



**CITY OF HAMILTON**

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

<b>TO:</b> Chair and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> July 8, 2013	
<b>SUBJECT/REPORT NO:</b> New Annual Performance Measures (PED13100) (City Wide)	
<b>SUBMITTED BY:</b> Tim McCabe General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Neil Everson (905) 546-2424 Ext. 2359 Sue Rimac (905) 546-2424 Ext. 1011
<b>SIGNATURE:</b>	

**RECOMMENDATIONS:**

- (a) That Report PED13100 respecting the Planning and Economic Development Department's new Annual Performance Measures for 2013 and beyond be approved;
- (b) That Planning and Economic Development Department staff prepare a similar report to the former Performance Measures report on an annual basis and include comparisons with other southern Ontario municipalities employing the new approved measures;
- (c) That these new annual performance measures be published in the City's Corporate Annual Review.

**EXECUTIVE SUMMARY:**

Council's approval of the Economic Development Governance Report (PED07306) on January 7, 2008 increased both the budget and staff complement of the City's Planning and Economic Development Department. The approval of this budget enhancement also included direction to staff to track and report on 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 on an annual basis. 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 of the enhancement to the Planning and Economic Development Department budget with measured value for the taxpayers' dollar.

It has now been five years and, per the Council direction, each year staff has reported annually on the assigned performance measures. However, during that period there have been a number of significant problems in collecting and reporting the data for these measures.

The following examples illustrate the reason for staff's concerns:

- i) Many of these measures are based on Census data, and at the time this report was prepared 2011 Census data had still not been released and seven year old 2006 Census data was being employed;
- ii) The agricultural indicators provided by the Province (Ontario Ministry of Agriculture and Food (OMAFRA)) have a minimum two year lag in being reported;
- iii) The Ministry of Economic Development and Innovation has changed their reporting system for small business results three times in the last five years;
- iv) Assessment numbers include successful Municipal Property Assessment Corporation (MPAC) appeals and therefore misrepresent the true growth experienced by the City; and,
- v) The majority of the project based initiatives have been completed and there is no logic in reporting them each year.

For these reasons, and based on extensive research, staff has recommended a new set of annual performance measures that can be calculated and presented to Council. These measures are easily obtained for other municipalities which will enable staff to provide a comparison with Hamilton's economic performance and benchmark the Department's progress.

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

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS:**

**Financial:** N/A

**Staffing:** N/A

**Legal:** N/A

**HISTORICAL BACKGROUND (Chronology of events)**

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.*
- (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 that the Economic Development Performance Measures and Update should occur on an annual basis because the majority of the data/statistics for the performance measures were only available on a yearly basis. 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 every five years. Consequently, an annual report on Performance Measures was deemed acceptable by Council.

#### **POLICY IMPLICATIONS**

N/A

#### **RELEVANT CONSULTATION**

- Planning and Economic Development Department, Planning Division - Strategic Services Section;
- Corporate Services Department; and,
- Community Services Department.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

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, the Ontario Municipal Benchmarking Initiatives (OMBI) organization 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
- Two-tier or local municipal government model

**Shortcomings of Established Performance Measures**

The following table provides a summary of the constraints and problems of utilizing the existing Performance Measures:

 Denotes "Completed".

<b>PERFORMANCE MEASURES</b>	<b>PROBLEMS / COMMENTS</b>	<b>RECOMMENDATION</b>
Taxable Assessment Growth to exceed 1.5% by 2011.	This figures includes successful assessment appeals to MPAC which lowers the rate of Annual Assessment Growth. This is an uncontrollable variable and does not reflect the actual growth of the municipality.	Present Annual Assessment Growth net of appeals.
Meet established targets for 2011 and for GRIDS and Places to Grow.	Dependent upon Statistics Canada Census data that only occurs every five years.	Discontinue Performance Measure. Include population growth numbers in detailed report on 2011 Census.

<b>PERFORMANCE MEASURES</b>	<b>PROBLEMS / COMMENTS</b>	<b>RECOMMENDATION</b>
Increase the number of community redevelopment projects and economic development related initiatives.	What is the definition and what size of project constitutes a community redevelopment.	Prepare a separate report for Council or include major redevelopment projects in Corporate Annual Review.
Increase the employment rate by 3% by next census.	Cannot calculate this until a census year every five years.	Provide a detailed report to Council on the 2011 Census when it is released.
Triple the amount of shovel ready land by 2011 to 850 acres.	This measure is largely dependent upon investment by the private sector. It also fluctuates with absorption rates/growth and reductions in developable acreage due to regulations (Hamilton Conservation Authority, Province).	Report annually on number of shovel ready acres including absorption. Increase land banking capital allocation.
Increase value of non-residential building permits by 5% by 2011.	N/A – in 2012 this was achieved with a 108% increase.	Continue reporting on non-residential building permits.
Annual customer satisfaction survey – 90% approval rating.	Direct correlation between Corporate Calls and resulting business retention work. Additionally, staff vacancies and workload impact numbers of Corporate Calls.	Maintain annual internal measure of customer satisfaction survey.
<ul style="list-style-type: none"> <li>• Rural Official Plan</li> <li>• New Urban Official Plan</li> <li>• Comprehensive Zoning By-law (for Employment Zones)</li> <li>• Prepared Detailed Secondary Plan</li> </ul>	Individual projects that have been completed or are pending approvals by Province.	Discontinue Performance Measure.
Celebration of successes in the community.	Difficult to include all successes.	This is incorporated into City's new Corporate Annual Review and also on <a href="http://www.investinhamilton.ca">www.investinhamilton.ca</a> website and through Economic Development Highlights Bulletin.
Increase number of positive media reporting.	A larger task if social media is included.	Collect it at a Department level (Planning and Economic Development).

**SUBJECT: New Annual Performance Measures (PED13100) (City Wide) - Page 7 of 10**

<b>PERFORMANCE MEASURES</b>	<b>PROBLEMS / COMMENTS</b>	<b>RECOMMENDATION</b>
Increase number of brownfields.	Staff is only aware of those developments that utilize Environmental Remediation and Site Enhancement (ERASE) Study Grant or ERASE Programs. The majority of developable, less contaminated properties have been redeveloped.	Include in new Performance Measure for Economic Development Incentive Program
Increase number of new businesses by 5% per year.*	Numbers do not necessarily represent successes.	Discontinue Performance Measure.
Increase number of new jobs by 10%.	Canada Revenue generated data that is approximately two years out of date. Does not measure "Living Wage" jobs.	Discontinue Performance Measure.
Increase number of small business jobs by 50 per year.	Ministry of Economic Development and Trade (MEDT) has changed tracking system three times in the last five years. Only accounts for jobs that staff is aware of or work for.	This should be a Small Business Enterprise (SBEC) measure and not Innovation Factory measure and not City Wide.
Increase impact of film by \$1 M per year.	Responsibility of Tourism and Culture Division.	Discontinue Performance Measure. This can be included in the Tourism and Culture Annual Report.
Increase total gross farm receipts by commodity types by 2% per year.	Information provided from Ontario Ministry of Agriculture and Food (OMAFRA) and is more than two years out of date. Municipality (Economic Development) has little, if any, impact on this area.	Discontinue Performance Measure.
Increase number of Corporate Calls by 10% per year.	Ceiling on Corporate Calls due to constraints of number of staff and follow up Business Retention and Expansion (BR&E) work.	Discontinue Performance Measure.
Completion of multi-year Economic Development Strategy by December 2009.	Completed. One year remaining in Economic Development Five Year Strategy. Formulation of new strategy will commence in 2014.	Discontinue Performance Measure.
Increase in office vacancy rate by 25% in Core by 2011.	Objective has been met. 2008 baseline year had 20% office	Continue Performance Measure

<b>PERFORMANCE MEASURES</b>	<b>PROBLEMS / COMMENTS</b>	<b>RECOMMENDATION</b>
	vacancy rate. 2012 rate is 12.9%.	
Urban Renewal Downtown Office Strategy.	Completed.	Discontinue Performance Measure.
Increase number of residential units in downtown by 150 per year starting in 2009.	150 units per year is too ambitious a target. Even including new hotel suites (considered residential) the target has only been met one out of six years.	Record and report number of residential units in downtown core.
Complete two significant Waterfront developments.	No activity here. This Performance Measure is premature. Based on Council approved presentation on Waterfront on April 17, 2013.	Discontinue Performance Measure. Feedback will be received by the Corporate Waterfront Co-ordinating Committee.
Downtown municipal taxes.	Conversion of commercial to residential generates less tax and assessment.	Continue Performance Measure
Downtown Assessment figures		Continue Performance Measure

**NEW MEASURES:**

(N.B. - 2013 will now become the base year, replacing 2007)

**Labour Market (LFS)**

- Total Employed
- Total Unemployed
- Unemployment Rate
- FT/PT breakdown
- Ontario Works (OW) caseloads
- OW Employment Numbers

**Business Climate**

- Airport-Passenger-Number of flights/passengers
- Airport-Cargo -Tonnage of Cargo
- Airport – Number of Employees
- Port - Number of Vessels
- Port - Number of Tonnage
- Port Authority – Number of Employees
- Diversity Index
- Housing Prices



- Crime Index
- Annual Agriculture Economic Impact

### **Economic Growth**

- Taxable Assessment Growth (Including and excluding Appeals)
- Building Permits - By category and residential versus non-residential
- Industrial Vacancy Rates
- Downtown Office Vacancy Rates
- Downtown Assessment
- Housing - Starts and Completions

### **Small Business Enterprise Centre (SBEC) and ONE STOP**

- Number of jobs (SBEC)
- Number of queries (SBEC and ONE STOP)
- Number of consultations (SBEC and ONE STOP)
- Number of new Business Start-ups (SBEC and ONE STOP)

### **ALTERNATIVES FOR CONSIDERATION:**

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

- Maintain status quo for annual performance measures.

### **ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:**

#### **Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

#### **Strategic Objective**

- 1.1 Continue to grow the non-residential tax base.
- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.

<b>APPENDICES / SCHEDULES</b>
-------------------------------

N/A

NE/SR:dkm