

Committee of the Whole Report (2)

DATE: Tuesday, September 24, 2019

WARD(S): ALL

TITLE: STRATEGIC BUSINESS PLAN FOR ECONOMIC AND CULTURAL DEVELOPMENT, 2020-2023

FROM:

Tim Simmonds, Interim City Manager

ACTION: FOR INFORMATION

Purpose

To inform Committee of the Whole on the new Strategic Business Plan for the Economic and Cultural Development Department (ECD) 2020 to 2023.

Report Highlights

- An Economic Development Strategy must be a dynamic tool, anticipating and responding to emerging trends and opportunities in the marketplace to enable the City to be competitive.
- A Strategic Business Plan provides an action-oriented and results-based approach to guiding the mandate and services of the Economic and Cultural Development Department.
- This business plan was informed by the new Term of Council Service Excellence Strategic Plan 2018-2022, the Business Satisfaction and Needs Survey and the 2019 Economic Development and Employment Sectors Study.
- Informed and guided by Interim City Manager Tim Simmonds, this business plan pilots an innovative new format that aligns the Strategic Plan with departmental business plan and budgets, program areas and individual staff goals and measures of success to create a holistic picture of key activities, resource requirements, and desired outcomes as a basis for transparency and accountability in decision-making and service delivery.

Recommendations

1. That, the Economic and Cultural Development Department's Strategic Business Plan 2020-2023 (Attachment 1) and other related attachments, be received.

Background

In September 2010, Council approved the current Vaughan Official Plan and the Economic Development Strategy. In keeping with the requirements of the Planning Act, the City is now embarking on a series of master plans studies and updates that will inform the review of the Official Plan and other critical policy documents at the regional and municipal level. Along with the approval of the four-year Term of Council Service Excellence Plan for 2018-2022, the time was opportune to complete a refresh of the Department's economic development action plans within the context of these master plans.

Connections to Vaughan Official Plan and other policy development

The EDESS reports are part of a number of background reports to inform the update of the Vaughan Official Plan as well as York Region's Municipal Comprehensive Review and Economic Development Action Plan. Furthermore, the findings and action plans provide an economic development lens to the Comprehensive Zoning By-law update, secondary plans and other policy documents.

In October 2018, the City retained MDB Insight along with Watson and Associates to complete the EDESS with the goal of accelerating local economic growth and job creation over the next five years. At the same time, the City retained Forum Research to complete the City's inaugural Business Satisfaction and Needs Survey, the results (Attachment 2) of which informed the EDESS with economic and business perspectives from more than 200 business executives operating in Vaughan.

The first phase of the EDESS project aimed at understanding trends affecting the local, national and international marketplace, Vaughan's strengths, weaknesses, opportunities and threats (SWOTs), space demands in context of current and future economic sectors and technological and digital disruptions influencing Vaughan in the next five years. This work then informed the development of action plans in Phase 2 based on the following themes:

- Enhancing the Entrepreneurial and Innovation Ecosystem;
- Growing the Tourism and Creative Economy in Vaughan;
- Focusing International Business Development; and
- Supporting Commercial and Experiential Development in the Vaughan Metropolitan Centre (VMC).

Given the importance of getting community-based intelligence and broad support for the economic development action plans, input from stakeholders set the foundation of this study. In addition to one-on-one interviews with members of Council, the consultants held four workshops across a broad cross-section of industry and community leaders including developers, business operators, real estate, artists, creative sector, non-profit organizations, provincial staff, Toronto Global, regional and municipal staff from Planning and Economic Development.

For the 2020 fiscal year, Vaughan staff undertook a refreshed business planning and budget process introducing a more strategic approach of assessing the value of key activities, desired outcomes, resource allocations and requirements. This exercise prompted ECD to look at its business planning process. This report provides an update to Council on the ECD Strategic Business Plan in relationship to the Term of Council Service Excellence Strategic Plan, the Business Satisfaction and Needs Survey and the Economic Development and Employment Sectors Study.

Previous Reports/Authority

Not applicable

Analysis and Options

EDESS Phase 1 Report: Establishing Vaughan's Context

The Phase 1 report (Attachment 3 – Executive Summary) provides a basis for taking advantage of economic and employment opportunities while also providing an understanding of trends for traditional and established industries. Selected high-level observations from the Phase 1 report are included below. The full report is available on the website, www.vaughan.ca/business.

Since the completion of 2010 Strategy, Vaughan along with cities across the country have faced significant geo-political, economic and technological shifts with the emergence of protectionist trade, border and immigration policies; growth in the sharing economy; emergence of new clusters of business and industry activities to support the knowledge economy and maturity of traditional clusters. This continuing shift in manufacturing sector, along with digital disruptions have profoundly changed how and where we shop, live, travel, and work.

State of transition is an opportunity to be embraced

Whether it is the City's transition from a suburban community to a major urban centre; industrial space market to office market; or goods-producing to a service-producing sectors, Vaughan is well-positioned to seize the opportunities these challenges create.

This shifting landscape will challenge the old models of economic development and tactics deployed by municipalities in the attraction and retention of business investment and workers. Where historically, we were driven by market considerations, i.e. availability of serviced industrial land, buildings and workforce; competitive tax structures; transportation infrastructure; it is increasingly those softer, less tangible factors that sets municipalities apart from each other.

Embracing innovation and technological ingenuity to create new sectors or improve traditional industries; leveraging cultural diversity within our communities to connect globally; creating urban environments that provide a high quality of place experiences; or partnership models that allow us to leverage resources – these factors will define which municipalities will thrive in the future. The knowledge-based economy demands that Vaughan’s employment and population growth needs to be in better synchronicity, with fewer people commuting outside the City, while also providing employment opportunities within Vaughan that are more aligned with talent and skills.

Place-making is a key to attracting and retaining talent

High quality places, rich in experiences and amenities matter in attracting and retaining talent. Cultural diversity is to be harnessed for both organic growth and in competing for trade and foreign direct investment (FDI). Smart City technologies have the ability to connect people with public services and offer opportunities for more livable communities.

Demand for quality employment areas is integral to the growth of Vaughan’s economy

Notwithstanding the shift away from goods-producing activities, Vaughan’s past and future growth is dependent on the availability and quality of its employment land supply. With approximately 40 per cent of total vacant employment lands in York Region, Vaughan has the largest supply of employment lands. However, the City will need to provide larger serviced or shovel-ready sites, as well as more flexibility in land uses to accommodate flex-space and other work arrangements.

EDESS Phase 2 Report: Economic Development Action Plans

Where the Phase 1 Report provides an understanding of ‘Why Vaughan?’, this phase of the study provides a modernized economic vision for the City built around the four themes: enhancing the entrepreneurial and innovation ecosystem; growing tourism and the creative economy; focusing international business development; and supporting commercial and experiential development of the VMC.

The actions proposed in the Phase 2 Report (Attachment 4 – Executive Summary) are built on evidence-based economic and market research and seeks to differentiate

Vaughan from its competitors. The actions incorporate the findings of the Business Satisfaction and Needs Survey and the workshop findings with business and community stakeholders. The full Economic and Cultural Development Team was engaged in reviewing the draft action plans, testing proposed actions against team experiences, sector and industry intelligence and known budget constraints. The objectives, actions and desired outcomes have also been intrinsically informed by the Term of Council Service Excellence Strategic Plan, and estimates have been provided about timelines and resource requirements. The action plans answer the ‘How’ and ‘When’ questions related to achieving the City’s goals of accelerated economic growth and job creation. Recommendations from the Phase 2 work have been embedded in the new Economic and Cultural Development Strategic Business Plan 2020-2023.

Executive Summary of Strategic Business Plan for Economic and Cultural Development, 2020-2023

Adopting an approach developed and utilized in a number of US jurisdictions, ECD piloted an Activity-Based Costing business plan model, integrating operating and capital budgets with activities and projects, staffing allocations and outcomes/output-based metrics to get a more fulsome understanding of the true costs and benefits of associated programming. The ECD Strategic Business Plan 2020-2023 (Attachment 1) reflects both a top-down and bottom-up approach. Strategic direction is set at the Term of Council level, drilling down from Priorities to Themes, Objectives, Program Areas, Key Activities, Budget to Staff Goal Alignments. If fully implemented, the Strategic Business Plan connects Term of Council reporting (Clearpoint) to individual staff performance plans (Halogen) as illustrated in Figure 1 below.

Figure 1:



Mission Statement – ECD Department

The Economic and Cultural Development department has adopted a Mission Statement that states: “We work to make Vaughan a place where entrepreneurship, business, tourism, art and culture prosper and grow”. Further, the ECD’s Vision Statement alludes to “economic prosperity, entrepreneurial city, gateway to activity in the Toronto Area, and being a creative and cultural capital”.

Service Mandate

The ECD’s service mandate include:

- Promotion of Vaughan’s economic-cultural advantages and key projects in target markets
- Engage businesses and regional partners
- Develop and implement economic and cultural development strategies, programs and initiatives
- Counselling, mentorship, training, and access to resources
- Collection, analysis and sharing of business, economic, market, real estate, demographic and competitiveness data and intel
- Plan and curate public art spaces and installations
- Creative and cultural place-making through regional and international partnerships
- Partnership and sponsorship
- Customer relations and service excellence
- Big lens thought leadership in representing Vaughan.

Delivery of economic and cultural development services and programming does not occur in isolation. The Department collaborates with the Planning and Growth Management Portfolio, as well as Community Services, Corporate Services, Infrastructure, and Public Works Portfolios. ECD staff also support the Corporation with Partnership, Sponsorship and Grant Development, generating non-taxation revenues to offset budget constraints.

Regional and provincial partners, and institutions also have significant roles in ECD service delivery – as funding and community partners, foreign business development agencies, and as regulatory entities.

Strategic Alignment: Priorities and Themes

The ECD Strategic Business Plan encompasses outward facing (i.e. service delivery) and inward facing activities (i.e. operational performance). Two of the four Objectives within the Business Plan fall under the Economic Prosperity, Investment and Social Priority with strong linkages to the City Building Priority, following the “enable a climate for job creation’ theme. The third Objective related to arts and cultural development is aligned with the Active, Safe and Diverse Communities Priority, and the theme of “enriching our

communities'. While the fourth Objective is aligned with Priority: Good Governance, and theme: "demonstrating value for money".

Objectives and Program Areas

Each Objective in the Strategic Business Plan has a series of Program Areas and Key Activities associated with it, such that Council, Senior Management and staff understand the alignment from the macro strategic goals to the individual work plan level. They articulate values from the customers' viewpoint, value propositions and delivery. They reflect all ECD business lines including Small Business and Entrepreneurship; Business Development; Municipal Partnerships and Sponsorship; Tourism, Arts and Culture and operational management activities.

Objective 1 encompasses core economic development activities, including international business development; industrial development in business parks or employment areas; small business development and entrepreneurship; research, marketing and promotion.

Objective 2 encompasses strategic level city-building projects such as the Vaughan Metropolitan Centre, Vaughan Healthcare Centre Precinct and Smart City have been included. These catalytic projects involve multiple City departments as well as external business, institutional and community stakeholders; and present an opportunity to elevate the City through place-making, leveraging technology and fostering innovation. Tourism Vaughan Corporation, a recent addition to ECD, addresses the tourism promotion and marketing required as part of the Municipal Accommodation Tax collection. Municipal partnerships and sponsorship are included in this grouping, as supporting activities.

Objective 3, as previously discussed, addresses arts and cultural development as economic and community drivers. In this endeavor, ECD collaborates with internal department stakeholders to deliver public art installations, exhibitions, cultural programming. Staff support external stakeholders to increase organizational capacity with respect to festivals, community and heritage events; as well as working to attract and retain creative industries.

Foundational to all ECD key activities, are the ongoing need for good governance, operational performance, citizen experience enhancements and staff engagement – Objective 4. Through these initiatives, we are supporting the organization and staff by fostering a culture of continuous improvement, enhanced communications, staff empowerment and growth.

Desired Outcomes / Measuring Success:

As the City continues its Service Excellence Journey, measuring progress is a priority. The ECD Strategic Business Plan proposes a 'Results-Based Accountability' approach

which examines population (i.e. community indicators) and performance (customer-focused) accountability. Working backwards from desired end goals, actions are developed that produce positive change, i.e. 'turning the curve'.

By the nature of economic development work, decisions around business start-up, investment, relocation and expansion are frequently outside the control of the municipality. However, the municipality can influence the business climate by how well we listen and respond to needs of businesses, by promoting the Vaughan brand in domestic and international markets, and by supporting city-building projects that raise the overall quality of life for residents and businesses.

The proposed measures answer the questions: 'How much?', 'How well?', and 'Are we better off?'. Desired outcomes are measured by growth in total employment; the diversity of the economic base; increases in industrial, commercial and institutional investments; increase in non-residential tax assessments; and growth of Vaughan's economic activity as measured by gross domestic product (GDP).

Gauging departmental outputs, the measures include:

- Number of service requests fulfilled or completed
- New client accounts
- Target audiences reached
- Satisfaction with delivery of ECD services
- Awareness of City services

ECD staff will be building upon the 2018 Business Satisfaction and Needs Survey to develop baseline data. The Department will be working with the Office of the Chief Information Officer (OCIO) and Office of Transformation and Strategy (OTS) to implement data and analytical tools to collect the information, some of which are readily available through the Microsoft Dynamics Customer Relationship Management (CRM) tool, and others which will require development. It is expected that this will become an iterative process, where the data collected will improve from a communication, relevancy and data power standpoints.

Financial Summary

The 2020 Strategic Business Plan proposes combined total expenditures of approximately \$3.8 million, inclusive of Additional Resource Requests and Capital Budget asks. Assuming that full offsetting revenues from the Province, Municipal Accommodation Tax funding and other sources are secured, net expenditures total approximately \$1.9 million.

Objectives 1 and 2, encompassing key activities that contribute to enabling a climate for job creation, accounts for more than 73 per cent of total spending. Figure 2 illustrates the breakdown of total expenditures by Objectives. Labour expenditures account for 60 per cent of total expenditures, with Objectives 1 and 2 again accounting for 60 per cent of total labour expenditures (Figure 3).

Figure 2: Total Expenditures by Objectives

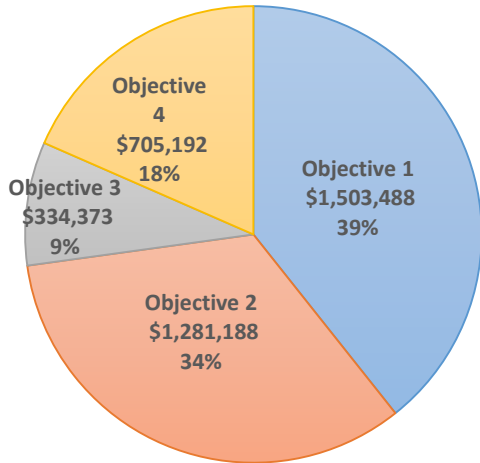
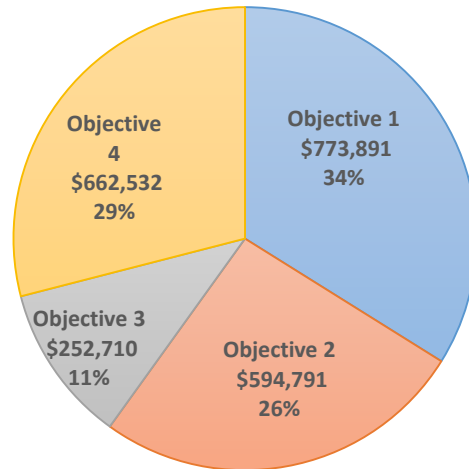


Figure 3: Labour Expenditures by Objectives



Next Steps

The development of the ECD Strategic Business Plan is a pilot of a new business plan template for the City of Vaughan. The Department will be working with the Office of Transformation and Strategy, as well as the Finance Department to share experiences in developing and refining the template. Staff will also engage with the Office of the Chief Information Officer to develop data and analytics for the corporate performance measures.

ECD will seek feedback from stakeholders over the course of the business plan.

Financial Impact

The ECD Strategic Business Plan is an evolving guidepost for economic development activities. The Strategic Business Plan proposes a suite of program areas and key activities for the Economic and Cultural Development department for the next five years. Selection and implementation of key activities and initiatives will be driven by Term of Council priorities and subject to availability of budget and other resources. Any requests

for additional funding will be dealt with through future Business Plan and Budget processes, or under separate cover, as required.

Broader Regional Impacts/Considerations

This Strategic Business Plan and attachments including the Economic Development and Employment Sectors Study will be forwarded to York Region Economic Strategy, Toronto Global and the Vaughan Chamber of Commerce to inform the development of the Municipal Comprehensive Review and other regional economic development action plans that may arise in the future.

Full copies of the EDESS and the Strategic Business Plan will be posted online at www.vaughan.ca/business.

Conclusion

Vaughan has enjoyed tremendous population and employment growth since its incorporation as a city. Over the course of this Term of Council, there are ambitious plans for the City. Development of this Strategic Business Plan provides a roadmap for how ECD contributes to the efforts of the Corporation.

For more information, please contact Dennis Cutajar, Director of Economic and Cultural Development, ext. 8274.

Attachments

1. Economic and Cultural Development Department Strategic Business Plan 2020-2023
2. Business Satisfaction and Needs Survey, 2018
3. Economic Development and Employment Sectors Study – Phase One Report – Executive Summary, MDB Insight, June 2019
4. Economic Development and Employment Sectors Study – Phase Two Report – Executive Summary, MDB Insight, June 2019

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