

## **ECONOMIC DEVELOPMENT COMMITTEE – AUGUST 30, 2010**

### **“BUILDING A GATEWAY TO TOMORROW’S ECONOMY” - ECONOMIC DEVELOPMENT STRATEGY FINAL REPORT**

#### **Recommendation**

The Director of Economic Development, in consultation with the City Manager, recommends:

1. THAT the presentation and strategy report, “*Building a Gateway to Tomorrow’s Economy*” by Millier Dickson Blais, Inc., be received;
2. THAT the strategy to position Vaughan as the “*Gateway*” of goods, people, financial flows and economic activity to the Greater Toronto Area be adopted;
3. THAT small business, entrepreneurs, creative cultural industry and innovation are fundamental to Vaughan’s future economy and that the concept of the City as an Incubator of entrepreneurship and innovation be developed;
4. THAT the staffing and organization of the department be realigned as to provide best-in-class economic development services which will maximize the opportunity to fulfill the strategy’s goals, objectives and actions, and;
5. THAT any financial requirements to implement the strategy, be considered during the annual budget process.

#### **Contribution to Sustainability**

Green Directions Vaughan embraces a Sustainability first principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations.

Objectives and actions in the strategy work toward sustainability by;

- Promoting greater integration, input and co-ordination from the business community through the economic development department in policy making and its implementation
- Economic Development will have more input in the development of policies and co-ordination of policy advice on issues related to economic development and industry development;
- Monitoring and researching trends and issues related to sustainable economic development, regional development and industry development;

#### **Economic Impact**

##### Strategy

The costs associated with the preparation of the Economic Development Strategy were approved in the 2010 Economic Development Department’s operating budget. The Strategy was completed within budget.

##### Staffing

The proposed organization of the department is split into three streams;

- Business Development,
- Business Retention & Expansion, and
- Shared Services

This is significant in that the organization will promote collaboration and connectivity within the department and avoid silo business units based on individual sectors.

With that said, aligning the Manager of Tourism to a Business Development Officer – Creative Economy, refocuses the position from a stand alone business unit dedicated to one industry sector to an essential position within Business Development. The position will concentrate on sustainability, arts, culture, place, design, and innovation and the emergence of the creative and knowledge-based economy, both firms and workers, as a means of driving economic prosperity.

**For example: Creative people that are engaged in research and design activities will require a certain type of firm in an area, but also a set of inter-connected services and qualities that combine to make an area an attractive place to live (place making).**

This is especially important in that the strategy positions the Vaughan Metropolitan Centre with the arrival of the subway system not only as the centre for high-end office but also as the cultural and tourism hub; incubating culture, design, and sustainable building practices. The economic impact to the City will be the addition of approximately 7,000 new jobs and billions of dollars in economic, payroll and construction related activity by 2021.

Implementing the realignment is estimated to produce a cost-savings to the Corporation of approximately \$15,000 annually.

Furthermore, the proposed reorganization also takes into account that to achieve the goals of the “Gateway” strategy additional staff will be required and two new positions are proposed for the department; Business Development Officer – Advanced Goods and Movement and a shared resource, Research Coordinator.

The Business Development Officer – Advanced Goods and Movement aligns with the basic premise that underpins the “Gateway” strategy which is Vaughan’s ability to differentiate itself from other communities in the GTA by identifying areas of convergence; Advanced Goods Production and Movement and Innovative Research and Design.

The advanced goods production and movement sector in the city of Vaughan encompasses elements of the advanced manufacturing; transportation, logistics, warehousing, and distribution; and building products sectors.

A majority of the development in the convergent sector will be in the Vaughan Enterprise Zone. The Enterprise Zone will have a significant economic impact on the City with planned employment of more than 50,000 jobs.

A key initiative that will be undertaken by the Business Development Officer – Advanced Goods and Movement will be to look at the practices in a number of goods movement initiatives and hubs across Canada and the U.S.. This will give the City a greater perspective on the positioning of the Vaughan Enterprise Zone as a “Gateway” for goods movement, and the potential structures that the City may wish to further explore to encourage this type of development.

The addition of two new staff is estimated to be \$135,000.

### **Communications Plan**

The Economic Development Strategy and presentation materials will be available in hard copy format and distributed to Mayor, Members of Council and Senior Management. Additional “hard” copies will be available upon request. The strategy of building Vaughan as the “Gateway” of goods, people, financial flows and economic activity to the Greater Toronto Area will be

highlighted in the September Economic Development Newsletter, *Business Link*, which is distributed to more than 5,000 Vaughan businesses and partners.

An electronic copy in a PDF format will be posted to the 'documents' section of the Economic Development and Technology Department's website. In addition, an eight-page executive summary brochure will be created in both print and electronic format for use in communicating the strategy.

### **Purpose**

To provide the members of the Economic Development Committee and Council with a economic development strategy which will;

#### *Position Vaughan as the gateway of economic activity to the Greater Toronto Area.*

The goal recognizes that geo-political borders are inconsequential to business and flows, especially in a globalized economy, and connections to international trade flows position Vaughan as an excellent gateway to the Greater Toronto Area and the economic region. With a significant supply of developable lands, its position at the confluence of major regional transportation routes and systems, and its rapidly growing population,— poised on the periphery of the GTA, but central to its future growth and expansion.

#### *Develop Vaughan as the incubator of entrepreneurial and economic activity for the economic region.*

This goal recognizes that economic development does not exist as a silo. Rather, to be successful, economic development must be about partnerships and collaboration. The goal is a City-wide initiative focused on business incubation, i.e., the support services, infrastructure and collaborative tools that will help businesses develop genuine competitive advantages. In essence, other communities may have physical, location based incubators – but Vaughan will be an incubator.

#### *Provide best-in-class economic development services.*

Vaughan has unique opportunities in economic development based on geography and access. However, geography and access are no longer enough in a global competition for investment and talent. Cities must now provide an extended suite of programs to complement their natural competitive advantages, and make economic development service delivery itself a competitive advantage.

Moreover, a new approach to economic development service delivery in the City highlights the need for a new structure for the primary economic development service delivery agents in the City. Existing functions are not necessarily lost based on this reorganization, but resources are refocused instead to areas that will maximize benefits given the new strategic focus and new priorities.

#### *Grow Vaughan's dynamic quality of place and creative economy.*

In a knowledge economy, the key competitive asset in all industries is the quality of human capital resources. To sustain genuine growth and development within Vaughan, the community must prioritize the attraction and retention of key talent to the community, and the linking of that talent to appropriate opportunities within the local economy. In part, this relates to the availability of quality job opportunities. Equally, however, talent is attracted to and remains in specific places; it seeks locations that combine career opportunity with quality of life, quality of experience and quality of place.

As a result, economic development success relies in part upon success in “place-building” – the alignment of strategic effort and resources to create an environment appropriate to the needs of knowledge workers. This activity connects strongly with elements of the Official Plan and the Cultural Plan for Vaughan.

## **Background**

The City's current Employment Area policies (OPA No. 450) and activities in the economic development department are based on the conditions of the 1990's. However, as Vaughan continues to grow toward a population of more than 400,000 residents in the next 20 years, it is imperative to create a focused and strategic plan based on today's economic conditions and a need to integrate economic development activities into a greater framework that ties together all of the work done to date through the Vaughan Vision 20|20 Growth Management Plans.

*"Building a Gateway to Tomorrow's Economy"*, represents the culmination of several months of work by staff and an external project team from the consulting firm of Millier Dickinson Blais making this the first comprehensive document to guide the Department's activities in more than 12 years.

## **Context and Background Information**

In addition to extensive consultation with staff, and one-on-one interviews with external business stakeholders, the following documents were provided for the information of the consultants, in the preparation of the strategy;

- "Industry Cluster Analysis": York Region Planning and Economic Development Committee
- "The Vaughan Consolidated Growth Management Strategy – 2031
- "Transportation Studies and Environmental Assessments in the City of Vaughan – 2006"
- "Planning for Tomorrow, Part 1, York Region Population and Employment Forecasts":
- "Planning for Tomorrow, Part 2, 2031 York Region Land Requirements":
- "York Region Employment Land Area Analysis"
- "Comparative Analysis of Growth Scenarios"
- "York Region Employment and Industry Report 2007"
- "Provincial Paper – Planning for Employment".
- "Employment Sectors Strategy" 2010
- DRAFT Vaughan Official Plan 2010
- York Region 10-Year Tourism Strategy 2009
- Vaughan 5-Year Tourism Strategy 2006
- Environmental Master Plan – "Green Directions Vaughan" 2009
- Parks & Recreation Master Plan "Active Together" 2008
- Creative Together Cultural Plan 2010
- City of Vaughan Diversity Strategy 2010

## **Strategy Framework and Process**

The Economic Development Strategy for Vaughan consists of several key elements, each providing data, insight and analysis leading to a focused and tactical action plan for achieving specific economic development objectives.

The first element of the strategy consists of an economic base analysis, which builds upon the Employment Sectors Strategy Study by analyzing trends and opportunities emerging from each of the City's seven target sectors. In this portion of the report, key demographic, labour force and business patterns trends are explored, with a goal of better understanding the specific niches and focal points of Vaughan's strengths in its target areas.

This is complemented by a wide series of one-on-one interviews and surveys of key community stakeholders. These interviews assist in bringing local perspective and input to the research process, and serve as a qualitative balance to the quantitative components of the economic base analysis.

This information is then examined in light of Vaughan's competitive position in the economic development arena. The project team examined the economic base analysis data and the input from the community in order to develop a "value proposition" for the community – a statement of competitive advantages and positioning that serves to differentiate the City of Vaughan from its economic development competitors.

In part, this value proposition rests on the idea of identifying key areas of opportunity where Vaughan should focus many of its economic development programs and efforts moving forward.

In light of this value proposition, the Economic Development Strategy goes on to explore key City development opportunities such as the Vaughan Metropolitan Centre and the Vaughan Enterprise Zone. The key focus of this review is to link development activities in these areas more explicitly to the targets and value proposition described earlier in the strategy, and to highlight aspects of these development projects that may be effectively linked to the new strategic focus of economic development activities.

All of these elements are then linked to a discussion of the City's existing Friendship and Twin city relationships internationally, and a discussion of how best to create new partnerships in the international arena to assist Vaughan in furthering its economic development goals.

In the final stages of the Strategy, consideration is given to implementation of the Economic Development Strategy. This includes a discussion of key marketing approaches and messages for achieving economic development objectives, as well as a consideration of current staffing structures for delivering the actions which are outlined in the strategy.

Finally, the strategy contains a significant and wide-reaching economic development action plan, identifying four specific goals with corresponding objectives and actions to be undertaken or implemented by the Economic Development and Technology Department and its partners.

### **Relationship to Vaughan Vision 2020**

This report is consistent with the Vaughan Vision 2020 Goal:

1. Plan and Manage Growth and Economic Vitality: Revise and update the Economic Development Strategy.

### **Regional Implications**

While developing the strategy, various studies and reports completed by York Region were referenced and are identified in the context and background section of this report. Staff at the Region of York in the Economic Strategy and Tourism Branch were also consulted. These actions better align the proposed economic development strategy with work being undertaken at the Region. The approved Strategy will be forwarded to the Economic Strategy and Tourism Branch at the Region.

### **Conclusion**

As previously identified, this Strategy is the first comprehensive document that has been produced to guide the department's activities in more than 12 years. The economic development landscape has changed significantly since that time; such as:

- The rise of knowledge industries and the need for new skill sets within the labour force, and the integration of information technologies into all aspects of the economy. This highlights the role of creativity – from mechanical form to brain power and knowledge industries.

- Increased Collaboration – the need for new partnerships in a networked and hyper segmented economy.
- The growing recognition that economic development comes from within the existing marketplace
- The convergence of key economic sectors as a driver of local competitive advantage. As technology develops, it links together previously unrelated fields of economic activity (e.g. computers + healthcare = bioinformatics)
- Increased Connectivity – the changing nature of communications and relationships in a world that is both wired and globalized
- Capacity – the skills and ability to survive and thrive in this new economic environment (connects to staffing, circle exercise, action plan, etc.)

In light of those changes, new realities, new ideas and new opportunities may still emerge that could not possibly be envisioned during the crafting of this strategy. Therefore, the strategy is a dynamic and evolving plan.

However, in order for Vaughan to achieve the vision noted in Vaughan Vision 20|20, it must capitalize on its strategic advantages of the City as a “Gateway” for economic opportunities and an incubator of entrepreneurship, creativity, and innovation. With that in mind, specific goals have been developed to guide the City’s economic development activities over the next 10 years. The goals continue the “Edge City”, economic gateway, and incubation themes, and are supported by objectives and actions that provide a framework to achieve those goals.

The implementation of this Strategy will be completed incrementally in accordance with the timeframe each action has been assigned. The strategy will provide direction into the development of the Department’s annual workplans and budgets aligning activities and resource allocations within the Department.

An annual assessment report will be completed by the Economic Development Department. In addition, a more detailed multi-year assessment will be made in Year Five to summarize the progress and achievements to date of each goal and analyze next steps.

*“Building a Gateway to Tomorrow’s Economy”* will be a catalyst to achieving the vision of the Official Plan and Master Plans supporting the vision of a greater level of prosperity for the City and its residents.

### **Attachments**

- [▪ Building a Gateway to Tomorrow’s Economy – Strategy]
- [▪ Building a Gateway to Tomorrow’s Economy – Appendices]

### **Report prepared by:**

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Respectfully submitted,

Tim Simmonds  
Director of Economic Development