



Grand Forks LED Initiative



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1.0 Introduction

In its simplest form sustainable local economic development is about identifying and harnessing local resources, capturing opportunities, and stimulating economic and employment activity. In this regard investment – by type and emphasis – plays a significant part.

Investment can come from either the private or public sectors – individually or in combination.

From a private sector position and from a community interest perspective effective local economic progress investment would typically need to result in: enhancing an enterprise's ability to export (increase output); building or maximizing operational productivity to ensure a more competitive position; and/or facilitating and fostering enterprise sustainability over the long-term. The enhancement of exports (output) have motivated much of private sector investment activity in the past, but more recently there has been a greater shift toward a focus on improving operational productivity and enterprise sustainability.

Why is this important?

It is important because while communities might acknowledge the importance of the relationship between economic prosperity and investment attraction and investment retention; it isn't a matter of just any investment that is in and of itself sufficient to the economic development process. It is about the right investment, for the right reasons that can better position the community for positive economic progress.

1.1 Project Goal

The purpose of the Local Economic Development Initiative is to determine the best utilization of three municipal owned land parcels in an effort to act as a catalyst to further local economic development efforts in the community through creation of more employment opportunities, drive more tourists, and sustain residential growth.

1.2 Project Objectives

As outlined in the original project description and confirmed in discussions with civic staff, the objectives of this assignment include the following:

- 1.** Evaluate and confirm which properties are most appropriate to assist with meeting the goal (Sections 3, 4, and 5).
- 2.** Determine the degree of land readiness of the identified three (3) land parcels (Section 5).
- 3.** Determine the community and market characteristics that will influence the development of the three (3) land parcels (Section 3 and 4).
- 4.** Identify the most desirable development opportunity for each of the land parcels (Section 6).
- 5.** Recommend models and means of implementation to realize on the opportunities identified (Section 6).
- 6.** Develop an investment prospectus for each of the three land parcels to promote the each parcel (Provided separately).

1.3 Project Context and Scope

The City of Grand Forks is focused on developing a more diverse local economy that includes increased employment opportunities for all citizens. To that end the City is interested in furthering a program of business attraction, retention and expansion; identification and stimulation of appropriate investment opportunities; and improvement of the quality of life. With an eye on the municipality's competitive advantages and its goods/services gaps and leakages, the City has expressed an interest to explore development options or partnerships that foster and facilitate local investment through the use of appropriate marketing tools.

The following report ("Economic Development Initiative") is intended to serve as an Investment Attraction Strategy for the City of Grand Forks. It relates specifically to three specific land parcels previously identified as Council-owned lands best suited to act as economic growth catalysts. It has broader applications and is drafted as such. The narrative that follows considers various development scenarios for the identified lands and analyzes how they might stimulate economic growth.

The overall objective of this assignment is to provide guidance to the City in its efforts to encourage growth, competitiveness, sustainability and economic well-being by unlocking specific land assets.

Further in this regard the narrative that follows seeks to identify which sector and business types would offer the greatest potential for success including those new sectors with promise; and what gaps and barriers deter enterprise expansion and growth. A discussion of feasible approach(es) to encourage and manage change and development is also presented. This report will also seek to raise awareness of the various considerations that should/could be explored as they relate to development (best fit) and sensitize the City Council to the philosophy of being open for business.

1.4 Our Approach

The approach taken has been tailored to the context of the community and region; is economically, politically and socially relevant; and engages those players/stakeholders that have some responsibility for implementation. Our approach as such includes the following essential elements:

- Building on, not replicating, past efforts.
- Ensuring alignment with Community Goals and Strategic Priorities .
- Embedding sustainable development considerations (balance between demand/supply and community).
- Building from a clear understanding and appreciation for the manner and method of investment.
- Integrating provincial, regional and local context in assessment and feasibility.

The scenarios included in this report result from considering these elements.

1.5 Report Limitations and considerations

As with any consulting effort of this type, regardless of the care taken, certain limitations are inherent from the methodology and assumptions made. As much as possible we have tried to minimize the impact of these limitations. While we feel our analyses are valid and the recommendations are credible and realistic, we acknowledge that certain limitations exist. They are as follows:

1. This project assignment focuses on the utilization of land to stimulate economic development activity. It was not within the mandate of this effort to review the broader aspects of economic development that currently exist or are pursued by the City and/or by other stakeholders within the City of Grand Forks nor make recommendation thereto. However, despite being presented in a distinct manner, recommendations in respect of utilizing lands to encourage economic development should not be viewed separately from other economic development efforts. In fact, they should be premised on supporting, facilitating and complementing other initiatives where there are similar goals and objectives that align.
2. Certain circumstances that existed when we started this project may no longer exist and some assumptions may no longer be valid. As such certain observations and recommendations proposed herein may need to be revisited and revised, i.e. certain observations in respect to regional sectoral outlooks and prospects.

3. This document is not static. By design it discusses projects, programs, and actions to be developed and implemented in the future. As such, as economic and social conditions evolve in the City, so must the plan.
4. While one-to-one interviews are an excellent means to gather certain information, there is an assumption that the interviewee understands and is capable of understanding the subject being discussed. This may not always be the case, especially in instances where some feedback is requested in respect of possible new areas of programming or diversification opportunities, of which the interviewee's knowledge and experience may be limited.

Notwithstanding the collective importance of these assumptions, limitations and other considerations, we contend that the observations drawn throughout the report and the recommendations made are germane and supportable.



2.0 Understanding Investment

As the original scope of the engagement focused on unlocking lands in an effort to spur investment, primarily inbound investment, it is important to consider the meaning, characteristics, and implications of this development input. Land is a unique commodity and the approach is largely unilateral (i.e. in the absence of connecting to the broader development agenda and effort) and supply driven (i.e. driven by the land site characteristics and possibilities without regard for the needs of industry), both of which detract from the effectiveness of the development effort and the best fit for the land. The following seeks to put these considerations in perspective.

2.1 Understanding the Demand Side of Inbound Investment

Investment inflows are influenced by a range of supply side and demand side variables. Supply side variables refer to the characteristics of the investment opportunity - the “value proposition” (these are discussed in the following section), whereas demand side variables refer to the needs and wants of the investment community.

As with any effective strategy a sound understanding and appreciation of the intended marketplace is imperative. It is important to stay cognitive that not all inbound investment is the same nor are investors. There are not only different styles of investors but also different motivations.

A helpful framework for understanding the business context of investing is to examine the different entry strategies firms employ and to look at underlying motivations or rationales for the methodology they pursue in making an investment. In terms of the latter, there are four distinct motivations: (1) resource seeking; (2) market seeking; (3) efficiency seeking; and (4) strategic asset seeking. The chart below explains these rationales in more depth:

Resource seeking

- Investment in natural resources (minerals, raw materials, and agricultural products)
- Investment seeking low-cost or specialized labor

Market seeking

- Investment into markets previously served by exports, or into closed markets protected by high imports or other barriers
- Investment by supplier companies following their customers overseas
- Investment that aims to adapt products to local tastes and needs, and to use local resources

Efficiency seeking

- Rationalized or integrated operations (regionally/globally) leading to cross-border product or process specialization

Strategic asset seeking

- Acquisitions and alliances to promote long-term corporate objectives

2.1.1 Investment and the Site Selection Process

While understanding why inbound investment occurs will assist in the development of goals, objectives and tactics that can be utilized to better align local attraction efforts with the investment process, it is important to also consider refining the typical approach to maximize impact. A good starting point in that regard is to build in a consideration of the role of “location” and “site location decision-making” implied by the motivations noted in the table above.

The process by which a company chooses to locate in another city, region or country varies amongst companies and sectors (e.g. some companies gradually establish operations in a new location, while others proceed directly to an investment).

The preeminent factors by which different locations are assessed and rated can be broken into the following general categories: (1) market characteristics (local and regional); (2) costs (including labor, transport and other inputs); (3) natural resources (availability and quality); (4) infrastructure; (5) policy framework; and (6) business support and promotion as provided by the community’s economic development agency and other agencies. Within the context of each of these factors, there are a number of considerations/indicators as illustrated in the chart below.

KEY FACTORS USED TO EVALUATE AN INVESTMENT LOCATION¹

Market

- Market size and per capita income
- Market growth
- Import barriers (tariff and non-tariff barriers)
- Access to regional and global markets
- Country-specific consumer preferences
- Competitive considerations (e.g. market share, pricing, entry barriers)

Cost

- Cost, quality, availability, and productivity of trained/trainable labour
- Costs of inputs, components, raw materials
- Transportation, communications, and utility costs
- Taxation, financing costs, foreign exchange access and availability
- Incentives and disincentives (e.g. performance requirements) for investment and trade

Natural Resources

- Availability of resources (e.g. oil/gas, minerals, raw materials, land, tourism resources)

Infrastructure Framework

- Physical infrastructure (e.g. ports, airports, roads, telecommunications)
- Technological and R&D infrastructure (e.g. research institutions, universities)
- Industrial infrastructure (e.g. subcontracting and business services, supplier industries, industry clusters)
- Educational infrastructure (e.g. schools, colleges, universities)

Policy Framework

- Economic, political, and social stability
- Private-sector orientation and privatization of state-owned enterprises
- Entry rules, guarantees, and incentives
- Structure and functioning of markets
- International agreements on trade and FDI; bilateral tax and trade policies
- General legal systems (e.g., intellectual property rights, competition and labor laws, tax administration, and regulations regarding business establishment)

Business Promotion & Support

- Availability of information and assistance
- Promotion (e.g. internal and external, targeting of investors)
- After-care services
- Administrative efficiency of economic development agency and other agencies

People

- Employee retention

¹ Source: Adapted from UNCTAD, 1999.

- Language barriers
- Education level of workforce
- Size of labour market

Industry Size and Agglomeration

- Concentration of like industries

Clearly the importance or relative weight afforded each of these factors to the final site location decision varies, according to the type, structure, motivation and scope of the proposed investment. For example, resource-seeking companies examine closely and weigh heavily the availability and quality of required natural resources at the outset. Other important factors, such as the community's basic infrastructure; economic, political, and social stability; and policy framework may also be evaluated. It should be noted however that in some cases while a positive rating on these additional considerations may be necessary conditions to the final site location decision, they may not be in and of themselves sufficient considerations in the final decision. This is an extremely important distinction to be made aware of when finalizing an investment attraction strategy and not surprisingly one that is often overlooked or underappreciated by new entrants in the investment attraction game.

2.2 Understanding the Supply Side of Inbound Investment

The supply side of the inbound investment equation is also an important determinant of the scope and magnitude of investment inflows and by implication the role that land plays in the broader economic development process. In fact it is usually the part of the equation that garners the most attention, though very seldom is the bridge between demand and supply adequately covered.

When considering supply side issues we normally think in terms of a community's "investment readiness". The chart below summarizes site location priorities of corporate decision-makers and those who work with them, translated into core investment readiness needs categories.

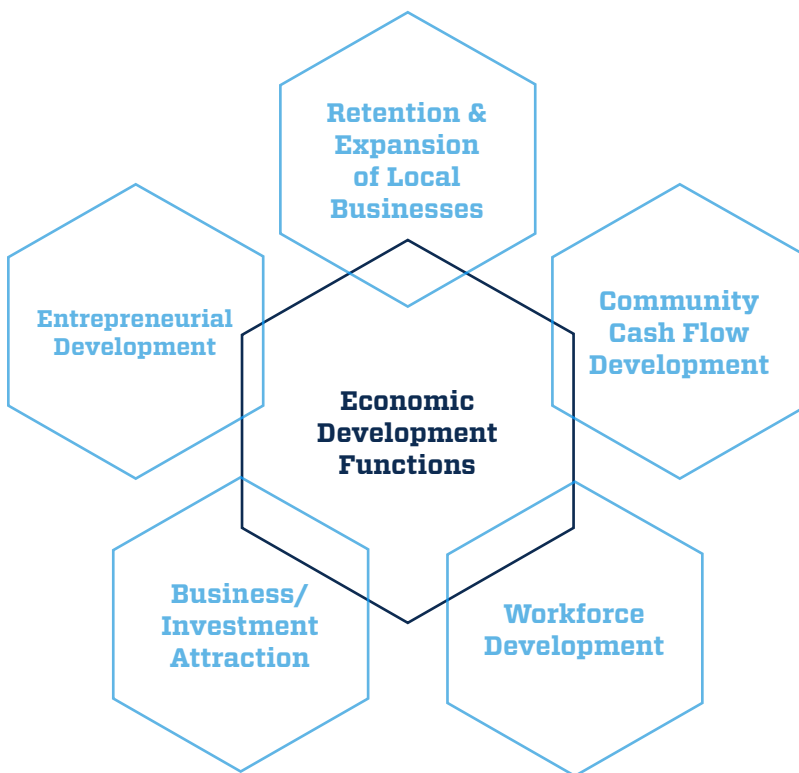
A solid occupational skills base matching industry.	Workforce: “skills pipeline” that prepares, (primary and secondary education) advances (post-secondary university and college), and renews (continuing education) skills to meet industry cluster and supplier needs.
Accessible technology solutions and value-added enterprises/suppliers.	Innovation: “innovation pipeline” that has strong linkages from research, to development to commercialization, and supports existing and helps form new enterprise.
<ul style="list-style-type: none"> • Access to capital beyond external money centers. • financial partners who know industry and match instruments. • shorter investment periods, fast and lean operations. 	Finance: “financial pipeline” that knows industry and share risks through every phase of development, from early-stage to restructuring.
<ul style="list-style-type: none"> • Logistics, energy costs, and bandwidth are key. • industrial parks or sites near customers, production sites, and suppliers. • well managed logistics infrastructure. • up-to-date telecommunications infrastructure is vital. • multi-modal system & industry parks with ready-to-go land. 	Infrastructure: regional and/or municipal capacity to provide mobility, support operations, and provide communication infrastructure for the economy.
<ul style="list-style-type: none"> • Affordable housing and healthcare for workforce and cultural resources. 	Quality of life: high-quality and affordable housing, healthcare, and recreation.
<ul style="list-style-type: none"> • No unpredictable delays and return on taxation. • regulation and taxes: efficiency and value, not levels, are key. 	Governance and taxes: amenable governance and tax laws to business, speedy and efficient regulatory procedures, and easy navigation through administrative procedures.
<ul style="list-style-type: none"> • Fast moving companies need one-stop-shop management of location or expansion decisions. • team is everything: integrated, synchronized regional and community management is essential (from vision to one-stop-services). • integrated regional partnership for development and marketing—avoid multiple voices. 	Marketing: region-wide coordination, distribution, and promotion of its economic assets to existing or expanding businesses, with a clear, current, and consistent message.
<ul style="list-style-type: none"> • Need supply chain partners for outsourcing. • mean time to produce is prime concern. • security is crucial at every level of input of production/ distribution. 	Economic collaboration: the coordinated clustering in the region of key exporting industries, their suppliers, and their economic inputs.

2.3 Some Final Thoughts

For many communities and regions around the world inbound investment is, if not the panacea to sustainable economic growth and development, at the very least a critical ingredient. However almost every country has at least one national investment promotion agency and several have sub-national development agencies whose primary purpose is to seek out, attract and capture the best available investment resources for their development area. Many municipalities in Canada are in the game either formally or informally. Competing successfully in an increasingly global business world requires a good understanding of both the demand and supply side of the inbound investment equation and an ability and commitment to develop strategies and policies that create a relevant environment for attraction.

2.3.1 Investment Attraction and Economic Development – A Perspective

In terms of economic development implementation there are usually five general components within the economic development process. While all components suggest an ongoing effort of sorts some are more short-term focused while others are longer term focused. Further because they are “typical” it should not be inferred that all of these broad categories imply equal weight or resource allocations; that these weights are consistent over time; or even that these activities are all present at any one time.



It should be pointed out that not all of these five functions are represented equally or wholly within a single LED effort or the mandate of an agency charged with the task of effecting local economic development. A brief overview of each function relative to application and financing follows:

Retention and Expansion Of Local Businesses (BRE)

There is sufficient evidence to support the contention that facilitating the development and growth of local businesses is fundamental to achieving strong local economies and as such is a key component of most LED efforts in Canada. However, retention and expansion efforts tend to be undervalued in terms of financing allocations often because they yield a less visible impact than other activities. When deemed a priority and with an absence of sufficient funding, LED agencies are limited by the range of services they might offer and are required to be very innovative in how they approach the broader issues of BRE program delivery.

A formal business retention and expansion program seeks to foster local economic development and retain investment by building relationships between local government and existing local enterprises in order to help local enterprises: (1) grow and become more competitive; and, (2) who are at risk to overcome difficulties. While it is easier to understand the importance of BRE activities in support of local enterprises who are major employers, research suggests that the value of BRE efforts targeting smaller and micro enterprises is a particularly effective LED approach. A strong BRE program ensures that the needs of local businesses are addressed. BRE programs are low-risk, positive community outreach activities.

Entrepreneurial Development

Entrepreneurship is the process of creating an idea and turning it into a profitable business. Entrepreneurial development is central to most LED efforts. Entrepreneurs act as catalytic agents in the process of economic growth and economic development, and more often than not, social change. Entrepreneurial activity creates jobs and new enterprises, diversifies opportunities, and accelerates the process of local economic development.

Within this core LED function municipalities typically employ a range of measures to encourage entrepreneurial development, such as efforts to provide entrepreneurs with the capital, training and technical assistance they need to start and grow their business.

Enterprises and entrepreneurs have been in the center stage of growth, transition and modernization since the days of the Industrial Revolution. In fact, in Canada entrepreneurship has been and is the catalyst that initiates and sustains the process of development. Unlike in the United States, much of the programming that supports entrepreneurial development in Canada has been retained within line Ministries (Provincial and Federal), Universities and Colleges, or other quasi LED agencies such as Community Futures Organizations, Young Entrepreneurs Associations, Women's Enterprise Centers. This means there is little or no interest nor financing available for traditional LED endeavors to directly support the entrepreneurial development process other than to focus on building a business/entrepreneur friendly environment, which in terms of financing usually implies programming predominantly along the lines of advocacy, improving the regulatory regime and selected pro-business policy changes.

Workforce Development

Integral to business growth and expansion is the availability of appropriately skilled labour, as this is a primary determinant of LED success and therefore a significant focus of any LED effort. Absence of a skilled labour supply and educational institutions or programs for workforce training stifle local economic development by jeopardizing business prosperity and survival and in doing so seriously impede new business start-ups, expansions and business/investment attraction.

Workforce development encompasses all of those efforts to enhance the skills and abilities of the local workforce including efforts to attract skilled labour as well as train individual citizens for specific jobs or industries. The goal of workforce training programs is to improve the quality and skill sets of individuals, to place them in jobs and help businesses/employers find an employee base in line with their needs. A good workforce development program, therefore, serves two customers: individuals and businesses/employers.

Today throughout Canada, in terms of facilitating sustainable economic development, a significant amount of time and money is being expended by Federal and Provincial governments on workforce development. In an increasingly competitive global economy, a skilled workforce is critical to competitiveness and sustainable economic growth and development. On a local level these workforce development efforts, while funded directly by the higher tiers of government are usually designed and implemented by a collaboration of agencies and partners including the private sector, vocational/educational institutions and various LED or quasi-LED agencies. It should be noted that in most cases the bulk of financing targets the recipients (individuals seeking training and the educational institutions that provide it) versus the agencies that initiate, design and develop the programming, e.g. LED authorities.

Community Cash Flow Development

The economic health of a municipality can become unstable if an imbalance develops between the amount of local income and wealth that leaves a municipality's economy (leakage), and the extent to which "new" dollars enter and are retained by the municipality's economy. This community or municipal cash flow crunch can be addressed by enhancing greater inflows or limiting leakage. In the matter of leakages, BRE and entrepreneurial development efforts can serve to diversify and broaden the local economy, thereby limiting some amount of leakage, i.e. fewer residents or businesses purchasing products/services from outside the municipality. In other instances, direct action is required to bring in new dollars either through business and investment attraction or other initiatives that serve to either broadly enhance municipal incomes (e.g. export promotion), offset municipal costs/expenditures (e.g. inter-municipal agreements for shared services) or improve the leverage and use of local resources (e.g. public private partnerships).

Community cash flow has become an increasingly important LED function, as it tends to attract a fair amount of financing (directly and indirectly). It should be noted that the effort to seek out and take advantage of innovative financing ideas implies a high level of financial skills at the local level.

Business/Investment Attraction

Business and investment attraction is often considered the main function of any local economic development effort despite the high costs and limited returns associated with marketing, investment attraction and site selection assistance. Regardless of its relative importance it is by far the most visible economic development activity because: the impact is clear and unequivocal - success involves creating a new enterprise and new jobs all at once; it is often the centerpiece of municipal marketing efforts and the process of recruitment frequently entails the use of incentives that certainly generate discussion and debate amongst existing enterprises and the public at large.

The benefits of success in business and investment attraction can be quite significant including: new capital brought into the municipality; new jobs; greater tax revenues for the local municipality; enhanced opportunities from technology transfer; improved

labour skills; improved exports; and improved international competitiveness of local firms. Of course this is not to say that FDI doesn't bring with it certain challenges and potential dis-benefits. Often identified issues include: (1) a concern for decisions made outside the municipality; (2) lack of positive linkages/integration with local community; (3) repatriation of profits outside the municipality; (4) economic growth at the cost of economic development; (5) lack of alignment with community's social agenda; (6) adverse competition with local enterprises; and so forth.

Municipalities with success in investment attraction stress the importance of attracting investors and enterprises based on municipal strengths. However BIA is a highly competitive discipline regardless of a municipality's unique offering, so the design and implementation of a concerted program of business attraction is important for success.

In practice, business and investment attraction is a science and an art. As a science, it requires a systematic approach to analyzing and articulating a location's strengths, evaluating, finding and attracting investors, and monitoring progress against quantitative goals. It also demands the creativity to assemble an operation, communicate a promotional message, adapt to market dynamics, manage within limited budgets, engage support among multiple constituencies and deliver a development outcome.

Clearly, as detailed above, the broad task of pursuing and fostering a conscientious program of sustainable economic development can encompass an array of functions and numerous activities. The mix of functions and activities vary by community, reflecting local priorities premised on an understanding of local circumstances and prospects (competitive advantage). Within this milieu of goals, actions, and activities investment attraction is often a core function within typical economic development efforts. In larger centers with significantly sized economic development resources, it is often a stand-alone effort, while in smaller communities it is usually embedded within a series of other economic development functions.

Lying behind the tag of being a typical or core economic development function, the task of identifying, strategizing, promoting and attracting investment is a multidimensional and highly competitive long term process. For smaller economic development functions, the process is not one which should be approached with anything less than a great deal of understanding and expertise; a substantive long term commitment; and the vision, capabilities and resources to do it right. Unfortunately in many instances these pre-requisites to success in the investment attraction arena are seldom found in smaller economic development agencies where budgets are limited; long term commitment (beyond ten years) is near impossible to find; and activities are highly politicized.

The point is that while investment attraction and the availability of suitables are important, the exercise should be a relevant part of and a net contributor to the broader economic development effort; and recognize that it is a highly competitive field demanding defensible positions of competitive/comparative advantage.

The following sections of our analyses on the land parcels are premised on this salient understanding of investment and investors.



3.0 City of Grand Forks Vision and Priorities - The Importance of Alignment

Planning is fundamental to every economic development effort. Every good plan starts with a vision. A vision describes an ideal picture for the community in 10 to 15 years, and sometimes 50 years, into the future. This vision or desired outcome guides the understanding of what is a critical development challenge and what is a development opportunity – to be managed, ameliorated or capitalized on. The vision is also fundamental to goal-setting, articulating objectives and dictating actions by providing the relevant context and understanding of what is important and what is desirable. Certainly understanding the City's vision and plan is key to a proper understanding of “... the best utilization of three municipal owned land parcels in an effort to act as a catalyst to further local economic development efforts...”

3.1 Vision, Values, Mission and Priorities (City of Grand Forks)

The City of Grand Forks as part of their strategic planning process undertook a SWOT analysis with Council and staff as a part of the broader effort to prepare a Strategic Plan for 2015-2019. This plan was prepared with the objective of providing a clear development direction for the City complete with specific key objectives.



Thriving Healthy Citizens of Grand Forks

The current City vision is:

“A Garden City Growing Opportunities within the Boundary Country.”

The current mission for the City is:

“The City of Grand Forks is committed to providing quality governance and excellent services that enhance and advance the quality of life for our community.”

The City's values are:

G - Growing responsibly

A - Accountability

R - Resilience

D - Diversity

E - Efficiency

N - Natural Beauty

C - Collaboration with Integrity

I - Innovation

T - Transparency

Y - Young at Heart

The following points, paraphrased, were amongst some of the more relevant (for our purposes) strategic action steps articulated within the Strategic Plan (emphasis added):

- City owned land is to be sold at **fair market value**
- The City should develop and implement a **communications strategy**
- Effort should be expended to **foster business relationships with surrounding communities**
- Encouragement should be given to **“Shop Local”**
- The City should continue to explore **partnerships**
- Support should be afforded economic development activities and specifically to **business retention & expansion**
- Economic development initiatives should be **aligned** with the City's financial policies
- Effort should be afforded promoting **cross sector industries** (business & people) to leverage market opportunities
- **Asset implementation & management** (infrastructure risk & prioritization) should be promoted
- The City should promote, encourage and consider innovative **sustainable development concepts**
- The City should seek to foster **stronger community stakeholder relationships**

Finally, in respect to the context of the City's core principles:

Fiscal Accountability:

- we will not sell our natural assets and infrastructure
- we will continue to proactively identify and plan for infrastructure repair and replacement

Economic Growth

- we foster a vibrant economic environment
- we are open yet disciplined in land development decisions
- we recognize the importance of a healthy town “core”

Community Engagement

- we encourage residents to participate in decision-making processes
- we enhance our regional dialogue, advocacy and collaboration
- we recognize our natural recreational amenities are valuable regional assets

Community Livability

- we continue to mitigate the impact of deer in our community
- we advocate for appropriate funding for our most vulnerable residents
- we support community initiatives that align with our strategic objectives
- we will continue our investment in arts, culture, sport and heritage in Grand Forks



4.0 Market Analysis² & Assessment

The prerequisite to success of any development undertaking is that it be credible and relevant. For this assignment, the challenge of being relevant implies a proper understanding of the context and circumstances in which the Grand Forks properties will be introduced. In this regard we have endeavoured to provide a summary and analysis of some key economic points as they pertain to the City of Grand Forks and its specific efforts to evaluate and identify possible economic and investment opportunities for land development.

4.1 Provincial Economic Context – British Columbia

British Columbia's economic well-being has rebounded significantly since 2011. The Province has enjoyed an especially enviable record of economic stability and performance over the past 5-6 years. By way of example in terms of economic growth, in 2016 BC led all other Canadian provinces with a 3.7% real GDP growth

² *The term market analysis as it is utilized over the next few pages, is used to identify untapped opportunities, refine the definition of the target market, confirm the features that most appeal to the target market, and develop a marketing strategy.*

rate. Employment in BC rose by 73,300 jobs in 2016, reaching a total of 2.38 million. Approximately 85.0% of these new jobs were generated in the service sector. As a further positive sign the unemployment rate in BC declined to 5.6% in May 2017.

British Columbia's strong economic performance was fueled by several factors including robust in-migration. In 2016, provincial population expanded by 58,000 residents pushing the total to 4.75 million. Population growth added further stimulus to an already healthy construction industry and other real estate related industries. This better than average economic performance was further propelled by a strengthening in the value of BC's exports. In 2016, BC's exports increased by 8.5% to \$39 billion. Softwood lumber, coal, and natural gas alone witnessed export values up 19.5 per cent, 33.2 per cent, and 44.4 per cent, to reach \$6.9 billion, \$4.2 billion, and \$2.1 billion respectively in 2016. The US market accounted for three-quarters of this gain, and lumber made up half of it. BC also saw a hike in the export value of aluminum, coal, and natural gas exports. Domestically, consumer spending in BC continued to swell in response to job creation and the wealth effect associated with rising housing prices.

Despite this prosperity provincial GDP is forecasted to drop from a high of 3.7 per cent in 2016, to 2.9 per cent in 2017, and 2.0 per cent in 2018. Some economic indicators specify future challenges. Trade and investment instability will continue to broadly impact most areas of the Province as will uncertainties in provincial and national economic policy as it pertains to business development. Persistent global challenges exacerbated by national, provincial and regional circumstances also imply future difficulties in a number of BC's industry sectors.

For areas including the City of Grand Forks it is important to note that the recent benefits of economic growth have not been distributed evenly across B.C. Only two of B.C.'s eight development regions experienced substantive economic growth: Southwest B.C (Metro Vancouver and area) and Vancouver Island/Coast. The tech sector boom in both regions, particularly in Southwest B.C., has attracted skilled workers and has aided economic growth and diversification, increased productivity, and job creation.

The low Canadian dollar will continue to fuel increased demand for B.C.'s softwood lumber (despite the impacts of the softwood lumber duty), coal, and natural gas. Exports are expected to remain steady this year due to improving commodity prices and minimal appreciation of the Canadian dollar. By the end of July 2017, the value of B.C.'s exports exceeded almost 20 per cent of year-to-date value in 2016. Increased activity in these industries will help to create new jobs. But US trade policy does pose some risk to BC's export sector. In addition, a slow rebound of mineral and energy prices are evident, which should further encourage mining and oil and gas activity to pick up.

In migration will remain a significant trend and will continue to generate employment in housing-related industries, such as construction and finance, insurance and real estate. As of April 2017, retail trade was up 7.1% over the same period in 2016, a trend that is expected to continue. Sales by provincial retailers, wholesalers, manufacturers and restaurants continue to grow briskly— these still lead the country in annual growth or rankings close to the top. BC's pool of investors and qualified workers in high technology will fuel growth in the information, communication, and technology industries, while the persistently weak Canadian dollar will support tourism and film industry production. Continued employment growth is expected in construction, resources, tourism, high technology, and services related to the housing market.

The following provides context on B.C.'s major industries:

Manufacturing:

Manufacturing includes all establishments that are primarily engaged in the physical or chemical transformation of raw materials or substances into new products. These products may be ready for final consumption or used for further processing and includes activities such as assembly, blending or finishing. Manufacturing processes vary considerably among industries. Some are labour intensive involving limited changes to materials used in production and in others the process is highly complex requiring extensive research and development to bring the product from conception to final form.

Until recently, manufacturing in BC outpaced the growth of most other sectors. With over 7,200 manufacturing establishments, the manufacturing sector in British Columbia contributed \$14.7 billion to the province's economy representing nearly seven percent of GDP. BC's manufacturing sector holds fourth place, both in terms of manufacturing output in Canada, and as the fourth-largest industry in BC. Wood products manufacturing remains the dominant manufacturing activity at approximately 24% of the entire sector's contribution. Other significant manufactured products in BC include paper (8%), and food products which are exported primarily to the US, China, Japan, and Western Europe. The manufacturing sector is a primary generator for growing B.C. exports, comprising 67 per cent of goods shipped. In 2015, manufacturing supported 13,000 jobs. China is the second- largest export market for BC agrifood. Top exports to China include fruits, seafood, and pork products. Non-resource manufacturing is a growing area, accounting for nearly \$9 billion in exports across more than 14 different industry sectors in 2014. The manufacturing sector accounts for 161,000 jobs in BC across all sectors.

Importantly, emerging trends in manufacturing's evolution have begun to alter the competitive landscape as it relates to any number of concerns including site location decisions as they relate to access to raw materials, communications/transportation, other infrastructure, human resources and the like.

Construction:

The outlook for the British Columbia construction industry and specifically the housing market is for starts and sales to moderate in 2017 and 2018 after witnessing a 30% surge in activity in 2016. Existing home prices will continue to grow but at a slower pace. Total housing starts are forecast between 32,000 and 34,300 units in 2017 and 29,700 to 32,000 units in 2018, compared to a projected 37,700 to 39,300 units in 2016. The housing sector's time as B.C.'s main growth driver is coming to an end. While provincial economic fundamentals are strong relative to the past and to other provinces, there is evidence of overheating, price acceleration and overvaluation in the Vancouver housing market which could impact the provincial outlook and by implication the prospects for residential development beyond the mainland. The forecast for 2017 and 2018 reflects increased uncertainty.

High Tech:

The high-tech sector is BC's fastest-growing industrial sector. In the past decade, BC's high-tech sector has seen its GDP grow at a faster rate than the province's average industrial aggregate. BC has three high-tech hubs, which are located in Metro Vancouver, Victoria, and Kelowna. Metro Vancouver is the largest of these hubs, home to three of Canada's four tech "unicorns" (start-ups valued at more than \$1 billion): Slack, Hootsuite, and Avigilon.

Tourism:

The Tourism Sector involves economic activity related to providing goods and services to tourists. BC Stats defines tourists as people “who travel to, or stay at, a place outside his/her usual environment for a period of no more than a year”. Tourists can travel either for business or for pleasure.

Within tourism, transportation-related services and accommodation and food services account for the largest shares of GDP. Transportation accounts for 36% of tourism's total GDP, while accommodation and food services make up 35%. Approximately 10% of the sector's GDP stems from retail activities, the remaining share is comprised of various other industries, such as travel agents, vehicle rentals, vacation rentals, and performing arts. Approximately half (51%) of the workers in the Tourism Sector are employed in accommodation & food services. Transportation industries account for the second largest share of direct tourism employment (24%), followed by retail trade (14%) and other services (11%). In 2015 (most recent statistics), the tourism industry generated \$15.7 billion in revenue, contributing more to provincial GDP than any other primary resource industry including oil & gas extraction, mining, forestry & logging, and agriculture & fish. The industry represents 18,938 tourism-related businesses, 127,700 employees and \$4.5 billion in wages and salaries. The tourism, film and television industries, benefitting from the weak Canadian dollar, posted rising levels of activity over the past couple of years. British Columbia's tourism industry had an exceptional year in 2016, with a total of 5,532,065 overnight international visitor arrivals to the province, including 3,620,975 visitors from the US, 1,200,481 from Asia Pacific, and 535,238 visitors from Europe. International visitor arrivals were up 12.3% over 2015. This means an additional 605,918 visitors from international markets arrived in BC in 2016 over the previous year.

The tourism sector is a significant determinant of economic well-being within many of British Columbia's regions and communities. It is an important influencer of the business and investment climate, i.e. “Tourism is increasingly being viewed as a catalyst for broader business and social development.”

Aerospace:

BC Aerospace Sector

- Advanced Manufacturing
- Aviation Training
- In-Service Support/Maintenance
Repair & Overhaul (ISS/MRO)
- Research & Development
- Space & Remote Sensing

The B.C. aerospace industry, representing more than 160 aerospace companies and Canada's third largest aerospace sector, employs more than 10,000 people and generates \$2.4 billion in revenues and \$1.3 billion in GDP. Nearly a quarter of all people working in air transportation in Canada are based in B.C.

Aerospace is a key component of the province's advanced manufacturing sector and has been highlighted as a key sector for growth. In BC there are over 160 companies active in the aerospace sector. Aircraft maintenance, repair and overhaul companies make up the majority of the local industry. B.C. also has leading companies in other sectors including: aircraft and component manufacturing; manufacture and repair of advanced metals and composite materials; research and development; defence electronics; satellite manufacture and ground tracking; space systems and remote sensing; environmental testing and certification services; logistics support to military forces; and, technical and flying training.

B.C. is well positioned as a major aerospace hub for the Pacific North West and is gaining global recognition. The province's proximity to growing Asian Pacific aerospace markets and to Boeing operations in Washington State are key advantages for B.C.'s aerospace companies.

Mining:

The mining industry in British Columbia recorded its highest net revenue since 2012. In 2016, net mining revenue was \$7.3 billion, up 16% from \$6.3 billion in 2015; the increase was due to both an increase in gross revenue and a decrease in costs for refining, freight and smelting. Gross mining revenue jumped almost 13% between 2015 and 2016, growing from \$7.7 billion to \$8.7 billion. Last year was still challenging because of volatility in global metal and mineral prices, but this seems to be changing. The number of jobs supported by B.C.'s mining sector grew in 2016, reaching 9,329 from 9,221 a year earlier. Commodity price volatility still remains a challenge for the sector, as does attracting more investment and keeping costs down. B.C.'s mining growth profile will strengthen over the next five years both in production and capital spending as the sector responds to strengthening prices.

Forestry:

The forest sector is still one of BC's most important economic engines. Critically, forest products are the largest source of export earnings for BC. And the industry is the economic backbone of dozens of communities all across the province. Accounting for nearly a quarter of all direct manufacturing employment in BC, the forestry industry supports 145,800 jobs, with annual revenue of \$15.7 billion. The industry consists of more than 7,000 businesses in BC – most of which are small businesses employing less than 20 employees – and is a major customer for BC's transportation industries. An estimated 14 million metric tonnes of forestry cargo is shipped through BC ports annually to more than 25 countries.

The forestry industry has been negatively affected by the mountain pine beetle, U.S. import duties, and forest fires. The ongoing softwood lumber trade negotiations are a risk for the sector and expected to cut growth after a strong 2016 performance. In 2016, exports of softwood lumber climbed more than 10 per cent, owing to 25 per cent more shipments to the U.S. and contributed to a four per cent increase - the highest level since 2007. While demand would normally rise with U.S. housing starts, the current softwood lumber dispute is negative for both capital investment and production.

Business and Investment Activity:

Capital investment in industrial, commercial, and institutional infrastructure generates long-term labour productivity, economic growth, and employment. Unfortunately one area that continued to underperform in British Columbia was business investment, which was reflected in a drop in non-residential building permits, and resource-oriented indicators such as mining exploration spending. Non-residential building investment in BC increased in the first two quarters of 2016 but then declined. Between the fourth quarter of 2015 (Q4 2015) and the fourth quarter of 2016 (Q4 2016), non-residential building investment decreased by 1.9% to \$1.41 billion. While BC's industrial and institutional investment decreased by 5.2% and 11.2% respectively, commercial investment grew by 2.9%. Challenging market conditions in several key economic sectors led to a number of closures and declines in investment and associated production.

Some final thoughts going forward:

1. The majority of provincial economic indicators point to positive economic growth in British Columbia which should translate to positive, local development in most regions. Such growth is typically not balanced throughout all communities within the province.
2. Employment growth will largely be driven by the construction industry, and service industries including business, building and support services, education, and healthcare. The influence of the housing sector will be less pronounced.
3. While BC's forecasted GDP growth rate is expected to slow down from its estimated 3.3% GDP growth rate in 2016, the province is expected to continue to be among the economic leaders in Canada for 2017.
4. Similar to recent years, household demand will underpin economic growth, driven by solid employment, labour income gains and population growth. Household demand remains the backbone of B.C.'s economy with consumer spending forecast to grow at a three per cent rate through 2019.
5. The mining and tourism sectors are expected to do well in the years ahead as well as aerospace and high-tech industries - the latter sectors though will have a locational bias (agglomeration and clustering pre-requisite) attributed to growth.

4.2 Regional and Local Context (Kootenay Region & The City of Grand Forks)

As above it is difficult to predict with any significant degree of accuracy the long-term economic outlook for British Columbia and its implications to the City of Grand Forks other than to say that the next three to five years are promising and as such lend some credibility to an outlook for positive growth and prosperity to the province as a whole with some spinoffs expected locally. Evidence of that is best illustrated in an assessment of regional economic prospects.

The Kootenay Region³ is home to British Columbia's largest coal fields. It has experienced mining exploration over the past few years and several coal mines are in the exploration and development phases in the region. This region is also home to the Trail lead-zinc smelter and refinery operations of Teck Cominco. The Kootenay area also has a large forestry industry. The manufacturing and technology sectors are being driven by the emerging metallurgical and recycling cluster. Silviculture activities also continue to grow in this region. The outdoor activities surrounding the growing tourism sector involve the local lakes and many provincial parks in the area. The Kootenay region also has several all-season resort facilities, some of which are currently undergoing expansion phases. Livestock and cattle raising, along with haymaking and fruit tree farming, comprise the agricultural activities in this area. The retirement community continues to grow, helping to expand the service sector. In aggregate the Kootenay Region has a relatively diverse economy comprised of activities in and/or associated with coal mining, primary metal manufacturing (lead and zinc), logging, forest products manufacturing, hydroelectricity generation, tourism, and agriculture.

³ Much of the regional data pertains to the broader Kootenay Economic Region encompassing the southeast corner of the province, between the Rocky Mountains to the east, the United States to the south and the Thompson-Okanagan region to the north and west. Cranbrook is the largest population centre in the region.

Over three percent of B.C.'s population lives in the region. According to the last census, the population was 146,264. The region had the highest median age of all the economic regions (46.9 years). Approximately 2.5 percent of B.C.'s service sector jobs and 4.4 percent of jobs in B.C.'s goods sector (agriculture, forestry, mining, oil and gas, fishing, hunting and trapping, utilities, construction and manufacturing) are present in the region. Around 32 percent of jobs in the region were in goods-producing sector industries, the second highest proportion of any of BC's economic regions.

The Kootenay Region faced economic challenges in 2016. Despite some relatively robust performance in forestry, mining, and tourism industries, employment declined overall by 2.3 per cent and drove total employment to a 12-year low of 67,400 jobs. As a result, unemployment increased for the third consecutive year, reaching 8.0 per cent, well above the provincial average of 6.0 per cent in 2016. Early indicators demonstrated a flattening out in 2017 indicative of a stronger regional economy with a more promising longer term upside. Aggregate employment is expected to grow by a very modest 7,000 jobs or 1.0% over the next 10 years.

Regional observations of note:

- 1.** Tourism activity in 2016 and 2017 within most Kootenay communities was up as a consequence a weak Canadian dollar and favourable weather conditions and increased numbers of border crossings.
- 2.** The region's coal mines, which account for most of Canada's coal production and exports, had a solid year in 2016 as a consequence of a rebound in prices. The near term outlook is also positive.
- 3.** The outlook for the forest sector is somewhat unclear. Kootenay forestry companies, who export almost exclusively to the U.S. market, will be more vulnerable as they may not have sufficient financial resources to sustain them over the course of the softwood lumber dispute.

Beyond the contextual framework of the Province and Kootenay Region, in respect to the City of Grand Forks and specifically in terms of commercial, industrial and economic development, there are a number of observations of note:

- 1.** The population has remained relatively static over the past 15 years, median incomes remain well below Provincial averages, and employment indicators (participation rates/unemployment rates) are less positive than provincial averages. While population stability is a promising sign versus a declining population, the past few years of provincial economic buoyancy have not translated proportionately to the City of Grand Forks despite the best efforts of the City to make things happen.
- 2.** Moving forward will be challenging. Positive growth will accrue from being more strategic and effective. Leveraging partnerships and collaborations are necessary to maximize reach.
- 3.** A focus on competitive and comparative⁴ advantage will also be critical and land development that seeks to build on economic advantage will be especially important.

⁴ A competitive advantage refers to an aspect a community has while a comparative advantage refers to an aspect that provides them with a benefit competitors in that same industry don't (or rarely) possess.

Population	2001	1,456	2,169	3,241	666	638	4,054	3,907,738
	2006	1,435	2,234	3,176	625	621	4,036	4,113,487
	2011	1,391	1,970	3,187	708	674	3,985	4,400,057
	2016	1,337	2,155	3,225	665	649	4,049	4,648,055
Yearly Avr Change in population 2001 - 2016		-0.5%	0.0%	-0.0%	0.0%	0.1%	0.0%	1.3%
Median Age 2016		58.6	53.3	55.4	60.5	60.2	55.1	43
Demographic profile	0 - 14 yrs	135	290	375	60	65	520	691,390
		10.1%	13.5%	11.6%	9.0%	10.0%	12.9%	14.9%
	15–44 yrs	270	560	710	105	115	1,520	1,751,920
		20.2%	26.0%	22.0%	15.8%	17.7%	37.5%	37.7%
	45 -65 yrs	470	785	1,180	245	210	665	1,355,760
		35.2%	36.4%	36.6%	36.8%	32.4%	16.4%	29.2%
	65 yrs +	465	520	960	260	260	1,345	848,985
		34.8%	24.1%	29.8%	39.1%	40.0%	33.3%	18.3%
Lone parent families 2016		55	60	95	30	30	225	197,940
Households 2016		635	640	1,435	345	295	1,865	1,881,970
Median Household Income 2011								
Median Household Income 2015		\$55,501	\$39,369	\$55,322	\$36,693	\$45,440	\$44,570	\$61,280
Incidence of low income (2016) and 5 yr % change from 2011		4.2%	13.9%	18.4%	6.8%	7.4%	7.2%	11.0%
Changes in median incomes – 5yrs								
Sources of Income:	Employment	51.7%	55.9%	58.9%	47.0%	50.3%	57.6%	70.8%
	Government Transfer	18.2%	22.2%	20.6%	35.0%	25.8%	23.0%	11.1%
	Other sources	30.1%	21.9%	20.5%	18.0%	24.9%	19.4%	18.1%
Labour Participation rate 2016		50.2%	60.9%	50.2%	37.5%	32.2%	50.5%	63.9%
Employment Rate 2016		45.1%	57.0%	47.5%	32.5%	29.6%	45.9%	59.6%
Unemployment rates 2016		10.2%	6.9%	4.9%	11.1%	8.1%	9.0%	6.7%

* includes Rock Creek, Bridesville, Westbridge, Christian Valley, Beaverdell, Carmi, Kettle Valley,

** includes Anaconda

*** includes Christina Lake and Cascade

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4.2.1 City of Grand Forks - Sector Analysis Housing, Industrial and Commercial Property Development

Based on a range of statistics and analyses including activity levels within the region (trade area) the outlook for residential property as it pertains to analyzing the possibilities within the City of Grand Forks is considered moderate to positive.

Demand for housing is generated by households, families and individuals seeking to secure suitable accommodation. In the case of non-residential development, industrial and commercial lands wishing to relocate or expand business and new investments generate demand level. Both categories of land demand are typically represented by an aggregate measure of the value, quantity and/or type of housing which households wish to and are able to buy or rent at a single point in time. Housing choice (the nature of demand) is a response to an extremely complex set of economic, social, and psychological impulses. The nature of the demand for housing is largely a reflection of the demand for those distinct benefits conveyed by the accommodation. These include: (1) the physical attributes of the house such as number of rooms and size; (2) the attributes of the community in which the house is located including its demography and socio-economic circumstance; (3) the proximity of the house to amenities, work, and services; and (4) the price.

In order to conduct an objective analysis of the housing real-estate market the consulting team reviewed month-to-month and annual totals for the past five (5) years (2013 to October 2017) of historical MLS data (see Appendix).

4.2.1.1 Residential Demand Considerations

In arriving at a robust, comprehensive and credible estimate of the demand for residential housing and how that demand might play out or relate specifically to the City of Grand Forks properties, a number of factors must be considered. All of these factors are broadly focused on: defining who the initial investor and ultimately who the end customer might be; determining how many customers there are, and where they are located; and what specific needs, desires and appetite they have to purchase any of a range of different typologies of housing. Then with this as a base, it is important to establish and set out a balanced market assessment in respect to the following housing typologies: 1) ¾ plexes, 2) apartments, 3) townhouses, 4) multi-family dwellings, 5) detached houses, and 6) raw lots. This information and analysis will serve to confirm demand levels of the residential component(s) of the proposed project.

The realities of the City-owned properties suggest that there will be a lag between the analyses thru to land development, construction and having product on the market for sale. The time between these development aspects is uncertain. Nonetheless, it is important for the analysis to recognize that while current market activity is important it needs to be recognized that the City of Grand Forks as the land owner will not be the developer and at present that while there are some interests in the market, there is not an investor in the position to place product on the market. Unlike industrial/commercial land development where demand and supply variations are less spontaneous the analysis of residential demand and supply is best approached by considering trending indicators.

The trade area (through MLS) encompasses three markets 1) City of Grand Forks, 2) Grand Forks Rural and 3) Grand Forks Rural West. Summary tables for each geographic market by housing product category are located in **APPENDIX 1**.

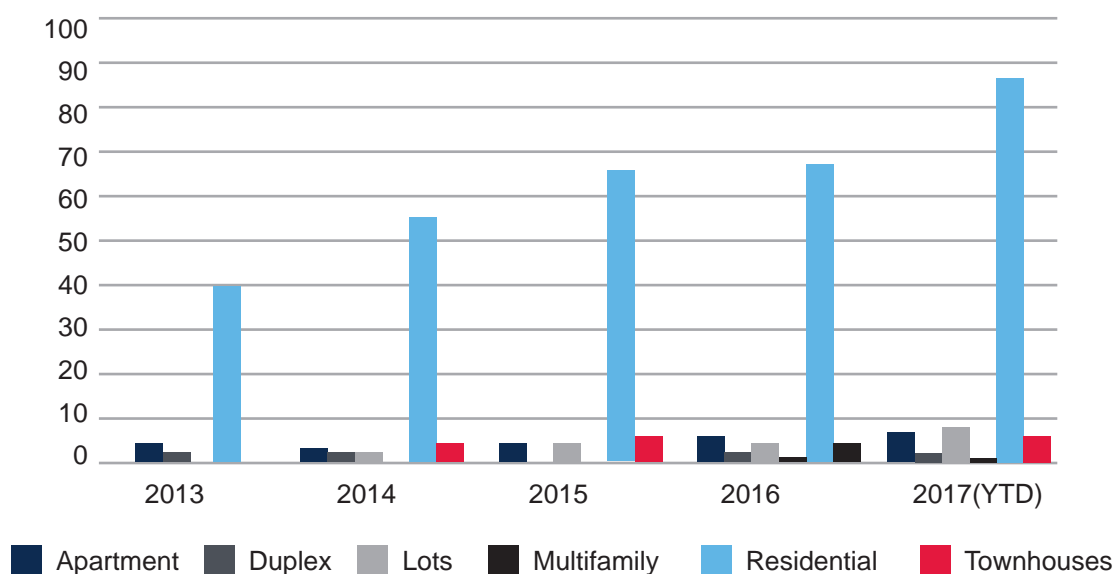
Market activity observations of note:

Over the past five years, the total residential (all products) totaled of 545 units of which 450 were detached housing units. 2017 was the strongest year of the past five years with 125 sales well over the annual average of 91 units. Over the past three years there is a trend towards the demand and acceptance of high density residential, such as apartments, townhouses, or duplexes

Within the City of Grand Forks, the trends of particular interest are:

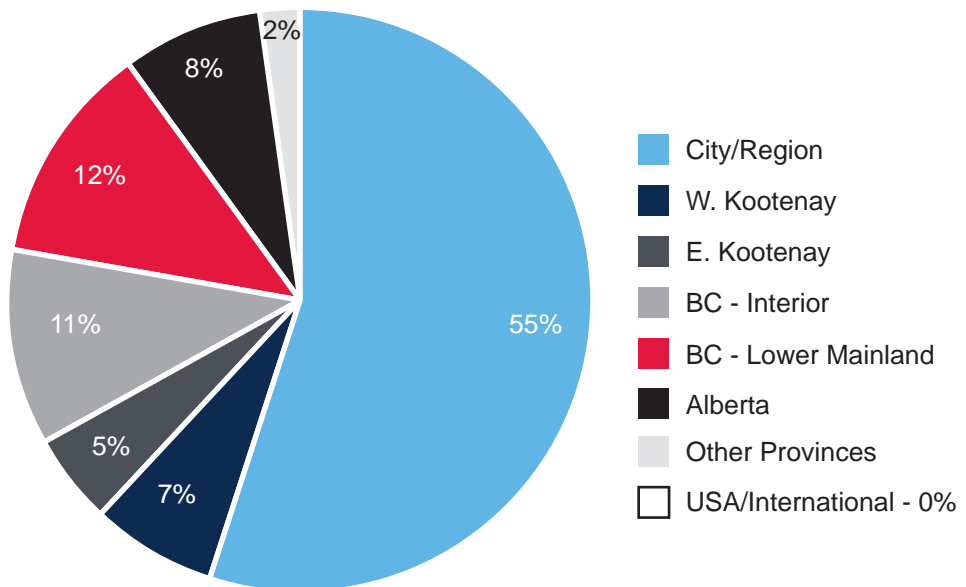
- The City market represents 69.5% of total residential sales over the past five years .
- Inventory within the City spends less DOM (Days on Market) than other regions of the trade area reflecting a more active market and attractive investment market.
- While the DOM is shorter (by and large) in the City of Grand Forks it is considered to be a semi active market.
- DOM impacts the sales price on products with inventory experiencing long durations on the market it becomes a 'buyers market'. In which the buyer has the negotiating power.
- The most active product is detached residential dwarfing the next product category of lots.
- Townhouses and apartments have shown an increase in sales.

Product Sale by Year



- While the most significant source of buyers are from within the Boundary Region at 55% there is still strong influence on the market demands from outside of the region at 45%.
- Of the 45% of buyers from outside the region the most significant sources were BC Lower Mainland (12%), BC Interior (11%) and Alberta (8%). See the below graph for full representation of list of buyer origins.

Grand Forks Buyer Origin 2014



- It must be taken into consideration that the above data is based on MLS activity and while this is considered to represent the largest portion of activity there would have been transitions that were not facilitated through MLS and therefore data would not have been available.
- Market information by itself is imperfect. It successfully speaks to some aspects of demand and supply but not all. It measures activity (sales and supply levels), which is reflective of a matching of supply and demand, however it often lacks the ability to fully provide insight to the full range consumer demands. Often there is inventory that is placed onto a market that is either mispriced (often too high) or lacking in desirable quality. There is inventory within the City trade area that suggests sufficient supply but lacks the characteristics demanded by consumers.

4.2.1.2 Commercial Demand Considerations

On a broad generalized basis the outlook for commercial property in the City of Grand Forks and in its larger trade area is considered optimistic. The broad economic picture for the region is encouraging and the City's downtown core has experienced a spike in absorption of retail space.

The trade area (through MLS) is divided into three markets City of Grand Forks, Grand Forks Rural and Grand Forks Rural West. There are two product categories that determine the level of demands 1) business sales and 2) commercial sales.

Summary tables for each geographic market as well as product category are included in **APPENDIX 2**.

Market activity observations of note:

- Over the past five years the total activity levels via MLS have been a total of 8 businesses averaging at 2 businesses per year and a total of 20 transactions of commercial premises for an annual average of 4 units.
- While there were active inventory available in the Grand Forks Rural West market there were no sales.

- It must be taken into consideration that the above data is based on MLS activity and there would have been transitions of both businesses and leases that were not facilitated through MLS.
- Market information by itself is imperfect. It successfully speaks to some aspects of demand and supply but not all. It measures activity (sales and supply levels), which is reflective of a matching of supply and demands however it often lacks the ability to fully provide insight to the full range consumer demands. Said another way often there is inventory that is placed onto a market that is either mispriced (often too high) or lacked in desirable quality and makeup. There is inventory within the City of Grand Forks trade area that suggest there is sufficient supply but lacks the characteristics that are demanded by consumers.



5.0 Site Analyses

Site analysis is much more than simply mapping the land parcel characteristics, it is an essential input that guides a development concept.

Site analysis is context sensitive focussing on conditions, capacity, compatibility and costs, as defined as follows:

Conditions

Physiographic constraints are particularly important considerations in site selection. Depending on the desired uses of the site, these constraints can affect the project's social and environmental impacts, and its functional or land use feasibility in addition to the costs for construction, maintenance, and operation. Depending on the investor's needs, physiographic constraints may significantly add to or detract from competitive advantage.

Capacity

Significant site and contextual conditions are design determinants that shape, or inform, the development of sustainable site plans. Design determinants include on-site (intrinsic) and off-site (extrinsic) factors. A thorough site and contextual analysis identifies important design or form determinants for any given project. Design determinants provide the basis for organizing and articulating the development concept.

Compatibility (context-sensitivity)

Understanding of the site contextual attributes determine suitability and feasibility considering proposed uses, existing on-site and off-site conditions, requirements for permitting and approvals, and so forth.

Costs

The financing of a project involves the arrangement of adequate funds to pay for the development and operation of a clearly defined project. The structure and timing of financial provisions may impose certain constraints on the project, and by implication its relative attractiveness to individual investors.

An important outcome within the context of this assignment is to establish within an individualized “inventory” of the three respective land parcels their unique opportunities and constraints specific to land use opportunities supported by community need and market conditions. To this end it is important to have a thorough understanding of each site’s physical form, surrounding character, and context. This is a critical task as across the urban-rural continuum, land parcels vary by character and opportunity.

The following considerations were especially important in preparing individual land inventories: (1) spatial and socio-economic integration; (2) development flexibility as it pertains to urbanity and variety; (3) opportunity maximization as it pertains to location and topography; and, (4) linkages and land use integration in support of the urban framework.

5.1 Site 1 Highway Commercial

5.1.1 Site Attributes

Site 1 is bounded by Hwy 3 and 25th Street with southerly frontage on 72nd Ave. Sanitary sewer currently runs along the southern boundary of the site. The sewer is not on 72nd Ave. but in a ROW within the property. The sanitary sewer is labelled CT (vitrified clay tile). Clay tile pipe has not been used for over 30 years because of the short lengths and numerous joints. These joints tend to result in high infiltration. If the site is to be developed, it is suggested that the clay tile pipe be replaced with PVC pipe.

Domestic water is available from a 150 mm diameter main on 25th Street. The watermain is Asbestos Cement pipe (used extensively in the 1970s) and is sufficient for domestic demands. Prior to development, the water system hydraulic model should be checked to determine the available fire flow on 25th Street.

5.1.2 Municipal Regulations

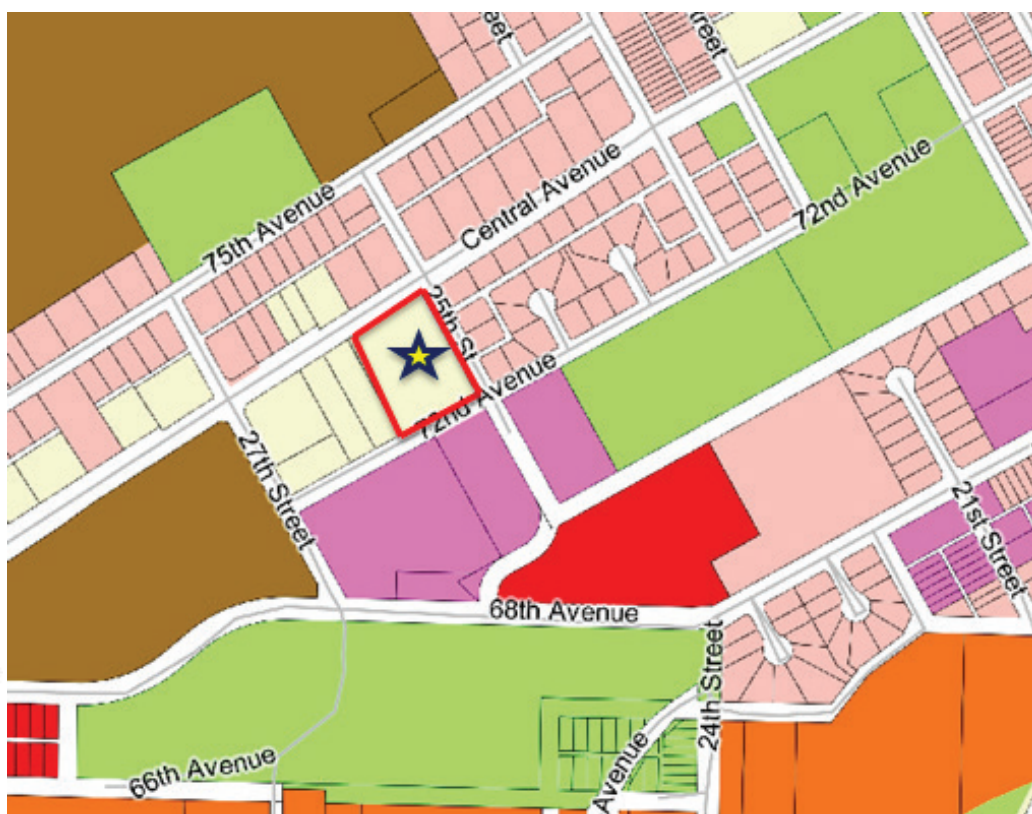
5.1.2.1 Zoning Bylaw No. 1606

The subject lands are zoned the Highway Commercial (HC) zone, with frontage on Central Avenue, 25th Street, and 72nd Avenue. The zoning of surrounding parcels is as follows:

- North: Single & Two Family Residential 1 (R1) and Highway Commercial (HC)
- South: Multi-Family Residential (R3)
- East: Single & Two Family Residential (R1)
- West: Highway Commercial (HC)

The lands are 1.1 hectares in size and are currently vacant.

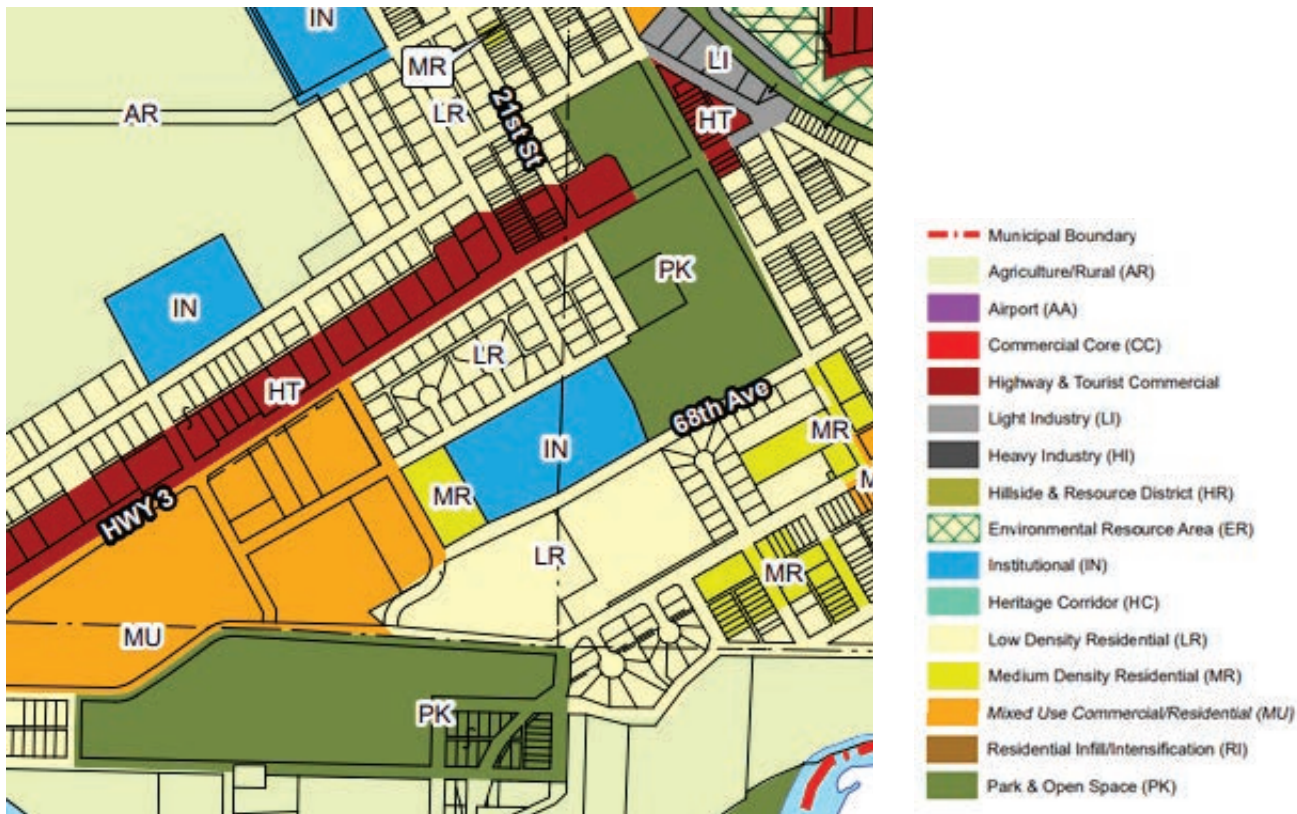
- R1 - Single & Two Family Residential 1
- R1A - Single Family Residential 1A
- R2 - Small Lot Residential 2
- R3 - Multi-Family Residential 3
- R3A - Multi-Family Residential 3A
- R4 - Rural Residential 4
- R4A - Rural Residential 4A
- R5 - Mobile Home Park Residential 5
- CC - Core Commercial
- NC - Neighbourhood Commercial
- HC - Highway Commercial
- TC - Tourist Commercial
- AUC - Adaptive Use Commercial
- AP - Airport Industrial
- I1 - Light Industrial 1
- I2 - General Industrial 2
- I3 - Value Added Industrial 3
- I4 - Gravel/Mineral Processing Industrial 4
- Landfill
- CU - Community Use
- Foreshore
- Utility



Parcel	L A DL 520 Similkameen Division Yale District PL KAP83258
Parcel Size	1.1 ha (2.7 ac)
Current Zoning	Highway Commercial (HC)
Permitted Uses	<ul style="list-style-type: none"> • Hotels or motels • Restaurants • Automobile sales and parts supply, service stations • Convenience stores including gas bars • Car wash establishments • Retail sales establishments • Liquor licensed premises • Animal hospitals • Building supply establishments • Offices • Tool and equipment rental establishments <p>Accessory uses:</p> <ul style="list-style-type: none"> • A dwelling unit contained within the permitted uses
Min. Parcel Size	n/a, parcels must be connected to a community sewage and water system
Max. Lot Area Coverage	Principal building with all accessory buildings and structure – 50%
Max. Height	12 m

5.1.2.2 Sustainable Community Plan Bylaw No. 1919

The subject lands are designated as Mixed Use Commercial/Residential and are included within the Commercial Development Permit Area. Upon any development of the parcel, a development permit will be required to ensure the compatibility of proposed uses within the existing neighbourhood and surrounding uses. The Mixed Use Commercial/Residential designation anticipates higher and better uses than what the existing zoning of Highway Commercial can provide.



Site 1 - Highway Commercial Sustainable Community Plan Overview.

Land Use Designation	Mixed Use Commercial/Residential (s. 3.1)
Purpose	Includes a variety of residential, commercial and institutional developments. Results in a range of mixed-use neighbourhoods as well as single-use neighbourhoods.
Development Permit Area	General Commercial (s. 14.4)
Purpose	For commercial development in the Highway area, special considerations are required to present the visual image of the community in a positive way and ensure compatibility between residential areas and commercial development.

5.1.3 Build Out Possibilities

5.1.3.1 Zoning Recommendation

A rezoning from the existing Highway Commercial (HC) to Core Commercial (CC) would be ideal. The subject lands are within the Mixed Use Commercial/Residential land use designation and are surrounded by lands designated as Low Density Residential to the east, Highway & Tourist Commercial to the north, and Mixed Use Commercial/Residential to the west and south. The existing Highway Commercial zoning promotes more auto-oriented uses that are less desirable for Mixed Use centres. A rezoning to the Core Commercial zone would allow for the provision of more retail- and service-oriented uses, which are more compatible with adjacent residential uses and those provided on upper floors of new development.

The regulations of the Core Commercial (CC) Zone are as follows:

Core Commercial Zoning Regulations

Permitted Uses	<ul style="list-style-type: none">• Wholesale establishments• Retail establishments• Restaurants and/or liquor licensed premises• Professional offices and offices• Medical and dental clinics• Personal service establishments• Clubs, lodges and similar fraternal organizations• Indoor entertainment facilities• Bus depots• Taxi stands• Financial institutions• Hotels and motels• Post office• Theatres• Animal hospitals <p>Accessory uses:</p> <ul style="list-style-type: none">• Dwelling units contained within the above permitted uses
Min. Parcel Size	n/a, parcels must be connected to community sewer and water
Max. Lot Area Coverage	<ul style="list-style-type: none">• Principal building with all accessory buildings and structures, with approved fire retardant walls: 100%• Without approved fire retardant walls: 80%
No. of Dwelling Units	Not more than 30% shall be used for apartments
Max. Height	12 m (40 ft)

5.1.3.2 Potential Build Out

There are two potential build out scenarios for the subject lands which depend on whether the existing zoning remains in place or is amended. If the property is rezoned, there is higher potential for increased density and a wider range of uses as residential development can be incorporated into the site.

Scenario 1 - Existing Zoning

Parcel Size (sq. ft.)	118,403
Lot Coverage	50%
Area – Permitted Coverage (sq. ft.)	59,202
Estimated Developable Area (sq. ft.)	50,321
Height (m)	12
Estimated No. of Storeys	2.5
Estimated GFA (sq. ft.)	125,803
Notes	Based on solely commercial uses

Scenario 2 - Recommended Zoning

Parcel Size (sq. ft.)	118,403
Lot Coverage	80%
Area – Permitted Coverage (sq. ft.)	94,722
Estimated Developable Area (sq. ft.)	80,514
Height (m)	12
Estimated No. of Storeys	3
Estimated GFA (sq. ft.)	241,542
Notes	Max. 30% of entire development to be allocated to residential uses. Anticipated that first two floors to be used for commercial space and remaining floor for residential space if full build out.

5.1.4 Market Assessment at a Glance

The market attractiveness of municipal owned lands and in particular the site identified designated for Highway Commercial purposes is considered **moderate for the next 3-5 years**. This assessment of risk is based on the following assessment of key factors that drive development:

Market

Population	The City of Grand Forks has a relatively static, older population. Resident biased activities will be limited though those enterprises capitalizing on both resident and tourism traffic (location along the highway) and/or unique service/product offerings will be better positioned for success.	Moderate
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Personal Incomes	Median household incomes are significantly less than the provincial average (\$44,570 versus \$61,280). Disposable incomes are also significantly less. A resident market orientation will be limited in service/product offerings unless products are also unique or cheaper substitutes. Export or tourism markets offer possibilities. With a lower Canadian dollar, cross border traffic will continue to fuel visitation.	Low to Moderate
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Cost

Market Activity	Absorption rates within the area over the past seven years have averaged at 13.4%.	Moderate to High
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Mortgage Rates	Mortgage rates are expected to remain low in comparison to historical rates. Recent evidence suggests some moderate increases in interest rates will accrue within the next 12 months.	Moderate to High
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Sales Price	Sales prices for comparable properties appear to be somewhere in the neighbourhood of \$700k's to \$800k's . There is a significant price differential from other "competing" markets suggesting a significant price advantage..	High
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Infrastructure Framework

KEY FACTORS TO EVALUATE AN INVESTMENT ATTRACTIVENESS

Supply existing and forecasted	While some properties are available these sites are located in a very attractive/desirable area close to the downtown and recreational/ green space along the river.	High
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Zoning	The City of Grand Fork's has clear and a willingness to develop zoning and policies that would foster investment that enhances the community.	Moderate to High
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Business Promotion & Support

Promotion	The City has an Economic Development function and a team that provides assistance to potential investors.	Moderate
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Business Support	There are commercial lenders in town and the presence of a Community Futures which services business needs (lending and capacity).	Moderate
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People (Access to Labour)

Employment	The City of Grand Forks has a relatively low labour force participation rate of 50.5% and relatively high unemployment rates – approximately 9.0%. Skills and Education are somewhat less than provincial averages. Employment costs for new enterprises requiring unskilled or semiskilled workers would suggest a competitive advantage.	Moderate to High
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Industry Size and Agglomeration (Concentration of Like Industries)

Commercial Mix	There is a diverse array of commercial enterprises and product/service offerings. The downtown is showing some revitalization and has some available vacant space which will take away from a resident biased competitor along the highway, again depending on offering.	Moderate
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Evaluation Considerations/Comments:

- The City of Grand Forks is a resilient community. Population has remained static through economically-difficult periods as much as through the recent era of provincial prosperity. The City faces the challenge of whether it can grow and prosper sufficiently to support a growing commercial base or if expansions will come at the cost of existing enterprises. Many of the preconditions to success are in place: strong leadership, focussed economic development effort, business friendly

approach, a commitment to development partnerships and so forth. Commercial development as proposed is a well positioned step forward, especially where the impetus is to broaden commercial offerings rather than replace.

- Within the broader landscape of in-migration to the Province and other regions it is only a matter of time before the ripple effects from in-migration elsewhere begin to evidence themselves within the City of Grand Forks. These changes will positively impact commercial enterprise development and viability.
- Clearly the City of Grand Forks has endured some challenging economic times. That these challenges have persisted as long or as deeply as they have is at best unfortunate. That said, substantive positive change, including growth that builds on Provincial and regional well-being, will not come without some well thought out, focussed and long-term committed effort. Long term commitment, especially as it relates to investment attraction, is an onerous responsibility and all too often subject to the short term whims of election cycles and budgetary realignments. Commercial development is a mid-term to long-term play that requires some expectations of certainty and optimism to be fully realized.

5.2 Site 2 Airport Industrial

5.2.1 Site Attributes

The airport has terminal facilities, as well as offering aircraft fuel (Jet A and Avgas) for sale. There is a part time attendant to assist your needs, with just a quick phone call. Airport facilities include a 4,300 foot runway, with two taxiways and aprons. A non-directional beacon (NDB) is located east of Taxiway B. In 1998, the City of Grand Forks undertook an airport upgrading project that equipped the airport with 24 airport landing lights, providing 24 hour access for MEDIVAC emergency night flights making it the only one of its category (Transport Canada Registered Aerodrome) between Kelowna and Cranbrook. The City owns and operates an airport located on 2nd Street at the most south-easterly corner of the municipality.

There are presently numerous private aircraft hangars located on City-owned property under lease agreements. There is available space for more hangars and the City will entertain new construction while space remains available.

This site does not have sewer service available and the distance to the wastewater treatment plant makes it prohibitive to install a sewer main. The potential uses on this site would therefore be limited to industries that have low sewage generation where sewage would be handled by an on-site system with ground disposal. Any planned development must allow sufficient room for a septic tank system and a subsurface disposal field. Soils and permeability testing would be required prior to preparation of the development concept.

A 100mm diameter water service extends to the main airport building. The line originates as a 200 mm diameter on 2nd St, but changes to 100 mm diameter part way. The size of this service is not adequate for fire protection. A previous analysis shows that the 200 mm diameter main must be replaced with a 300 mm diameter main from Richmond Ave., along 2nd Street and through the airport access road up to the boundary of the industrial lot in order to provide fire flow for industrial uses in accordance with the City Bylaw.

5.2.2 Municipal Regulations

5.2.2.1 Zoning Bylaw No. 1606

The subject lands are zoned the Airport Industrial (AP) zone, each with frontage onto Birch Road, which falls within the jurisdiction of the Regional District of Kootenay Boundary. The zoning of all surrounding parcels is Airport Industrial (AP). The lands are currently vacant and are 1.77 hectares in size.

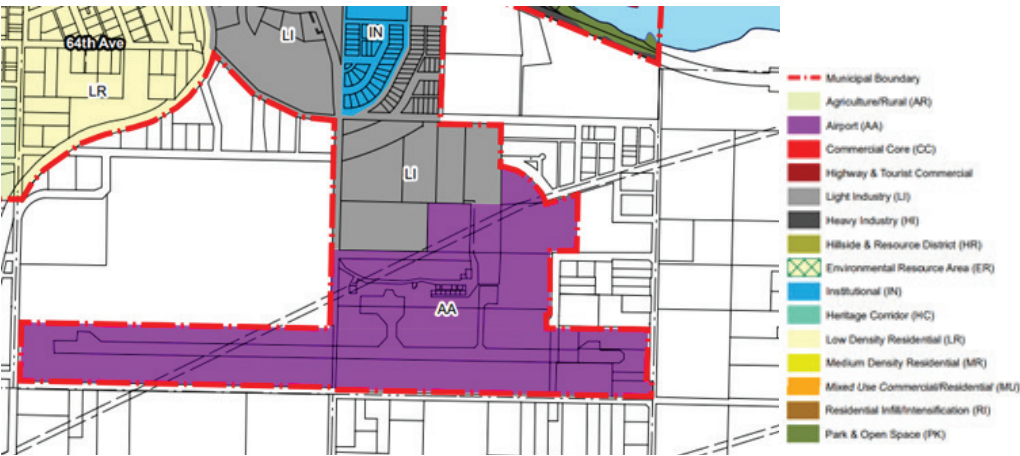


Site 2 Zoning Regulations

Parcel	Lot A, DL 534, Similkameen Division Yale District Plan EPP46274
Parcel Size	1.79 ha (4.4 ac)
Current Zoning	Airport Industrial (AP)
Permitted Uses	<ul style="list-style-type: none"> • Warehousing, cartage, express, and freight • Aircraft maintenance and repair facilities • Bulk aviation gas operations • Air terminal buildings, car rental agencies and aircraft runways • Manufacturing facilities • Machine shops • Restaurants • Watchman's quarters • Retail sales, secondary to the airport use • Fire suppression base
Min. Parcel Size	n/a
Max. Lot Area Coverage	Principal building with all accessory buildings and structures – 60%
Max. Height	10 m (30 ft)

5.2.2.2 Sustainable Community Plan Bylaw No. 1919

The subject lands are designated as Airport and are not located within any development permit areas. The Airport designation is compatible with the existing zoning of Airport Industrial as both permit supplementary commercial airport uses.



SCP Designation Regulations

Land Use Designation	Airport (s. 3.1)
Purpose	Includes the airport, airport runway and adjacent limited agricultural lands. Development may include airport commercial uses and residential dwellings in conjunction with airport commercial uses.

5.2.3 Build Out Possibilities

The current zoning does not permit residential uses beyond one unit, however residential dwellings are encouraged within the existing land use designation. A site-specific text amendment to permit the provision of residential units above commercial uses such as in the Core Commercial (CC) zone may be considered to better maximize build out of the site.

Site 2 - Development Potential.

Parcel Size (sq. ft.)	192,674
Lot Coverage	60%
Area – Permitted Coverage (sq. ft.)	115,604
Estimated Developable Area (sq. ft.)	98,264

Height (m)	10
Estimated No. of Storeys	2
Estimated GFA (sq. ft.)	294,791
Notes	Based on two storey commercial development (could fit more than one building on the site)

5.2.4 Market Assessment at a Glance

The market attractiveness of Airport Industrial site is considered **moderate to high for the next 3-5 years**. This assessment of risk is based on the following assessment of key factors that drive development:

KEY FACTORS TO EVALUATE AN INVESTMENT ATTRACTIVENESS		
Market		
Population	The City of Grand Forks has a relatively static, older population. Resident biased activities will be limited and likely export markets (out of region) offer the greatest potential for products produced.	Moderate
Cost		
Market Activity	Absorption rates within the area over the past seven years have averaged at 13.4%.	Moderate to High
Mortgage Rates	Mortgage rates are expected to remain low in comparison to historical rates. Recent evidence suggests some moderate increases in interest rates will accrue within the next 12 months.	Moderate
Sales Price	There are no directly sustainable products in which a fair market value assessment can be conducted an. Therefore there is a high degree of uncertainty with pricing.	Low to Moderate
Infrastructure Framework		

KEY FACTORS TO EVALUATE AN INVESTMENT ATTRACTIVENESS

Supply existing and forecasted	Some comparable properties are available and there are good upside possibilities for development given the size of the property, servicing, and location (proximity of the site to external markets including US border). Existing services in terms of airport runway, though limited, provide a competitive advantage where small flights/charters are a requirement)	Moderate
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Policy Framework

Zoning	The City of Grand Fork's has clear and a willingness to develop zoning and policies that would foster investment that enhances the community.	Moderate to high
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Business Promotion & Support

Promotion	The City has an Economic Development function and a team that provides assistance to potential investors.	Moderate
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Business Support	There are commercial lenders in town and the presence of a Community Futures which services business needs (lending and capacity).	Moderate
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People (Access to Labour)

Personal Incomes	Median household incomes are significantly less than the provincial average (\$44,570 versus \$61,280), resulting in an affordable labour market.	Moderate to High
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KEY FACTORS TO EVALUATE AN INVESTMENT ATTRACTIVENESS

Employment	The City of Grand Forks has a relatively low labour force participation rate of 50.5% and relatively high unemployment rates – approximately 9.0%. Skills and Education levels are somewhat less than provincial averages. Employment costs for new enterprises requiring unskilled or semiskilled workers would suggest a competitive advantage.	High
Industry Size and Agglomeration (Concentration of Like Industries)		
Industrial Mix	There is a limited range of industrial development enterprises within the City and Region. As such the range of necessary agglomeration and cluster advantages is limited.	Low to Moderate
Mix of Similar Businesses	There are limited number of industrial business within the area that are either directly or indirectly players within the aviation industry.	Low to Moderate

Evaluation Considerations/Comments:

- The City of Grand Forks is a resilient community. Population has remained static through economically difficult periods as much as through the recent era of provincial prosperity. Many of the preconditions to success are in place: strong leadership, focussed economic development effort, business friendly approach, a commitment to development partnerships and so forth. Incremental industrial development as proposed is a reasonable and well positioned step forward.
- Within the broader landscape of in-migration to the Province and other regions it is only a matter of time before some proportion of this in-migration evidences itself within the Grand Forks market. These changes, if properly accommodated, will positively impact enterprise and development viability.
- The City of Grand Forks has endured some challenging economic times over the past 15 to 20 years. Positive change, including growth that builds on Provincial and regional well-being, will not come without some well thought out, focussed and long-term committed effort. Long term commitment, especially as it relates to investment attraction, is an onerous responsibility and all too often subject to the short term whims of election cycles and budgetary realignments. Industrial development is a long-term play that requires expectations of certainty and optimism to be fully maximized.

6.0 Recommendations

The following recommendations are strong in that we believe the majority of economic development professionals would choose similar activities in consideration of Grand Forks's context. In these cases, we feel that it is very clear the benefits clearly outweigh the costs of either doing nothing, doing something else, or simply doing the wrong thing. That said, some of the recommendations are relevant to specific development methodologies and best practices and as such may require further discussion. In this regard we would suggest reference to the text within the report. Alternatively, we propose to make ourselves available to the City for further discussions where required.

6.1 Process to Recommendations

We have used a series of “best fit” considerations to evaluate the various possibilities for development on each of the designated properties. These have included, but not been limited to, those relevant within the following:

- compatibility with existing site characteristics ;
- compatibility with community strategic priorities;
- market attractiveness affirms potential as being positive;
- municipal capital investment required is the best value for money;
- timing of proposed development (immediate versus long-term) is compatible with goals of the OCP ;
- employment opportunities are created;
- social & lifestyle benefits are provided by the development;
- development diversifies the local economic base;
- development retains/strengthens the local economic base;
- development increases/preserves the local tax base;
- development complements existing businesses;
- development has minimal impacts on community resources (capacity and human resources);
- development builds on and supports the importance of a healthy town “core”;
- considers and affirms that natural recreational amenities are a valuable regional asset;
- aligns with the City’s strategic objectives for enhanced livability and quality of life; and
- provides social & lifestyle benefits.

In all cases our recommendations are premised on the following foundations:

- we have individually toured and assessed each of the development sites;
- we have undertaken substantive primary and secondary research as it pertains to development on the respective sites specifically and Grand Forks generally;
- we are familiar with the community and its economic development efforts to date; and
- we have assessed the local, regional and provincial economic context and circumstances

in which the proposed developments are presented.
While ultimately meeting the City's desired outcome of undergoing such an exercise:

The purpose of the Local Economic Development Initiative is to determine the best utilization of three municipal owned land parcels in an effort to act as a catalyst to further local economic development efforts in the community through creation of more employment opportunities, drive more tourists, and sustain residential growth.

6.1.1 Highway Commercial Property

Development Recommendations and Actions

The highway commercial property proposed for development is a highly visible, attractive parcel of land with multiple development possibilities. Investors are showing interest in this property with intentions of purchasing and developing.

In order for the City of Grand Fork to meet the desired outcome of the development of this land parcel to act as a catalyst for economic development it is recommended that:

- 1.** Subdivide the 1.1 ha (2.7 ac) parcel into a minimum of two, preferably three, sites that allows the City of Grand Forks to control the type and pace of development.
- 2.** Introduce the site for concurrent multiple uses to ensure maximum market exposure and absorption. In essence allowing for multiple of investor to maximize the usage of the land for greatest community reward.
- 3.** Create a site plan that ensures the future development will:
 - a.** Complement existing areas and future development/uses.
 - b.** Increase the attractiveness of the land parcels by communicating the future growth aspiration of the area, which allows an investor to see the full potential and plan accordingly.
 - c.** Ensure commercial development of this property works in synergies with other commercial districts within the City (i.e. city centre).
- 4.** Develop a site servicing plan for both utilities and transportation networks.
- 5.** While it is a reality within small markets that a land parcel of this size will need to accommodate multiple uses, it is recommended to consider as a priority the following uses for the adjustment site along Central Avenue:
 - a.** Tourism and Hospitality
 - ii.** Hotels or motels
 - iii.** Restaurants
 - iv.** Tourist Attractions & Services
 - b.** Retail

- i. Building supply establishments
 - ii. Tool and equipment rental establishments
 - iii. Automobile sales and parts supply, service stations
- c. Personal/Professional Service
 - i. Animal hospitals
 - ii. Medical Services

6.1.2 Airport Industrial Property

Development Recommendation:

Development of the Airport industrial property is a long-term play tied significantly to the success of the broader economic development effort. The effort to seek external investors will need to be especially targeted.

The existing permitted uses and zoning for the site are in line with the needs of aerospace related activities and other “light” industrial uses.

In an effort to assist the City of Grand Forks in developing actions that will assist in realizing the full potential of the land, the following is recommended:

1. Subdivide property into 4-1 acre parcels that individually can be offered for sale. This will maximize returns to the City, make the aggregate property sale easier to achieve and the property more attractive to potential developers.
2. Given the competition amongst other cities and centers for industrial investors, undertake a more aggressive investment attraction/retention effort including the introduction of an economic incentive zone or BIA for the properties.
3. Conduct a cluster/agglomeration analysis to support development and maximize impact on the sites. (A cluster is a group of similar businesses positioned closely together. They benefit by sharing common technologies, operational inputs and the like. Agglomeration occurs when different companies, services, and industries benefit from the cost reductions and gains in efficiency that result from proximity).
4. Ensure the properties are “ready” for investment by conducting an infrastructure gap analysis and servicing plan.

6.1.3 Investment Promotion Recommendations

Productive private sector investment is an important component of competitiveness and growth for many communities. For municipalities such as Grand Forks, it is an especially important play.

Realizing investment attraction benefits requires clear and effective implementation of investment strategies that respond to the realities and aspirations of that municipality. As a critical part of this, municipalities need to define their value proposition as an attractive investment location and proactively market investment opportunities to investors in sectors and subsectors, highlighting their comparative advantages relative

to other locations. Clear strategies and effective marketing are particularly important for those municipalities with little track record of attracting investment, or a reputation as difficult places to invest.

Effective investment promotion highlights profitable investment opportunities. Success in promoting investment requires careful calculation of how to employ resources most effectively and how to organize investment promotion activities so that the overriding goal of economic development through improvements in the investment climate remains the priority.

Typically in order to introduce an investment promotion effort, the process requires attention to the following considerations:

1. Strategy and organization - considerations of the municipal policy context (vision, mission and priorities as well as principles, organization and governance); setting investment objectives as compliments to the broader economic development agenda; structure of investment promotion efforts/activities; competitive positioning of the municipality; and the highlighting of sectors and articulating a targeting strategy(ies).
2. Lead generation - considerations of community (place) marketing and marketing efforts, investor targeting.
3. Facilitation - considerations of project support, advocacy, liaison, handling.
4. Investment services - considerations of after-care and product/program improvement, as well as monitoring and evaluation.

Recommended Actions City of Grand Forks - Investment Promotion:

- Undertake an “investment readiness” exercise to highlight development opportunities and challenges.
- Define, articulate and assess the range and merits of the different types of investment activities from the perspective of possible benefits/costs and possibilities and approaches required to maximize the potential benefits of each kind of investment.
- Through the development of an investment attraction strategy: (1) seek to align investment attraction efforts with the municipality’s broader economic development agenda; (2) design a coherent and concrete investment policy and promotion agenda at both economy-wide and sector levels; helping attract, facilitate, retain, and maximize positive spillovers of investment into the local economy.
- Promote good practices in improving the effectiveness of investment promotion by: (1) considering ways in which to reduce sectoral restrictions that inhibit local/external investor participation; (2) enhancing the municipality’s competitive proposition for facilitating investment in priority sectors; (3) building greater local capacity to undertake effective investor outreach and facilitation; (4) strengthening investor confidence and retaining and expanding their investment decisions; (5) designing and implementing investor aftercare programs that facilitate company retention, expansion, and diversification; (6) promoting good policies and practices in maximizing linkages and positive spillover effects of new and retained investment within the local economy.



7.0 Concluding Thoughts

Today in the economic development arena few would argue that it is a time of dramatic change. That includes dramatic changes not simply in the larger urban areas, but as importantly within many rural communities. While change as a consequence of globalization including changing trade patterns pose some obvious threats to the prosperity of many rural communities, other changes such as those pertaining to enhanced communications systems, new technologies, and innovation in the way we do work, suggest that with change there is also opportunities.

Land of course is the most basic of all economic resources, and is fundamental to the form that economic development takes, since how we use land to build on and support community viability defines our future. Its use in an urban context is crucial in shaping how effectively municipalities function and defining what benefits might accrue from development.

Against this background of dynamic change and the important role of land in fostering development, traditional sectoral policies need to be upgraded and, in some cases, phased out and substituted with more appropriate development instruments and efforts given the changing dynamics within the development environment.

The City of Grand Forks is well positioned to move its economic development efforts forward to the benefit of its residents and enterprises. The process should, however, be conscientious, well planned, focused and realistic in terms of today's realities. The lands proposed for development are an important component of that overall program and effort. So too is the matter of redefining development based on the new economic realities.

For these lands to be developed properly, a number of matters need to be considered. This includes "best fit" as the development pertains to community principles, vision, goals, objectives and priorities. It should also include due attention to the myriad principles and prospects related to investment attraction and investment retention as a longer term commitment - not only as essential inputs to the site development effort but within the broader context of the municipality's economic development effort (including the activities of all stakeholders). Finally, the land development effort should ensure careful attention is paid to development that not only serves to satisfy immediate needs but is sustainable over time, including the stream of benefits accruing therefrom.

Our development recommendations are based on our assessments of the designated properties, considerations of local context and circumstances, and interpretation of best fit and use criteria. Most importantly, we have introduced and followed a path that not only seeks to align with the needs and interests of the City, but a process that is long-term focused and replicable. The process is well articulated and various tools have been created for subsequent use by the City and its economic development professionals.

APPENDIX 1 - Residential Demand Data

City of Grand Forks:

Residential Housing Real-Estate Market Data									
	5 Year	Sales \$'s	Sales Units	Lists \$	Lists Units	Average Sales \$	Median \$	\$S/L %	Avg DOM
3/4 Plex	Total	\$0	0	\$4,599,500	1	\$0	\$0	N/A	0
	Avg.	\$0	0	\$1,149,875	0	\$0	\$0	0.0%	0
Apartment	Total	\$2,595,896	20	\$4,528,400	34	\$626,940	\$631,998	N/A	N/A
	Avg.	\$519,179	4	\$905,680	7	\$125,388	\$126,400	94.7%	297
Duplex	Total	\$1,158,100	5	\$2,121,500	9	\$874,600	\$874,600	N/A	N/A
	Avg.	\$231,620	1	\$424,300	2	\$218,650	\$218,650	98.9%	155
Lots	Total	\$897,150	17	\$9,663,050	137	\$223,538	\$637,500	N/A	N/A
	Avg.	\$179,430	3	\$1,932,610	27	\$44,708	\$127,500	67.2%	301
Multifamily	Total	\$1,520,000	2	\$4,230,000	8	\$1,520,000	\$1,520,000	N/A	N/A
	Avg.	\$304,000	0	\$846,000	2	\$380,000	\$380,000	46.8%	48
Residential	Total	\$69,162,527	316	\$152,901,499	626	\$1,078,684	\$1,052,000	N/A	N/A
	Avg.	\$13,832,505	63	\$30,580,300	125	\$215,737	\$210,400	94.4%	163
Townhouses	Total	\$3,219,000	19	\$8,993,600	29	\$669,333	\$1,582,750	N/A	N/A
	Avg.	\$643,800	4	\$1,798,720	6	\$167,333	\$395,688	94.7%	150

City of Grand Fork Rural:

3/4 Plex	Total	\$365,000	1	\$1,129,900	2	\$365,000	\$365,000	N/A	N/A
	Avg.	\$365,000	1	\$1,129,900	2	\$365,000	\$365,000	93.6%	77
Apartment	Total	\$0	0	\$300,000	1	\$0	\$0	N/A	N/A
	Avg.	\$0	0	\$150,000	1				

Residential Housing Real-Estate Market Data									
	5 Year	Sales \$'s	Sales Units	Lists \$	Lists Units	Average Sales \$	Median \$	\$S/L %	Avg DOM
Duplex	Total	\$2,278,650	29	\$12,532,090	136	\$391,763	\$330,075	N/A	N/A
	Avg.	\$486,850	6	\$2,545,873	28	\$77,238	\$69,113	89.1%	243
Lots	Total	\$105,760,840	132	\$85,902,338	282	\$1,416,139	\$1,366,500	N/A	N/A
	Avg.	\$24,923,248	28	\$16,656,760	55	\$281,799	\$274,875	94.7%	179
Multifamily	Total	\$100,000	1	\$109,000	1	\$100,000	\$100,000	N/A	N/A
	Avg.	\$25,000	0	\$27,250	0	\$100,000	\$100,000	91.7%	42
Residential	Total	\$69,162,527	316	\$152,901,499	626	\$1,078,684	\$1,052,000	N/A	N/A
	Avg.	\$13,832,505	63	\$30,580,300	125	\$215,737	\$210,400	94.4%	163
Townhouses	Total	\$3,219,000	19	\$8,993,600	29	\$669,333	\$1,582,750	N/A	N/A
	Avg.	\$643,800	4	\$1,798,720	6	\$167,333	\$395,688	94.7%	150

City of Grand Fork Rural West:

Lots	Total	\$21,000	1	\$93,800	4	\$21,000	\$21,000	N/A	N/A
	Avg.	\$4,200	0	\$18,760	1	\$21,000	\$21,000	84.0%	199
Residential	Total	\$172,000	2	\$1,032,500	4	\$86,000	\$86,000	N/A	N/A
	Avg.	\$34,400	0	\$206,500	1	\$86,000	\$86,000	87.4%	196

The following table is a summary of the activity for the entire region

3/4 Plex	Total	\$365,000	1	\$5,729,400	3	\$365,000	\$365,000	N/A	N/A
	Avg.	\$365,000	1	\$2,279,775	2	\$365,000	\$365,000	93.6%	77
Apartment	Total	\$2,595,896	20	\$4,528,400	34	\$626,940	\$631,998	N/A	N/A
	Avg.	\$519,179	4	\$905,680	7	\$125,388	\$126,400	94.7%	297
Duplex	Total	\$1,158,100	5	\$2,421,500	10	\$874,600	\$874,600	N/A	N/A
	Avg.	\$231,620	1	\$574,300	2	\$218,650	\$218,650	98.9%	155
Lots	Total	\$3,196,800	47	\$22,288,940	277	\$636,301	\$988,575	N/A	N/A
	Avg.	\$670,480	10	\$4,497,243	56	\$142,945	\$217,613	240.3%	743
Multifamily	Total	\$1,520,000	2	\$4,230,000	8	\$1,520,000	\$1,520,000	N/A	N/A
	Avg.	\$304,000	0	\$846,000	2	\$380,000	\$380,000	46.8%	48
Residential	Total	\$175,095,367	450	\$239,836,337	912	\$2,580,823	\$2,504,500		N/A
	Avg.	\$38,790,153	91	\$47,443,559	181	\$583,535	\$571,275	276.5%	538
Townhouses	Total	\$3,319,000	20	\$9,102,600	30	\$769,333	\$1,682,750		N/A
	Avg.	\$668,800	4	\$1,825,970	6	\$267,333	\$495,688	186.4%	192

APPENDIX 2 - Commerical Demand Data

Business – this product category relates to the selling of either ongoing operations of a business or the sales of a business assets.

Commercial – This product is considered the physical space of either retail or office space that does not include the inclusion of a business nor its assets.

Business	Total	\$2,252,500	6	\$24,595,100	33	\$1,765,000	\$1,765,000	N/A	N/A
	Avg.	\$450,500	1	\$4,919,020	7	\$353,000	\$353,000	88.6%	89
Commercial	Total	\$3,966,000	18	\$59,911,600	49	\$1,153,400	\$3,412,000	N/A	N/A
	Avg.	\$793,200	4	\$11,982,320	10	\$230,680	\$682,400	89.7%	192

City of Grand Fork Rural:

	5 Year	Sales \$'s	Sales Units	Lists \$	Lists Units	Average Sales \$	Median \$	\$S/L %	Avg DOM
Business	Total	\$1,198,000	2	\$13,083,900	15	\$1,198,000	\$1,198,000	N/A	N/A
	Avg.	\$239,600	0	\$2,616,780	3	\$599,000	\$599,000	65.8%	89
Commercial	Total	\$0	63	\$30,580,300	125	\$215,737	\$210,400	N/A	N/A
	Avg.	\$0	0	\$0	0	\$0	\$0	0.0%	192

City of Grand Fork Rural West:

	5 Year	Sales \$'s	Sales Units	Lists \$	Lists Units	Average Sales \$	Median \$	\$S/L %	Avg DOM
Business	Total	\$0	0	\$4,878,000	7	N/A	N/A	N/A	N/A
	Avg.	\$0	0	\$1,219,500	2	N/A	N/A	N/A	N/A
Commercial	Total	\$0	0	\$1,975,000	2	N/A	N/A	N/A	N/A
	Avg.	\$0	0	\$395,000	0	N/A	N/A	N/A	N/A