



REPORT

PLANNING AND DEVELOPMENT COUNCIL MEETING

MEETING DATE: MAY 16, 2016

FROM: Economic Development Department

PD-16-515

DATE: April 8, 2016

SUBJECT: Economic Development Strategy Progress Report

LOCATION:

WARD: Town wide

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RECOMMENDATION:

That the staff report from the Economic Development department entitled *Economic Development Strategy Progress Report*, dated April 8, 2016, be received.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The purpose of this document is to provide Council with a progress report on the implementation of the *Economic Development Strategy 2009-2019*.
- The strategy was approved by Planning and Development Council on July 6, 2009.
- Significant progress has been made in recent years in achieving key outcomes and objectives.
- Appendix A is a quick reference to departmental initiatives for 2016 as they relate to the original objectives contained in the Economic Development Strategy.
- A comprehensive update to the Economic Development Strategy will begin in 2017.

BACKGROUND:

The Economic Development Strategy is a comprehensive 10-year plan developed in consultation with the town's business community and Council. The strategy includes goals, objectives and actions to foster an environment for a prosperous local economy with a diversified economic base, true to the visions that have emerged from the Livable Oakville initiative.

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Key Sectors

Based on a review of market conditions and an external SWOT analysis prepared by urbanMetrics, staff developed a strategy for Oakville based on four key sectors:

- Advanced manufacturing
- Professional and financial services
- Digital media and animation
- Life sciences

Key Outcomes

When established in 2009, the strategy set out the following desired outcomes:

- Retention and expansion of Oakville's existing business base
- A marked improvement in the level of satisfaction from the business community
- A greater presence of companies in the knowledge-based sectors including professional/financial services, advanced manufacturing and life sciences
- A life sciences park established adjacent to the new Oakville hospital
- An international hub for digital media and animation anchored by a centre of excellence at Sheridan College
- An adequate supply of "shovel-ready" employment level to meet demand
- New international businesses locating in Oakville

This document is a progress report on the objectives, goals and actions contained in the Economic Development Strategy. The document also includes accomplishments and next steps for the department which are summarized in Appendix A.

COMMENT/OPTIONS:

Eight years into the implementation of the Economic Development Strategy, there has been significant progress on the key outcomes expected and all of the identified milestones have been achieved; Staff will continue to fine tune existing initiatives and consistently improve the services and tools which are used on a daily basis to implement this strategy. Success has been evidenced not only by the key investments made in Oakville, but also by the thirteen external awards for initiatives associated with implementation of the strategy; four provincial, four national and 5 international. Staff have been able to adapt to a constantly changing market while staying true to the approved strategy. Completion of the goals and objectives has informed progress made by staff and will guide a comprehensive update to the strategy in 2017.

As staff have worked through the implementation plan, valuable information has been gathered which will inform both the existing strategic workplan and the new strategy in the coming years. A key indicator emerging from the work completed in the four key sectors, is the strength of the Oakville market as a prime office

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destination. Since approval of the strategy, over two million square feet of commercial development has been come on stream, and there is currently an additional 650,000 square feet under construction, demonstrating the strength of the local market.

New office market trends have emerged including an increase in office consolidations, demand for more efficient and flexible workplaces and demographic shifts in the workplace. The boom in office market development has caused the vacancy rate in Oakville to rise above 21% as of Q4 2015. The rising vacancy rate is a result of older office product being vacated in favour of older office development being constructed. While much of this space will be filled by market demand, staff is also implementing targeted investment attraction initiatives to fill this space.

Since 2009, when the Economic Development Strategy was approved, there have been a number of changes in the local market and many additional stakeholders added to the field. Recognizing the impact of this changing landscape, staff have evaluated progress and priorities as workplans have been created and these changes will be fully examined as we approach the comprehensive strategy update in 2017. As anticipated when the strategy was first developed, the tactics employed to achieve success need to evolve over time.

What has changed?

Advanced Manufacturing

The competitive landscape in the manufacturing sector has shifted, particularly with respect to the automotive industry, where much of the new investment has shifted to Mexico and the southern USA. Due to our competitive position, Oakville is unlikely to benefit from new industrial development, but support for continued investment in our existing plants is needed. Consequently, the focus for the Economic Development department has been realigned from investment attraction to sustaining and growing the manufacturing sector. This includes business retention activities such as corporate calling and ongoing work to sustain the automotive footprint in Ontario, through initiatives by the Auto Mayors.

Professional Services

Oakville has seen significant investment and increased growth in the professional services sector. Oakville has secured and welcomed a number of key corporate tenants in recent years such as Siemens Canada, PricewaterhouseCoopers, Manulife Securities, Innomar Strategies Amerisource Bergen, Canadian Tire Financial Services and Westcon-Comstor Canada. This sector will be Oakville's premier opportunity for growth in the office market.

Innovation Districts

There is an emerging trend globally in Innovation Districts that redefines the composition of traditional employment lands for specific sector development. This has led staff to explore new ideas and principles for such employment areas. With the submission of a major development application in 2015, for a Life Sciences and Technology District, these principles will be examined through the development approval process.

Digital Media and Animation

Two organizations, Silicon Halton and HalTech, have emerged since the approval of the Economic Development Strategy. These organizations have filled a gap in the provision of services, networking and events for technology based companies. Sheridan College remains as the anchor institution for digital media & animation and Economic Development staff continues to partner with Sheridan and these new organizations to provide a robust environment for growth of this sector.

Business Improvement Areas

Locally, the Town's three mainstreet or Business Improvement Areas (BIAs) have experienced challenges with increased competition and changes in shopping behaviour negatively affecting the economic environment in these areas. The involvement of staff in the retail environment of the Business Improvement Areas was not contemplated in the development of the Economic Development Strategy as it was considered the responsibility of the BIAs and Halton Region Small Business Centre. The Town's economic development role was focused on medium and large businesses in the office and industrial markets. However, Economic Development staff have provided assistance in the last two years including hiring of a retail expert for consultation, research and development of retail action plans for the Town's three BIAs.

International Investment Attraction

Toronto Global, (formerly the Greater Toronto Marketing Alliance - GTMA) has secured significant funding contributions from the Provincial government and plans to expand its programming and service delivery significantly. Given this large financial investment, staff will leverage the strengths of this larger organization to the extent possible and monitor the process and results over the next 18 months. The International Business Plan for Oakville, described in greater detail below, provides guidance on how best to leverage the assets of Toronto Global and other key stakeholders in both the short and long term.

PROGRESS AND NEXT STEPS ON THE ECONOMIC DEVELOPMENT STRATEGY

This section details the progress on each of the goals and objectives from the Economic Development Strategy and highlights key next steps for same.

Goal One – Attract knowledge based industries in the professional services, advanced manufacturing and life sciences sectors

Objective 1 – Attract new development in the professional services and advanced manufacturing sectors.

Economic Development staff continues to service investment leads from various sources including direct company contacts, realtors, site selectors, Toronto Global (formerly the Greater Toronto Marketing Alliance - GTMA), Halton Region, the Ministry of Economic Development, Employment and Infrastructure (MEDEI), and Global Affairs Canada (formerly the Department of Foreign Affairs and International Trade - DFAIT). This work includes the preparation of detailed site selection proposals; identification of possible sites to meet company needs; meetings with staff and other stakeholders in the site selection process; serving as the point of contact for companies; and trouble-shooting throughout the development process.

Staff continue to meet regularly with companies, developers, realtors and government representatives to present development opportunities in Oakville; participate in industry specific trade shows; and, hold targeted events to build relationships with companies, realtors and site selectors.

2015 targeted initiatives included the design of an office campaign to brand Oakville as a premier office destination. The branding will be utilized in all marketing materials for 2016.

Next Steps:

- Staff will work closely with the development and business community throughout 2016 to increase communication with companies in our target sectors and fully leverage our local partnerships and stakeholders to position Oakville as the destination of choice for office in the GTA.

Objective 2 – Create a Life Sciences and Technology Park adjacent to the new hospital

The opportunity to leverage the development of the new hospital in north Oakville and the available employment land surrounding it was recognized in the Town's Economic Development Strategy.

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Town Planning and Economic Development staff, in conjunction with Halton Region Planning, developed guidelines and performance targets specific to the district around the hospital, identified as the Health Oriented Mixed Use Node (HOMUN). In 2015, a developer submitted a development application for a world class life sciences and technology innovation district on the 30 acres immediately east of the new hospital. Town and Regional staff have been working closely to nurture this opportunity and work through the development approval process.

Next Steps:

- Economic Development will facilitate meetings with key industry and academic stakeholders to establish formal agreements and partnerships.

Objective 3 – Develop and implement a marketing plan for business attraction

A new site selection tool known as FindOakville was launched in mid-2015. This interactive mapping tool was created in house by Oakville's Strategic Business Support, IS&S and Economic Development departments. The tool helps potential new businesses find current ICI real estate opportunities, information on properties such as zoning and property boundaries, as well as active developments and building permits. Up to date property listings are provided through a partnership with the Oakville Milton District Real Estate Board. Staff continue to update all of the department's marketing materials, including the webpages, with an emphasis and shift to digital marketing both to increase reach and reduce printing costs and redundancy.

Next Steps:

- Complete further enhancements to FindOakville including the addition of data layers such as demographics and traffic counts.
- Launch social media accounts to reach and engage with a wider audience on a real time platform.
- Update website with recommendations as detailed in the International Business Plan.

Goal 2 - Respond to the needs of the business community in order to foster business retention and expansion

Objective 1 – Improve the development approval process

Staff will continue to provide feedback to the Community Development departments in order to inform continuous improvements to the development approval process.

Next Steps:

- Work with planning staff on a development process guide for business to help inform and manage the expectations of business applicants.

Objective 2 – Expedite development of employment lands

In co-operation with Environmental Policy, staff explored the idea of opening up contaminated and/or under-utilized sites through a Brownfield program for municipally owned and private lands.

Next Steps:

- An application to the Federation of Canadian Municipalities (FCM) for study funding.
- Staff will work with a consultant to develop a Brownfield Redevelopment Strategy and a Brownfield Community Improvement Plan (CIP) for privately owned lands.

Objective 3 – Monitor Competitive Position

Key business indicators are monitored and tracked on a monthly basis and used to provide current information to Council as well as in response to inquiries received by the department. This information is commonly requested by new and existing businesses within Oakville, site selectors and the ICI real estate community. These indicators are kept up-to-date in order to provide accurate site selection proposals to potential investors. Since 2010, business indicators have been consolidated in the economic development annual report – an information and marketing document that provides a snapshot of Oakville's business climate.

Within the annual report, staff reports on three key financial aspects that impact Oakville's competitive position for new investment: development charges, tax rates and land values.

Next Steps:

- Continue to monitor the Town's competitive position and align marketing efforts where necessary.

Objective 4 – Cultivate Business Relationships

Economic development staff developed and implemented a corporate calling program to learn about the companies in Oakville and to provide information and assistance where applicable. The corporate calling process has been a valuable basis for cluster development of the four sectors as well as building relationships for

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attracting new companies. Staff have built relationships with all levels of government, local educational institutions, and resource networks to add value to the corporate calling program, so that a higher degree of information and access to programs is provided at the local level.

Staff incorporated the RBC Canadian Open event into their business attraction initiatives in 2008, 2009, 2013 and 2015 by showcasing Oakville's investment opportunities to the real estate and development community through targeted presentations and networking functions. A similar initiative is being planned for 2016.

In 2014, the Economic Development Department, in cooperation with partners Oakville Chamber of Commerce, HalTech, Silicon Halton and Professional Engineers of Ontario (Oakville chapter) hosted the first annual Oakville Innovation Awards: the awards celebrated technology and engineering excellence throughout the Oakville community and recognized those who have participated in the development of exceptional products or processes that exhibit leading edge research and development.

Next Steps:

- Following on the success and positive feedback from the 2014 Oakville Innovation Awards, the event is being expanded to a one day conference and awards ceremony at the regional level. HalTech, Halton's regional innovation centre is leading the initiative and Oakville will be acting as a community partner for the event.
- Staff will continue engagement with local companies and other stakeholders.

Objective 5 – Provide accurate and timely business information

The launch of FindOakville, Oakville's new site selection tool, allows staff to not only market Oakville and its real estate opportunities, but to add data layers to the site that allow a seamless integration of real time information. Additional improvements to this tool will further enhance its functionality and effectiveness while reflecting best practices.

Next Steps:

- Additional website improvements will enhance the sector profile pages, update the Town's e-brochure and provide continuity in messaging and branding of Oakville as an office destination.
- Video and digital information marketing materials will continue to be developed within the scope of the current budget.

- Interactive mapping of employment land opportunities will be undertaken.

Goal 3 – Explore international business opportunities

Objective 1- Develop International Business Development Plan

Through a Federal grant from the Invest Canada Community Initiatives (ICCI) program staff worked with a consultant to complete an International Business Development Plan in 2015, attached to this report as Appendix B. The consulting team had extensive experience as in-market representatives globally and were able to offer practical, relevant recommendations based on direct experience.

The role of the Town's Economic Development department in both investment attraction and outward trade activities to grow targeted sectors needed to be determined in the context of what other agencies are doing as well as departmental goals and budgets. The current ecosystem for Foreign Direct Investment (FDI) in Oakville is complex. While operating within a two tiered municipal system, Oakville also falls within the jurisdiction of Toronto Global (formerly the Greater Toronto Marketing Alliance). As a new organization, the direction and efficacy of Toronto Global is unknown. In addition to Toronto Global, the provincial and federal governments are also pro-actively marketing internationally, while Halton Region has announced its intent to withdraw from these activities. The international business development plan helped Oakville to determine where its FDI priorities fit into this mix in order to avoid duplicating services across organizations, identify strategic partnerships, align activities, and provide maximum value for limited budget and resources.

The plan established a framework for the town to move forward by identifying key sectors of focus, industry trends and a specific action plan to implement in order to attract, retain and expand foreign direct investment. Two target sectors, Professional and Financial Services and Digital Media, were identified as having the best potential for investment in Oakville. Four markets, USA, UK, Germany and China were identified as having the greatest potential based on Oakville's strengths and the respective countries' ranking for Foreign Direct Investment (FDI) into Canada.

It should be noted that Toronto Global (formerly GTMA) is newly established with a mandate to deliver leads to communities within the GTA. The International Business Plan recommends that staff work closely with Toronto Global over the next year to keep them informed about Oakville and its unique value proposition, and to participate selectively in their international activities. Staff will examine where opportunities with Toronto Global international activities align with Oakville's niche areas as identified in the plan.

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The one area in which a “wait-and-see” approach will not be taken, is China. In 2015 Oakville signed a sister city agreement with the city of Huai’an, in Jiangsu Province. In order to maintain the momentum of this new relationship and explore business opportunities, direct involvement will continue. Staff will also determine if there are any initiatives being undertaken in China by Toronto Global that could be aligned with Oakville.

The International Business plan also recommends improving Oakville’s online presence to reach an international audience and increasing engagement with the federal and provincial in market representatives to cultivate stronger relationships and ensure they have current, timely and relevant information about Oakville and its business case for investment.

The results of the above-noted approach, together with results of lead monitoring, will be reassessed in 12-18 months in conjunction with the Economic Development comprehensive review, to determine if Oakville should take a more proactive role in international investment attraction. Activities and resources will be redirected as necessary based on this assessment.

Next Steps:

- Create an InvestOakville micro-site targeted to investment attraction which will enhance Oakville’s online presence to reach a wider geographic audience and better communicate Oakville’s value proposition.
- Increase engagement with in-market representatives and provincial and federal staff in target markets and sectors.
- Implement specific actions and initiatives as identified in the International Business Plan.
- Work with Toronto Global to communicate Oakville’s business case and leverage opportunities where appropriate.
- Monitor and respond to leads from Toronto Global, federal and provincial representatives.
- Continue to explore business opportunities in China and develop the relationship with Oakville’s Sister City Huai’an.

Objective: Explore opportunities to develop Oakville as an international hub for Digital Media and Animation

The Economic Development Strategy identified the animation strengths at Sheridan College as the focal point for the development of an international hub for digital media and animation. Over the last five years, Economic Development staff has built relationships with Sheridan College and partnered with them to promote Oakville as a location for investment. Staff has also undertaken corporate calling that has led to a greater understanding of the sector and connectively of the companies and

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organizations that are helping shape the growth of the sector. Since the creation of the Economic Development Strategy, organizations such as HalTech and Silicon Halton have emerged that provide resources for start-up and growing technology companies as well as events to connect companies locally and provide learning opportunities. Economic Development staff will continue to respond to opportunities for major investment attraction through the network it has developed over the last five years and will work with the network of local organizations servicing the needs of companies in this sector. Staff will continue to maintain its excellent relationship with Sheridan College which serves as an anchor and major employment resource for this sector.

Next Steps:

- Future activities will focus on connecting digital media companies to appropriate resources in the community.
- Continue to monitor growth in this industry for future investment opportunities.
- Implement actions and recommendations specific to this sector as identified in the International Business Plan.

CONSIDERATIONS:

(A) PUBLIC

Since implementation of the strategy began in 2009, consultation has been undertaken with the business community and various stakeholders through forums, roundtables, seminars, outreach events and a corporate calling program.

(B) FINANCIAL

The ongoing implementation of *the Economic Development Strategy 2009-2019* will involve some staff time from relevant departments which will be managed from existing resources and budgets.

(C) IMPACT ON OTHER DEPARTMENTS & USERS

The Economic Development Strategy is linked to Livable Oakville; The Economic Development Strategy provides recommendations for new initiatives to attract, retain and expand industrial and commercial development in Oakville.

(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- enhance our economic environment
- continuously improve our programs and services
- provide outstanding service to our residents and businesses

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(E) COMMUNITY SUSTAINABILITY

Improving business conditions through attraction, business retention and expansion will enhance the economic prosperity of Oakville and its residents.

APPENDICES:

APPENDIX A: Economic Development Strategy Progress Report – 2016
Initiatives

APPENDIX B: International Business Development Plan for Oakville

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