



Economic Development Investment Fund

A 2 Year Review

April 2006

The Financial Picture in 2004

Growing Demand for City Services:

- Strong population growth – 6th fastest in Canada.
- Growing diversity – 22% born outside of Canada.

Declining Revenue to Pay for Those Services:

- Assessment growth lower than population growth.
- Property tax increases below the rate of inflation.
 - Residents paying 6.52% less than 10 years prior (inflation adjusted)
- Provincial downloading.
 - Provincial Grants – 1992 = \$12 million, 2002 = \$400,000

Infrastructure Deficit:

- Additional capital investments required for:
 - (1) Infrastructure maintenance (Capital Policy = 70%).
 - (2) Construction of new infrastructure to meet growth (CP = 30%).
 - (3) Construction of infrastructure to encourage economic development (No allocated capital budget).



Developing A Shared Community Vision

The Public Consultation Process:

- Series of 5 educational and interactive public meetings.
- Community Capital Investment Ranking Team (CCIRT) & Council.
 - Ranked 5 objectives and 21 specific projects.
- Options on potential economic development investments (greenfields vs. downtown) presented to panel of citizens (EDAC, DAC, CCIRT).
- This panel reached agreement on:
 - the **need** for an economic development fund;
 - the **size** of the fund;
 - the preliminary **allocation** of some of the fund.
- Made recommendation to City staff and Council.

The Shared Community Vision

A balanced economic development strategy which includes investment in employment lands to support our manufacturing sector and investment in the downtown to support the development of a new education and knowledge creation cluster.



EDIF Objectives

- Help create the right conditions for growth in the local economy through efforts to strengthen existing industries and create new ones.
- Diversify the local economy.
- Leverage municipal funds for additional private and public sector investments into the community.
- Create employment lands and stimulate employment.
- Revitalize the downtown (ie. development of residential units).
- Strive to achieve a return on investment, both direct and indirect.

Creating The Tool To Achieve That Shared Community Vision: EDIF

- City Council approved the creation of a flexible \$110 million Economic Development Investment Fund (EDIF).
- Funded through a **special 10 year capital levy**.
- Provides approximately \$11 million per year for 10 years.
- Established **Steering Committee** to monitor fund (May 04).

EDIF Funding Approved by City Council in 2004

In 2004, when City Council approved the creation of EDIF, it committed \$23.9 million to the following projects:

Wilfrid Laurier School of Social Work	\$6.5 M
Downtown Community Centre (DCC)	\$1.7 M
Downtown Streetscape Improvements	\$3.3 M
Victoria Park Master Plan	\$2.7 M
Centre Block Land Purchase	\$9.7 M
Total Funding Committed in 2004	\$23.9 M

Remaining EDIF Fund (Subject to Final City Council Decision)

- In 2004, when Council approved the creation of EDIF, it also notionally allocated \$81 M in preliminary funding for several projects.
- Funding for each of those projects was subject to a detailed business plans and a final decision of City Council.
- If City Council did not approve the detailed business plan, the notionally allocated funds would not be spent on that project.

Project:	Allocated Funds
University of Waterloo School of Pharmacy	\$30 M
Downtown Residential Intensification	\$1 M
Employment Land Development	\$12 M
Central Library Project	\$32.5 M
Parking Solutions	\$5.5 M



Progress Report on EDIF After 2004

University of Waterloo School of Pharmacy

EDIF funding approved by Council in June 2005	\$30 M
Estimated annual economic benefit to community (direct & indirect)	\$30 M
School opens	Sept. 2007
# of students, staff and faculty	1200

- **Leveraged \$30 million municipal investment for School of Pharmacy into multi-phased Downtown Kitchener Health Science Campus**
 - Total cost for all phases = \$147 M
 - Family Medicine Teaching Centre (Victoria School and new location on Ontario St.)
 - Satellite Campus of McMaster School of Medicine
 - Pharmaceutical Prototype Manufacturing Facility
- **Health care benefits for the community (region-wide)**
 - 45 medical school students training in our community (15 per year X 3 years)
 - Commercial pharmacy
 - Optometry clinic
 - Family Medicine Teaching Centre
 - Integrated Primary Health Care Centre
 - International pharmacy graduate program

Downtown Residential Intensification

(Upper Story Renovation Program)

EDIF funding approved by Council in Nov. 2005 (5 year program - \$200,000 allocated per year)	\$1 M
Applications received for 2005-06	12

Objective: Increase the number of people living downtown through more residential units.

End Result: Leverages direct investment into the downtown. City receives direct return through increased assessment and in-direct return through positive economic impacts.

Status: Downtown Incentive Review Team currently reviewing applications for 2005-06. Update to be provided to FCS in early May.

Employment Land Development

EDIF funding allocated by Council in 2004	\$12 M
EDIF funding approved by Council in August 2005 (Grand River West Business Park – Phase 1 & 2)	\$1.32 M (recoverable)
EDIF Funding allocated but not yet given final Council approval	\$10.68 M
Estimated # of employees working at GRWBP (16 people per acre)	544

Grand River West Business Park

- Full capital recovery + interest expected by end of 2006.
- Replenishes fund for future investment.

Phase 1: (11 lots – sold out)

- Lot sales two years ahead of schedule.

Phase 2: (8 lots)

- Construction began November 2005. Occupancy Spring 2006.

Central Library Project

EDIF funding allocated by Council in 2004	\$32.5 M
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Public Consultation in 2003-04:

- 3 surveys, 5 focus groups, 5 town hall meetings, 5 community presentations.

Business Case:

- Approved by City Council in September 2004.
- Funding request = \$32.5 M + proceeds from sale of land for current library
- Centre Block approved as location.

KPL / Centre Block Project Committee:

- Weekly meetings from October 2005 – March 2006 – suspended until June direction of Council.
- Open, public process. Committee of staff and citizens.

Moving Forward:

- Citizens' Forum in May 2006.
- Project, location and funding subject to Council direction in June 2006.



Parking Solutions

EDIF funding allocated by Council in 2004	\$5.5 M
EDIF funding approved by Council to date (Sammy's garage parking lot, temporary parking lot on Centre Block)	\$395,000 (recoverable)
EDIF Funding allocated but not yet given final Council approval	\$ 5.11 M

- Demand has now exceeded supply for downtown parking.
- Need for strategic investments in parking that were anticipated when EDIF was created remain critical.

Parking Demand Study:

- Study approved by Council in early November 2005.
- FCS recommended expenditure of the full \$5.5 M for Centre Block parking. Awaiting direction of Council.

Status of EDIF

A	Total EDIF funding given final approved by Council WLU School of Social Work (\$6.5 M) - Downtown Community Centre (\$1.7 M) - Downtown Streetscape Improvements (\$3.3 M) - Victoria Park Master Plan (\$2.7 M) - Centre Block Land Purchase (\$9.7 M) - UW School of Pharmacy (\$30 M) - Upper Storey Renovation Program (\$1 M) - Employment Land Development (\$1.32 M) - Parking Solutions (\$0.39 M) - Centre Block Redevelopment (\$2 M) - Studies (\$0.14 M) - Block that Rocks (\$0.66 M)	\$ 59.41 M (54%)
B	EDIF funds notionally allocated but not yet given final approval by Council Employment Land Development (\$10.68 M) – Central Library Project (\$32.5 M) – Parking Solutions (\$5.11 M)	\$48.29 M
C	EDIF funding not yet allocated	\$2.3 M
D	Total EDIF Fund	\$110 M

Total EDIF funding not yet approved by Council (B + C)	\$50.59 M (46%)
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New Financial Picture in 2006

- Kitchener CMA = **fastest growing economy** in Canada (CIBC)
 - Ranked high on all 9 of their economic factors.
- **Unemployment rate** for Kitchener CMA 2nd lowest in Ontario.
 - 5.3% in Kitchener CMA vs. 6.4% national average.
- **Residential spin-offs** and growing momentum in downtown.
- Assessment growth (3.17% - going into 2005) higher than population growth (2.25% - at the end of 2005).
- Lowest property tax increase in The Region (1.65%).
- City's **manufacturing sector** continues to be under pressure.



Moving Forward

- Need to continually review and re-evaluate priorities in ever-changing economic reality (**flexible**).
1. Citizens' Forum on **Central Library Project**: Do we still need a new central library on Centre Block to act as a catalyst for the redevelopment of the rest of the block?
 2. Re-examine **employment land development strategy**
 - Cluster Strategy
 - Region of Waterloo Report (Industrial and Business Park Vacant Land Inventory and Demand Analysis)
 - Look at opportunities for strategic investment in in greenfield employment land on a case by case basis.
 - East side industrial land strategy
 - Breslau North Lands
 3. Aggressively pursue **downtown parking** solutions.