

MEMORANDUM

TO: Chair and Members of the Community and Corporate Affairs Committee

FROM: Damian Szybalski, Director of Economic Development, Innovation and Culture

DATE: October 30, 2019

MEMORANDUM NO.: MEM-ADMIN-2019-0015

RE: State of Economic Development: May-October 2019

PURPOSE OF THE MEMORANDUM:

The purpose of this Memorandum is to provide Committee with another in a series of updates on the 'State of Economic Development' in Halton Hills. Highlighted are initiatives that generally took place between May and October 2019. Many of these will continue beyond 2019. Highlighted accomplishments are a reflection of partnerships, collaboration and/or initiatives of various Town departments and external stakeholders/partners.

Synergies between economic development, culture and tourism are contributing to raising quality of life in Halton Hills. In turn, this helps make Halton Hills a top-of-mind investment destination – with the spin-off benefits of assessment and job growth. Economic development entails attracting new investment, supporting new business creation, and retaining existing businesses and facilitating their expansion.

BACKGROUND:

With its strategic location in the GTA, an 'open for business' approach, proximity to major markets and transportation networks, and a high quality of life, the Halton Hills economy continues to grow. Strong demand for industrial development continues to account for growth in the Premier Gateway.

The Community Improvement Plan (CIP) continues to spur business investment. Strategic management of the tourism portfolio is creating new economic development opportunities for local businesses and spending in the local economy.

Several broader economic factors continue to create some uncertainty, including the status of the USMAC trade agreement; geo-political tensions between the United States, Canada and China; and the lack of shovel-ready industrial lands and existing buildings to accommodate new investments.

According to Statistics Canada, employment in Ontario increased by 41,000 in September.

COMMENTS:

1. Strategic Roadmap

1.1 Economic Development and Tourism Strategy

The preparation of a comprehensive 5-year Economic Development and Tourism Strategy to guide the Town's economic prosperity is progressing well. Currently in Phase 2 (see Figure 1), the Economic Development and Tourism Strategy is being undertaken in parallel with the FDI Strategy. Memorandum MEM-ADMIN-2019-0014 (dated August 8, 2019), provided Council with an update on each project. The Strategy's development has included broad stakeholder engagement, utilizing a wide range of methods (e.g. workshops, one-on-one interviews, focus groups, surveys, digital marketing, newspaper advertising, Let's Talk Halton Hills, e-mail campaigns and input from the Project Steering Committee). Two surveys targeting businesses and residents were posted from mid-September to mid-October. The engagement level was high with about 200 surveys completed and nearly 500 visits to the project website.

The Strategy builds on and leverages numerous successes achieved in recent years which provide a solid foundation to pursue the next stage of economic development in Halton Hills. Among others, this includes: 1) organizational changes which have positioned economic development to be more strategic; 2) linkages between economic development, culture and tourism; 3) expanded Cultural Services portfolio; 4) success of the CIP program; 5) launch of the Business Concierge program; 6) stakeholder partnerships; 7) advancement of major investment projects in the Premier Gateway; 8) launch of the www.investhaltonhills.com website; 9) ongoing redevelopment of the www.visithaltonhills.ca website; 10) Town approval of the Phase 1B and Vision Georgetown Secondary Plans; 11) approval of the Transit Service Strategy; 12) leadership in climate change; 13) approval of Terms of Reference for the Phase 2B planning work; and 14) significantly expanded economic development marketing.

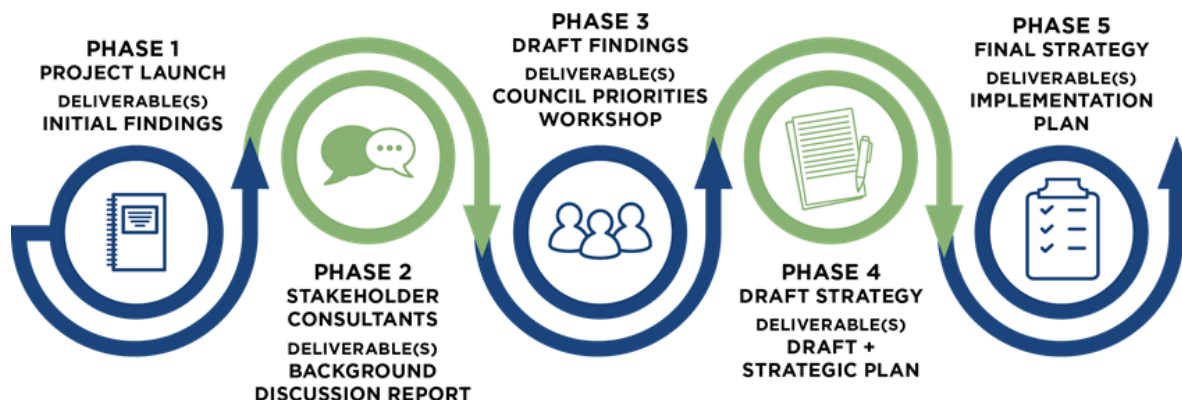


Figure 1: Key Phases of the Economic Development and Tourism Strategy

To provide a basis for decision-making, a draft Initial Findings Report has been prepared. It provides an in-depth analysis of:

- Economic development, planning, tourism, demographic and marketing trends;
- Halton Hills' business profile;
- Economic development target sectors;
- Benchmarks of the Town's investment in the economic development program; and
- Halton Hills' investment readiness.

Key emerging themes include: 1) Halton Hills enjoys a strategic location in the GTA and is an attractive investment destination; 2) Among others, future job growth will be driven by manufacturing, construction and professional/scientific services; 3) Demand for employment lands is exceeding supply; 4) Halton Hills offers a high quality of life, highly skilled workforce, high household incomes and leadership in sustainability; 5) A comprehensive Business Retention and Expansion program is needed to support economic activity; 6) Opportunities to streamline the regulatory process should be identified and implemented; 7) Tourism opportunities include sporting events, specialty retail, culinary tourism and agri-tourism, and the need to develop/market visitor itineraries; and 8) marketing efforts should focus on maintaining an up-to-date economic website, consistent messaging, expanded digital marketing and a marketing campaign to differentiate Halton Hills.

The draft Initial Findings Report is being finalized. It will be a key input into a Background Discussion Paper and subsequently the draft Strategy – both of which will be presented to Council. Engagement will continue to take place on these items and as the overall project advances (e.g. Project Steering Committee, presentations to BIA Boards and the Chamber's Economic Development Committee).

1.2 Foreign Direct Investment (FDI) Strategy

The development of the Town's first-ever FDI strategy is well underway. Once completed, the Strategy will provide an actionable roadmap for Halton Hills to be competitive and grow its local economy by identifying new international markets and the tools, approaches, strategies and actions to best access them.¹ The Strategy will augment and align with regional, provincial and national FDI efforts.

FDI attraction is the process of attracting international companies, to establish operations in Halton Hills. Typical target sectors include advanced manufacturing, Research and Development, and sales and marketing. Investments can take the shape of new 'greenfield' projects, partnerships, joint ventures and mergers. Ultimately, FDI attraction can lead to local job and assessment growth.

¹ With over 10,000 new jobs created in 2018 due to Foreign Direct Investment (FDI), Ontario is a leading destination for investment in North America. (Source: IBM's "Global Location Trends 2019" report). Top sources of FDI investment into Ontario are the United States, followed by Ireland, United Kingdom, Japan, China and Germany.

The Town's FDI Strategy will:

- Identify and leverage untapped economic development potential;
- Make strategic market recommendations, which align with Federal and/or Provincial trading strengths, target markets, sectors and policy direction;
- Recommend how best to raise awareness of the Halton Hills' Unique Value Proposition in foreign markets; and
- Identify the strengths of the existing local business community as well as outbound/export opportunities.

With background research and stakeholder engagement completed, the Strategy is in Phase 3 of a 5-phase project. Stakeholder engagement was robust and included visioning workshops; survey (underway); interviews with Council, local businesses and regional/provincial stakeholders; input from the Project Steering Committee; and website/e-news project information.

A draft Initial Findings Report has been prepared. It includes in-depth economic and market analysis, SWOT review and the development of a Unique Value Proposition. Some of the key initial findings include:

- FDI is a major driver of economic development. According to the Conference Board of Canada, each \$1 spent on FDI generates \$3.20 in total economic activity.
- With trade liberalization and interconnected global supply chains, competition for FDI continues to intensify.
- Canada acts as a stepping-stone for corporate expansion to the North American and European markets. Investors from the US, Germany, Japan, Brazil and China see Canada as a preferred investment destination.
- Manufacturing accounts for the largest share of FDI investment into Canada.
- Halton Hills can leverage Canada's attractive business environment, access to capital, cost competitiveness, market access, incentives and solid economic fundamentals to attract FDI.
- FDI can benefit existing local businesses by expanding export opportunities, attracting a highly skilled workforce, facilitating technology transfer, providing access to new supply chains, and creating new business opportunities.
- Halton Hills' unique value proposition (UVP) needs to recognize that decisions to expand internationally are made based on ease of market access, cost and availability of labour, low-risk business environment, business costs, education, infrastructure, real estate availability, quality of life and political stability.
- Based on a SWOT analysis, Halton Hills is well positioned as a preferred destination for FDI.
- Like other communities (e.g. Markham, Vaughan Toronto, Mississauga, Brampton, Halton Region), Halton Hills should take a proactive approach to FDI attraction to be competitive.
- Based on sector and market analysis, focus markets for Halton Hills may include Germany, Netherlands, Japan, Brazil, U.K. and Mexico.

Significantly more detail will be provided on the Initial Findings as part of the review of the draft FDI Strategy.

Taking advantage of a potential funding opportunity, the Town has applied for funding via Global Affairs Canada's CanExport Community Investments program to assist with the Strategy's implementation.

2. Business Attraction

- **Site Selection:** Provided assistance to a growing number of site selection inquiries considering relocation and/or expansion in Halton Hills, as well as to existing businesses. The inquiries were a mix of small and large businesses, from one-person operations to large companies. Industrial and hospitality use inquiries appear to be rising. The number and complexity of the inquiries continues to grow.
- **Business Concierge:** The Canadian Federation of Independent Business estimates that Canadian businesses are faced with a \$36 billion costs due to government regulations.

To stay competitive, maintain an 'open for business' approach, grow assessment and create local jobs, the Town is in the process of implementing a new Business Concierge initiative to streamline the attraction, identification, tracking and delivery of key strategic economic development opportunities. Based on the CAO's conversation with John Matheson (Principal, StrategyCorp), the review of Michael Fenn's 2017 report, *Reducing Business Burdens: Great Ideas from Five Innovative Ontario Municipalities*, the Town's Business Concierge program will help ensure that Halton Hills remains competitive, maintains an 'open for business' approach, attracts new investment, grows assessment and supports local jobs. Business Concierge will streamline the identification, tracking and delivery of key strategic economic development opportunities through a streamlined and coordinated cross-departmental process. Customized and on-going assistance will be provided to eligible investments throughout the process, from idea generation to doors open, to subsequent expansion plans.

Similar business concierge initiatives have been (or are in the process of being) implemented in other municipalities, including Burlington, Brampton, Hamilton, Barrie, Toronto and Halton Region.

In a very competitive environment, the business concierge program will contribute to the Town's long-term financial health. Such programs can be designed to:

- Increase economic competitiveness compared to other municipalities.
- Avoid the loss of potential investments and associated jobs.
- Grow assessment and property tax revenue.
- Balance the residential to non-residential assessment ratio.

- Avoid business start-up delays.
- Avoid business relocations to locations outside of a municipality.
- Reduce unnecessary burdens on business which undermine Return on Investment and hence investment viability.
- Expand understanding of business needs and priorities.
- Ensure the effective allocation of limited staff resources by avoiding an ad-hoc and reactive approach to business attraction.

3. Business Retention and Expansion

3.1 Community Improvement Plan (CIP): There continues to be high interest in the CIP program. Recently, four additional projects were completed, accounting for over \$37,000 in grants. Three more projects are anticipated to be completed before the end of 2019. Total private and Town investment as a result of the CIP program has now exceeded \$1.2 million since 2017.

Staff continues to explore options to further expand the CIP program to maximize its benefits. This includes considering the addition of elements related to accessibility, affordable housing, brownfields and a broader eligibility area.

3.2 Manufacturing Expansion Fund (MEF): The MEF supports the expansion of existing businesses. With dedicated funding for the MEF established in 2019, a marketing plan is under development.

3.3 2018 Employment Survey: Each year, Halton Region conducts a comprehensive Employment Survey of businesses in Halton. Among other things, the survey is used to monitor economic development trends. Key 2018 findings include:

- Halton Region is home to 13,296 businesses.
- There are 229,130 jobs in Halton.
- Between 2014 and 2018, the number of businesses grew by 0.8%.
- Between 2014 and 2018, the number of jobs grew by 5%.
- About 71% of all jobs are full-time.
- Main sectors are retail trade, manufacturing and education services.
- 69% of all businesses are small with 10 or fewer employees.
- 3.2% of all businesses have more than 100 employees.
- 84% of all businesses operate within areas of 10,000 sq.ft. or less.
- 4.5% of all businesses operate in floor areas of more than 50,000 sq.ft.

Specific to Halton Hills, key findings include:

- Halton Hills is home to 1,424 businesses, an increase of 1.2% (2014 to 2018).
- Halton Hills accounts for about 11% of all businesses in Halton.
- 21,453 jobs are located in Halton Hills, up 14.4% from 2014.
- Halton Hills jobs account for 9.4% of all Halton employment.
- Halton Hills has had the highest 5-year job growth increase in Halton (14.4%).
- On average, each year (2014-2018), the Town had a 2.6% growth in jobs.

4. Premier Gateway

4.1 Non-Residential Development: The Premier Gateway continues to experience success with significant demand for development. There are currently no major vacancies in the Premier Gateway. Demand for development in the Gateway is outpacing supply.

About 5 million square feet of non-residential development is in various stages of being constructed, undergoing review, and/or being contemplated for potential construction sometime in the future in the Premier Gateway. This represents significant investment and jobs potential.

Major recent investments include the sale of 69 acres at the northeast corner of Trafalgar Road and Steeles Avenue, as well as the uptake of over 900,000 sq.ft. of space by a number of new tenants. Combined, recent tenants in the Premier Gateway have/are estimated to create over 200 local jobs.

Located at 5 Brigden Gate, Hayward Gordon recently announced a 12,000 sq.ft. expansion to their existing 50,000 sq.ft. facility. The majority of the new space will be used for manufacturing, with the remainder for office.

4.2 Strategic Economic Opportunities: Staff continued to provide assistance and/or coordination to a number of strategic economic development opportunities that represent hundreds of millions of dollars in initial land investments and anticipated construction, and have the potential to add significant employment and assessment growth, as well as to rejuvenate key underutilized sites.

5. Downtown Georgetown and Acton

The prosperity of both Business Improvement Areas (BIAs) continues to be one of the Town's economic development priorities. Economic Development continues to collaborate with the BIAs to promote the areas for investment. Since the last update, Whimsy Street Treats (90 Main Street) has opened in the Georgetown BIA. Other openings are anticipated. The Acton BIA also continues to attract new businesses. Vacancies are at low levels. In July, the Whistle Stop Diner opened at 77 Mill St. East as well as Whistle Stop To Go at 1 Elgin St. North. Additional businesses additions (including anticipated) include the relocated Halton Police location, and new commercial and medical businesses. The Acton BIA has also seen a high uptake of its façade incentive program.

7. Tourism as an Economic Driver

Tourism is a major economic driver. In Ontario, it is a \$34 billion industry, supporting about 190,000 businesses and 400,000 jobs. In 2016, Halton Region attracted 4.4 million person visits.² Visitor spending in Halton Region totaled about \$304 million, with

² Statistics Canada; Ontario Ministry of Heritage, Sport, Tourism and Culture Industries

per person per visit spending of \$70. Visiting family and friends, participating in outdoor and sport activities, and shopping are the three top activities for visitors to Halton.

7.1 New Tourism Advisory Committee: The new Committee is an industry-focused committee. It will assist the Town in amplifying the economic benefits of tourism. The Committee will also assist in the development of the new Economic Development and Tourism Strategy. The first meeting was held on October 10.

7.2 Tourism Ambassador Program: The Tourism Ambassador Program assists local event organizers by collecting, analyzing and sharing useful tourism data. The Ambassadors attended a variety of local tourism events between May and October. A report highlighting the results of the Tourism Ambassador Program and associated economic impacts of tourism in Halton Hills will be presented to Committee in the near future.

7.3 visithaltonhills.ca Redevelopment: The visithaltonhills.ca website is the Town's main venue for marketing Halton Hills' tourism attractions. Recognizing the existing website's limitations, a new website is under development. It will be a modern, user-friendly and engaging platform to showcase Halton Hills' tourism assets and maximize their economic benefits.

7.4 Ontario By Bike: Town staff continues to engage local business to promote the Ontario By Bike™ Network. Currently, 7 business are certified.

7.5 Rogers Hometown Hockey: Economic Development (supported by a dedicated sub-committee) led the engagement of local businesses. A very successful "Paint the Town Red and White" campaign was implemented. About 40 businesses officially participated by registering in a window decorating contest.

8. Cultural Vibrancy

According to data compiled by the Creative Cities Network of Canada, Halton Hills' culture sector contributes over \$44 million to the local GDP, representing about 600 jobs. Closely linked with local quality of life, a thriving and expanding cultural sector is important to growing the Town's economy. A full range of cultural initiatives continues to be delivered, including the Town's first-ever Public Art project, record-breaking 4th annual Culture Days with over 80 activities; launch of the Town's first-ever Cultural Asset Tours, and the introduction of a new Arts and Culture Working Group. A fulsome report on cultural initiatives will be presented in the 2019 annual State of Culture report.

9. Marketing and Communications

Communications and marketing efforts continue to expand to position Halton Hills as a top-of-mind destination for investment. Recent and planned initiatives include:

- Updates to the investhaltonhills.com and visithaltonhills.ca websites.
- Publication of the Economic Development e-Newsletter. There are about 400 subscribers, an increase of over 13% since May 2019.

- Launch of a new economic development/tourism video to showcase Halton Hills as a prime investment destination. It has already been viewed over 400 times.
- Significant expansion of tourism marketing, including digital marketing, new tourism brochure, tourism rack cards, highlights of tourism statistics, videos, development of visitor itineraries, tourism kiosks, and partnership with RTO3.

The investhaltonhills.com website has had almost 6900 pageviews thus far in 2019. The visithaltonhills.ca website has had about 39,700 pageviews thus far in 2019.

10. Partnerships and Industry Engagement

Staff continued to pursue partnerships to strengthen the economy, including with the BIAs, Chamber of Commerce and Halton Region. Economic Development staff also reviewed, contributed comments to and/or guided various Town initiatives, including those pertaining to the GTA-West, Provincially Significant Employment Zones, affordable housing, Long Range Financial Plan, Intensification Opportunities Study, and Halton Region's Employment Survey.

CONCLUSION:

Halton Hills' economy continues to be strong, despite broader factors that are creating some uncertainty. Staff will continue to provide Committee/Council with updates on key economic development issues and opportunities. Leveraging the strong linkages between economic development, tourism and culture, extensive efforts continue to be made to position Halton Hills as a top-of-mind destination for investment.

Reviewed and Approved by,

A handwritten signature in black ink, reading "Brent Marshall". The signature is written in a cursive, flowing style.

Brent Marshall, Chief Administrative Officer