SUBJECT: Multi-Year Economic Development Strategy (PED08311) (City Wide)

RECOMMENDATION:

(a) That Report PED08311 regarding the development of a new multi-year Economic Development Strategy be received.

(b) That staff be authorized and directed to commence an extensive public consultation process including a series of workshops for key community stakeholders as outlined in Report PED08311.

EXECUTIVE SUMMARY:

The development and implementation of a multi-year Economic Development Strategy plays a critically important role in achieving the City’s Vision and Corporate Strategic Plan. The previous version of the Hamilton’s Economic Development Strategy was prepared in 2004 and approved in early 2005. Since that time, significant economic change has occurred both globally and locally resulting in the need for a new strategic direction for Hamilton. As a result, it is imperative that an aggressive, yet pragmatic, Strategy be developed in order that the City can achieve sustainable economic growth and realize the resulting improvement to our non-residential tax base. The proposed framework of the multi-year Strategy will also enable the City to be more proactive in programming its activities and economic development-related investments.
It is important that this Strategy be community based and supported by both residents and businesses alike. Engaging the community through an extensive public consultation process, combined with the direct input from key stakeholders, is the best means to ensure that the Economic Development Strategy will be successful. The Jobs Prosperity Collaborative has requested to be involved with the City of Hamilton in the community consultation process. The Hamilton Chamber of Commerce has designated the following theme “Hamilton’s comprehensive plan for economic development and securing leadership involvement in its implementation” for the second Annual Hamilton Economic Summit in May 2009.

**BACKGROUND:**

Since amalgamation there have been two (2) iterations of the City’s “cluster-based” Economic Development Strategy. Out of the 103 short and long-term deliverables identified in these strategies, over 80% of them have been completed or are currently in progress. Does this percentage confirm the success of the “cluster-based” strategy? Without the undertaking of an extensive analysis, the initial answer is “Yes”. For example, prior to amalgamation in 2001 there were only fragmented components but no tangible biotechnology/life sciences cluster in Hamilton. Today, the Province recognizes Hamilton as one of Ontario’s leading biosciences centres. Similarly, the Goods Movement Cluster has emerged as strong and growing component of our local economy. The potential for this cluster is evidenced by the establishment of the McMaster Institute of Transportation and Logistics in partnership with the City of Hamilton and the private sector.

During the public consultation and research phases of the new Strategy’s preparation, and for discussion purposes only, it is recommended that the “cluster based” approach for the business development component of the Strategy be maintained. In addition to this justification, the utilization of a “cluster”-based model has assisted in meeting the objective of the diversification of the local economy; a fact that is supported not only statistically but by comments this year from two of Canada’s largest municipal bond rating agencies.

One of the major challenges in preparing the new multi-year Economic Development Strategy will be to incorporate the characteristics of the “New Economy” (see Table #1) while simultaneously focusing on a plan of action that will achieve Council’s “Desired End Results” as identified in the City’s new Strategic Plan. It is equally important that the new Economic Development Strategy be inclusive of “Old Economy” businesses and recognize that the transformation of Hamilton’s economy cannot be immediate but will continue to evolve over time.
In the old economy, people believed that:

- Being a cheap location to do business was the key
- Attracting companies was the key
- A high-quality physical environment was a luxury and stood in the way of attracting cost-conscious businesses
- Regions won because they held a fixed competitive advantage in some resources or skill
- Economic development was government led

In the NEW economy, people believe that:

- Being a place rich in ideas and talent is the key
- Attracting educated people is a key
- Physical and cultural amenities are key in attracting knowledge workers
- Regions prosper if organizations and individuals have the ability to learn and adapt
- Only strong partnerships among business, government, and the nonprofit sector can bring about change

Again, only for the purposes of discussion and public consultation, staff have formulated a “straw man” of what the new multi-year Economic Development Strategy may look like (Appendix A to Report PED08311). The “straw man” model consists of an “umbrella” Economic Development Strategy that encompasses five (5) major components. Where the business development component will be primarily focused on the development of identified “clusters”, the strategies in the other components will be indirectly influenced by the final determination of the targeted industry/business clusters. The five (5) major components of the strategy are as follows:

2. **Community Redevelopment Strategy** - will concentrate on Downtown Renewal, Waterfront Redevelopment, Brownfield Redevelopment, Neighbourhood Redevelopment, and Business Improvement Areas.
5. **Marketing and Outreach Strategy** - external marketing program, Foreign Investment Strategy, community partnerships (i.e. Jobs Prosperity Collaborative, Chambers of Commerce, social organizations, etc.) to address Hamilton’s image, and new market development.
6. Quality of Life - attracting people and quality of life includes arts, culture, environment, housing, health care, etc.

It must be recognized that the Planning and Economic Development Department will not be the lead and the primary driver of all of these components. It is envisioned that community-based organizations like the Jobs Prosperity Collaborative (JPC) and/or other City departments (i.e. Community Services) will partner or take responsibility for the development and implementation of a particular component(s). In addition to securing key stakeholder input, this approach further engages the broader community and creates a sense of wide ownership of the Economic Development Strategy.

As in previous versions, each of the five (5) components and their individual areas of focus will be assigned short and long-term deliverables that will be used to “benchmark” the progress and successful development of each component. The overall goals and objectives of the multi-year Strategy will be aligned to the City’s vision and Corporate strategic objectives as approved by City Council in June 2008.

Finally, as opposed to one (1) consultant company being used to develop the entire Strategy, staff are recommending that (when required) a consultant(s) with a specific area of expertise be used to develop a component (or a part thereof) of the multi-year Economic Development Strategy. Although this may be a more expensive alternative, the finished product will be more comprehensive and of a superior quality. The additional cost of this approach will not be borne by Hamilton taxpayers because $140,000 of Provincial funding obtained through the “Communities in Transition” program is available for this purpose.

**ANALYSIS/RATIONALE:**

The approach of building the Economic Development Strategy based on extensive public consultation has consistently proven to be effective in other City-led strategic planning exercises undertaken by the City of Hamilton. Additionally, not engaging community organizations like the Jobs Prosperity Collaborative in both the formulation and implementation of the Strategy would limit the success of the plan because it would only belong to the City and not the community.

**Next Steps in the Process**

The intent is to complete the business development component of the multi-year Strategy first. The remaining components will come later depending on the outcomes and input received from public consultation, workshops, etc. and the direction of Committee and Council. Tentative timelines are as follows:

- Public consultation sessions (December 2008/January 2009)
- Council workshop (January 2009)
- Economic Development Advisory Committee Workshop (December 2008)
- Engaging the stakeholders (i.e. direct input on clusters) (February – March 2009)
- Circulation of the drafts of components (April/May 2009)
• Receipt and review of comments (May 2009)
• Final draft of Strategy components * (June 2009)
• Approval by Committee and Council (late June 2009)

ALTERNATIVES FOR CONSIDERATION:

Continue with existing five (5) year Economic Development Strategy and current clusters.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial: Current funding exists from the City’s existing Capital Budget and the Province’s “Communities in Transition” funding to develop this Strategy.

Staffing: The work can be accomplished with existing staff resources.

Legal: N/A

POLICIES AFFECTING PROPOSAL:

City of Hamilton Vision and Strategic Plan
Draft Official Plan and Comprehensive Zoning By-Law
Vision 20/20
GRIDS
Places to Grow
Transportation Master Plan
City Purchasing Policy

RELEVANT CONSULTATION:

Planning and Economic Development Department - Strategic Services Division
Community Services Department
Economic Development Advisory Committee

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Partnerships are promoted.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Human health and safety are protected.
Economic Well-Being is enhanced. ☑ Yes  ☐ No
Investment in Hamilton is enhanced and supported.

Does the option you are recommending create value across all three bottom lines?  
☑ Yes  ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
☐ Yes  ☑ No

NE:db
Attachs. (1)
PROPOSED STRATEGY FORMAT

Business Development

Community Redevelopment

Labour Force Development

ECONOMIC DEVELOPMENT STRATEGY

Infrastructure For Innovation

Marketing & Outreach

Quality of Life
BUSINESS DEVELOPMENT

• Business Retention & Expansion
• Business Attraction (Domestic)
• Small Business (HIT)
• Cluster Development
  • Manufacturing (Transforming)
  • Agriculture (Transforming)
  • Biosciences (Emerging)
  • Cultural Industries (Seed)
  • Goods Movements (Expanding)
  • Environmental Technologies (Seed) *
  • Not for Profits (Seed) *
COMMUNITY REDEVELOPMENT

- Downtown Renewal
- Brownfield Redevelopment
- Neighbourhood Redevelopment
- Business Improvement Areas
- Waterfront Redevelopment
LABOUR FORCE DEVELOPMENT

- Immigration strategy
- Industry led skills alliance
- Education (innovative ecosystem)
INFRASTRUCTURE FOR INNOVATION

• Shovel ready lands
• Official Plan (Comprehensive Zoning By-law)
• Support for Technology commercialization
• Support for University research
MARKETING & OUTREACH

• Internal and External Marketing
• Foreign Investment strategy
• New Market Development
QUALITY OF LIFE

• Attracting people
• Maintaining and improving quality of life
• Development and promotion of arts, culture, environment, health care, etc.