

## **1999 Second Quarter, Business Development and Retention Client Activity (Various Wards)**

*(City Council on December 14, 15 and 16, 1999, adopted this Clause, without amendment.)*

**The Economic Development and Parks Committee reports having received the following report (November 10, 1999) from the Commissioner of Economic Development, Culture and Tourism; and having directed that it be forwarded to City Council for information:**

### Purpose:

In accordance with the 1999 Economic Development Division's Work Plan, this report provides a summary of the Business Development and Retention Section's completed investment projects and related business activities, in the second quarter of 1999.

### Financial Implications and Impact Statement:

There are no financial implications resulting from the adoption of this report.

### Recommendation:

It is recommended that this report be received for information.

### Background:

This is the second in a series of quarterly reports detailing the activities of the Business Development and Retention Section of the Economic Development Division.

The activities of the Business Development and Retention Section are reported quarterly to provide Council with an overview on staff activity as it relates to industrial and commercial investment across the City. The activity of first and second quarter of 1999 identifies completed investment activity and staff input in those transactions. The quarterly activity report also provides an overview of a key function performed within the Economic Development Division. Different key functions are highlighted with each quarterly report.

### Comments:

Corporate calling and client contact represents approximately 35 to 40 percent of the time allocation for business development and retention staff. Corporate calls are designed to maximize the time spent on client activities, to provide appropriate follow up and develop strong relationships with business that will have the greatest impact on the future economic strength for the City of Toronto.

In the first and second quarter of 1999, staff have completed the following activities and client contacts:

Activity	Number of Contacts 2nd Quarter	Total Year to Date
Corporate Calls	340	545
Company Contacts	1,254	1,952
New Jobs	1,285	1,931
Retained Jobs	1,466	1,994
Total Floor Area (includes existing and new space)	626,000 square feet	2,256,275 square feet

#### Sector Development and Strategic Partnerships:

Business Development and Retention has three operating units; Field Offices, TradeLink and Sector Development and Strategic Partnerships. The first quarter report focussed on activities of the Field Offices. In this report, our Sector Development and Strategic Partnerships group will be highlighted as it is the growth of specific business sectors that have the most significance on our local economy.

The Sector Development and Strategic Partnerships group is charged with the mandate to work with certain business sectors that have been identified as supporting the long term objectives of the Economic Development Division. However, these sectors also must meet additional criteria:

- (a) they must have high growth potential in terms of incremental investment and job creation;
- (b) the sector must provide sufficient volume of companies so that the City can gain maximum advantage from our involvement in their development; and
- (c) companies from the sector must have unique and/or comparative advantages that are shared within the Toronto region.

Activities within the Sector Development group actually evolve and change with the economy and the development of the sector. Specifically we focus our efforts on working with individual businesses, sector associations and educational institutions to identify business investment opportunities and resolve issues that could impede future growth opportunities. By working closely with companies within a sector, we also become more involved with operational issues and can use this knowledge to leverage additional resources from both public and private sources.

Specifically, sector specialist staff are responsible for providing the following services:

- (a) support existing businesses through a corporate calling program to more fully understand sector concerns and identify where the City can best provide “value added” support;

- (a) liaise with major sector trade associations, and take a leadership role in their ongoing activities; this keeps us informed of ongoing issues and opportunities that face a specific sector and allows us to react with appropriate support;
- (c) identify and support export development opportunities, providing workshops or training programs where required;
- (d) profile the City of Toronto as a community where companies can grow and prosper, and ensure that Toronto's strengths and advantages are more fully understood in today's very competitive environment; and
- (e) identify business infrastructure gaps and business competitiveness issues that could impact on the sector and advocate for improvements or change, where required, to senior levels of government.

The following section provides a brief outline of the industry sectors we are currently working with and a summary of some of the activities that have taken place during the first eight months in operation.

#### Sector Specific Activities:

##### Food, Beverage and Packaging Sector:

The food and beverage processing industry is among the most prominent of Canada's manufacturing and resource-processing industries. The industry has grown steadily in recent years. This steady growth is the result of expanding domestic and export markets. An aging and an increasingly ethnically diverse population is demanding both healthier foods and more convenience products. Nearly 40 percent of all Canadian value-added food and beverage processing is centered in Ontario and another 25 percent is in Quebec. Domestic sales of food and beverages amount to more than \$80 billion annually. About two thirds of sales are through supermarkets and grocery stores, and the rest is by food service establishments.

With 120,000 jobs in 1998, the Food Sector is one of the largest employment sectors in the City of Toronto, where 70 percent of Canada's top food and beverage manufacturers have headquarters. According to a profile of the industry prepared by the Toronto Food Policy Council in January 1999, Food Processing, an important economic sub-sector, has one of the highest economic impacts of all types of manufacturing activity and is strategically linked to other economic sectors including tourism, biotechnology, packaging, environment, resource recovery and advertising. The high concentration of value-added food processors provides excellent links to suppliers and/or customers throughout the entire food sector.

Specialty food is a growing area within the food sector. In 1995, the former Cities of Toronto and York concluded that there was an opportunity to build upon the existing specialty food base. This resulted in a number of initiatives which included adoption of the Keele/Weston employment strategy, working with companies to facilitate their expansion, the development of a specialty food small business training course and the opening of the Toronto Kitchen Incubator.

To date, these activities have facilitated investment of over \$180 million and the creation of 50 new specialty food companies. Within the City, food processing firms and employment are generally clustered in three main areas: South Etobicoke – in the vicinity of the Ontario Food Terminal, around Toronto's historic Stockyards district – near Keele Street and St. Clair Avenue West, and in North York – between Weston Road and Dufferin Street.

The City's Food, Beverage and Packaging Sector Specialist works with lead firms in the industry and trade associations to identify and facilitate opportunities for growth. Support to the Sector is provided by assisting existing businesses through our corporate calling program, as well as by assisting new businesses to develop. Since mid-February, over 200 new contacts have been established with local businesses and trade associations, with more than 30 companies participating in the corporate calling program. Twelve companies were recruited to participate in two high profile trade shows where the City had a booth: the Canadian Food and Beverages Show in February and the Canadian Fine Food Show in April.

Two programs are being conducted in partnership with the federal government: the Food Ventures Program and the Specialty Food Industry Network. While Food Ventures is a general training program for the sector, the latter is a program to assist the specialty food industry by promoting networking and mentorship. Earlier in the year, the Specialty Food Industry Network was launched with 50 participants. Both programs originated in the former City of Toronto and are now being refined to serve the new City.

Working relationships have been established with agencies of the federal and provincial governments, as well as non-profit organizations, such as Ontario Centre for Environmental Technology Advancement (OCETA) to coordinate efforts to assist the Sector. Staff participate on the Toronto Kitchen Incubator Board of Directors. In addition, staff have been working closely with the TradeLink office to resolve a number of export-related inquiries.

Sewer surcharges are an important issue affecting the Food, Beverage and Packaging Sector. An interdepartmental staff task force has been working on this issue. A forum is scheduled for November 25, 1999, to inform companies on the latest regulatory changes as well as on City rebate programs.

#### Medical and Biotechnology Sector:

Health care is the fastest growing industrial sector in the world. The City of Toronto, is an established leader in health care delivery and medical research and is recognized as a major player in this booming global business. The health care industry is anchored in Toronto and has been identified as one of the sectors where Toronto can achieve real growth and investment. The biotechnology sector alone generates investment in research and development exceeding half a billion dollars annually. A recent investment of \$350 million, over ten years, by Pasteur-Merieux Connaught of Toronto created the world's first cancer vaccine research centre. The brand name pharmaceutical industry also invests heavily in Toronto's research activities. 1998, the most recent year for which we have data, shows investments in research and development of \$329.7 million. Toronto's medical industry employs more than 55,000 people. Add in those employed in health care service and the medical community provides 155,000 jobs.

The Division's overall objective is to provide this vibrant sector with all of the ingredients for future growth and prosperity and an infrastructure that facilitates continued growth. By so doing, the medical sector, which includes pharmaceuticals, biotechnology, medical devices and bio-medical research, will continue to contribute to the future economic development of our City.

The biotechnology sector in Toronto is Canada's largest in terms of revenues, investment in research and development, total employment and exports. (Canada is ranked one of the world's largest biotechnology commercial centres; second only to the United States), contributing approximately 43 percent of the total number of jobs and research investment. It is, however, still in its embryonic stage – as it is worldwide.

The biotechnology sector is represented in Toronto by the "Toronto Biotechnology Initiative" (TBI). The City of Toronto is a founding member of TBI and continues to play a major role in the ongoing administration of this regional industrial organization. Staff provides leadership on the board of directors and on the governing council of this organization through coordination of monthly meetings and workshops that attract 120 to 150 business leaders each month to participate in industry related forums. Also, we are an active participant on the board and executive committee of the national industrial organization, BIOTECCanada, and on several bio-industry committees and task forces in partnership with the provincial and federal governments. "BioVenture", a 1999 initiative, effectively profiled the scientific excellence in our research community and provided a "road map" for entrepreneurial scientists seeking to take their medical discoveries to a commercial market.

Staff actively promotes the City of Toronto at major conferences and partnership meetings to the global bio-medical community as an ideal place in which to establish their company and one where they can grow and prosper. An example of this is the annual BIO International Meeting and Exhibition, which was held this year in Seattle, Washington. The City of Toronto, in partnership with the Greater Toronto Marketing Alliance, participated with an exhibit booth that effectively profiled the business opportunities and research excellence offered by Toronto. A staff proposal to host this prestigious international conference in Toronto in 2002 has been accepted and plans are already underway to coordinate this event.

In early 1998, a group of decision makers from the sector and staff recognized the urgent need for a biotechnology business incubator facility for new companies emerging out of academe and formed an advisory board to further this objective. This initiative will assist in the acceleration of commercialization of biotechnology in Toronto and stimulate the formation of new high technology companies, as well as attract new investment into the community.

Through these activities and events Toronto receives very high profile as a community that has international recognition as a leading medical and biotechnology research, development and commercial centre.

Tourism:

Tourism represents 128,000 jobs in Toronto and generates more than \$5 billion in economic activity. Through ongoing consultation and program development, staff play an integral role to encourage and support initiatives that build tourism infrastructure to attract higher volumes of visitors to Toronto. Additionally, staff work in close collaboration with Tourism Toronto to ensure that destination marketing objectives are achieved. Staff are currently preparing a Purchase of Service agreement with Tourism Toronto that will define the terms and conditions of City of Toronto funding and provide improved accountability and reporting mechanisms for the next three years. A report is also being prepared regarding the implications of reductions to Tourism Toronto's 2000 budget.

Highlights of tourism development from May to August 1999 include the solicitation of private sector participation for several projects that have tourism potential, such as the Wrap Festival, a special shopping package promotion with Toronto hotels and attractions that is expected to generate 4,000 room nights. Tourism development staff have also acted as a liaison between the department of Works and Emergency Services, other City of Toronto departments, tour operators and tourism businesses to assist with their needs, such as parking allowances and coordinating visitor access during major construction projects.

A new Team Tourism Task Force has been created to develop City of Toronto tourism products and initiatives. The group, comprised of representatives from the department's Special Events, Parks and Recreation, Economic Development, Culture and Tourism Toronto, is working together to coordinate tourism related efforts and set tourism development priorities.

Staff continue to consult with the private sector, regarding their investments in the community, such as the Windsor Arms Hotel, Park Hyatt Hotel, Crowne Plaza Don Valley Hotel, Radisson Toronto East Hotel and future hotel developments. As well, consultations have been held with cultural attractions, such as the Royal Ontario Museum, Art Gallery of Ontario, Canadian National Exhibition, the Toronto Zoo and with executives of new enterprises like SFX and the Landmark Group who are presenting the Titanic Exhibition at Exhibition Place. Staff now focus on identifying new product development opportunities and acting as a partnership development resource with these organizations. In support of these efforts staff participate on the Ontario Tourism Marketing Partnership City Committee.

Bids for major conferences and conventions have required assistance and staff worked on facilitating meetings and site inspections for the APWA Conference 2006, World Youth Days 2002 and the International Aids Congress in 2004.

In conjunction with the Port Authority of Toronto, staff continue to work to increase the cruise ship business in Toronto. Staff provided assistance to tour operators and cruise ship companies to ensure passengers took tours, shopping expeditions and extended their visit to include overnight stays in Toronto hotels. More than 4,000 cruise ship passengers travelled through the City this season and 300 hotel room nights were booked.

To ensure tourism remains strong and vibrant in Toronto, staff will continue to work with public and private sector partners to develop new products and initiatives that will improve Toronto's competitive advantage and attract higher levels of leisure and business tourism.

## Fashion and Design:

The focus of Division activities in this sector have been product development and marketing, export market development, training and productivity improvements. Much of the City's work in this sector occurs under the auspices of the Fashion Industry Liaison Committee (FILC), co-chaired by Councillors Chow and Kelly.

Although many of the traditional manufacturers have dispersed throughout the region, from within the Spadina Fashion District, employment in the sector remains constant at 16,000 employees within the clothing and textile sectors. Industry members feel enthusiastic for the opportunities that are yet to be explored.

The Matinee Fashion Ready-to-Wear Collections are held twice a year, Spring and Fall, and received strong support from the industry and for the first time, consumers and guests exceeded 3,500 at the fall collections. With the support of the Division, a U.S. based publicist was hired to attract American media and buyers to the event, something long desired by the members of the fashion design industry as a means to enhance export opportunities. In addition, the City of Toronto Awards for Excellence in Fashion Design were presented at the fall shows, a successful new approach to the awards. The City Awards honoured Mr. Jeff Otis of Grand National Apparel for Industry Achievement, Mr. David Dixon and Mr. Joeffer Caoc for Designer of the Year, Snug Industry for Specialty Designer and Ms. Olena Zylak for New Designer.

We have also joined together our interests in the fashion and tourism sectors to participate in an innovative promotion that communicates a "Shop Canadian" message to our visitors. Utilizing a specially designed brochure, created by Where Toronto Magazine, that features local shopping areas and stores, we have undertaken the distribution of approximately 100,000 brochures to guests in all the major Toronto hotels.

Staff continue to refer members to the Toronto Fashion Incubator, and to refer companies who can utilize the resources that are only available through the Incubator.

The Fashion Industry Human Resources Adjustment Committee (FIHRAC), a sub-committee of the Fashion Industry Liaison Committee (FILC), has also enjoyed a tremendously successful year hosting a very popular series of training initiatives including, Starting Your Own Fashion Business, Sewing Machine Operator and Maintenance programs, Sample Making, and a highly regarded mechanic/technical program. Over two hundred people have completed training programs to date, and a very successful seminar program partnership with Apparel Ontario saw over 750 people participate at the annual industry conference held in the Spring.

On behalf of the design sector, we hosted a trade day in January at a major design trade show that attracted international speakers and delegates. For the year 2000, in conjunction with the Design Exchange, we will continue to participate in major design trade expositions to provide profile and market development opportunities for the sector. Additionally, the City will be supporting an innovative diagnostic program for businesses, whereby all the design features and elements, from letterhead to packaging, are examined for effectiveness with recommendations

made as to what steps need to be taken, along with cost estimates. There is also an effort initiated by the Economic Development Division to pursue the possibility of a provincial design tax credit, as exists in other jurisdictions.

The number of investment, start-up and export inquiries about the fashion/design sector continue to be significant.

#### Information Technology, Telecommunications and New Media (IT&T, New Media) Sector:

The IT&T and New Media Sectors combined employ more than 70,000 workers in Toronto. This rapidly growing sector is well positioned to expand its presence in the region. Toronto's competitive advantages in this knowledge-based cluster includes access to a skilled labour force, a critical mass of large and small internationally renowned firms, exceptional educational programs and state of the art technology infrastructure.

In 1999, the Division has focussed its efforts on supporting the emerging New Media sector in Toronto. Staff have participated in a major study of the sector that will be released by year-end. The information gleaned through company interviews, focus groups, and benchmarking of competitors will assist staff in developing a targeted strategy for New Media in 2000.

The Division's primary sector activity in 1999 has been our involvement in the New Media Village Growth Corporation, which originated as an economic development initiative of the former Borough of East York. Council had approved the allocation of staff support and office premises for this non-profit public private venture. New Media Village is a membership-based association governed by a board of directors whose mandate it is to assist in the growth of new media companies in the City through the provision of information and the expansion of the service network of high speed, wide band networks to multi-tenant buildings. Councillors Prue, Tzekas and Pitfield are ex-officio board members to New Media Village. New Media Village has created a web-based finance module that attempts to match new media firms seeking financing with potential investors.

New Media Village initiatives supported in 1999 included participation in three trade shows: Ciprec Property Forum, New Media '99, and Software Showcase. The purpose of participating in these large public events was to promote the capabilities of the sector to potential investors, and promoting the association to potential new members, sponsors and advertisers.

The New Media Village Web-Site Launch at the National Trade Centre was a highly successful promotional opportunity to share information about the industry, create a networking opportunity for local firms and to generate new membership leads.

In addition to the day-to-day support for the organization, staff are working with the board to undertake a review of its accomplishments and to determine its long term strategic objectives and work plan. Through this process the board will determine its role in helping to implement the emerging sector strategy.



Staff are also building expertise in the area of call centre investment attraction. Toronto has become an attractive competitive location for the growing trend to fully service technologically advanced customer service centres. A new call centre profile to market to the call centre industry has been developed with the participation of J.J. Barnicke Limited. An Information Technology investment attraction program is also in development with Industry Canada for the City of Toronto. Our private sector partner in this initiative is CB Commercial Limited with other members of the brokerage community expected to participate in the first quarter of 2000.

#### Major Investment Activities and Completed Projects:

During the second quarter of 1999, our corporate calling programs and strong business relationships with industry leaders provided for several business expansions, relocations and start up operations. Expansion and occupancy of more than 596,000 square feet of industrial space and the creation of 1,285 new jobs was facilitated in this period, together with the retention of 1,466 existing jobs. Staff involvement, as well as details of business investment and other information, is provided on the "Investment Activity Summary" sheet (Appendix 1).

An example of a completed investment activity is the acquisition of a 190,000 square feet building at 300 Danforth Road by the "Ranka Group", an apparel manufacturing firm. Ranka is expanding their facility by 50,000 square feet. In so doing, the City of Toronto benefited with a total investment of \$15.5 million and the creation of 1,200 jobs.

#### Conclusions:

Business Development and Retention remains a critical component of the business strategy of Toronto's Economic Development Division in providing new opportunities for job creation and investment in our City. As described in this report, the "Sector and Strategic Partnerships" group is making a significant contribution to that goal by providing expertise and support to key business sectors. These key sectors not only provide a real boost to the current economy of Toronto but can be expected to provide enormous benefits to our City's economic future with continued growth through incremental investment and job creation.

Councillors are encouraged to continue to refer business inquiries and new opportunities to this group, and other Economic Development staff, and to participate actively in the Division's ongoing calling programs.

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Insert Table/Map No. 1  
Investment Activity Summary, January-June 1999