



Committee of the Whole

Meeting Date: March 26, 2024

Submitted by: Bill Rayburn, CAO

Subject: Middlesex Economic Development Corporation Strategy

BACKGROUND:

The County of Middlesex currently provides an in-house upper-tier municipally focused economic development service through its Department of Economic Development. The department provides a wide range of economic service and advice on a Countywide basis to its member local municipalities including investment attraction, business retention and expansion, Community Improvement Planning (CIP) development and implementation supports, tourism development and promotional efforts as the regional Destination Marketing Organization (DMO), workforce development, community economic development and special projects including public transportation and the fostering of entrepreneurship.

Services of the Department of Economic Development are provided in collaboration with lower-tier municipalities as well as in-house County departments including, but not limited to, Engineering, Planning, Legal and Social Services. The Department works with a multitude of local stakeholder groups including employment services, Community Futures Development Corporation, Chambers of Commerce, Workforce Development Board, school boards and post-secondary institutions. In addition, the Department collaborates with its neighbouring municipalities and economic development corporations, as well as regional organizations such as Ontario Manufacturing Communities Alliance (OMCA), Ontario Food Cluster (OFC), Regional Tourism Organization (RTO1), Western Ontario Wardens Caucus (WOWC), London and Area Works, Excellence in Manufacturing Consortium (ESC), Tourism Industry and Economic Development Associations at both the provincial and federal level, as well as a number of provincial and federal ministries.

The Department of Economic Development was established in 2015 with a staff complement of 1.5 full-time equivalent (FTE) and now employs an FTE complement of 4. The Department often employs contract staff, a summer intern, and offers several unpaid work integrated learning opportunities to post-secondary students each year to work on several special projects. Staff work remotely and onsite on a rotational basis

from two small, shared offices that are leased on the second floor of the Komoka Wellness Centre.

Middlesex County incorporated an Economic Development Corporation in 2018 in order to serve as a holding company for the potential sale of property and other related matters. The Middlesex Economic Development Corporation, being already established, is eligible to be reformatted and refocused on current economic priorities.

ANALYSIS:

In recent years, the Province of Ontario has experienced an overall spike in population growth and industrial investment. In his speech to Legislature on February 28, 2024, Victor Fideli, Minister of Economic Development reported that “in 2023, Ontario created more manufacturing jobs than all 50 United States combined”, and that “in the last three years, Ontario has attracted more than \$29 Billion in new manufacturing investments”.

These investments have resulted in considerable private sector support from the government and in partnership funding being extended to the economic development organizations that work to foster such investments. To this end, Economic Development Corporations across Ontario have been making news for their acquisition of upper-level government funding. Recent reports have included:

- <https://london.ctvnews.ca/government-of-canada-invests-300k-to-support-electric-vehicle-sector-in-london-1.6477393>
- <https://kitchener.citynews.ca/2024/01/11/waterloo-edc-receives-3-million-investment-from-federal-government/>
- <https://www.sarnialambton.on.ca/sarnia-lambton-economic-partnership-pushes-to-identify-investment-for-ontarios-hydrogen-hub>
- <https://www.931theborder.ca/2024/01/10/atikokan-economic-development-corporation-receives-funding-from-fednor/>
- <https://windsor.ctvnews.ca/invest-windsorsex-receives-200k-to-support-ev-sector-growth-1.6485926>

As presented in the Financial Outlook 2024 Report, Middlesex County finds itself at a significant moment. Upper-level government support, combined with aggressive municipal incentives and public-private partnerships have resulted in over \$13 billion in new industrial investment being announced in Ontario within a 150-kilometre radius of Middlesex County in the past 2 years. Middlesex is primed for industrial expansion due to its location along highway corridors, utilities, and regional development trends. Yet, Middlesex County struggles with underwhelming industrial tax contributions.

Tax Levy Classification Share			
Municipality	Residential	Commercial	Industrial
Huron Co	89.73%	6.63%	1.89%
Middlesex Co	86.09%	5.72%	2.68%
Elgin Co	87.91%	5.81%	3.18%
Perth Co	86.26%	6.24%	3.18%
Wellington Co	83.49%	8.18%	5.24%
Lambton Co	76.48%	13.70%	5.40%
Essex Co	84.00%	6.91%	5.94%
Oxford Co	72.52%	12.45%	9.46%
Average	83.31%	8.20%	4.62%

The tax disparity between non-residential and residential classifications presents an opportunity to rectify this imbalance by focusing on a multi-pronged approach to commercial and industrial investment. Initiatives would be aimed at facilitating the creation of additional industrial assessment, diversifying the County's tax base, and strengthening fiscal health.

2023 Middlesex County Tax Assessment			
2023 Tax Rates		Assessment	Taxes
Residential	0.431244%	\$100,000	\$431.24
Farmland	0.107811%	\$100,000	\$107.81
Commercial	0.493731%	\$100,000	\$493.73
Industrial	0.752564%	\$100,000	\$752.56
Tax Rate X Assessment = Taxes			

The analysis identifies that within Middlesex County a significant amount of land and number of parcels of land exist for potential employment and/or industrial development. Critically however, the majority of the land is not fully serviced. Further to this, there are limited fully serviced industrial parks that offer lands for large industrial employers.

To address this immediate concern, staff have focused on the options from the June 20, 2023, Industrial Tax Base & Improvement Methodologies Report including making modifications to the County Loan Fund and to work towards implementing a Middlesex

County Industrial Land Community Improvement Support Program with the sole benefit being Tax Incremental Financing to support industrial growth.

Further to this need for infrastructure support to facilitate industrial growth, lies the issue of economic development resource allocation. The majority of Middlesex's lower-tier municipalities have little or no designated economic development staff. As such, they rely on other internal departments, or in many cases, the Chief Administrative Officer, to oversee economic development. While some municipalities have established community economic development committees, these committees are limited in scope and budget and are only utilized to advance limited local investments such as downtown events and streetscape improvements. Commercial and industrial development tends to fall to other departments and/or County staff.

Middlesex Economic Development Corporation (EDC)

Recognizing these limitations, a staff level working group, including local and County staff, has been established to oversee the initial consideration of the establishment of an arm's length Middlesex Economic Development Corporation (EDC) as the vehicle to deliver a robust enhanced regional economic development service to the benefit of all local municipalities and the County. To date, the working group has evaluated the advantages and disadvantages of providing economic development services at arm's length to municipal government and reviewed the annual reports of several independent EDCs operating in Ontario. Working group members have additionally met one-on-one with the Chief Executive Officer of three such organizations. This preliminary work has led the working group to the point of evolving their work to include, but not be limited to the following:

- Engagement with lower-tier municipal Council members and administrators regarding their understanding and objectives of economic development.
- Analysis of existing EDCs in Ontario including best practices, organizational structure, focus, funding models and governance.
- Exploration of current and potential partnerships with stakeholders, including, but not limited to, Community Futures Development Corporation, Employment Services, Immigration Services, Land Developers, Investors, Neighbouring Economic Development Departments/EDCs, First Nations Communities, Small Business Enterprise Centre, Regional Economic Development and Tourism Organizations, Sector Associations including those supporting Manufacturing, Entrepreneurs, Agri-Business, etc.
- An exploration of unique and innovative means being used globally to advance industrial development (including tax and other incentives, front ended service agreements, etc.)

Next the working group, led by the Department of Economic Development, will make a FedDev funding application to retain a consultant, to further engage with applicable

parties and develop a Middlesex EDC strategy. The EDC strategy will be submitted for Council consideration, on the formal refocusing of the 2019 Middlesex Economic Development Corporation, and will include analysis and recommendations on:

- Sector landscape analysis
- Corporate Structuring/Governance including representation and voting
- Determination of Primary Role/ Areas of Focus
 - Identifying the diverse needs of the County and local municipalities
 - Detailing the overarching goals of the EDC initiative, the problems it aims to solve, and the outcomes it strives to achieve
 - Defining specific Key Performance Indicators (KPIs) for measuring the success of the EDC initiative across various aspects of economic development
- Delineation of Regional EDC and Local Municipal Economic Development Service Levels
 - Professional resource enhancement opportunities directly accountable to lower-tier municipalities
 - Redefining the EDC's role as an advocate for economic development, rather than as an ombudsman
- Short and Long-Term Funding strategy
- Staffing Complement and Required Expertise
- Design of Optimal Physical Space in consideration of Corporate and Shared Space opportunities
- Industrial Land Acquisition and Development Strategy taking into account all private and public sector opportunities.
- Sector Strategies particularly those focused on expansion and new investment in Agri-Business, Tourism, Small Business Development, Dry Industry and Advanced Manufacturing
- Develop a Branding/Communication and Marketing Plan

The intention of this work is to identify and offer the most professional, productive, and cost-effective delivery of economic development service across Middlesex County considering local attributes while working collaboratively to bring economic prosperity to the region by prioritizing commercial and industrial tax assessment.

FINANCIAL IMPLICATIONS:

Funding for the Middlesex Economic Development Corporation Strategy will be allocated from the Middlesex County 2023 surplus. Pending the FedDev grant application outcome the funding will be utilized to match grant dollars towards the strategy and/or entirely fund the EDC strategy.





Related to the Middlesex County EDC strategy:

- An application for funding for lead generation for Industrial Foreign Direct Investment has been approved for 2024-2025.

- An application for funding for the development of a Foreign Direct Investment Strategy for 2025 - 2028 has been approved.
- An application for funding to partner on the development of a Tourism Investor Tool-Kit has been approved and the project is being led by the Department of Economic Development in partnership with the Department of Planning.
- An application for funding for the development of a Commercial Investment Strategy has been submitted by the Department of Economic Development and is awaiting a decision.

ALIGNMENT WITH STRATEGIC FOCUS:

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Focus	Goals	Objectives
Cultivating Community Vitality 	Advance a diverse, healthy, and engaged community across Middlesex County	<ul style="list-style-type: none"> Promote and support community wellness Innovate social and community services Attract, retain, and engage youth in our community
Connecting Through Infrastructure 	Ensure communities are built on a sustainable foundation that is connected and thriving	<ul style="list-style-type: none"> Use County infrastructure in an innovative way to provide a seamless service experience for residents
Strengthening Our Economy 	Encourage a diverse and robust economic base throughout the county	<ul style="list-style-type: none"> Support opportunities to create a stronger and sustainable agricultural sector Create an environment that enables the attraction and retention of businesses, talent, and investments Attract visitors to Middlesex County Support the development and prosperity of downtown core areas in Middlesex County
Promoting Service Excellence 	Innovate and transform municipal service delivery	<ul style="list-style-type: none"> Anticipate and align municipal service delivery to emerging needs and expectations Engage, educate and inform residents, businesses, and visitors of county services and community activities Strengthen our advocacy and lobbying efforts with other government bodies Collaborate with strategic partners to leverage available resources and opportunities Build organizational capacity and capabilities

RECOMMENDATION:

THAT the Middlesex Economic Development Corporation Strategy Report be received for information.