant given

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the trends noted above and any feedback received from industry experts. It is also important to recognize that investment attraction is a process that occurs over many years and requires ongoing and sustained effort.

Over the past several years, Richmond Hill has proceeded with a planned process to become investment ready by completing the following:

- creation of an Investment Attraction Strategy and Program;
- value proposition analysis and positioning;
- subsector analysis and identification;
- target market scoping;
- brand, marketing and content development;
- ongoing business outreach;
- marketing plan and material development; and,
- partner and collaborator identification and outreach.

The 2025 Investment Attraction Program builds on this work and considers time, human resources and budgets available to complete activities.

2025 Investment Attraction Program

As directed by Council, staff will continue to implement the Investment Attraction Strategy in 2025. The 2025 Investment Attraction Program continues to advance the strategic priorities of the Investment Attraction Strategy while incorporating the recommendations of the Subsector Strategy. This will include the advancement of four key initiatives in 2025 as described below:

1) Implement Enhanced Business Retention and Expansion (BR&E) and Business Aftercare Programs

Staff will continue to implement enhanced Business Retention and Expansion (BR&E) and Business Aftercare programs, as outlined in the Investment Attraction Strategy, with an emphasis on engaging businesses within the target subsectors. This includes regularly engaging major employers and businesses in target subsectors and providing an enhanced level of service for businesses that have recently located to Richmond Hill.

2) Complete Employment Lands Analysis

Staff will advance an analysis of the City's available employment lands to consider the conditions (permissions, services, adjacencies and economics) required to successfully attract high value investors from within the target subsectors. This will include a SWOT Analysis of the current conditions and recommendations to maximize opportunities. Staff will report back to the Economic Development Committee with the findings of the analysis.

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3) Implement a Foreign Direct Investment Program (FDI)

The City will continue to implement the new FDI program focused on the subsectors recommended in the Subsector Strategy. This will include up to two planned in-market visitations to undertake in-market research and knowledge development of target subsectors and geographic regions to support future investment attraction/trade missions. In 2025, the Plan is to participate in one larger international FDI initiative due to the cost and time commitment required to plan a large event.

a) Hannover Messe

Staff are in active discussions with federal, provincial and regional representatives regarding the City participating as part of a large Canadian contingent at Hannover Messe in April 2025. This is the world's leading trade show for industrial technology and industrial transformation, where more than 4,000 companies will showcase innovations and top tier technological products to over 130,000 visitors from 150+ countries. In 2025, Canada will be taking centre stage as the Partner Country. Germany is a target geographic region for investment; however, attendees and exhibitors are from all over the world.

The federal and provincial governments will have a very large presence at the show, dedicating many resources to promoting Canada and Ontario. In addition, York Region Economic Development has secured a dedicated York Region kiosk and is exploring other potential collaborative promotional and engagement opportunities. Local municipalities participating with the Region include the Cities of Vaughan and Markham and the Town of Georgina.

Staff will prepare a report for Council consideration in the coming months requesting the additional budget required to support this initiative. In addition to Hannover Messe, staff will attend other local events closer to home to better understand the needs of companies in our target subsectors and to promote Richmond Hill.

b) Establish a Lead Generation Pipeline

The City will invest in the creation of a lead generation pipeline to support investment within its target subsectors. This is the process of identifying qualified prospects for investment attraction and may occur through marketing outreach or in conjunction with trade shows or planned investment attraction missions. The process will be led by staff and supported by specialized lead generation consultants with expertise in the markets and subsectors that the City is targeting.

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c) Non-residential Landowner Engagement

The City will also engage non-residential landowners with vacant or available land in Richmond Hill to provide an update and seek feedback on planned FDI initiatives. The intent will be to gain the necessary alignment and buy-in from landowners to support the FDI Program. Staff will also share the updated sub-sector marketing materials with interested landowners.

4) Establish Ad-hoc Foreign Direct Investment Business Leadership Team

The City will also evaluate opportunities to re-establish and repurpose the Business Leadership Council with a focus on investment attraction. This will take the form of an ad-hoc team that includes expertise within the City's target subsectors. Staff will engage with participants on an as needed basis to seek feedback on FDI strategy and tactics related to planned activities within specific target subsectors. The intent is to engage industry experts on FDI strategy and tactics to ensure that planned activities to solicit investment within specific subsectors are relevant and impactful. Staff will provide a further update on this initiative in Q2 2025.

Financial Implications:

The 2025 Investment Attraction Program will primarily be funded from the 2025 Operating Budget, supplemented with grant funding from the Regional Municipality of York. Staff will also be applying to the Government of Canada through the CanExport program. The external funding from York Region and CanExport, will contribute towards the cost associated with the Program. Staff will also be requesting additional funding in the 2025 budget to supplement funding for the planned international mission to Hannover Messe in 2025.

Relationship to Strategic Plan 2024-2027:

The Investment Attraction Program helps to attract new companies to the City and assists existing companies to expand, thus creating new employment opportunities that help to grow a livable, sustainable community. Helping to create a dynamic and diverse business community supports the priority to manage growth in a way that enables choice and connection for the City, its residents and business, now and in the future. The Investment Attraction Program contributes to advocating for the development of complete communities as we work with other levels of government to build a vibrant and inclusive community.

Attachments:

There are no attachments.

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Report Approval Details

Document Title:	SRCM.24.10 - 2025 Investment Attraction Program.docx
Attachments:	
Final Approval Date:	Oct 8, 2024

This report and all of its attachments were approved and signed as outlined below:

Anthony Ierullo - Oct 7, 2024 - 5:00 PM

Darlene Joslin - Oct 8, 2024 - 8:18 AM