



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
*Economic Development Division*

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	February 20, 2019
<b>SUBJECT/REPORT NO:</b>	Utilization of the Hamilton Amazon Bid Package (PED19017) (City Wide) (Outstanding Business List Item)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Michael Marini (905) 546-2424 Ext. 1781
<b>SUBMITTED BY:</b>	Glen Norton Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That Report PED19017 on the use of the Hamilton Amazon bid assets be received;
- (b) That the requirement to report back annually on the usage of the Hamilton Amazon bid no longer be required;
- (c) That the matter respecting the use of the Amazon Bid Package be identified as complete and removed from the General Issues Committee Outstanding Business List.

**EXECUTIVE SUMMARY**

2017 was a watershed moment in Economic Development site selection practices. Searching for a location for its second North American headquarters (HQ2), Amazon put an open call out to municipalities from across the continent to respond to a Request for Proposals (RFP) to make the case as to why their municipality was the optimal location for this \$5 B plus investment.

Traditionally, corporate site selection has been a very quiet process with companies dealing directly with a handful of municipalities in very confidential discussions/negotiations. Parties to these discussions generally are not privy to learning who their direct competitors are, and if so, are not privy to their competitors' negotiation strategy/tactics.

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The Amazon RFP changed all of this. The company used international media coverage to impressive effect to make their criteria known across the globe, and in turn, municipalities were extremely public regarding their rationale as to why Amazon should choose their municipality for this once in a generation type of investment.

The City of Hamilton was one of 238 municipalities to bid on this RFP and over the course of three weeks amassed a team and a bid that made a compelling, rational and succinct case for Hamilton as the site of Amazon HQ2.

The total cost for the bid was \$500 K with \$250 K coming directly from City accounts and \$250 K raised via corporate partners and neighbouring municipalities.

The City of Hamilton, in particular, the Economic Development and Tourism and Culture Divisions, were provided with information and high-level data that has been and continues to be used for investment leads, presentations and proposals. As well, the marketing assets have been used in a variety of ways across the community.

The data contained in the Amazon Report has been used specifically for:

- A joint submission for the 2020 Indigenous Games with the City of Niagara Falls;
- An email blast to over 2,000 subscribers on the Economic Development Office's e-newsletter (generally comprised of site selectors, developers, commercial/industrial brokers);
- A major presentation for the Senior Executive Officer onboarding from investors from Mexico and Brazil;
- Investment overview presentations to Federal and Provincial Government International Trade Representatives and to the Ontario Investment Office;
- Investment overview documents on trade missions via the Consider Canada Cities Alliance (CCCA);
- Day-to-day investment discussions with investors via the Economic Development Office;
- A successful Top 7 bid for the Intelligent Community Forum (ICF) world's Most Intelligent Community—global non-profit policy research organization, focusing on job creation and economic development in the broadband economy; and,
- A base component of all the Revenue Generation section's presentations to local, regional, and national corporations regarding sponsorship and business opportunities in the City of Hamilton.

The bid's "Welcome to Unstoppable" imagery and message has been used:

- In documents and displays across City Hall;
- As a large welcome poster at the domestic arrivals hall at the John C. Munro Hamilton International Airport (over 500,000 visitors will see this annually); and,

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- Extensively on the City of Hamilton, Economic Development, Tourism Hamilton and Mayor of Hamilton's social media accounts.

In addition, the video that was produced has served as a key element in many investment related presentations as well as being shown at local sporting events (Hamilton Bulldogs) and on Cable 14.

Finally, a chat bot was created for the homepage of investinhamilton.ca for the period after the City's submission was made and before the shortlist was announced to ensure a rapid response system in the event that there were inquiries from Amazon staff. This was instituted in December 2017 and continues on the Economic Development website. Although no direct inquiries were received through the chat bot from Amazon staff, the app itself has helped Economic Development staff handle over 700 inquiries to date and was instrumental in starting conversations with investors for two major investments.

The media ad equivalency value (the value of the media coverage when converted into hard advertising costs to reach the same audiences) is valued at \$1.197 M.

Moving forward, given that the information contained within the bid is being used on a regular basis and that much of this information will be migrated to the new investinhamilton.ca website set to launch in Q2 of 2019, staff recommended that the requirement to report back to Council on an annual basis on the use of the Amazon bid no longer be required.

***Alternatives for Consideration – N/A***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: N/A

Staffing: N/A

Legal: N/A

**HISTORICAL BACKGROUND**

On September 7, 2017, Amazon, the world's largest online retailer, announced plans to build a second headquarters somewhere in North America (HQ2). The announcement launched a flurry of bids from municipalities across North America to win the investment of over \$5 B and 50,000 jobs.

Hamilton City Council on September 27, 2017 directed staff to formally submit a bid for HQ2 at a cost of up to \$500 K before Amazon's deadline of October 19, 2017. Over the course of the next three weeks, Hamilton City staff worked amongst themselves and with

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a limited number of consultants including PWC (project management) and Cundari (bid marketing) to amass a great amount of technical information and synthesize it into a compelling bid book of nearly 200 pages.

Although half of the funds were obtained by City Accounts, the City also raised the other half via corporate partnerships and funding from the Region of Niagara and the City of Burlington.

The Amazon work was important in two distinct ways:

Firstly, it afforded the opportunity to bring together relevant staff from across the Corporation and community and industry partners to amass a very high-level trove of information about Hamilton's economy. Never has this happened before and because the bid was the highest of "Corporate priorities" for those three weeks in October, extensive resources were freed up, information flowed at a lightning pace and the unanimous support of Council and Senior Leadership Team (SLT) truly empowered staff to the benefit of the Corporation. In short, such cooperation in such a short time period to this scale was unprecedented and advantageous.

Secondly, the exercise produced information that continues to be of great use to the Corporation, in the Economic Development Office. This information is used daily by the Economic Development staff to make the case to investors as to why they should put their money in Hamilton. The bid contains important information on utilities, transportation networks, labour force, post-secondary talent and capabilities and quality of life features that would attract a knowledge workforce.

By the deadline of October 19, 2017, the City of Hamilton provided a comprehensive and compelling argument as to why Hamilton should be the choice for HQ2. Although Amazon's ultimate choice was split between two cities located directly in the shadow of America's financial and political capitals, Hamilton still has information that is of great use for future investment opportunities. In fact, the information contained in the bid was of great use to those pursuing Hamilton's involvement in the Federal Advanced Manufacturing Supercluster and Provincial Autonomous Vehicle Innovation Network. The bid information has also been used on global trade delegations to Europe and India over the past year.

On January 24, 2018, Hamilton City Council directed Economic Development staff to report back on the use of the bid information and the jobs associated. It must be made clear that any investment is not contingent on one factor. There are several variables that drive investment decisions, but critical to helping a company make that ultimate investment decision is the immediate ability to provide relevant, fresh economic data and information.

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Although there are a few investment related conversations and negotiations happening currently (much of which cannot be disclosed in this Report because they are in fact active economic development transactions), there has not been one investment that can solely be pointed to and said that it was only because of the Amazon bid. Rather, staff can point to several investments that have occurred and may still occur because the Amazon bid information was available during discussions. The important point is that because this bid exists, it enables staff to draw on data from a large swath of areas to help make the case that an investment should happen in Hamilton with so many other specific factors on the minds of investors. Without the bid, Hamilton would be much further behind, particularly in the tech information realm.

Moving forward, staff has no reservations in providing a broad overview of progress to Council during the Economic Development Action Plan updates, or upon the request of Council.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

**RELEVANT CONSULTATION**

- City Manager's Office;
- Planning and Economic Development Department; and,
- Industry Partners.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

N/A

**ALTERNATIVES FOR CONSIDERATION**

N/A

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

**APPENDICES AND SCHEDULES ATTACHED**

N/A

MM:dt