

Committee of the Whole Report

DATE: Tuesday, May 07, 2019

WARD(S): ALL

TITLE: 2018 YEAR IN REVIEW – ECONOMIC AND CULTURAL DEVELOPMENT

FROM:

Tim Simmonds, Interim City Manager

ACTION: DECISION

Purpose

This Report highlights economic activity in the City of Vaughan and the Economic and Cultural Development programs and initiatives which support business and job growth, as well as showcase the high quality of life and best in class destination attributes of Vaughan.

Report Highlights

- Vaughan is a thriving, vibrant economy that continues to grow and remains a top business location in the Greater Toronto Area (GTA).
 - Vaughan is home to more than 12,000 businesses employing more than 222,000 people each day. Vaughan is a net importer of jobs, a strong measure of successful City building, urbanization and economic self-sufficiency.
- Ongoing investments in physical and human infrastructure are integral to creating a competitive business climate and supporting sustainable economic growth.
- Economic and Cultural Development staff are in the process of developing a new Economic Development and Employment and Sectors Strategy to further key priorities, such as business engagement, marketing the city, international business development, tourism, arts and culture, the Vaughan Metropolitan Centre, Vaughan Enterprise Zone the emerging Health Precinct, and small business and entrepreneurship programming.

Recommendation

1. THAT the publication titled '2018 Year in Review – Economic and Cultural Development' be circulated to local Members of Provincial Parliament, local Members of Parliament, local and regional partners.

Background

Economic prosperity continues to be a strategic priority for the City as outlined in the 2018-2022 Term of Council Service Excellence Strategic Plan. As part of the recent organizational changes of the department in consultation with the Interim City Manager and the desire from the business community for increased awareness of the City and services, Economic and Cultural Development have committed to releasing annual reporting on economic climate and activities in Vaughan.

To continue to build the City of Vaughan as a top business location of choice, Economic and Cultural Development works to make Vaughan an inspired community that is the place to be for businesses, residents and visitors alike. Vaughan continues to offer a dynamic and vibrant quality of place and remains a gateway to economic activity in the Greater Toronto Region through catalyzing development of the City as an incubator for entrepreneurial activity within the Region, providing quality economic and cultural development services and engaging in key partnerships to spark economic prosperity.

The Economic and Cultural Development department has been transforming

Under the leadership of Interim City Manager (previous Chief Corporate Initiatives and Intergovernmental Relations), in May 2018, a refreshed Economic and Cultural Development organizational structure, mission and mandate was approved. Over the past year, staff of the Economic and Cultural Development department have been building a future-ready foundation focused on talent (people), strategy, process and collaborative communication approaches and tools.

The service mandate of the Economic and Cultural Development department is to:

1. Promote Vaughan in domestic and international commercial centers - including strategic priority areas, such as the VMC, VEZ, Health Precinct, commercial villages, employment lands, industry clusters/sectors
2. Develop and implement short and long-term strategies – including business development, tourism, public art, cultural/creative industries, and small business action plans aligned with City Service Excellence priorities

3. Collect, analyze and disseminate data – including demographic, economic, labour, market, and business information that helps to inform choices and decisions
4. Engage and support thought leadership - bring together and join regional partnerships to inspire creativity, communication, collaboration and critical thinking that advance economic and cultural development priorities of the City
5. Plan and curate public art and placemaking – including exhibitions On the Slate at City Hall, and other creative placemaking opportunities in Vaughan
6. Assist existing and future businesses and entrepreneurs young and old by providing counselling, mentorship, training, and access to financial and non-financial resources.

This economic development focus supports key desired outcomes of Council, namely:

- Enable a climate for job creation
- Advance economic opportunities
- Attract new investments
- Enrich the quality of life in Vaughan communities.

The Municipal Partnerships and Sponsorship office also joined the department in 2018. With the mandate to “Build your community while building your business”, this office partners with local businesses for the betterment of our community by enhancing City programs, services, and infrastructure through strategic partnerships. This non-tax-based revenue contributes to maintaining a healthy and competitive destination for business and residents alike and provides the City of Vaughan with new and innovative revenue streams, allowing businesses to invest in community through a variety of partnership opportunities.

There is community demand for communicating economic development programs, services and achievements

Among the recommendations from the inaugural [Vaughan Business Satisfaction and Needs Survey](#) completed in 2018, was the opportunity for the City to increase general awareness of Vaughan and business support services available at the City. Consequently, Economic and Cultural Development has prepared a “Year in Review” publication. This publication will provide key City economic and market data, an update on City initiatives and events, and highlight Vaughan’s thriving quality of life to the business community at large and to key stakeholders in Vaughan’s continued economic growth.

Previous Reports/Authority

[2018-2022 Term of Council Service Excellence Strategic Plan](#)

[Small Business and Entrepreneurship Program Update](#)

[2011-2021 Vaughan Economic Development Strategy](#)

[Kleinburg Economic Development Strategy - Update from 2011 Strategy](#)

Analysis and Options

Vaughan's strong market conditions and continual development, vigorous support and programming for entrepreneurs and small business, ongoing consultation with the business community, investments in infrastructure, collaboration with key partners and stakeholders, cultural outreach and programming in arts and culture, and focus on the tourism industry all led to continued economic prosperity and growth in 2018.

Vaughan is a top business destination

The City of Vaughan is the largest contributor to the York Region economy, totaling 36 per cent of the real gross domestic product in York Region in 2018. According to the Conference Board of Canada, Vaughan had a real gross domestic product of approximately \$20.6 billion.

Top 3 Industries by EMPLOYMENT²



MANUFACTURING
48,615 jobs



CONSTRUCTION
29,474 jobs



RETAIL TRADE
24,577 jobs

Vaughan continues to be the top employment centre in York Region with a total of 222,158 jobs, accounting for 39 per cent of all employment within the Region. The City is the largest goods producing centre by employment in the Region; 35 per cent of all jobs are in goods producing industries in Vaughan due to a strong manufacturing sector, compared to 22 per cent of jobs in the Region in good-producing sectors. The top three sectors in Vaughan are manufacturing (22 per cent of employment), construction (13 per cent of employment), and retail trade (11 per cent of employment). Furthermore, Vaughan is the fourth largest industrial market in the Greater Toronto Area, as measured by gross inventory.



4th
LARGEST
industrial market in the
Greater Toronto Area.

Source: Colliers International, Industrial Market Report Q4, 2018

**Surpassing
national and
provincial
growth:**

TOTAL EMPLOYMENT

222,158

(1.8% GROWTH YEAR-OVER-YEAR¹)

DOUBLE the National Average²

1. York Region Employment Survey, 2018

2. Statistics Canada, Labour Force Survey, December 2018

Vaughan's employment growth increased by 1.8 per cent in 2018 from 2017; this outpaced the provincial growth rate of 1.1 per cent and doubled the national growth rate of 0.9 per cent as reported by Statistics Canada at year end. Since 2008, Vaughan has seen an average annual employment growth rate of 3.2 per cent. In 2018, 155 new businesses representing 3,838 jobs were reported in the annual York Region Employment Survey.

Vaughan's unemployment rate of 4.3 per cent indicates a healthy and stable economy; it is well below the national rate of 5.6 per cent and the provincial rate of 5.4 per cent. As a result, the City is a net importer of jobs; Vaughan's labour force between the ages of 20 to 64 is nearly 95,000 less than the surveyed employment.

Vaughan is a city home to outstanding domestic and international business organizations. In 2018, 184 companies identified Vaughan as either being their Canadian or Regional headquarters, of which 37 were large businesses with 100 or more employees. The residents of the City of Vaughan speak a total of 105 languages.

Vaughan continues to be a growing city, issuing building permits in 2018 totaling more than \$1.1 billion dollars in construction value. The construction value for commercial building permits was more than \$143 million and was more than \$277 million for industrial building permits, with Vaughan ranking in the top ten census subdivisions in Canada by value of non-residential building permits.

TOP 10 in Canada
Value of non-residential permits

Source: Statistics Canada, Building Permits Publication, 2018

For the first time ever, industrial vacancy rate sits under 1 per cent. The industrial market is driven by manufacturing, transportation, warehousing, distribution and e-commerce logistics. Due to low supply and inability to grow at pace with demand, there has been increase in net rental rates. There has been an unprecedented level of building activity in response to this within the Vaughan Enterprise Zone. There are site plans in progress for approximate 6.4 million square feet of industrial space at full build out. Office vacancy sits at 4.2 per cent at year end in 2018.

Representing more than 6.6 million square feet, notable commercial and industrial investments across the City in 2018 included:

Company	Business Activity	Classification
Telecon	Telecom network infrastructure	Office
Forest Group	Asphalt and Building Restoration (Head Office)	Office

KIK Custom Products	Manufacturing	Office
Marc Anthony Cosmetics	Manufacturing	Office
Debco	Promotional Products Supplier	Industrial
DHL Express	Logistics & Supply Chain	Industrial
XPO Logistics	Logistics & Supply Chain	Industrial
State Window Corp.	Manufacturing	Industrial
Sobeys Canada	Distribution Grocer	Industrial
Kingsdown Mattresses	Manufacturing	Industrial
Diversified Ulbrich	Supplier of Stainless Steel and Special Metals	Industrial
Flextile	Manufacturing	Industrial
Atlas Tire Wholesale	Distributor of tires and wheels	Industrial
Humberline Packaging	Manufacturing	Industrial

The City of Vaughan is engaging in awareness building initiatives with the Business Community

A part of an effort to actively engage the business community, Economic and Cultural Development completed an inaugural Business Satisfaction and Needs Survey to hear from local businesses as well as to increase awareness of City services available to them. Three focus groups were held, and 212 businesses were surveyed by telephone. Highlights include:

- 94 per cent of large businesses (100 or more employees) and 91 per cent of all businesses are satisfied with the delivery of services
- 95 per cent indicated quality of life in the City of Vaughan is good or very good
- 67 per cent of businesses will be making investments for new or innovative technology in their business
- The top three areas of focus to improve the business climate for the City identified by surveyed businesses were improving road infrastructure, encouraging businesses, and improving public transit

Entrepreneurship and innovation in Vaughan create an ecosystem to support business growth

Vaughan's location puts it right at the heart of innovation, putting the future Mackenzie Vaughan Hospital and Vaughan Metropolitan Centre in close proximity to some of Canada's top universities, the University Health Network, Hospital for Sick Children, Women's College Hospital and Mount Sinai Hospital, incubators and innovation hubs like ventureLAB, York Entrepreneurship Development Institute (YEDI), MaRS Discovery District and Ryerson's Digital Media Zone (DMZ), and the Centre for Social Innovation.

With such a strategic location, it is no wonder that Vaughan's talented workforce fosters corporate innovation and entrepreneurship. The percentage of workers in Vaughan with a STEM (Science, Technology, Engineering and Mathematics) background surpasses the national average according to 2016 Census data. The workforce employed in natural and applied sciences and related occupations is 1.32 times more concentrated than the national average.

In June, Vaughan became the first municipality in Canada to be the lead partner on a Social Innovation Challenge, a two-day pitch competition. Leveraging the support of the Central Region Social Enterprise Consortium, along with local Ontario Network of Entrepreneurs (ONE) members and community mentors, Small Business and Entrepreneurship saw more 50 entrepreneurs registered to pitch, supported by more than 30 community mentors. Building on the success of the first Social Innovation Challenge held earlier in the year, Small Business and Entrepreneurship launched its final cohort of the Starter Company Plus program to focus on social enterprises. The cohort was kicked off with a second Social Innovation Challenge held in December where six entrepreneurs were selected by third-party judges as the winners of the Vaughan Social Innovation Challenge.



Small Business and Entrepreneurship continued to foster the next generation of talent through the Summer Company program, which provides training, mentorship and a provincial grant

to students looking to launch a business over the summer. There was a record amount of interest in the program in 2018, and 17 new entrepreneurs launched a variety of businesses including: mobile bike repair, custom hand-crafted furniture, a summer camp, photography and videography, dance classes, skin care, and more. 16 of the 17 participants planned to continue their business beyond the Summer Company program.

The Small Business and Entrepreneurship team helped 245 businesses start or grow in 2018. The team answered 4,500 walk-in, phone, and e-mail inquiries, provided more than 1000 one-on-one business consultations, and delivered 59 seminars to more than 1,100 participants in business planning, marketing, finances, sales and operations

Vaughan's major city investments are a catalyst to create a competitive economy

As a main artery connecting the Greater Toronto Region with Central and Northern Ontario, Vaughan's strategic location makes it a gateway for economic activity. Access to public and regional transit, such as the Vaughan Metropolitan Centre Mobility Hub and Vaughan's two commuter train stations saw almost 18,000 people using them for daily travel. Access for businesses to two of the top transportation terminals in Canada and North America allows them to access markets near and far, with connections all over North America and major overseas shipping ports.

An efficient transportation system and adequate road infrastructure are integral to maintaining and growing a strong and competitive economy. Roads and transportation act as a circulatory system connecting businesses, residents, attractions, visitors and workers. City and regional infrastructure investments give businesses greater flexibility to grow and increase economic activity. Recent investments in projects such as the Vaughan Mackenzie Hospital, Highway 427 expansion project, Kleinburg Village improvements, North Maple Regional Park, and PwC-YMCA Tower public spaces accomplish these integral connections and allow Vaughan to continue to increase its economic output as well as increase the quality of life and place.

Vibrant arts and culture are creating a city where residents can live and work

In 2018, the City of Vaughan delivered many cultural activities and programming city-wide throughout the year, with nearly 10,000 participants throughout the year. These included Lunar New Year celebrations, International Women's Day, Inspirit Festival, and Culture Days. Inspirit Festival was launched in May as a new opportunity to support Asian and South Asian Heritage months. It included City-wide activations at Vaughan Metropolitan Centre, as well as both East and West Vaughan. The inaugural festival saw more than 1000 participants. Vaughan Culture Days has become a highpoint in the calendar of Vaughan's arts, culture and business community. Now in its 10th year, the 2018 Vaughan Culture Days partnered with more than 20 organizations and businesses city-wide to provide more than 30 free activities for both residents and visitors.

Looking to engage the community, Economic and Cultural Development hosted its first Community Culture Roundtable in November 2018. The roundtable is an initiative for the City's commitment to service excellence and continue to support and improve services for a safe, active and diverse communities. Community cultural groups, services providers and community leaders provided great responses and feedback, and expressed their desire for the city to provide continued support and opportunities for networking and dialogue.

Economic and Culture Development curated two public art installations in the "On the Slate" gallery at Vaughan City Hall. Both installations centred around a collision

between art, technology and business. The first “smARTcities: exploring the digital frontier” ran from March 15 to July 6, 2018), and the second “OUTSIDE THE BOX: portraits of innovation | technology” runs from October 16, 2018 to April 12, 2019 and was launched in conjunction with Small Business Week. These two exhibits have captured more than 141,600 viewer impressions. There were six art acquisitions added to the corporate collection of the City which came from the “smARTcities: exploring the digital frontier” exhibit.

To assist with beautification and place-making, 15 street art locations and a centrally located wood carving were completed in the commercial core and the main street of Kleinburg Village by the Kleinburg Business Improvement Area (KBIA).

Partnerships are key to support business growth and development

Partnerships remain integral to creating a climate for businesses to create jobs, advance economic opportunities, and increase investments in economic development. Economic and Cultural Development supported the attraction of Foreign Direct Investment into Vaughan through Toronto Global, which is mandated to serve Vaughan and the Greater Toronto Area, as well as through working with York Region Economic Development, Regional Boards of Trade, internationally focused Chambers of Commerce and Business Associations, and the Ministry of Economic Development, Job Creation and Trade.

Vaughan has also partnered with ventureLAB, the Regional Innovation Centre supporting entrepreneurs looking to build globally competitive companies, in both offering programming for tech entrepreneurs for Vaughan, launched in early 2019, as well as through a feasibility study later in 2019 for the Healthcare Campus Centre in conjunction with other key partners such as Mackenzie Health and York University.

The department partnered with the Vaughan Chamber of Commerce for Small Business Week in 2018 and continues to work closely with the Chamber as they facilitate business advisory services.

The Municipal Partnerships and Sponsorship Office further supported the business community by providing corporate sponsorship opportunities to build increased brand awareness and provide access to networking opportunities in order to grow their business and give back to the community.

Tourism continues to grow in Vaughan

In 2018, the Accommodation and Food Services industry accounted for \$295 million of Vaughan's real gross domestic product. Vaughan currently has 12 hotels and four motels with a total of 1,845 rooms. Development applications have been submitted that have the potential to add another 1,200 rooms to current supply in the coming years. Major tourism operators include Canada's Wonderland, Vaughan Mills, the McMichael Canadian Art Collection, the Kortright Centre for Conservation, LEGOLAND Discovery Centre, Reptilia, the mainstreet and village cores of Kleinburg, Thornhill, and Woodbridge. In 2018, there were a number of exciting announcements for upcoming tourism attractions coming to Vaughan:

- CREAACTIVE, the first Cirque du Soleil family entertainment centre in Canada which is set to open at Vaughan Mills in 2019;
- the Yukon Striker, the longest, fastest and tallest dive roller coaster in the world at Canada's Wonderland is set to open in 2019;
- Winterfest, also at Canada's Wonderland, boasts a new attraction with outdoor skating, daily tree lighting, live shows, access to select rides, and more.

These constitute tremendous assets to Vaughan and surrounding areas, positioning Vaughan as an attractive and exciting overnight stay destination.

In late 2017, the Province amended legislation to allow municipalities to collect a Municipal Accommodation Tax (MAT). Council directed staff to review this opportunity and consider undertaking a tourism mandate as part of economic development. The CBRE Tourism and Leisure Group was retained to provide an estimate on current and potential revenue from the MAT. Staff completed a public consultation process with industry and business stakeholders on implementing a Municipal Accommodation Tax and the establishment of a tourism promotion entity to drive overnight stays and tourism spending in Vaughan.

Financial Impact

Costs associated with the 2018 Year in Review – Economic and Cultural Development are included in the current approved budget. There are no new financial requests associated with this report.

Broader Regional Impacts/Considerations

The City of Vaughan Economic and Cultural Development works with York Region Economic Development on several initiatives, including providing robust programming for small business and entrepreneurs, servicing businesses, and facilitating and supporting international business development in conjunction with Toronto Global. A copy of the publication will be posted on the City web site and forwarded to partners

such as York Region Economic Development, Vaughan Chamber of Commerce, foreign chambers of commerce, consuls in the Ontario and Canadian marketplace, and other regional partners and stakeholders to assist in the promotion and championing of Vaughan as a place of economic opportunity.

Conclusion

The City of Vaughan continues to be a desirable place for residents and businesses to locate and invest. The attached Economic Development – 2018 Year in Review document highlights economic activity and how City and department initiatives positively impact business and job growth.

Looking ahead to 2019 and beyond

In addition to providing ongoing programs and services to clients and partners, the ECD Department shall support and assist with the following key activities outlined in the new Term of Council Strategic Plan 2018-2022.

Strategic Priority Area	Theme	Key Activity
City Building	Develop the Mackenzie Hospital Precinct	• Assess the economic development opportunities at the Mackenzie Vaughan Healthcare Precinct
Active, Safe and Diverse Communities	Enrich Our Communities	• Complete the Cultural and Performing Arts Centre Study • Encourage, support and promote partnership opportunities to build creative capacity and capability including cultural events and art exhibitions
Economic Prosperity, Investment and Social Capital	Advance Economic Opportunities	• Continue the Smart City Task Force and establish a Smart City Business Unit to implement existing and future taskforce findings • Generate alternative revenue sources through partnership development
	Attract New Investments	• Attract a post-secondary institution to Vaughan • Increase economic activity in the tourism and accommodation industry by investing in a new

		Destination Marketing Organization and in tourism related city-services and infrastructure • Invest in partnerships between post-secondary institutions, business and government toward bringing skilled graduates into the workforce • Sponsor opportunities for skilled trades training
	Enable a Climate for Job Creation	• Promote Vaughan as an entrepreneurial and small-business hub • Increase city-wide domestic and international economic development services • Deliver development, marketing and communications programs to support the Vaughan Metropolitan Centre • Seek opportunities to attract e-commerce and retail opportunities

Attachments

None

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