



CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT *Economic Development Division*

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: March 21, 2012	
SUBJECT/REPORT NO: 2011 Economic Development Division Report and Highlights (PED12044) (City Wide)	
SUBMITTED BY: Tim McCabe General Manager Planning and Economic Development Department	PREPARED BY: Neil Everson (905) 546-2424 Ext. 2359 Bill Farkas (905) 546-2424 Ext. 7019 Glen Norton (905) 546-2424 Ext. 5780 Norm Schleeahn (905) 546-2424 Ext. 2669
SIGNATURE:	

RECOMMENDATION:

That Report PED12044 respecting the 2011 Economic Development Division Report and Highlights be received

EXECUTIVE SUMMARY

News concerning the Global economy these days provides very little reason for optimism. Just consider what now dominates the Business headlines - the European debt crisis; the waning consumer confidence in the United States; and the International Monetary Fund's prediction that China's economic growth rate will decline by 4% in 2012. But that's the "macro" view. If we look close to home there's an abundance of positive economic news that justifies why the City of Hamilton in 2011 had another great year from an economic development perspective.

Overall building permit values were down from the record breaking year of 2010; however the City's industrial vacancy rate dropped from 5.2% to 3.4% which represents an absorption rate of almost 1.5 million square feet for industrial buildings.

Couple this with the fact that there is approximately 1.6 million square feet of non-residential development already in the pipeline for 2012 and it appears that the City's economic development prospects continue to be heading in the right direction.

Here are a few more examples of the positive economic news for the City:

- The Conference Board of Canada's Diversity Index which calculates how diverse the economic structure of a City is (1 being Highly Diverse and 0 being Not Diverse) gave Hamilton a **0.92** rating;
- In 2011, Hamilton was second only to Toronto among Canadian cities in attracting new corporate investment;
- In the last three (3) years, Hamilton has had more non-residential building permits than Mississauga and Brampton;
- The Hamilton metropolitan area ranks in the top 100 of the world's largest centres for its economic performance over the past two (2) years;
- Maple Leaf Foods chose Hamilton over 24 other Canadian municipalities to be the centre of its national meat processing operations (a \$400 million investment);
- In 2011, Downtown Hamilton added 320 new jobs in the Creative Industries cluster;
- The Calgary based Real Estate Investment Network (REIN) ranked Hamilton the #1 investment location in Ontario;
- Hamilton's unemployment rate of 6% is the lowest of all manufacturing based cities in Ontario;
- Hamilton Health Sciences ranks 7th in the world among the best Research Hospitals;
- McMaster University ranks 16th in the world amongst the Top 50 "Pre-Clinical and Health universities" ; and,
- Cargo shipments to and from the Port of Hamilton generate \$5.9 billion of economic activity annually.

Throughout this Report, and in the attached *2011 Economic Development Review* (Appendix A to Report PED12044), there is a detailed listing of all related economic development initiatives that occurred in Hamilton, including information on Business Development, the Small Business Enterprise Centre, the Brownfield Office, the Film and Television Office, Urban Renewal and Real Estate Sections

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: Not Applicable

Staffing: Not Applicable

Legal: Not Applicable

HISTORICAL BACKGROUND (Chronology of events)

Pursuant to the Committee of the Whole Report PED07306 Economic Development MOVING FORWARD Governance Review, Organizational Change, Engagement with Community and Enhanced Investment Funding approved on December 10, 2007, the annual "Economic Development Division Report and Highlights" is one of the two progress reports on the achievement of targets and identified performance measures as required in the PED07306 Report recommendations. This Report (PED12044) represents the fourth year that this Division report and the Annual Performance Measures Report have been presented to Council.

POLICY IMPLICATIONS

Not Applicable

RELEVANT CONSULTATION

Building Services Division, Planning and Economic Development Department
Financial Planning and Policy Division, Corporate Services Department

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

Appendix "A" – 2011 Economic Development Review to Report PED12044 (To be distributed under separate cover at the meeting). This publication provides a summation of local economic development highlights and major growth-related initiatives that occurred over the past year. In addition to being a primary marketing and promotion piece for the Economic Development Division, the Economic Development

Review is circulated to the entire membership of all three local Chambers of Commerce, area Industrial Commercial Institutional realtors, education partners and the Province of Ontario.

Economic Indicators

Building Permit Growth

The following table provides a five (5) year summary of the City of Hamilton's economic growth as depicted by building permit totals per category.

Hamilton	2007	2008	2009	2010	2011
Residential	395,335,459	415,430,563	282,169,882	590,896,451	432,286,606
Commercial	126,391,840	139,215,985	194,656,100	163,631,410	121,830,067
Industrial	63,337,586	53,002,526	115,039,969	139,750,335	35,468,780
Institutional	210,207,720	202,548,954	85,847,282	188,237,078	128,372,726
Other/Misc	6,446,743	8,264,422	14,689,153	13,783,816	13,061,110
Total	\$801,719,348	\$818,462,450	\$692,402,386	\$1,096,299,090	\$731,019,289

Assessment Growth

For the third straight year, Hamilton experienced solid assessment growth of 1.3%. Despite a decrease in overall building permit value from the record year of 2010.

<u>Year</u>	<u>(\$ million)</u>	<u>Res</u>	<u>Com/Ind</u>	<u>Inst/Gov't</u>	<u>Assess Growth</u>
2007	\$801.7	49%	24%	26%	0.8%
2008	\$818.4	50%	25%	25%	1.0%
2009	\$692.4	41%	47%	12%	1.3%
2010	\$1,096	54%	28%	17%	1.3%
2011	\$731	60%	23%	17%	1.3%

There are two aspects of assessment growth as a measure of economic performance that require explanation; these being: 1) Assessment growth expressed as a percentage increase over the previous year. This is a measure that supports new or smaller communities with a smaller "assessment base". For example, 1% assessment growth in Hamilton's 80 million square feet industrial base translates into 800,000 square feet of new construction. In a smaller municipality with only a 20 million square feet industrial base, that 800,000 square feet would represent an assessment growth of over 4%; and 2) Net Assessment growth is a number that includes successful assessment appeals, demolitions, vacancies, municipal tax write-offs, reclassifications, etc. In Hamilton's case, which annually experiences all of these reductions, this can lower the City's overall assessment growth by as much as 0.5%.

Industrial Vacancy Rate

The City of Hamilton has seen a substantial reduction in the amount of industrial buildings available on the market. The vacancy rate has decreased from 5.2% in Q1 of 2011, to 3.4% at the end of 2011. This represents a net absorption of 1,493,175 industrial square footage in 2011.

	Hamilton		Burlington		Oakville		Mississauga	
	2010	2011	2010	2011	2010	2011	2010	2011
Q1	N/A	5.2%	12.7%	7.4%	2.8%	5.1%	5.9%	6.7%
Q2	6.9%	3.7%	8.7%	6.1%	2.4%	4.3%	6.7%	5.8%
Q3	6.9%	3.7%	7.4%	4.1%	2.8%	4.9%	6.8%	5.4%
Q4	6.1%	3.4%	9.2%	5.0%	4.6%	3.9%	7.0%	5.0%
Source: Colliers GTA Industrial Statistics Report								

Downtown Hamilton Office Vacancy

The office vacancy rate declined to 12% of inventoried space at year end 2011 within buildings with at least 5,000 square feet of office space in the Downtown Hamilton Urban Growth Centre.

Downtown Hamilton Office Inventory

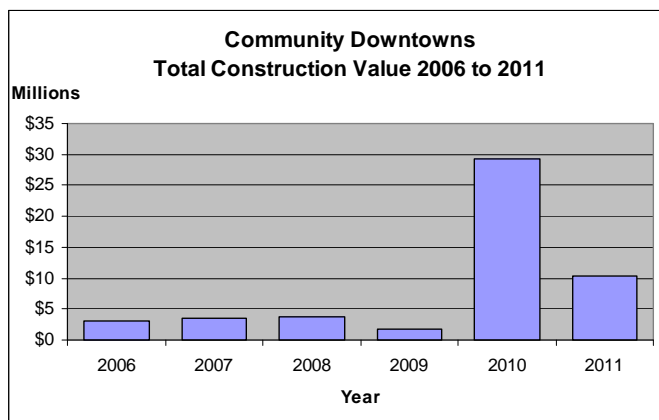
Year End	2009	2010	2011
Total Inventoried Space	5,060,400 sq. ft.	5,159,800 sq. ft.	5,124,900
Total Vacant Space	771,200 sq. ft.	678,600 sq. ft.	618,555
Vacancy Rate	15%	13%	12%

Downtown Hamilton Building Activity

A total of 166 building permits, representing over \$18.2 million in construction, were issued within the Downtown Hamilton Urban Growth Centre in 2011. This area includes properties within and abutting the block bounded by Hunter Street, Queen Street, Cannon Street and Victoria Avenue, and also includes properties abutting James Street north to the CN railway and south to Charlton Avenue.

The 2011 construction value accounts for an increase of one-third over 2010, but is overshadowed by 2009 when significant public investment was directed to City Hall, Lister Block, Hamilton Farmers' Market and Public Library, and construction of the MacNab Street Transit Terminal and Dr. J. Edgar Davey Public School and community centre.

Community Downtown Building Activity



Community Downtowns, including Ancaster, Binbrook, Dundas, Stoney Creek and Waterdown, collectively had a total of 77 building permits issued in 2011, representing a construction value of approximately \$10.5 million. The new recreation centre currently under construction in Stoney Creek accounted for nearly 42% of the 2010 building permit value. Notable private investments in 2011 include a new commercial/office building featuring Starbucks at 46 King

Street West in Dundas; a new medical office building at 2 King Street West in Stoney Creek; and a new commercial/office plaza and Tim Horton's at Binbrook Road and Hwy 56.

Downtown Employment

The Downtown employment survey was first conducted in the Downtown Hamilton Urban Growth Centre in 2010, and expanded to include the five (5) community downtowns in 2011. There was an increase of 330 jobs in Downtown Hamilton.

<i>Downtown Area</i>		<i>Employment</i>
Ancaster		835
Binbrook		115
Dundas		1,005
Stoney Creek		565
Waterdown		1,235
Hamilton	2010	23,595
	2011	23,925

Major Development Highlights of 2011

Grand Openings

Best Western C Hotel by Carmens

As Hamilton's first luxury boutique hotel, C Hotel is the first in Ontario to receive Best Western's top designation. With a \$12.5 million investment in the Red Hill Business Park, this hotel has 52 suits that sleeps approximately 200 people and has nearly 40 employees. C Hotel also offers a space for small functions such as weddings and conferences of 150 people or less.

Canada Bread Company Ltd

Canada Bread officially opened their new 388,000 square foot bakery in the Red Hill Business Park. The investment of approximately \$100 million reinforces the company's strategic establishment of competitive large scale facilities that drive top line growth. As Canada's largest bakery, the facility is expected to employ more than 300 people and will support sustained growth for Canada Bread.

Carstar

Carstar Automotive Canada which originated in Hamilton, built their national head office, known as the Vision Park, in the Red Hill Business Park in 2011. This 15,000 square foot, approximately \$3 million investment, saw the retention of over 50 employees in Hamilton. Vision Park is designed as a place where the company can reflect on its goal to be the Canadian leader in collision repair as well as a place for training, learning and research for franchisees.

College Boreal

The College Boreal opened a new 1,840 square foot employment and learning Centre in Jackson Square. The investment of approximately \$150,000 into renovations and equipment has generated nearly 1,000 visits and added several new education sector jobs to the Downtown core. For the local Francophone business and residential communities, this Center offers post-secondary education programs, employability services, immigrant integration services and related services in French, as a primary language and English, as a secondary language.

Parrish and Heimbecker

The Port of Hamilton is now home to two high-tech grain storage units. This \$30 million investment is the latest addition to Hamilton's growing food processing sector and with a height of 27 meters, and a diameter of 58 meters, each dome can hold a whopping 28,000 tonnes of grain. By 2021 they are expected to handle more than one million tonnes. These domes can also handle protein meals, sugar, salt and granular fertilizer. As well, the new terminal on Pier 10 will be the main spot for the movement of grains and other agricultural commodities.

St. Joseph's Healthcare Perioperative Surgical Program

Officially opened in the Fall of 2011, this new state-of-the-art facility includes some of the most technologically advanced operating rooms in North America. As the lead surgical provider for the Hamilton Niagara Haldimand Brant LHIN, St. Joe's surgical program continues to offer the latest technologies and techniques including minimally invasive surgery, image guided surgery and telerobotic surgery.

New Developments and Investments

Birmingham Foundation Solutions

Being Canada's oldest foundation contractor, Birmingham Foundation solutions are the leading manufacturer of custom foundation equipment. By utilizing a part of the former Lakeport Site, this company is expanding the manufacturing facility and construction of a new office, includes the retention of nearly 150 jobs in Hamilton and is recognized as one of the largest retention stories in 2011 in Hamilton.

Canada Post

The Hamilton Mountain Distribution Centre will be completed by January 2012 and will be just over 19,000 square feet with multi-level docks that will allow trucks of all sizes being able to deliver out of the new delivery centre. Staff from 2 existing locations, being Upper James and Upper Gage, and a portion of staff from Depot 3 Stoney Creek, will move into the facility. This is the second new Canada Post facility to be built in the area in the past three (3) years and is part of Canada Post's long term growth strategy.

CBC

Announced in 2011, CBC will be launching a new digital news service outlet in Downtown Hamilton that will provide online news and information services. As a new and unique interactive source of local news, weather, and information on local events, CBC has identified Hamilton as a leading city in this new era of news and information sharing via the CBC and will pay particular attention to sharing news by smart phones, internet and/or tablets. This digital service will create five (5) reporter jobs in the Downtown core.

Chuck Gammage Animation

Chuck Gammage Animation moved their operation to Hamilton from Downtown Toronto in September of 2011. This intimate and artist-driven studio employs approximately ten (10) people at their new location in the heart of the arts district on James Street North and is one of four new animation studios in Hamilton's Downtown in 2011.

Columbia International College

Columbia International College is Canada's largest private boarding high school. With 17,000 students from over 70 countries, the school is committed to helping students succeed through a holistic approach. In 2011, Columbia's Ainsliewood School expanded the leisure and study areas to 40,000 square feet on Hamilton's West Mountain and continued construction on its new 350-bed residence for girls that will include eco-friendly design elements and a roof-top patio for student entertainment.

Earth Fresh Foods

Earth Fresh Foods invested \$5.5 million into a new, cutting edge potato washing, sorting and packaging facility. This 40,000 square foot facility will flourish potato production by 194,000 pounds each day and create up to 100 new jobs. It will also include a water recycling system that will recover 90 per cent of the water used in the

plant. The potatoes used in this production will come from Ontario, PEI, and northeastern USA.

Financial Wellness

This new facility that opened in the Red Hill Business Park in 2011 includes traditional office space for rent, along with a series of membership packages for financial industry experts who wish to use administrative and office amenities but choose not to commit to a lease. The space also offers private offices available for one-on-one consultations, a boardroom that seats 16 and event co-ordinator on staff. The entire complex offers Wi-Fi and each office has a flat screen TV/monitor. There is a full-service kitchen on site, allowing catering for meetings.

First Ontario

Opening their first Downtown core branch and the first financial institution to open at King Street and James Street in the heart of Downtown in almost a decade, First Ontario became a very welcome addition to the street. One of Ontario's leading credit unions, First Ontario, in addition to their financial impact on the Downtown, made an immediate community impact by sponsoring both the Downtown's Open Streets weekend and the City's first ever young professional conference held at the Sheraton Hotel in Downtown Hamilton.

Gen Pack

Gen Pack Assembly Services invested \$1.5 million and relocated operations to a 15,000 square foot facility in the Stoney Creek Industrial Business Park, with room for future expansion. The Stoney Creek company employs 60 people.

Liburdi Automation

As an industry leader in the development of automated, vision based welding systems for turbine, aerospace, industrial and tube mill applications, 2010/2011 was an exciting year for this company. Liburdi undertook substantial equipment upgrades within the Dundas facility and obtained a 32,169 square foot building in Stoney Creek strengthening their position as a leader in Hamilton's advanced manufacturing sector.

Lister Block

In 2011, the Labourer's International Union of North America (LIUNA) officially handed over possession of the Lister Block to the City of Hamilton. Following a multi-year restoration of this former icon of urban decay, the Lister is now a spectacular \$25 million restored office and commercial space in the heart of Downtown Hamilton and now a symbol of the great renewal happening in the Hamilton's core.

Maple Leaf

Maple Leaf's state-of-the-art meat processing plant will be the largest and most innovative in Canada. Located in the Red Hill Business Park, this \$395 million facility will bring 670 new jobs to Hamilton. As well, this plant will add \$2 million in property tax base each year. With production in deli meats, processed meats and wieners, this

exciting new addition brings Maple Leaf's total two year investment (along with Canada Bread- Canada's largest bakery) in Hamilton to nearly \$500million, approximately 1,000 jobs and nearly 800,000 square feet of new industrial space.

McMaster Automotive Resource Centre

McMaster University officially launched the McMaster Automotive Resource Centre (MARC) in 2011. The Centre is designed to be a place where researchers from the university, related industry, and government will flourish together to create more fuel efficient vehicles. Through research and testing these individuals will develop hybrids, electric power trains, batteries, and lightweight materials to add to a growing green auto sector. With assistance through an \$11.5 million federal government grant, this \$26 million investment will be an 88,512 square foot building with 120 to 150 employees; adding to the great growth in Hamilton's McMaster Innovation Park.

McMaster Health Centre

By the fall of 2013, an eight-storey, 217,000 square foot, LEED-certified health campus will be opening on the corner of Main and Bay Streets in Downtown Hamilton. This \$105 million creation is designed to meet the health care needs of the growing Downtown population and is estimated to house 4,000 students, 450 employees and 30 new doctors-in-training as well as attract nearly 60,000 patients per year into this prime area of the Downtown. As home to the McMaster Department of Family Medicine and a family health clinic, it will be a place of learning, research, and innovation.

Mohawk College

Mohawk College embarked on a \$30 million renewal project. Outside the college, the entrance was moved 180 degrees, which now has the name in five-foot letters along with coloured glass walls. Inside, a long glass corridor connects the new school to the old school making it brighter and easier to navigate. Beside the central staircase is a wall of 2,000 live plants. As well, The Square is Mohawk's 17,000 square foot one-stop centre for student services. Remarkably, the sunny basement includes five (5) active learning classrooms with flexible layouts. Along with all the renovations throughout the building, it has created an atmosphere where students feel they can collaborate inside and outside the classroom. All renovations meet the LEED gold standard for environmental design.

Nem Foods

Nem Foods expanded operations in 2011, gaining retail giant Wal-Mart as a client for Nem's authentic line of Vietnamese inspired spring rolls. This fully-automated production facility, including the leading spring roll line, has created approximately 24 jobs in Hamilton.

New Horizon Homes

This nine-storey, two-tower building is transforming into one of the fastest-selling condominium complexes in Hamilton. As it covers an entire city block, these 150 high-end units meet the needs of first-time young professional buyers, empty-nesters,

apartment dwellers in the area and is a major project to encourage other investors to take the same action.

Pearson Dunn

As one of Ontario's largest independent insurance brokerages, Pearson Dunn opened three (3) new offices in Hamilton in 2011. The new 13,500 square foot head office is located on the South Service Road in Stoney Creek. It was designed and owned by Losani Homes. The head office staff of 55 provides a full range of business and personal insurance products and services. Pearson Dunn also opened offices in Ancaster and on Hamilton Mountain.

Pipeline Studios

Pipeline Studios is one of Canada's leading animation companies and relocated with nearly 100 employees to Hamilton from Oakville. With their passion, ingenuity, and expertise, this studio has major clients including Disney and Nickelodeon and specializes in 2D and 3D animation.

Port of Hamilton

2011 was another busy year for the Hamilton Port Authority (HPA) with over \$32 million in new contracts signed and third parties investing over \$25 million. As a result, over 400 permanent jobs were retained and created in North Hamilton as a result of the key projects and the investments will also create over 150 direct short term jobs with close to 100 indirect jobs. From a shipping standpoint, the HPA has enjoyed significant growth in agricultural products (35% growth versus five year average), Asphalt (12% growth versus five year average) and general/project cargo (52% grown versus five year average).

Significant Port related investments in 2011 include:

- **Fluke Transport**
 - Fluke will occupy nearly 175,000 square feet and have a flexible agreement for additional warehouse space that allows them to pay for utilized space while growing its warehouse business. To assist in the investment, the Port added over \$140,000 in building improvements.

- **Lafarge**
 - An expansion in a new home at Pier 22 allowing Lafarge to consolidate their operations and streamline transportation of materials. This investment by the company and the Port was valued at \$20 million in site improvements, a two million square foot project, and a shipping value of up to \$1 million annually and is projected to take 15,000 trucks a year off Burlington Street.

■ **James Richardson International**

- Richardson is investing over \$5.5 million to expand their facility, which will increase handling and shipping capacity. Enhancements include addition of a third receiving pit and elevation leg, two new truck beam scales and 2,000 square foot office addition.

Purolator

Courier giant Purolator Inc. has poured more than \$9 million into its Hamilton airport cargo centre as it ramps up for a major business expansion in the United States. The money has financed a major expansion of the aircraft parking area around its Hamilton plant.

St. Joseph's Healthcare

In 2011, St. Joseph's Healthcare broke ground on its state-of-the-art \$581 million mental health complex in the west end of Hamilton. This 800,000 square foot facility will offer a wide range of programs in the areas of schizophrenia, mood disorders, forensic psychiatry, geriatric psychiatry, and specialized mental health rehabilitation, as well as offer outpatient clinics for psychiatry, diagnostic imaging and medical services. This highly anticipated hospital will have 305 single person inpatient bedrooms that offer all associated support services. The Department of Psychiatry and Behavioural Neurosciences of McMaster University will be provided space for research and academia purposes.

Southern Ontario College (SOC)

SOC expanded into their new Downtown Hamilton location, making a new for nearly 125 international high school students in the core. The private secondary school features a gymnasium, cafeteria, and a 300 seat auditorium. Contributing to the revival of the Downtown core, this school has opened its doors to those wishing to utilize the auditorium space. With its excellent reputation, Southern Ontario College prepares students for post-secondary education around the world.

Starsky's Bakery

Expanding from Mississauga, Starsky's bakery is redeveloping a former automotive dealership in the east end of Hamilton into a grand 30,000 square foot European-style grocery store. This food store specializes in deli meats, Polish sausage, and other eastern European foods and the expansion will result in 50 new jobs in the local economy.

Staybridge Hotel

The Staybridge Suites, currently being developed by Vrancor Group at the corner of Caroline and George Streets, is slated for opening in 2012. This long-term stay hotel/condo complex is the first step of the Vrancor plan to invest nearly \$125 million in 600 hotel units and 300 residential units in Hamilton's Downtown core over the next several years. The six-storey hotel offers 125-room suites, 3,650 square feet of retail space, and 71 underground and 10 above-ground parking spaces.

Stinson School

Work continued on the 1894 Stinson schoolhouse; steadily transforming into luxurious lofts. This \$15 million condominium project that was once a Hamilton heritage treasure covers an entire city block at the base of the Hamilton Escarpment. Work is expected to continue in 2012.

Treble Hall

Construction began on the refurbishing of the 131 year-old Treble Hall on John Street North; ultimately becoming residential and studio space. With a \$735,000 cost, it is expected the restoration of the exterior and the redesigning of the interior will cost several times as much, but will fill a large void in that section of the Downtown core and is already commanding attention from Hamilton's blossoming creative class.

Union Gas

Union Gas is constructing a 49,000 square foot office, training, and warehouse site. Spreading across 8 acres of land at 420 Glover Road and 918 South Service Road, this will create approximately 40 jobs for the LEED Gold facility.

Witton Lofts

On the site of a former school house and more recently a social service agency, the Witton Lofts is a complex of 36 luxury residential units being built in the City's West Harbour neighbourhood overlooking the serene waterfront and steps away from the new all-day GO Service terminal to be built and in operation by 2014.

Small Business Enterprise Centre

2011 was a banner year for the Hamilton Small Business Enterprise Centre (SBEC). Now centrally located in the heart of downtown Hamilton, operating from City Hall within the Business One-Stop, this dynamic program continues to be the first stop for Hamilton's entrepreneurial community. Most recently, the SBEC announced that more than 940 NEW jobs were created through the services and resources offered at the Centre in 2011. The jobs reflect both new business start-ups and business expansion from within the greater Hamilton region. Core services of the Centre remain to be business consulting services, which alone resulted in more than 1160 one-to-one consultations in 2011. Workshops and seminars remain a leading initiative with the Hamilton business community and resulted in more than 56 sessions, reaching over 573 businesses and entrepreneurs in our community. Community outreach remains a key focus and the staff was able to conduct 44 activities reaching over 16,000 constituents directly. The business mentoring program, Access to Professionals remains to be the leading mentoring program in Hamilton, offering one-to-one mentoring for businesses with a banker, accountant, marketing team, insurance company and lawyer and attracted more than 90 participants in 2011. With a staff complement of three (3), the Centre facilitated more than 42,000 general inquiries in 2011. The Centre continues to experience higher levels of volume, demand for service in 2012 and relies

heavily on the more than thirty-five (35) community mentors, partners and volunteers that support the programs and services available through the Centre.

The SBEC continues to lead the way in youth entrepreneurship sector, delivering the Ministry of Economic Development and Innovations Summer Company Program. This Program provides young entrepreneurs, between the ages of 15 and 29, the opportunity to start and run their own summer business under the guidance of the SBEC and its mentoring team. 2011 saw more than 125 submissions for the local program, filling the full allocated seats with 22 participants.

Nationally recognized as the Community Partner and National Partner for the Canadian Youth Business Foundation in 2009, the Hamilton SBEC continues to set new standards for the delivery of this mentoring and leading program. In 2011, the SBEC approved 12 applications, which resulted in 12 new businesses starting in Hamilton, employing 23.5 NEW jobs and lending \$230,000 within Hamilton.

The SBEC continues to deliver the vibrant message of entrepreneurship through an aggressive marketing campaign that includes community outreach activities, features on Cable 14 and a strong relationship with local media outlets. 2011 saw the Centre feature in numerous Cable 14 segments, countless articles in the Hamilton Spectator, a feature in the Globe and Mail (National media coverage) and airtime on CHCH TV

The SBEC also provides training programs for the tenants of the Hamilton Technology Centre (HTC). The HTC is a modern 40,000 square foot, fibre optic equipped facility funded and operated by the Economic Development Division of the City of Hamilton. It is currently 90% occupied and welcomed Quant interpretations as well as the Municipal Service Centre for Flamborough on an interim basis.

A few examples of companies the SBEC has assisted in 2011 include

- **Gorilla Cheese**
 - Hamilton is home to Canada's first motorized food truck that specializes in gourmet grilled cheese sandwiches. The Gorilla Cheese was formed by two (2) friends, and has expanded to four (4) employees since its opening in July. Travelling around Hamilton in the black gorilla truck, this small business provides hearty food.

- **Sweetness Bakery**
 - Sweetness Bakery is a nut-free bakery specializing in cupcakes. Since August 2010, this Bakery has expanded from one location in Burlington, to four (4) locations which include: Ancaster, Dundas, and two (2) locations in Hamilton. Naming the bakery after their daughter's nickname, these delightful treats will surely sooth your sweet tooth.

▪ **Needlework**

- Located on James Street North, this new business offers a boutique style fabric and workspace for the do-it-yourselfer and creative textile community in Hamilton. Offering a selection of designer fabric, sewing patterns and notions, Needlework will have in-house sewing machines and workshops in addition to sew-by-the-hour workspace meeting the needs of anyone in the creative and textiles community.

▪ **Relish**

- Relish has become the latest and greatest addition to the community on James Street North, adding to the diversification and revitalization of this exciting neighbourhood. The boutique offers not only unique vintage home décor and furniture, but also new products from Canadian designers including clothing, accessories, furniture and art. With its unique aesthetic, outstanding products, and charming atmosphere, Relish has become a dynamic fixture in the James North community.

▪ **Momentum Fitness**

- Located the second floor of the old post-office building in Dundas, this state of the art facility brings a fresh, innovative approach to the typical fitness experience. Momentum offers members a 24-hour, 7 day-a-week friendly boutique style fitness facility in the heart of Downtown Dundas. Members appreciate state-of-the-art cardio and resistance equipment as well as personal and group training.

▪ **Cake and Loaf**

- Cake + Loaf is a “from scratch” neighborhood bakery focusing on custom special occasion cakes, artisan breads, pastries, take-out coffee, catering and light lunches. Located on Dundurn Street, the bakery is part of a growing eat local/buy trend that is quickly growing in popularity; they strive to help their customers become increasingly conscious, for both their health and the environment, about what they eat and where it comes from.

Business Retention and Expansion Program

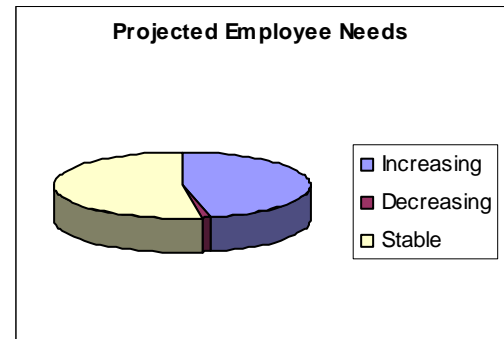
The Business Development Section continued its aggressive approach to local business retention through its “Hamilton Calling” initiative. The Program involves engaging City employers in a comprehensive 90 minute, one-on-one survey. The survey’s 45 questions cover everything from growth and expansion plans, labour needs and research and development investments, to opinions about City taxes and the planning and development processes.

In 2011, Business Development staff conducted 314 surveys with local industry that has provided the Section with incredible insight into the dynamics of the local economy by identifying companies with the best growth potential and by predicting companies at

risk. The following statistics are an aggregated compilation from the surveys conducted in 2011. The data provides the City of Hamilton a unique economic snapshot of its economy, as well as identifying areas of opportunity and concern.

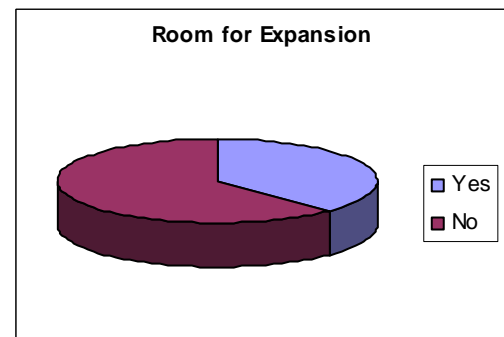
Projected Employee Needs

Increasing	46.6%
Decreasing	1.2%
Stable	52.7%



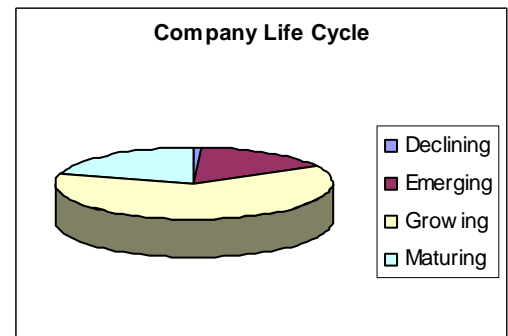
Room for Expansion

Yes	37.6%
No	62.4%



Company Life Cycle

Declining	0.7%
Emerging	16.5%
Growing	61.9%
Maturing	20.9%

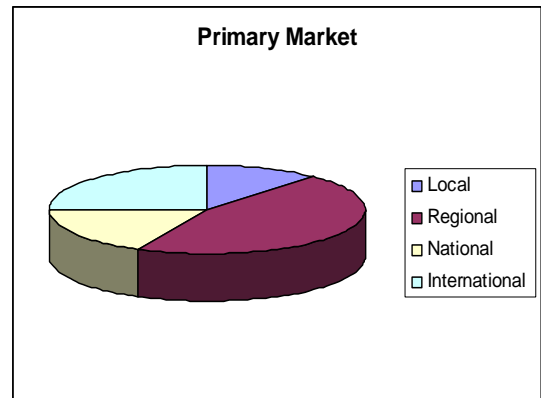


**Plans to Introduce New Products
in the next 2 Years**

Yes	77.5%
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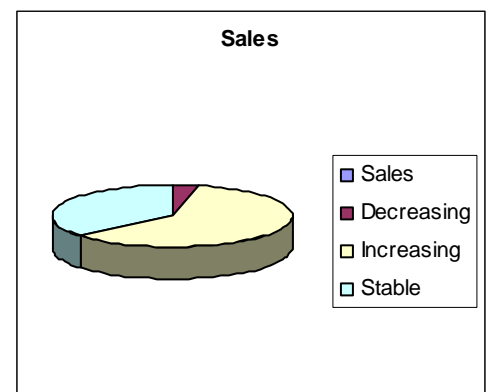
Primary Market

Local	11.8%
Regional	45.6%
National	17.8%
International	24.9%



Sales

Decreasing	3.7%
Increasing	60.2%
Stable	36.0%



Plan to Expand in 3 Years

59.8%

This survey data has proven to be an extremely valuable tool to allow the City's business development consultants the opportunity to tailor their efforts to work with companies looking at expanding their operations and encouraging them to stay in Hamilton. For example, now that the Hamilton Calling Program has completed its third full year, staff has noted which companies indicated expansion in their initial survey three years ago and will now conduct revisit interviews with the companies as part of their 2012 workplans.

The Hamilton Calling Program continues to be extremely well received by the business community and all of the companies have been very pleased that the City is taking a pro-active approach to learn about them and discuss their concerns and issues.

In 2012, the Section will be making some groundbreaking changes to the Hamilton Calling Program which will position it as one of the most unique business retention

programs in Ontario and perhaps Canada. These changes to the Program are contained in an information report on the April 4 General Issues Committee.

Financial Incentive Updates

Brownfield and LEED

2011 marked an impressive 10th anniversary for the City's time-tested and critically acclaimed Environmental Remediation and Site Enhancement (ERASE) Community Improvement Plan (CIP) - the first of its kind in Canada. After a number of substantive updates to the ERASE CIP in 2010, the City began to reap the rewards in 2011.

Chief among these were the three ERASE Redevelopment Grant applications that were received. Most notably, Union Gas Limited was approved for an ERASE Redevelopment Grant of \$1,280,129.11 and is proposing to build a brand-new, LEED certified, office, training and warehouse facility at 918 South Service Road in Stoney Creek that will serve as their regional outpost. This marks the first application that includes LEED eligible costs under the ERASE Program. Starsky's Fine Foods was also approved for an ERASE Redevelopment Grant for \$962,250 for remediation of the former Gemini Auto Dealership at 685 Queenston Road. This redevelopment will see a brand new 30,000 square foot. specialty retail grocery store and bakery come to East Hamilton. Lastly, the former KFC property at 51 Cootes Drive in Dundas will be redeveloped for commercial/retail purposes with the help of an \$87,170 approved ERASE Redevelopment Grant.

2011 also resulted in 15 ERASE Study Grants being approved totalling approximately \$111,407 in grant dollars towards Phase II and Phase III Environmental Site Assessments and approximately 75 acres of industrial/commercial land being studied. Furthermore, two ERASE Municipal Acquisition and Partnership Program (MAPP) Grants were approved; one for initial pilot project testing of an innovative bioremedial solution at the former Cannon Knitting Mills at 134 Cannon Street East and one for PCB removal at Max Aicher North America's two steel plants.

Hamilton Downtown Property Improvement Grant Program

The Hamilton Downtown Property Improvement Grant Program provides a tax increment equivalent grant to projects that increase a property's value, based on pre- and post-development assessments.

In 2011, \$454,300 was due to be issued to thirteen (13) reassessed projects through the Hamilton Downtown Property Improvement Grant Program. Since grants were first issued in 2004, over \$3.5 million has been granted through the Program to sixteen (16) reassessed projects that had a combined construction value of \$71.2 million. The total amount granted/to be granted to the sixteen (16) projects is estimated to be nearly \$4.6 million, which accounts for a 1:15 ratio of public grant leveraging private investment.

***Hamilton Downtown Property Improvement Grant Program
2011 Year End Status of Reassessed Projects***

Grants Issued in 2011 (to 13 projects)	\$454,300
Grants Issued 2004-2011 (to 16 projects)	\$3,564,500
Estimated Balance of Grants to be Issued	\$1,024,500
Estimated Total Grants	\$4,589,000
Construction Value of 16 Reassessed Projects	\$71,168,400
Ratio of Total Grants to Construction Value	1:15

In addition, there are six (6) projects that are either in progress or are completed but have not yet been reassessed. Two applications were submitted and approved in 2011, including the new 127 unit Staybridge Suites Hotel now under construction at 68 George Street, and the conversion and addition to a vacated office building at 130 Wellington Street North that created ten (10) new dwelling units and one (1) business office.

Hamilton Downtown Multi-Residential Property Investment Program

The Hamilton Downtown Multi-Residential Property Investment Program provides an interest free loan to projects that result in predominantly residential development together with uses accessory to the residential development.

Two (2) applications for the Hamilton Downtown Multi-Residential Property Investment Program were received in 2011. A loan commitment of \$4.9 million was approved for the Staybridge Suites Hotel at 68 George Street, and will be advanced proportionately as the work is 60%, 80% and 100% complete, as per the Program terms. The redevelopment of the vacant building at 275 King Street West (at Hess Street) for 29 apartment units is currently being evaluated.

Since 2002, the City has loaned about \$16 million supporting the creation/renovation of 874 dwelling units, at an interest cost to the City of approximately \$1.7 million. The public cost of the Program has levered \$104 million of private construction value at a ratio of 1:38. There are five (5) projects that have repaid their loans in full, nine (9) additional projects paying back loans, and one (1) under construction, with a collective balance of \$5.6 million outstanding at year end 2011.

Hamilton Downtown Multi-Residential Property Investment Program

2011 Year End Status

Units Built/Under Construction	874
Construction Value	\$104,334,600
Loans Advanced	\$16,169,585
Loans Paid Back	\$9,453,470
Default (one loan)	\$1,101,205
Loans Outstanding	\$5,614,910
Interest Paid	\$1,661,285
Ratio of Interest Paid to Construction Value	1:63
Cost (Interest + Default)	\$2,762,490
Ratio of Cost to Construction Value	1:38

Commercial Corridor Housing Loan and Grant Program

The Commercial Corridor Housing Loan and Grant Program provides financial assistance for the conversion of existing built commercial space into residential units, renovations to existing residential units, and the construction of new residential units.

Fourteen (14) new applications were submitted to the Program in 2011. Loan commitments totalling \$179,250 were approved for three projects in 2011, involving the creation of ten (10) new units and the renovation of eight (8) others.

<i>Project</i>	<i>Loan Commitment</i>	<i>Grant</i>	<i>Units</i>
130-134 Wellington St. N., Hamilton	\$100,000	\$5,000	10 new units in a converted building
117 King St. E., Hamilton	\$49,250	\$5,000	5 renovated units
663 Barton St. E., Hamilton	\$30,000	\$5,000	3 renovated units

Hamilton Downtown Office Tenancy Assistance Program (OTAP)

OTAP provides a low interest loan to building owners or tenants to support eligible leasehold improvements to office buildings located in Downtown Hamilton.

One application was received in 2011 but subsequently cancelled, for the First Ontario Credit Union that now occupies the ground floor at 1 James Street South.

BIA Commercial Property Improvement Grant Program (CPIG)

The CPIG Program offers financial assistance for enhancing the physical and aesthetic appearance of commercial building façades and entranceways in active Business Improvement Areas (BIAs).

Of the 34 CPIG Program applications submitted in 2011, 25 were approved and nine (9) others are in process.

2011 Commercial Property Improvement Grant Applications

<i>2011 Approved Applications</i>	<i>Proposed Construction Value</i>	<i>Potential Grant</i>	<i>Grant as a Percentage of Construction</i>
25	\$1,012,520	\$230,120	23%

Although the CPIG Program is a 50/50 matching grant, the true value of the work leveraged by the City grant is more than 50%. CPIG funds are advanced only when the work has been completed.

Commercial Property Improvement Grant Payments

<i>Time Period</i>	<i>Number of Projects Paid</i>	<i>Construction Value</i>	<i>Grant Paid</i>	<i>Grant as a Percentage of Construction</i>
2011	32	\$1,053,550	\$377,700	36%
2002-2011	266	\$4,858,085	\$2,029,430	42%

Hamilton Heritage Property Grant Program

The Hamilton Heritage Property Grant Program provides a grant to support designated heritage property restoration.

Two (2) applications were submitted and approved for funding in 2011.

<i>Application</i>	<i>Project Cost</i>	<i>Approved Grant</i>
Right House, 35 King St. E., Hamilton	\$36,840	\$9,210
Carnegie Gallery, 10 King St. W., Dundas	\$404,670	\$101,170

Additional Incentives

Amendments to the Downtown and Community Renewal Community Improvement Plan approved by Council in November 2011 introduced two (2) new programs that will begin taking applications in 2012: the Gore Building Improvement Grant Program and the Hamilton Downtown Commercial Façade Property Improvement Grant Program.

Streetscape Projects

Gateway features designed by the Urban Renewal Section in collaboration with the BIA were installed to mark the entrances to the Westdale Business Improvement Area. Interpretive panels celebrating Ancaster's heritage were included in the landscape improvements at Hammill House, as part of the Ancaster Square Master Plan implementation.

Major Marketing Initiatives

Revamped investinhamilton.ca

The revamped investinhamilton.ca site included a new colour scheme, more navigable layout, increased outreach tools such as blogs and e-newsletters and vastly updated and current information. The site also now contains a brand new site selection tool. The site was selected by the Economic Development Council of Ontario as the top economic development website in the Province as a result of these changes.

Perspective Marketing Supplement

This supplement focused on Hamilton and investing in Hamilton in particular was added to every Globe and Mail edition in Ontario (including the Ottawa and Montreal markets). This was a key piece in highlighting the investment opportunities that exist in Hamilton to a key audience in the GTA.

Globe and Mail Small Business Feature

This was a free media opportunity which consisted of providing a day tour to the Editor of the Globe and Mail's Report on Small Business and two of his reporters. The tour focused on the changing face of Hamilton's economy, especially the strong entrepreneurial core in the city, and highlighted areas such as McMaster Innovation Park (MIP) and the downtown. The result was a five day video feature on Hamilton on the Report on Small Business online which reaches millions across the country and the "free" tour resulted in coverage that would have cost between \$15,000-30,000 in an ad buy.

Invest TV

Invest TV was awarded the 2010 Economic Developers Council of Ontario Award for best interactive site and to date is close to 200 clips and well over 1,000,000 total views. It continues to be a cornerstone of the outreach of Economic Development.

Creative Industries Video

This video was produced by local firm, Fenian Films, and focused on the changing face of Hamilton's downtown core, in particular the creative industries (the fastest growing employment sector in the Downtown core). To date, this has been the most widely viewed video on the Economic Development You Tube channel and was featured in thespec.com as a great City building piece.

Sew Hungry

This event was awarded best social media campaign in 2011 by the Economic Developers Council of Ontario. It was a partnership with the Ottawa Street BIA, Ottawa Street Farmers' Market and Tourism Hamilton and involved the City's first food truck rally. As there was no paid advertising for the event, the information was spread through social media and free media opportunities. On the day of the event, the Twitter hashtag created for the event #sewhungry was the fourth highest trending term in Canada, an unbelievable achievement for a first time local event.

Awards and Recognition

LEED Award

The City of Hamilton's LEEDing the Way Community Improvement Plan and LEED Grant Program was awarded the Economic Developers Association of Canada/RBC Financial Group Economic Development Achievement of the Year Award. Through efforts, this community-driven economic development project has shown to be innovative, creative, and successful by promoting cost sharing of construction costs, consultation, energy modelling and certification fees with the applicant to achieve LEED certification. Grants are calculated on the basis of the rating of official certification under the LEED rating system by the Canadian Green Building Council (CaGBC).

Real Estate Investment Network (REIN)

In 2011, Calgary based Real Estate Investment Network ranked Hamilton the top place in Ontario and the third top place in Canada in which to invest, just behind Edmonton and Calgary. REIN president Don Campbell said the ranking is a testament to Hamilton's potential to attract jobs and business over the next five years.

Site Selection Magazine

Atlanta, GA publication, Site Selection Magazine, ranked Hamilton in the top two Canadian cities in attracting corporate investment over the past year. It is the second year in a row Hamilton has ranked among the top cities in [Site Selection magazine's](#) Canada Best to Invest

Intelegia Ranking

Intelegia ranked Hamilton as one of the top two cities in Canada in investment marketing using the web and social media. Hamilton has built a strong social media platform by utilizing areas such as blogs, enewsletters, Facebook, Twitter, LinkedIn, YouTube, Flickr, Foursquare to attract people and their businesses to Hamilton. This includes Hamilton's Provincially award-winning iinvestinhamilton TV; a regular online news channel that features economic good news stories in the City and has generated over 1million views.

EDCO Awards

On Thursday, February 2, 2012, the Economic Development Division was honoured with four Provincial marketing awards from the Economic Developers Council of Ontario (EDCO) - one of the City's best showings ever at these prestigious awards.

Hamilton won for best economic development website for the renewed www.investinhamilton.ca site best annual report (www.investinhamilton.ca/onebillion) best stand alone ad for our new LEED Incentive Program and best social media campaign for last September's Sew Hungry Food Truck Rally on Ottawa Street.

Hamilton Film Office

From approximately 2002 to 2008, the City of Hamilton enjoyed a major surge in filming because of the regional bonus associated with the Ontario Film and Television Tax Credit (OFTTC). However, since 2009, this fever pitch of filming activity has dwindled and this has happened primarily because of changes made to one of the programs under the Provincial tax credits umbrella.

The Ontario Production Services Tax Credit (OPSTC) was expanded in 2009 and this Program has, in some ways, pushed aside the OFTTC Program and, therefore, the need for film productions to come out to Hamilton has diminished. Production companies are able to take advantage of either of these two Programs and many of them are making the choice to apply for the OPSTC and stay in Toronto for the majority of their filming.

On a positive note, at the same time as the OPSTC was expanded/enhanced, the OFTTC definitions were expanded too. 'Key Animation' is now an eligible expenditure for the purposes of the Regional Bonus under this Program. This means that Hamilton is now much more attractive for Animation Studios and, in fact, three new animation companies have set up shop in Hamilton, at least in part because of the availability of the Regional Bonus.

Overall, the impact has been very positive for Hamilton. These three animation companies have created approximately 100 new jobs in the City with more potentially to come.

Year	# of Productions	Prep, Shoot and Wrap Days	Direct Impact
2002	58	834	\$ 5 million
2003	45	600	\$ 8 million
2004	48	740	\$10.5 million
2005	90	1,330	\$15.6 million
2006	94	1,280	\$15 million
2007	106	1,318	\$12 million
2008	77	763	\$ 6.6 million
2009	96	887	\$ 6.1 million
2010	77	683	\$ 4.3 million
2011	80	579	\$ 4.9 million

In 2011 film days are down, but the dollars spent are slightly up from 2010. 2011 saw a number of television productions set up their production offices in warehouses in the City. They also used these buildings for their studios. Filming in the studio would not count toward the final Film Day total.

CORPORATE REAL ESTATE HIGHLIGHTS

Real Estate is a corporate function that resides in the Economic Development Division and provides services across the entire corporation that includes land sales, land acquisitions, appraisals, leasing/renewals and accommodations, and real estate-related advice to staff and Council members.

The following is a review highlighting the Section's key activities in 2011:

- Divested 20 City non-core assets with an estimated value of \$4,240,000;
- Acquired 16 Real Property/Capital projects with an estimated value of \$10,889,000;
- Assessed 113 Cash-in-lieu Parkland Applications with a value of \$4,672,738;
- Leasing/Renewals - 29 Major Leases and Licenses; and,
- Processed 22 Non-Core Asset Circulations.

ALTERNATIVES FOR CONSIDERATION:

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not Applicable

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- Generate assessment growth/non-tax revenues

Growing Our Economy

- Competitive business environment

APPENDICES / SCHEDULES

Appendix "A" – 2011 Economic Development Review
(Not Attached - To be distributed under separate cover at the meeting)

NS/dw