

COLUMBIA STREET OFFICE AND  
MULTI USE CIVIC FACILITY  
BENEFITS ASSESSMENT

CITY OF NEW WESTMINSTER

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## EXECUTIVE SUMMARY

G.P. Rollo & Associates (GPRA) was retained by the City of New Westminster to identify and quantify the benefits that may accrue from the proposed UPG office tower and Multi-Use Civic Facility (MUCF) on Columbia Street between Eighth Street and Begbie Street in Downtown New Westminster. This report follows from a previous analysis conducted by GPRA which quantified financial benefits. Those benefits can be summarized as follows:

- Potential reduction of \$4 million in city parking costs;
- Economies of scale on infrastructure, site costs, common facilities;
- City fees payable by UPG up to \$500,000;
- Property taxes over 50 years totalling \$50 million (current dollars) under joint-venture scenario.

In this report, GPRA has explored the additional benefits of the office and MUCF for employment generation, expenditures on food, beverages and other retail goods, and the role that the MUCF can play as an ‘activity precinct’ that brings vitality and revitalization momentum to the downtown.

A summary table of benefits is presented here at the right.

| <b>Summary of Benefits</b>                               |                            |                       |
|--|----------------------------|-----------------------|
| <b>Employment Generation - Planning and Construction</b> |                            |                       |
|  | Full-Time Equivalent (FTE) | Person-Years (PYs)    |
| Direct Labour  | 156                        | 469                   |
| Direct Soft-Cost   | 64                         | 193                   |
| Spin-Off   | 44                         | 132                   |
| Total  | 264                        | 794                   |
| <b>Employment Generation -Operations</b>                 |                            |                       |
|  | FTE                        | Time Period           |
| Direct Office  | 525                        | 2014+                 |
| Direct Restaurant & Retail                               | 25 to 33                   | 2014+                 |
| Spin-Off Employment                                      | 202 to 210                 | 2014+                 |
| Total  | 778 to 799                 | 2014+                 |
| <b>Daytime Retail Expenditure Potential (\$/annum)</b>   |                            |                       |
|  | Food & Beverage            | Retail Goods          |
| Office Workers   | \$1.5 million              | \$860,000             |
| Spin-Off Employees                                       | ~\$490,000                 | \$340,000             |
| <b>Theatre Patron Expenditures</b>                       |                            |                       |
|  | \$ per capita              | Est. \$/annum Range   |
| Gifts & Souvenirs  | \$4.50                     | \$198,000 - \$567,000 |
| Parking  | \$3.15                     | \$139,000 - \$400,000 |
| Meals/Refreshments                                       | \$15.00                    | \$662,000 - \$1.9m    |
| Others   | \$3.30                     | \$145,000 - \$420,000 |
| <b>Conference Delegate Expenditures</b>                  |                            |                       |
|  | \$/delegate (low)          | \$/delegate (high)    |
| Food & Beverage  | \$73                       | \$109                 |
| Retail   | \$31                       | \$73                  |
| Entertainment  | \$13                       | \$35                  |
| Transportation   | \$32                       | \$53                  |
| G.P. Rollo & Associates Ltd.                             |                            |                       |

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## 1.0 INTRODUCTION & BACKGROUND

In October 2010, the City of New Westminster contracted G.P. Rollo & Associates (GPRA) to evaluate the merits of an Uptown Property Group (UPG) proposal to secure air space rights to develop a 100,000+ square foot office tower with associated parking in conjunction with a City-funded Multi-Use Civic Facility (MUCF). The facility has been heralded as a potential catalyst project for downtown revitalization, and a new civic and cultural heart for the city.

As part of the initial evaluation, GPRA identified a series of community benefits that would flow from the multi-use facility under joint-venture and municipal funding scenarios. Those benefits included:

- Potential reduction of \$4 million in city parking costs;
- Economies of scale on infrastructure, site costs, common facilities and equipment;
- City fees payable by UPG up to \$500,000;
- Property taxes over 50 years totalling \$50 million (current dollars) under joint-venture scenario.

The purpose of this report is to identify and quantify additional benefits of the proposed multi-use facility at the east end of Columbia Street. Specifically, GPRA explores the following benefits in this report:

- Employment generation during planning, construction and after build-out;
- Food and beverage sector spending potential associated with new downtown employees (office and service sector), conference delegates and theatre patrons;
- Convenience and comparison retail spending potential associated with new employees, conference delegates and theatre visitors;
- Role of MUCF as an 'activity precinct', adding to the momentum of urban revitalization in downtown New Westminster.

## 2.0 ASSUMPTIONS & LIMITING CONDITIONS

In undertaking this secondary benefits analysis, GPRA has made the following analytical assumptions.

1. GPRA assumes that the office component of the multi-use facility will consist of 105,000 square feet of gross buildable area (GBA). At 85% building efficiency, gross leasable office space will amount to 89,250 square feet.
2. North American office standards generally indicate a standard of between 170 and 250 square feet of GLA per employee. GPRA has assumed that the New Westminster facility will fall at the lower end of this scale, allowing for 525 office employees at the facility.
3. Office worker retail and service commercial spending estimates are based on survey data compiled by the International Council of Shopping Centres (ICSC) in 2004. Category-specific spending figures were all reported for 2003. GPRA has assumed a 3% per annum increase in spending across all categories to 2010, and has projected forward at this rate to 2020.
4. Food and retail spending estimates for performing arts centre audiences are based on survey data compiled by Americans for the Arts across 156 communities and regions in 2000 and 2005. GPRA has assumed a 3% per annum increase in spending across all categories to 2010, and has projected forward at this rate to 2020.
5. Salary assumptions for office and service sector workers are based on Metro Vancouver averages from the 2006 Census, adjusted for inflation to 2010 and further adjusted based on presumed employment sectors.
6. Salary assumptions for construction labourers and trade workers are based on discussions with cost management and project management consultancies.
7. GPRA's comments regarding facility layout, square footage measures, programming elements and tenant orientation are based on our review of available information and discussions with municipal staff.
8. All statistical information provided in this study has been drawn from sources deemed to be reliable, for which we assume no responsibility, but which we believe to be correct.
9. No responsibility is assumed for legal matters, questions of survey and opinions of title. Statements contained within this study which involve matters of opinion, whether or not identified as such, are intended as opinion only and not as representations of fact. This report is intended to be read in its entirety; individual sections should not be extracted or reproduced or in any way utilized independently of the complete report.
10. This study is qualified in its entirety by, and should be considered in light of these limitations, conditions and considerations. If for any reason major changes should occur which influence the basic assumptions stated previously, the findings contained in these analyses should be reviewed with such conditions in mind and revised if necessary.

### 3.0 FACILITY PROGRAM AND CONTEXT

The Uptown Property Group (UPG), in conjunction with the City of New Westminster, has proposed to develop a multi-use civic facility (MUCF) with an office building at the western gateway of Columbia Street between Eighth Street and Begbie Street in New Westminster. The office and MUCF would replace approximately 22,000 square feet of retail and service space, including: Money Mart; a coin and stamp shop; a convenience store; a vacant retail unit (formerly Cash Money, now located across the street); Pacific Tobacco; Endeavour bridal salon; and St. John Ambulance.

Figure 1: Location of Proposed Office and Multi-Use Civic Facility (red)



The site area is just over 34,000 square feet, with projected density of construction at 6.4 FSR. Program elements are expected to include:

- 105,000 square feet of office space (approx.)
  - 75% government space
  - 25% speculative private sector space
- 8,000 square feet of street-front commercial space
  - Expected to house one 'name brand' restaurant (6,000 sq.ft.) and a retail outlet (2,000 sq.ft.)
- 85,000 square feet of 'civic multi-use' space, including:
  - Conference space (13,000 sq.ft.)
  - Theatre (350 seats, 15,000 sq.ft.)
  - Art gallery, arts space, museum and archives (22,200 sq.ft.)
  - Public spaces, support and service areas (11,300 sq.ft.)

Under the terms of the joint venture proposal, UPG would purchase air-space rights to develop the office building component and 180 associated parking stalls. The City would finance the building of the MUCF and approximately 80 parking stalls. Total cost of the office development is estimated at \$53.5 million. The cost of the MUCF is funded by DAC.

The MUCF and office building are significant Columbia Street developments and follow other notable adjacent and nearby land uses illustrated in Figure 2 and described below.

Figure 2: Subject Site and Notable Surrounding Land Uses



**Hyack Square:**

- Recently renewed as part of the Province’s “BC Spirit Squares Program”, Hyack Square is a gathering place in the heart of New Westminster’s historic downtown precinct.
- The square is located between two heritage buildings, the former CPR railway station and the former BC Electric Inter-Urban train station, both now operating as retail locations (the Keg and Salvation Army Thrift Store respectively).
- The square provides an attractive space linking activities between the street and surrounding businesses. It also provides an appealing western entranceway experience for Columbia Street.
- The square provides pedestrians and transit users with good sightlines and access to the Skytrain station, River Market and the scenic two kilometre Esplanade.
- Hyack Square provides an area for community gathering, public celebration and live performance.

**River Market at Westminster Quay**

- Formerly The Quay market, River Market is undergoing a period of renewal and reinvention. The market space encompasses 70,000 square feet and is intended as an ‘experiential destination’ along the lines of Granville Island Public Market.
- The market’s new theme is “Food 360”, a concept revolving around the the purchase, eating, growing and learning about local food. River Market contains a community garden, a commercial kitchen available for rental, and a cooking school.
- Major tenants include:
  - Donald’s Market – 8,000 sq.ft anchor tenant. Includes a bakery, produce and dairy, meat counter and grocery department. Features many natural and health products sourced from local and European vendors.
  - Paddlewheeler Pub
  - Great Wall Tea
  - Tiny – a retailer that packages local BC specialty foods into small-sized portions, reducing the price barriers for everyday shoppers.
  - Orlando’s Catering
  - Vancouver Circus School
  - Boutique Toy Store – with art classes.

**Plaza 88 @ Skytrain Station**

- Plaza 88 is a mixed-use residential/commercial project built at, under and around the New Westminster Skytrain station. It is an example of the type of transit-oriented high-density communities that are being encouraged across the Metro Vancouver region.
- The residential component is spread across 3 condominium towers north of the Skytrain station, with 1,059 housing units
- The retail component consists of 200,000 square feet, anchored by Safeway and Shoppers Drug Mart. Additional notable tenants include two banks (RBC + CIBC), a liquor store, a series of fast-food outlets, and 10 theatres.



#### 4.0 EMPLOYMENT GENERATION

The Columbia Street office and multi-use civic facility is projected to bring significant employment benefits to the community. This will include employment associated with the planning and construction of the project, as well as post-build-out employment associated with both the office and MUCF space.

##### 4.1 PLANNING AND CONSTRUCTION PHASE EMPLOYMENT

Planning and development of the office and MUCF will provide significant direct construction employment and spin-off employment benefits during the 2011 to 2014 time frame.

Preliminary estimates show costs for the MUCF at \$35 million, which will include hard costs, soft costs and project administration. The office facility is estimated to cost an additional \$36.3 million in hard construction costs and nearly \$7.7 million in development soft costs. After factoring in contingencies and interest costs, the total estimated project cost is nearly \$88 million (constant \$2010).

Assuming that 55% of the direct construction costs are for labour<sup>1</sup>, and assuming that the average employee in the construction sector earns \$80,000 annually<sup>2</sup>, the construction of the office and MUCF will generate an estimated 156 FTE positions, or 469 person-years of employment, for the duration of construction.<sup>3</sup>

There will also be employment generated as a result of project soft costs (e.g. architecture, engineering, consultants, accountants etc.). GPRA has determined that soft costs will account for approximately 14% of total construction costs of the combined office and MUCF. If we assume that the average employee associated with these soft costs earns an average annual wage of \$65,000, then throughout planning and construction of the project an estimated 64 FTE positions, or 193 person-years of employment, will be generated. Finally, spin-off<sup>4</sup> employment from development would create an additional estimated 44 FTE positions, or 132 person-years of employment. The combined total of direct hard costs, soft costs and spin-offs will result in an estimated **265 full time equivalent positions and 795 person years of employment.**

| Planning and Construction Phase Employment |            |              |
|--|------------|--------------|
|  | FTE        | Person-Years |
| Direct Labour                              | 156        | 469          |
| Direct Soft-Cost                           | 64         | 193          |
| Spin-Off                                   | 44         | 132          |
| <b>Total</b>                               | <b>265</b> | <b>795</b>   |

G.P. Rollo & Associates, 2010

<sup>1</sup> Labour costs at 55% of construction costs is an industry norm as derived from discussions with contractors and quantity surveyors.

<sup>2</sup> BTY, 2010

<sup>3</sup> Person-years employment: describes the work done by an individual over one year.

<sup>4</sup> Examples of spin-off employment include employees of companies that provide inputs to on-site companies that provide services and materials to the project (indirect) plus employees of companies providing consumer goods and goods associated with employment consumer spending in the community.

## 4.2 OPERATING SIDE EMPLOYMENT

The new office and MUCF will be located at the west-end of one of Downtown New Westminster's primary shopping, service and entertainment streets. Downtown today, delineated by Royal Avenue in the north and north-west, Columbia Street, Front Street to the south and southwest, and McBride Boulevard to the east/north-east,<sup>5</sup> has a daytime working population of 5,440.<sup>6</sup> The addition of over 100,000 square feet of new office space – a 6% addition to the city-wide inventory – plus 85,000 square feet of multi-use space complete with retail, restaurant, conference space and theatre, would bring a significant increase to this employment base once construction is complete.<sup>7</sup>

Figure 3: Downtown New Westminster (orange) and Subject Site (yellow)



### 4.2.1 Office Building Employment

The office component of the project is projected to bring approximately **525 new full time equivalent (FTE) employment opportunities to the City**, a 9.2% increase to the downtown employment base and a 2% increase to the City's overall employment base.<sup>8</sup>

According to the 2006 Census of Canada, the average individual income of a Metro Vancouver resident was approximately \$44,300; within New Westminster, the average was considerably lower at \$40,900. If we assume that salaries have, on

<sup>5</sup> Downtown boundaries are consistent with those defined by Urbanics Consultants Ltd. in 2009.

<sup>6</sup> Pitney Bowes *Daytime Population 2009*.

<sup>7</sup> Colliers International. *Metro Vancouver Market Report: Office*. Second Quarter, 2010. City-wide inventory at 2Q 2010 of 1.53 million square feet.

<sup>8</sup> FTE is defined as the number of total hours worked divided by the maximum number of compensable hours in a work year. For example, if a work year = 2,080 hours, then one worker occupying a paid full time job all year would consume one FTE. Two employees working for 1,040 hours each would consume one FTE between them.

average, kept pace with inflation from 2006 to 2010, GPRA estimates that as of 2010 the average individual income of a Metro Vancouver resident is \$48,000. If all new office employees earned the inflation-adjusted average salary, the new office building would generate approximately \$25.2 million annually in salary.

It is quite likely, however, that the average salary per new office worker in this building will be considerably above the regional average. First, it has been indicated that 75% of workers are likely to be government salaried employees. According to a recent analysis of 2006 Census data on full-time earnings by sector and occupation, government and public sector employees are paid between 8 and 17% more than similarly employed individuals in the private sector. The differential is highest for Federal Government employees (17%) and lowest for employees of Provincial governments (8%).<sup>9</sup> Within Metro Vancouver, the public/private wage differential was pegged at 12.5%.

Assuming that all government employees in the office building – estimated at 394 full time equivalent – earn 12.5% more than the regional average, and that the regional average salary increases at 1.7% per annum to 2017, the gross annual salaries of the government worker segment will be nearly \$22.1 million in 2012 and \$24 million by 2017.

The remainder of the office space, estimated to house 131 additional full time equivalent employees, will be leased on a speculative basis to private sector tenants. Assuming that these employees earn the average inflation-adjusted Metro Vancouver salary, the gross annual salaries of this segment will be \$6.5 million in 2012 and \$7.2 million by 2017.

In total, direct office employment will bring gross salary benefits of over \$28.2 million by 2012 and \$31.2 million by 2017.

**Table 1: Office Building Employee Wage Estimates**

| <b>Salary Estimates - Office Building</b> |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | <b>2012</b>         | <b>2013</b>         | <b>2014</b>         | <b>2015</b>         | <b>2016</b>         | <b>2017</b>         |
| Public Sector Employees*                  | 394                 | 394                 | 394                 | 394                 | 394                 | 394                 |
| Private Sector employees                  | 131                 | 131                 | 131                 | 131                 | 131                 | 131                 |
| Avg. Public Sector wage per capita**      | \$56,084            | \$57,038            | \$58,007            | \$58,994            | \$59,996            | \$61,016            |
| Avg. Private Sector wage per capita       | \$49,853            | \$50,700            | \$51,562            | \$52,439            | \$53,330            | \$54,237            |
| Total Public sector employee wages        | \$22,083,201        | \$22,458,616        | \$22,840,412        | \$23,228,699        | \$23,623,587        | \$24,025,188        |
| Total Private sector employee wages       | \$6,543,171         | \$6,654,405         | \$6,767,530         | \$6,882,578         | \$6,999,581         | \$7,118,574         |
| <b>Total Direct Office Salary</b>         | <b>\$28,626,372</b> | <b>\$29,113,021</b> | <b>\$29,607,942</b> | <b>\$30,111,277</b> | <b>\$30,623,169</b> | <b>\$31,143,762</b> |

\*Employment estimates based on proposed size of office building and industry sq.ft./employee standards.  
\*\*Inflation-adjusted 2005 Metro Vancouver average wage data (Stats Can) + Canadian Federation of Business (2008) public/private sector wage differential analysis.

**4.2.2 Restaurant, Retail and Other on-site employment**

The main floor of the office facility is expected to contain a 6,000 square foot name-brand chain restaurant. Based on industry averages for Metro Vancouver, such a restaurant would likely generate between 20 and 25 FTE positions. Gross

<sup>9</sup> Ted Mallet; Queenie Wong (Canadian Federation of Independent Business). 2008. *Wage Watch: A Comparison of Public-sector and Private-sector Wages.*

annual salaries associated with these restaurant jobs would likely range from \$460,000 to \$775,000.

The other 2,000 square feet of ground floor retail space would likely have between 5 and 8 employees.

**In total, the office and associated retail/restaurant space will directly generate between 550 and 559 FTE positions by 2014.**

4.2.4 *Indirect and Induced Employment – Operating Side*

The operation of the new MUCF and office building will provide significant on-going employment generating benefits in the community.

**Indirect employment** accounts for jobs that are attributable to facility operations but are not on-site or funded by on-site companies. Examples could include conference planners who work to bring delegates to the new facility, caterers providing food for events, and off-site suppliers of computers and office supplies.

**Induced employment**, often termed ‘spin-off employment’ accounts for all the knock-on employment effects that the new facility may have throughout the community.

Using BC Stats’ local area economic dependency and impact ratios, we find that the addition of 576 to 589 FTE positions will likely result in **between 202 and 210 indirect and induced FTE positions generated throughout the community.**

4.3 EMPLOYMENT GENERATION SUMMARY

The employment generation capacity of the MUCF and office building during planning and construction is estimated at 265 FTE positions (795 person-years), and between 778 and 799 FTE positions in perpetuity after build-out.

| <b>Employment Summary (FTE)</b>                     |                   |               |
|---|-------------------|---------------|
| <b>Planning &amp; Construction Phase Employment</b> |                   |               |
|   | <b>FTE</b>        | <b>Period</b> |
| Direct Labour Employment                            | 156               | 2011-2014     |
| Direct Soft Cost Employment                         | 64                | 2011-2014     |
| Spin-Off Employment                                 | 44                | 2011-2014     |
| <i>Total</i>  | <b>265</b>        |               |
| <b>On-Going Operating Employment</b>                |                   |               |
| Direct Office                                       | 525               | 2014 +        |
| Direct Restaurant & Retail                          | 25 to 33          | 2014 +        |
| Spin-Off Employment                                 | 202 to 210        | 2014 +        |
| <i>Total</i>  | <b>778 to 799</b> |               |

G.P. Rollo & Associates, 2010

## 5.0 OFFICE & MUCF EMPLOYEE RETAIL EXPENDITURES

### 5.1 INTRODUCTION

Downtown workers represent a large weekday customer pool for local convenience retail and service businesses. Workers tend to be most active during the peak lunch period, while their impact on breakfast and post-work spending is moderate, but generally still noticeable.

Unlike local area residents, daytime employees tend to be more price and time sensitive. Businesses that have the greatest amount of patronage from office workers are generally within the casual food and beverage and convenience service categories.

The International Council of Shopping Centers (ICSC) conducted a study in 2004 on office worker spending habits and their evolution from 1987 to 2003. The study tracked changing consumer preferences among office workers, along with the impact of retail availability on employee shopping habits. For the average office worker within a city's downtown core, it was estimated that weekly retail and service spending amounted to \$129 (\$2003). Based on previous industry research and conversations with those who have conducted inventories within Canadian markets, the annual food and beverage spending by office workers has been increasing at an average annual rate of 3%. This rate is applied to ICSC spending data and projected forward to 2017.

### 5.2 FOOD & BEVERAGE EXPENDITURE

Within the lunch-hour food and beverage spending category, the average weekly spend is approximately \$33. For post-work dinner and drinks, the average weekly spending estimate is \$13.53<sup>10</sup>.

By 2014, the 525 office employees are expected to generate approximately \$1.3 million in food and beverage-related spending. By 2017, this figure is projected to reach nearly \$1.5 million.

The estimated 202 to 209 (average 206) spin-off employees are expected to generate an average food and beverage expenditure amount of nearly \$375,000 by 2014 and over \$409,000 by 2017.

**The combined spending of office and spin-off employees on food and beverage is projected to be nearly \$1.8 million by 2014, and nearly \$2.0 million by 2017. This spending could support between 2,800 and 3,900 square feet of restaurant space by 2017.**

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<sup>10</sup> Approximately 25% of workers participate in post-work dinner/drink activities, spending approximately \$54 per week.

Table 2: Food & Beverage Spending – Office, MUCF & Spin-Off Employees

| <b>Food &amp; Beverage Spending Estimates and Supportable Restaurant Area - Office and MUCF Employees</b> |                        |                        |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>2014</b>            | <b>2015</b>            | <b>2016</b>            | <b>2017</b>            |
| <b>New Office Workers</b>   | 525                    | 525                    | 525                    | 525                    |
| <b>Spin-Off Workers</b>   | 206                    | 206                    | 206                    | 206                    |
| <b>Lunch Spending Estimates</b>   |                        |                        |                        |                        |
| Average per week lunch spending   | \$ 37.10               | \$ 38.21               | \$ 39.36               | \$ 40.54               |
| Total spending, NEW OFFICE WORKERS (49 weeks)   | \$ 954,332             | \$ 982,962             | \$ 1,012,451           | \$ 1,042,825           |
| Spin-Off Workers  | \$ 374,462             | \$ 385,696             | \$ 397,267             | \$ 409,185             |
| <b>Dinner/Drinks Spending Estimates</b>   |                        |                        |                        |                        |
| % Workers participating   | 25%                    | 25%                    | 25%                    | 25%                    |
| Average per week dinner/drinks spend  | \$ 61                  | \$ 63                  | \$ 65                  | \$ 67                  |
| Total spending, NEW OFFICE WORKERS (49 weeks)   | \$ 391,704             | \$ 403,455             | \$ 415,558             | \$ 428,025             |
| Total Spending, Spin-Off Employees  | \$ 153,697             | \$ 158,308             | \$ 163,057             | \$ 167,949             |
| <i>Total F&amp;B Spending, new office workers (49 weeks)</i>  | \$ 1,346,036           | \$ 1,386,417           | \$ 1,428,010           | \$ 1,470,850           |
| <i>Total F&amp;B Spending, Spin-Off Workers</i>   | \$ 448,814             | \$ 462,279             | \$ 476,147             | \$ 490,432             |
| <b>Grand Total</b>  | <b>\$ 1,794,850.24</b> | <b>\$ 1,848,695.74</b> | <b>\$ 1,904,156.62</b> | <b>\$ 1,961,281.32</b> |
| <b>Restaurant Space Supportable (sq.ft.)</b>  |                        |                        |                        |                        |
| @ \$700/sq.ft.  | 2,564                  | 2,641                  | 2,720                  | 2,802                  |
| @ \$500/sq.ft.  | 3,590                  | 3,697                  | 3,808                  | 3,923                  |

G.P. Rollo & Associates Ltd. 2010

### 5.3 COMPARISON AND CONVENIENCE RETAIL EXPENDITURE

Many downtown workers spend time shopping during their lunch hour or after work. On average, downtown office workers spend \$69 per week on comparison-type goods<sup>11</sup> and an additional \$49 per week on convenience-type goods.<sup>12</sup> These spending estimates are premised in part on the availability of such goods and services near the workplace. The likelihood of lunch-hour shopping trips for comparison goods is, for instance, higher for an office worker in downtown Vancouver where quality goods are prevalent and where selection is likely better than near home, than a worker in a business park in Richmond or Burnaby. The same is true for food and beverage spending, though to a lesser degree.

The suburban vs. downtown office worker spending dichotomy was noted by ICSC. It was found that if retail offerings near the workplace were of similar (or lesser) quality than those near home, 66% of workers would be more likely to shop near home. If however the offerings near the workplace were superior, then 40% of all non-grocery shopping trips would be made closer to work.

The office employees at Columbia and Eighth would generate an estimated \$394,000 in daytime comparison retail spending potential and an additional \$390,000 in convenience goods spending potential in 2014, totalling \$784,000. By 2017, this figure is projected to increase to a total of nearly \$857,000.

The spin-off workers associated with the facility would account for an additional \$155,000 in comparison retail spending in 2014, up to \$167,000 by 2017. Their annual convenience spending is estimated at \$153,000 in 2014 and \$167,000 in 2017.

<sup>11</sup> Comparison goods include apparel, home goods, toys, electronics and other destination-type goods.

<sup>12</sup> Convenience goods include groceries, snacks, personal care items and cosmetics.

Table 3: Retail Spending – Office, MUCF and Spin-Off Employees

| Comparison & Convenience Spending Potential |      |                  |      |                  |      |                  |      |                  |
|---|------|------------------|------|------------------|------|------------------|------|------------------|
|   | 2014 |                  | 2015 |                  | 2016 |                  | 2017 |                  |
| Office Workers                              | \$   | 784,119          | \$   | 807,643          | \$   | 831,872          | \$   | 856,828          |
| Spin-Off Workers                            | \$   | 307,673          | \$   | 316,904          | \$   | 326,411          | \$   | 336,203          |
| <i>Total</i>                                | \$   | <b>1,091,793</b> | \$   | <b>1,124,547</b> | \$   | <b>1,158,283</b> | \$   | <b>1,193,032</b> |

## 6.0 CONFERENCE SPACE ECONOMIC IMPACTS

Conference centres can be key economic drivers for a community. Conference centre clients are often business travellers, as opposed to leisure travellers or tourists, and their daily spending on goods and services tend to be higher. Conference centre business can provide a boon to the hospitality industry, suppliers and all the workers they employ. Delegates often fill local hotel rooms during shoulder seasons and mid-week when other patronage is low. Conferences tend to be booked well in advance, and are thus less susceptible to short-term economic fluctuations.

### 6.1 GENERAL IMPACTS OF EVENT SPACE

The local economic impact of conference space can have many facets. Below are some of the benefits that could accrue:

- Downtown businesses in proximity to convention facilities have consistently recognized meetings and events as a significant source of revenue.
  - Some restaurants near conference centres generate 20-30% of their business from group bookings thanks to relationships with meeting partners.
  - Much of the restaurant business associated with conferences occurs at off-peak periods, enabling facility managers to organize more efficiently. This translates to downstream benefits for suppliers.
- Local retailers can generate additional business by organizing sales or special promotions that correspond to the demographics of a specific group of conference attendees. Attendees will feel welcomed and appreciated.
- Money spent by conference attendees circulates widely throughout the community. Delegate spending can often be tracked to theatres, hotels, hair salons, taxi companies and a variety of other service providers.
- There is a potential for significant long-term revenue accruing to the City from conference space rental.

In examining the potential economic spin-offs that could be accrued from conference delegate spending, a breakdown of delegates by the categories of 'resident' vs. 'non-resident' can be quite informative.

A **'non-resident' delegate** is defined as someone living outside of Metro Vancouver and staying within the region for the duration of a conference. Typically a non-resident delegate exhibits a relatively high daily food and beverage expenditure potential. Targeting of this segment would be key for marketing and sales of all nearby eateries. Each delegate will also spend a significant amount on comparison and convenience retail goods, as well as entertainment.

A **'resident delegate'**, defined as a conference delegate from within Metro Vancouver who will return home over the course of a conference, will exhibit less spending potential than visiting cohorts but still poses a strong potential client for daytime spending.

One estimate of the potential spending attributable to each delegate category comes from Tourism British Columbia Research and Planning. Estimates indicate



that in 2010, an average *non-resident* delegate could account for an **average daily expenditure of \$355**, including accommodations. The spending breakdown estimate is as follows:

| <b>Conference Delegate Spending Potential, 2010</b> |              |            |              |
|---|--------------|------------|--------------|
| Spending Categories (daily per capita)              | Non-Resident |            | Resident     |
| Retail  | \$           | 31         | \$ 2         |
| Food & Beverage                                     | \$           | 109        | \$ 23        |
| Entertainment                                       | \$           | 13         | \$ 2         |
| Accommodations                                      | \$           | 170        | \$ -         |
| Transportation                                      | \$           | 32         | \$ 7         |
| <b>Total</b>  | <b>\$</b>    | <b>355</b> | <b>\$ 34</b> |

Source: Tourism BC Research and Planning 2009.

A second estimate of potential conference delegate spending comes from Tourism Vancouver, which did an assessment of delegate spending data in 2001. At the time it was found that the average convention delegate spent nearly \$358 per day. Adjusting for inflation to 2010, the average delegate could account for a **daily expenditure of \$398**, including accommodations. The spending breakdown estimate is as follows:

| <b>Conference Delegate Spending Potential (blended resident/non-resident), 2010</b> |               |
|---|---------------|
| Retail  | \$ 73         |
| Food & Beverage   | \$ 73         |
| Entertainment   | \$ 35         |
| Accommodations  | \$ 166        |
| Transportation  | \$ 53         |
| <b>Total</b>  | <b>\$ 398</b> |

Source: Tourism Vancouver 2001; Stats Can *Tourism Statistical Digest*, 2001. Adjusted to \$2010.

At the time of writing, target markets and delegate projections for the proposed 13,000 square foot conference centre at the New Westminster MUCF were yet to be determined. However, it can be stated that the addition of conference space at the west end of Columbia Street will bring significant per-capita economic spin-offs.

## 7.0 THEATRE ECONOMIC BENEFITS

### 7.1 BACKGROUND

Performing arts venues have been shown to have significant economic impacts on their host communities. Key components of the economic impacts generated by these venues include:

- Spending by theatre audiences, in particular on food purchased outside the theatre and childcare costs while attending the theatre;
- Staff salaries + goods and services purchased in the community;
- Income generated by theatres through ticket sales, sponsorships, grants, donations, refreshment and programme sales, and merchandise.

In addition to the direct economic benefits identified above, it is commonly thought that such facilities have a series of additional 'knock-on' effects that are generated by those direct impacts. For instance, when theatres purchase supplies from a local company, that income will help that company pay wages to staff, which in turn uses those funds to buy other goods. These expenditures are constantly circulating through the local economy, helping to preserve jobs and boost economic growth.

To calculate the knock-on impacts of an arts facility, a multiplier is used. A brief literature review indicated that to produce a "viable but cautious result", a multiplier of 1.5 is appropriate.<sup>13</sup>

Performing arts venues can leverage a significant amount of event-related spending by audience members. A patron attending an event may pay for car parking, purchase diner at a local restaurant, have coffee, drinks or dessert after the show, and then return home. All of these expenditures can benefit local businesses.

Spending by theatre audiences will differ depending on whether the audience members are from within the community or visiting from elsewhere in the region or beyond. **A typical theatre attendee is estimated to spend approximately \$26 (\$2010) on items above the cost of admission.**<sup>14</sup> These include:

- Gifts and souvenirs: \$4.50
- Parking: \$3.15
- Meals/refreshments: \$15.00
- Child care: \$0.40
- Other miscellaneous retail \$3.30

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<sup>13</sup> Dominic Shellard (2004). *Economic Impact Study of a UK Theatre.*, Dominic Shellard (2005). *West Midlands theatre – an economic success story.*

<sup>14</sup> Based on 2000 and 2005 intercept surveys of 94,478 audience members in 156 communities, representing spending patterns of more than 280,000 attendees. From: Americans for the Arts (2006). *Arts and Economic Prosperity: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences.*

7.2 NEW WESTMINSTER THEATRE PATRON SPENDING

The MUCF plans to include a 350-seat, 15,000 square foot performing arts venue. According to the 2008 New Westminster Theatre Study from Proscenium Architecture + Interiors Inc., there is a significant community need for a multi-functional theatre space. It is therefore likely that the theatre will operate at or near capacity throughout most of the year, and bring a diversity of audiences to the downtown core.

In the table below, GPRA presents a range of attendance scenarios, taking into account both how full the theatre is on a given night and the number of performances occurring each year. Capacity ranges are listed from 60% to 100%, while number of annual events ranges from 210 to 360. Within this range, the theatre could host between 44,100 and 126,000 patrons per year.

| Annual Theatre Attendance |                 |        |        |         |         |
|---------------------------|-----------------|--------|--------|---------|---------|
| Capacity                  | Event Days/Year |        |        |         |         |
|                           | 210             | 230    | 260    | 290     | 360     |
| 100%                      | 73,500          | 80,500 | 91,000 | 101,500 | 126,000 |
| 90%                       | 66,150          | 72,450 | 81,900 | 91,350  | 113,400 |
| 80%                       | 58,800          | 64,400 | 72,800 | 81,200  | 100,800 |
| 70%                       | 51,450          | 56,350 | 63,700 | 71,050  | 88,200  |
| 60%                       | 44,100          | 48,300 | 54,600 | 60,900  | 75,600  |

Operating within this range, and applying the spending potential figures for a typical theatre patron, GPRA estimates that annual retail and service spending from theatre patrons could range from just over \$1.15 million to over \$3.3 million.

| Annual Retail and Service Expenditure Potential, Theatre Patrons |                 |              |              |              |              |
|--|-----------------|--------------|--------------|--------------|--------------|
| Capacity   | Event Days/Year |              |              |              |              |
|  | 210             | 230          | 260          | 290          | 360          |
| 100%   | \$ 1,928,908    | \$ 2,112,614 | \$ 2,388,172 | \$ 2,663,730 | \$ 3,306,699 |
| 90%  | \$ 1,736,017    | \$ 1,901,352 | \$ 2,149,355 | \$ 2,397,357 | \$ 2,976,030 |
| 80%  | \$ 1,543,126    | \$ 1,690,091 | \$ 1,910,537 | \$ 2,130,984 | \$ 2,645,360 |
| 70%  | \$ 1,350,236    | \$ 1,478,829 | \$ 1,671,720 | \$ 1,864,611 | \$ 2,314,690 |
| 60%  | \$ 1,157,345    | \$ 1,267,568 | \$ 1,432,903 | \$ 1,598,238 | \$ 1,984,020 |

The above estimates operate on the assumption that the theatre will have one show per day. If in fact the theatre operates multiple times per day and is at or near capacity for each event, the expenditure potential of audiences could be in the range of \$5 to \$6 million.

## 8.0 DOWNTOWN RENEWAL

### 8.1 INTRODUCTION

One of the most pressing planning goals of City staff, Council and residents alike is the revitalization of New Westminster's historic downtown core. Downtown revitalization has been a top-of-mind issue in the city for over 20 years, with the process moving along in fits and spurts with varying degrees of success. However, within the last few years there is clear evidence that the City is on the right track. In January 2010, Council adopted the Downtown Community Plan which lays out a strategy to balance residential and commercial growth with respect for heritage assets and provision of public amenities. The plan 'thinks big' with ambitious long-term planning goals and vision.

Revitalization is underway in the downtown precinct. The reopening and reinvention of River Market is one key project that will help to reinvigorate the west end of Columbia Street. Alongside this is the nearby 1.2 million square foot Plaza 88 mixed-use residential/retail/office development around the New Westminster Skytrain station. To this we might add the Westminster Pier Park, a project that will turn a derelict and underutilized waterfront area into a desirable destination and amenity for residents, tourists and employees, as well as the InterUrban mixed-use development.

Added to this revitalization momentum is the UPG office tower and MUCF. Many, including long-time city councillors, feel that this facility is another key item on the list of projects that will lead to sustained and accelerated revitalization along the historic 'Golden Mile' of Columbia Street, making it once again the hub of activity for the City and a destination for residents across the region. The question is, what role can this MUCF and office building play in further stimulating downtown revitalization, over and above the benefits discussed in the preceding sections of this report?

To examine this question, we must first have a concept of the ingredients that may drive downtown revitalization. To this end, GPRA has elected to examine New Westminster's downtown precinct through the conceptual lens of the 'Urban Magnet' or 'Activity Precinct', a downtown revitalization concept and approach recently jointly put forth by two leading Vancouver-based planning and architecture firms, HB Lanarc Consultants and Hotson Bakker Boniface Haden Architects.

### 8.2 REVITALIZATION IN ACTION: CREATING AN ACTIVITY PRECINCT

What are the ingredients that go into a downtown's revitalization effort? Many cities seeking to re-inject vibrancy into a decaying downtown have taken the 'design first' approach to revitalization, under the belief that by creating attractive urban environments (places that "look nice"), activity and investment will follow. Examples of this process in action can be seen across Canada, from Prince George to Sarnia, and the record of success has been limited at best. What often happens with such efforts is what has been called the "wax museum syndrome" – a city space that looks nice, but which lacks authentic vitality. There is no underlying personality to the place, or economic and social fabric that creates a successful urban space. The end results of such design-focused efforts are often areas of the city that are underwhelming and which rely exclusively on attracting activity through retail. In such places, people do not feel at home, and the area lacks the

vitality that was initially sought.<sup>15</sup> Furthermore, without addressing other key matters such as safety, land assembly, development incentive structures and other issues, retailers often do not materialize and the area is left to lag.

The urban magnet or activity precinct concept envisions downtown revitalization differently. Rather than conceiving downtown revitalization as a function-following-form process, it puts forth the idea that vital places must encourage activity and create form that responds to it; “activity is the new community.”

To create a vital urban district, an activity precinct must be created, built around a specific activity or set of activities. All aspects of that/those activities are then promoted in the design of the area, creating variety and vitality.

The key ‘ingredients’ that go into creating an activity precinct are as follows:

1. Focus on an activity or activity set (food, arts, sport, furniture, clothing etc.)
2. Provide **retail** associated with the activity
3. Provide **production space** and activities associated with the activity, along with related employment.
4. Provide **institutional/educational** uses to bring unique employment and students into the space, creating an atmosphere of learning.
5. Provide **urban form** designed to respond to the identity and aesthetics of the activity, with a rich public realm.
6. Provide **programmed events**, drawing groups and connecting the community to the activities of the place.

Multiple activity precincts can be clustered and connected, creating a much larger and more vital urban area. By focusing on activity and drawing people, the revitalization effort is built on a stronger foundation of authentic spaces.

Why does this approach to revitalization work? According to HB Lanarc et al., it works for a variety of reasons:

- Activity precincts create a diversity of real jobs for a variety of people, and creates activity year-round;
- The place supports specific sub-populations interests and needs, therefore making them want to spend time and money in the area;
- People living and doing what they enjoy in an area creates loyalty to the place and a well-grounded community that in turn attracts others who wish to watch and participate;
- Workers and students create an authentic space, and always create new and unexpected experiences;
- Specific subcultures and community groups can buy specialty goods for their specific activities (due to high level of specialty demand);
- Businesses associated with each ‘activity-hub-specific’ activity will want to locate there. This creates a ‘brand’ for the area and businesses benefit from clustering;
- The City can become proud of each special high-energy area.

<sup>15</sup> The concept of ‘urban magnet’ and ‘activity precinct’, along with the ingredients and factors for success are taken from: HB Lanarc Consultants., HBBH., *Activity Precincts – A Strategy for Urban Vitality*. 2010.

8.3 COLUMBIA STREET WEST: ACTIVITY PRECINCTS IN THE MAKING

The west end of downtown already has the makings of at least one activity precinct, with great potential for others. The first functional activity precinct is River Market and its new 'Food 360' concept. The overarching activity set is "food", and all key precinct ingredients are present (see table below).

| <b>River Market 'Activity Precinct'</b>  |  |
|--|--|
| <b>Activity Cluster: "Food 360": a space for buying eating, growing, learning and discovering new foods.</b> |  |
| <b>Ingredients</b>   | <b>Characteristics</b>   |
| <i>Retail</i>  | Specialty food-related retailers. "Tiny", packaging local BC specialty foods in sample-sized portions. Donald's Market, a mini grocery chain with fresh produce. Others to come. |
| <i>Production</i>  | Community garden, and commercial garden available for rental for home producers.   |
| <i>Institutional/Educational</i>   | On-site cooking school   |
| <i>Form</i>  | Art & architectural innovation focusing on food consumption and production.  |
| <i>Programming</i>   | By mid-2011, River Market is forecast to have a critical mass of tenants and programming to draw locals and tourists.  |

Activity Precinct concept adapted from HB Lanarc & HBBH, 2010.

Other potential activity precincts:

- **Hyack square** could be programmed as an activity precinct for any number of subgroups. It could build on the "foodie" theme at River Market, or take on its own characteristics (which may evolve over time). It is an excellent space for outdoor programs, education, and local retailers especially during the summer months.
- **Plaza 88's** high-density residential, retail and office environment brings the foot traffic potential for nearby areas. While not a true activity precinct within itself, its retail, transit and job functions will deliver foot traffic to downtown.

Into this abundance of revitalizing activity comes the MUCF and office project, which could be viewed as an activity precinct within itself. Its many spaces and programmable elements can be managed to appeal to new subgroups throughout the year, attracting a wide variety of people to this part of downtown. Once in the area, people will then be able to explore the many distinct activity clusters near the facility.

| <b>MUCF and Office Building as an 'Activity Precinct'</b>                              |  |
|--|--|
| Activity Cluster: Could be constantly reprogrammed and re-imagined throughout the year |  |
| <b>Ingredients</b>   | <b>Characteristics</b>   |
| <i>Retail</i>  | Could focus on visual arts, performing arts, or associated with museum displays                                    |
| <i>Production</i>  | Functional arts spaces on site   |
| <i>Institutional/Educational</i>   | Art education/performing arts  |
| <i>Form</i>  | Still early stages. Can reflect its core functions.  |
| <i>Programming</i>   | Many spaces that can be programmed for multiple functions (conference space, theatre space, museum, public spaces) |

Over time, the MUCF’s diversity of programs, productions, educational activities and possibly retail potential will bring many different subgroups (both residents and tourists) to the downtown area. Those who come to see an art display, a theatre performance, participate in a conference, or attend classes will be more likely to then explore the other activity clusters in the area, providing critical mass that in turn brings more activity and business to the area.

With this vitality will come investment interest. It is the opinion of GPRA that the MUCF and associated traffic generated by it will bring an uptick in interest amongst the development community to redevelop in and around Columbia Street. The MUCF builds on and maintains the momentum of revitalization at the west end of Columbia Street, and will accelerate further development of residential, commercial and recreational projects.

In summary, the MUCF and office complex will be an ‘activity precinct’ unto itself, joining a growing cluster of such precincts at the west end of Columbia Street. The traffic it generates amongst many segments of the population will create vitality for downtown; vitality is the first and most important ingredient to driving all other parts of the revitalization equation.

## 9.0 MUCF WITHIN REGIONAL PLANNING CONTEXT

One of the key Metro Vancouver growth strategy goals is to create viable, livable regional town centres across the region. Part of this strategy involves the establishment of high-density, attractive, multi-use environments at and around Skytrain stations, a phenomenon termed “Transit Oriented Development.”

Transit-oriented communities are built around the goal of decreasing reliance on driving through adherence to 6 key principles:

1. **Destination Accessibility** → support transit frequency by locating on the way from one major transit destination to another.
2. **Distance to transit** → within a 5-10 minute walk of frequent transit service, and provision of fine-grained pedestrian network.
3. **Density** → high employment and residential density within walking distance of transit.
4. **Diversity** → enable a rich mix of land uses, a variety of development types, and a wide range of housing tenures and price points.
5. **Design** → use transit as a design element, building safe, vibrant and livable places around it. Minimize the negative impacts of motorized traffic.
6. **Demand Management** → encourage transit and discourage driving in the area through parking management, cycling facilities, and easy transit transfers.

The office and MUCF fit perfectly into the continued development of a region-leading transit-oriented community hub in downtown New Westminister. The facility places a significant amount of employment density near the SkyTrain station. It contributes to the creation of a balanced live-work environment (rather than a bedroom community atmosphere).

This project also adds another piece to the puzzle of creating a strong transit-oriented ‘hub’ in and around the Columbia Corridor. In conjunction with the high density ‘Plaza 88’ mixed-use development at New Westminister Skytrain station, the revitalizing and unique River Market, and along with other new and proposed mixed-use projects like the InterUrban at Begbie and Columbia, the MUCF and office fit well within the regional growth management strategy.



## 10.0 SUMMARY AND CONCLUSIONS

This report has explored the various direct and spinoff benefits that could accrue to the City of New Westminster from the addition of the MUCF and office tower to the urban landscape at Eighth and Columbia. In brief, the benefits are as follows:

### *Employment:*

- Planning and construction phase:
  - Direct employment of 156 FTE positions, 469 person-years;
  - Spin-off employment of 44 FTE positions, 132 person-years;
- Office direct employment:
  - 525 FTE positions
- Restaurant/Retail employment:
  - 25-33 FTE positions
- Indirect/Induced employment:
  - 202-210 FTE

### *Retail Expenditures from Office and spin-off Employees (2017)*

- Food & Beverage, office workers: \$1.5 million
- Food & Beverage, spin-off: \$490,000
- Total Food & Beverage: **\$2.0 million**
- Retail, office workers: \$860,000
- Retail, spin-off: \$340,000
- Total Retail: **\$1.2 million**

### *Expenditures from conference delegates*

- Average daily expenditure of between \$355 and \$398 for delegates, including costs of accommodation and transportation.

### *Theatre patron expenditures, beyond cost of admission*

- Estimated \$26 per attendee
- Between \$1.2 million and \$3.3 million per year

The MUCF and office building will be an excellent addition to the City of New Westminster and will help to maintain and accelerate the revitalization momentum already underway in the Columbia Street corridor.