

**CITY OF HAMILTON**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> April 18, 2012	
<b>SUBJECT/REPORT NO:</b> 2011 Annual Performance Measures (PED12056) (City Wide)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Neil Everson 546-2424 Ext. 2359 Sue Rimac 546-2424 Ext. 1011
<b>SIGNATURE:</b>	

**RECOMMENDATION:**

That Report PED12056 respecting Planning and Economic Development Performance Measures for 2011 be received.

**EXECUTIVE SUMMARY**

Council's approval of the Economic Development Governance Report (PED07306) on January 7, 2008 significantly increased both the budget and the staff complement of the City's Planning and Economic Development Department. The budget enhancements were applied to four divisions within the Planning and Economic Development Department; these being: the General Manager's Office; Economic Development and Real Estate; Downtown and Community Renewal; and Planning. Additionally, there were a number of allocations of funding to specific economic development initiatives and the establishment of a new Economic Development Investment Fund.

The approval of this budget enhancement also included direction to staff to develop a number of performance measures and benchmarks for the Department as identified in Report PED08303. In that report and pursuant to Council direction, 2007 was established as the base year and staff was directed to report back to Committee of the Whole every six months. These performance measures were deemed necessary in order to track the effectiveness of the new programs and staff resources, and to justify the resulting levy impact with measured value for the taxpayers' dollar.

This report presents the 2011 performance measures at the Divisional, Department and Corporate levels. In an effort to reduce the amount of staff resources allocated to compilation of this data, staff aligned these measures as closely as possible to the Focus Areas and SMART Performance Measures identified in City Council's 2008 Strategic Plan as approved by Council on June 10, 2008.

### **Alternatives for Consideration – Not Applicable**

<b>FINANCIAL / STAFFING / LEGAL IMPLICATIONS</b> (for Recommendation(s) only)
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**Financial:** N/A

**Staffing:** N/A

**Legal:** N/A

<b>HISTORICAL BACKGROUND</b> (Chronology of events)
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The City of Hamilton's entire Planning and Economic Development Department delivers both "programs" and "services" aimed at growing the local economy. "Programs" refer to specific activities involving the administration, delivery and marketing of economic development-related financial incentives (i.e. Enterprise Zone, Brownfields ERASE, Downtown Residential Loan, Commercial Property Improvement Grant, etc.) offered by the municipality. These Programs are relatively easy to quantify in terms of effectiveness and establishing performance targets.

"Services", on the other hand, are less tangible and more difficult to measure because they are generally demand based and subject to many uncontrollable variables (i.e. economic recession, exchange rates, interest rates, energy prices, changes of government, etc.). Regardless, all of the "Services" like business attraction, retention and expansion, business facilitation, planning approvals, and marketing are critical to creating a positive business environment for the City and there is value in assigning performance measures.

At the January 7, 2008 Committee of the Whole, City Council approved Report PED07306: **Economic Development: MOVING FORWARD Governance Review**,

***Organizational Change, Engagement with Community and Enhanced Investment Funding*** that included two specific recommendations regarding performance measures:

- g) That the Economic Development and Real Estate Division's Annual Work Plan include benchmarks and performance measures with identified targets of what is intended to be achieved each year and how activities have demonstrated support of Council's strategic priorities.*
- h) That the Economic Development and Real Estate Division prepare quarterly Progress Reports on achievement of targets and identified performance measures.*

On September 25, 2008, a draft of the proposed Performance Measures was presented to the City's new Economic Development Advisory Committee. They provided three significant recommendations:

- 1) Reduce the number of Performance Measures to be more realistic and attainable;
- 2) Extend the target dates for the performance measurements beyond annual targets to three years or longer; and,
- 3) Extend the timelines for reporting on performance to Council.

The Advisory Committee felt that a "quarterly" report was too frequent and that there would be insufficient time for programs, initiatives, and a "new" pro-economic development environment to materialize in order to show achievement of these results. Consequently, in Report PED08303 Recommendation (b) was approved by Council that amended Report PED07306 Recommendation (g) to provide semi-annual reporting of the Performance Measures.

At the December 8, 2008 Committee of the Whole meeting, Report PED08303 provided specific detail on Performance Measures which were approved at the December 10, 2008 Council meeting. At that meeting, Report PED08303 was received with the following amendments:

- 4. *Economic Development Performance Measures and Update on 2008 Initiatives and Budget Enhancements (PED08303) (Item 7.4)*
  - (a) That the performance measures, benchmarks and identified targets outlined in Report PED08229 be adopted with the following amendments:*
    - (i) Under the City of Hamilton Section*  
*Add to first bullet point of Taxable Assessment Growth:*  
*(Commercial/Industrial growth rate #'s);*
  - (b) That the General Manager of Planning and Economic Development report semi-annually, instead of quarterly, on the achievement of these targets as a general indicator of economic performance; and,*

- (c) *That staff bench mark from 2007 with the first report to be presented to the Economic Development and Planning Committee by the end of June, 2009.*

After the second report was presented in 2009, Council agreed to have the Economic Development Performance Measures and Update occur on an annual basis because of the fact that the majority of the data/statistics for the Performance Measures were only available on a yearly basis. As a result, there was virtually no difference in the statistics between the mid-year and annual reports and further, many of the performance measures could only be calculated on the basis of Census data which is released only every five years. Therefore, an annual report on Performance Measures was deemed acceptable by Council.

#### **POLICY IMPLICATIONS**

N/A

#### **RELEVANT CONSULTATION**

Economic Development Division (Business Development, Urban Renewal, Real Estate)  
Strategic Services and Special Projects Division  
Corporate Services Department

#### **ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

#### **2011 Performance Measures**

The performance measures and targets are presented for the 2011 calendar year, and include comparison with 2010, 2009, 2008 and the established 2007 base year. Of these proposed Performance Measures listed below, approximately 83% (19 of 23) are identical to the SMART measures approved by City Council on June 10, 2008 as part of the Corporate Strategic Plan. The results for 2011 are presented in the following tables:

**City of Hamilton**

- Taxable assessment growth to exceed 1.5% by 2011.

<u>Year</u>	<u>Total (\$ 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	\$1,096.3	54%	28%	17%	1.3%
<b>2011</b>	<b>\$731.1</b>	<b>59%</b>	<b>22%</b>	<b>19%</b>	<b>1.1%</b>

- Meet established growth targets for 2011 of 540,000 people and 230,000 for GRIDS and Places to Grow.  
- **Population reached 519,949** (Census 2011 population figure).
- Increase the number of community-redevelopment projects and economic development-related initiatives.  
- **In progress, ongoing.** (i.e. Pan Am Games; McMaster Family Health Clinic; St. Joseph's Mental Health centre; ED Strategy implementation, Marketing Strategy implementation, Social Media).
- Increase the employment rate by 3% by the next Census.  
- **In progress, data for census to be released 2012/2013.**

**Planning and Economic Development**

- Triple amount of shovel ready lands by 2011 to 850 acres.

<u>2007 Shovel Ready</u>	285 acres
<u>2008 Shovel Ready</u>	285 acres
<u>2009 Shovel Ready</u>	250 acres - Excludes 35 acres sold in Ancaster Industrial Park Phase 5 - Ongoing work re servicing and land assembly in North Glanbrook Business Park (now the Red Hill Business Park) and Stoney Creek
<u>2010 Shovel Ready</u>	335 acres (majority in Red Hill Business Park)
<b><u>2011 Shovel Ready</u></b>	405 acres (majority in Red Hill Business Park)

- Increase value of non-residential building permits by 5% by 2011.

<u>2008 (total \$ value)</u>	<u>2009 (total \$ value)</u>	<u>2010 (total \$ value)</u>
403,031,887	410,232,504	505,402,639
<b><u>2011 (total \$ value)</u></b>		
298,732,683		

- Annual Customer Satisfaction Survey - 90% approval rating  
- Economic Development Rating by Clients on scale of 1-7, 7 being the best rating.

<u>Grade</u>	<u>% as a Whole 2008</u>	<u>% as a Whole 2009</u>	<u>% as a Whole 2010</u>
1	0	0	0
2	1	1	0
3	3	0	0
4	4	4	8
5	28	34	18
6	43	49	49
7	21	12	25

	<u>% as a Whole 2011</u>
1	0
2	0
3	1
4	1
5	15
6	61
7	22

**(N.B. 2011 Economic Development and Real Estate Division = 97% Approval Rating)**

- **Rural Official Plan**

The approved Rural Hamilton Official Plan, in accordance with the OMB's order, will be posted on the City's website [www.hamilton.ca/newruralop](http://www.hamilton.ca/newruralop).

- **New Urban Official Plan (OP) by June 2009**

The Urban Official Plan was approved by Council on June 29, 2009. Ministry of Municipal Affairs and Housing approved the OP on March 16, 2011. There were numerous appeals which staff is in the process of resolving the appeals.

- **Comprehensive Zoning By-law**

The new industrial zoning appeals were resolved at the Ontario Municipal Board as of June 2011 and to that, the new Industrial Zones are now in effect. Draft Commercial and Mixed Use Zones, and Rural Zoning have been completed and presented to the public. The zones cannot be brought forward to Committee and

Council until the new Urban and Rural Official Plans are approved and any appeals dealt with at the Ontario Municipal Board. Residential zoning is currently being work on by staff with the intent of public consultation commencing in Q3 2012.

- **Prepare Detailed Secondary Plans for New Employment Areas.**

Hamilton City Council amended the Official Plans for the former Region of Hamilton-Wentworth, the Town of Ancaster, the Township of Glanbrook, the new Rural and Urban Official Plans (awaiting Ministerial Approval) and passed a zoning by-law to implement the Secondary Plan for the Airport Employment Growth District on October 13, 2011. To meet Hamilton's employment land needs to 2031, the urban boundary was expanded by 830 gross hectares (662 net hectares). At full build out, there will be a positive impact on the City's property tax base of nearly \$66M. These planning approvals have been appealed and are presently before the Ontario Municipal Board.

The new Urban OP references a need for a Special Study/Secondary Plan for the Bayfront Industrial Area. This work is planned for 2011/2012. At this time, there are no plans to undertake Secondary Plans for any other employment area.

- **Celebration of Successes - Annual Report to Community.**

The Economic Development Division completed the **2009 Annual Report** in Spring 2010, the **2010 Annual Report** in Spring 2011, with the **2011 Annual Report** is scheduled for release in March 2012.

- **Increase the Number of Positive Media Reporting.**

The Economic Development Division is working with a new corporate media monitoring tool to accurately track coverage. The Senior Management Team have approved the corporate purchase and cost sharing for a period of one year (August 2010 – August 2011) of the media monitoring service Informart (an entry line product) to establish baseline measures for accurate yearly comparisons. The Strategic Communications Team is to report back to the Senior Management Team on the system's usefulness, return on investment (ROI) and recommendations for enhancements (i.e. look at more robust system) prior to end of contract to determine 2011 – 2012 plans. *In progress.*

**Economic Development and Real Estate Division**

- Increase number of Brownfields – Number of Council Approved Applications.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
2	3	2	2	3

- Increase number of New Businesses by 5% per year.

<u>2007 (total # of Bus's)</u>	<u>2008 (total # of Bus's)</u>	
26,763*	27,689	
<u>2009(total # of Bus's)</u>	<u>2010(total # of Bus's)</u>	<u>2011</u>
27,489	27,836	<b>Available end of Q2</b>

\* represents Base year number

- Increase Number of New Jobs in Hamilton by 10% year. (source: Canada Revenue).

<u>2007 (total # of jobs)</u>	<u>2008 (total # of jobs)</u>	<u>2009 (total # of jobs)</u>
195,577 *	207,677	209,058
<u>20010 (total # of jobs)</u>	<u>%</u>	<u>2011</u>
209,607	<b>0.2%</b>	<b>Available end of Q2</b>

\* represents Base Year number

- Increase Number of Small Business Jobs by 50 per year.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>%</u>
810	464*	725	692	940	<b>(+35.8%)</b>

*Ontario Government terminals removed*

- Increase Impact of Film by \$1M per year.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$12,000,000	\$6,625,000	\$6,075,000	\$4,523,500	\$4,900,000



- Increase Total Gross Farm Receipts by Commodity Types by 2% per year.

<u>2007 (\$million)</u>	<u>2008 (\$million)</u>	
\$231.4*	\$264.9	
<u>2009 (\$million)</u>	<u>2010 (\$million)</u>	<u>%</u>
\$248.0	\$260.0	+4.8

\*represents Base year number

- Increase number of Corporate Calls by 10% per year.

<u>2008 (# of calls)</u>	<u>2009 (# of calls)</u>	<u>2010 (# of calls)</u>	<u>2011</u>	<u>%</u>
253	354	400	314	-21.5%

- Completion of Multi-Year Economic Development Strategy by December 2009.
  - i. Completed and approved by City Council on June 18, 2010.*
  - ii. Short Term Deliverables achieved 56%*
  - iii. Long Term Deliverables achieved 39%*

### Urban Renewal Division

- Decrease Office Vacancy Rate by 25% in Downtown Core by 2011, using 2008 baseline.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Unknown	20%	15%	13.2%	12.07%

- Urban Renewal Division is developing and implementing Downtown Office Strategy – **completed**.
- Increase the Number of Residential Units in Downtown by 150 per year starting in 2009.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
12	17	2	0	13 (+127 Staybridge)

- Complete 2 Significant Waterfront Developments Per Year starting in 2009.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
0	0	0	1 (Outdoor Ice Rink)	0

- Increase in Downtown property taxes by \$1.45 million (per year) based on a 2008 baseline.

**Downtown Municipal Taxes:**

<u>2008 (total \$million)</u>	<u>2009 (total \$million)</u>	<u>2010 (total \$million)</u>	<b><u>2011 (total \$million)</u></b>
\$25,086,600	\$25,730,600	\$26,531,800	<b>\$26,923,300</b>

<b><u>Assessment Difference</u></b>	<b><u>Budget Related</u></b>	<b><u>Assessment Related</u></b>
<b>+\$391,500</b>	<b>\$478,290.53</b>	<b>-\$86,826.57</b>

**Downtown Assessment Figures:**

<u>2008 DT Assessment</u>	<u>2009 DT Assessment</u>	<u>2010 DT Assessment</u>	<b><u>2011 DT Assessment</u></b>
\$957,200,600	\$1,020,696,800	\$1,086,876,700	<b>\$1,163,012,745</b>

**Increase in  
Assessment**  
**\$76,136,045**

*\*please refer to Assessment Growth as a Performance Measure in next section*

*\*\*please refer to Job Creation as a Performance Measure in next section*

*\*\*\*please refer to Business Retention as a Performance Measure in next section*

The identification of standard comprehensive performance measures and benchmarks for economic development is a complex issue that Municipalities, Development Corporations, Provincial and State Governments, etc. have wrestled with for decades. More recently, over the last five years, Ontario Municipal Benchmarking Initiatives Organization (OMBI) has tried unsuccessfully to create standardized benchmarks for economic development. There are a number of reasons why this is the case. They include the following:

- Uncontrollable factors (i.e. global recession, energy prices, changes of government, etc.);
- Quantitative vs. qualitative measures;
- Availability and accuracy of data bases;
- The size of a municipality;
- Degree of involvement/work by the service delivery organization;
- The economic development priorities of the municipality;
- The level of funding and resources for the economic development function;
- The economic development model employed; and,
- Two-tier or local municipal government model.

### **Assessment Growth as a Performance Measure**

At the April 3, 2007 Economic Development and Planning Committee meeting, staff presented a table highlighting the differential in the assessment growth between the former suburbs of the Region of Hamilton-Wentworth and the old City of Hamilton. The negative growth numbers in the old City of Hamilton's non-residential classes were a direct result of a number of uncontrollable factors such as tax write-offs, successful assessment appeals, demolition of buildings, and the lack of employment lands. Due to the sheer size of the former City of Hamilton's non-residential assessment base, the magnitude of successful assessment appeals, etc. it had the negative effect of considerably lowering the overall assessment growth performance of the City, even though the suburbs were performing above the Provincial average.

It is because of the uncontrollable nature of assessment growth that few municipalities across Canada employ assessment growth as their primary performance measure. The majority of large urban cities choose to use performance measures that can be specifically attributable to their economic development function. However, Hamilton's Council direction established Non-Residential Assessment growth as a key component in the City's new Strategic Plan. City staff supported this performance measures but recommended that assessment growth targets (net of appeals, demolition, etc.) be established as a responsibility of the corporation as a whole and not just a specific department or division. Further, it should be noted that any gains in the City's assessment does not quickly appear on the assessment rolls. There is at least a one to two year lag from land acquisition through completion of construction and a further delay to the time that MPAC records the new investment and assigns new assessment.

Additionally, Hamilton's non-residential to residential assessment growth ratio has been significantly impacted by the amount of residential growth in the last nine years since amalgamation. That being said, in 2009 Industrial permits increased by 113% and commercial permits by 37% over the previous years respectively while residential permits fell due to the recession. Overall from 2008 – 2010, Hamilton's non-residential permits (industrial and commercial) have significantly out paced (in both total and as a percentage) compared to neighbouring municipalities including Halton and Peel Regions.

Generally, the lack of shovel ready land has influenced the ratio but in examining total value of Building Permits for that period (2001 – 2009) – Residential permits accounted for over \$3 Billion while Non-Residential contributed only \$1.6 Billion. Therefore, the 2 to 1 increase in residential assessment has a significant impact on the overall ratio.

### **Job Creation as a Performance Measure**

One of the most common measures of performance in economic development is the creation of new jobs across all non-residential classes (industrial, commercial and institutional) and its business attraction, business retention and expansion, and/or small

business development efforts that create these new jobs. Even though new job creation is a popular performance measure, the important issue emerging now is quantity vs. quality of employment/new jobs. Specifically, what does a municipality value more - 100 jobs at \$10/hour or 20 jobs at \$50/hour? In today's business environment, white collar jobs are no more secure than blue collar jobs. In fact, since September 2008, the loss in manufacturing jobs and the volatility of financial markets in North America has been staggering and there is an emerging consensus that this post-recession era will be characterized as a "jobless" recovery. As a result, the cost of labour continues to be the number one driver behind the relentless off-shoring and outsourcing of business. The concept of sustainable and "living wage" jobs has now understandably gained prominence in economic development circles. There is no universally accepted definition/measure for a "sustainable job" but staff continues to investigate this as a performance measure to be included at a future date.

### **Business Retention as a Performance Measure**

Retaining and expanding established businesses in Hamilton was approved by Council as a major focus and a component of the 2007 reorganization of the Planning and Economic Development Department and the 2008 Budget Enhancements. Traditional economic development theory suggests that only 20% of non-residential growth is attributable to new companies moving to a city. Instead, it is the remaining 80% of non-residential assessment growth that originates from business already located in the community. There are many examples in 2010 of staff efforts that have prevented a business from closing, relocating outside the City or alternatively, enabled an expansion of their existing operations in Hamilton. Although these efforts may not have always created new jobs or increased assessment growth (remaining in existing premises or leasing new facilities) – the results of this service is critical to the prosperity of Hamilton and reported on in the Economic Development Annual Report.

### **Unemployment Rate as a Performance Measure**

Although not identified by Council as a Performance Measure, the Monthly unemployment rate is a good indicator of the City's economic development efforts. Since the "Great Recession" officially commenced in the fourth quarter of 2008, Hamilton's unemployment rate has not exceeded the Provincial average and only on two occasions was higher than the National figure.

From 2009 to 2011, Hamilton continued to outperform all other Ontario municipalities (with a reasonably sized manufacturing base). Hamilton's unemployment rates may have actually been lower than stated because the unemployment rate is measured federally by "Place of Residence" instead of "Place of Employment". For example, the cities of Brampton, Burlington, Mississauga and the Towns of Milton and Halton Hills witnessed a large increase in vacant industrial space (+ 7 million s.f.) in 2009 and 2010 - all attributable to plant closures or relocations, where many Hamiltonians commuted and worked as employees of these companies. However, with the unemployment rate

calculated on a "Place of Residence" basis – Hamilton's unemployment rate was artificially higher than it actually should have been.

In 2011, Hamilton's Unemployment Rate averaged 6.3 % which was consistently below both the Federal and Provincial averages and significantly better than all other manufacturing cities in southern Ontario. The unemployment rate currently stands at 5.9 % and is based on a CMA (Census Metropolitan Area) calculation. Regardless, analysis by Economic Development staff and corroborated by the Social Planning and Research Council indicates that the CMA rate is consistent with what the rate would be if calculated for the City of Hamilton alone and if projected to be higher, at most the difference would be an increase of 0.5% - 0.7% of the CMA rate.

**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***

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner
- ◆ Providing value for the 2008 Budget Increase

***Growing Our Economy***

- ◆ Newly created or revitalized employment sites
- ◆ Competitive business environment
- ◆ An improved customer service
- ◆ Increasing the Non-Residential Assessment base and creating employment

**APPENDICES / SCHEDULES**

Not Applicable

NE/dw