



Economic Development Investment Fund

Shaping Tomorrow Together



- The population of the Kitchener Census Metropolitan Area (CMA) is growing at a faster rate than that of Ontario or Canada (1996 Census)
- A large percentage of the growing population is due to a growing number of new Canadians making the Kitchener CMA their home. Between 1991 and 2001, the area welcomed more than 26,000 immigrants, the largest number in decades. (2001 Census)

City of Opportunity

So much of what is done in any city depends on a robust and growing economy. As part of Canada's Technology Triangle and part of Waterloo Region, the City of Kitchener is a major contributor to one of the most diverse and dynamic economies in North America.

And the city is taking a hands-on approach to ensuring its continued prosperity. Through the creation of a unique \$110 million economic development package, City staff and Council are working to facilitate the success and further growth of existing businesses, helping new and small businesses take the next step, and getting the word out about the city's competitive advantages, pro-business climate and superior lifestyle.

Kitchener's economy is strong. And its future is exciting.

One-of-a-Kind Investment Strategy

In 2004, the City of Kitchener forged ahead with an innovative, one-of-a-kind strategy to fund major strategic infrastructure and economic development projects across the city.

During its 2004 budget process, which included one of the most extensive public consultation processes the City has ever undertaken - Kitchener City Council approved the creation of a flexible \$110 million Economic Development Investment Fund. This fund - created outside of the regular capital maintenance program through a 10-year tax levy - is intended to modernize, diversify and electrify the city's business community.

The new fund - the first of its kind in the province, and possibly the nation - allows the City to maintain support for its vital manufacturing sector. At the same time, it encourages Kitchener's increased participation in the New Economy through the development of an exciting Education and Knowledge Creation Cluster in the city's downtown core.

It's an aggressive plan that will take the city's business community to the next level, spurring economic growth today, which will build strong foundations for tomorrow.

Living in Kitchener

Continuous efforts to recognize the diverse needs of all citizens, combined with many economic and cultural successes has earned the City of Kitchener the reputation of being one of the most enjoyable and livable cities in the country.



- One in 10 residents in Waterloo Region is a member of a visible minority. (2001 Census)
- Kitchener CMA experienced the second highest employment growth rate of all CMAs in Ontario. (1996 Census)
- Kitchener's labour force is highly skilled and specialized as over 50 per cent of Kitchener CMA residents aged 15 and older have pursued post-secondary training. (1996 Census)

This is because Kitchener offers the best of all worlds: a thriving and stable economy, universities and hospitals, modern recreational facilities, community centres, major shopping centres, museums, galleries, theatre and entertainment, and an airport with daily international flights.

As a direct result of its genuine appeal as a place to live, work, learn and play, Kitchener Census Metropolitan Area (CMA) has one of the fastest growth rates of any metropolitan area in the country. In fact, the city is growing at a faster rate than both Ontario and Canada.

Kitchener is an increasingly popular destination for thousands of people looking for all of the opportunities of a large metropolitan city without the traffic headaches or long lineups. As well, the city maintains an appealing sense of friendliness and cohesiveness that is often associated with smaller towns and family values.

It Only Gets Better

It's a fact that Kitchener's high standard of living is matched only by its economic prosperity. And it's only going to get better.

Kitchener continues to see significant private sector investment and has earned a prominent position as one of the fastest growing and most innovative cities in the country. Looking toward the future, the city has put in place a unique, forward-thinking strategy for realizing long-term growth and prosperity.

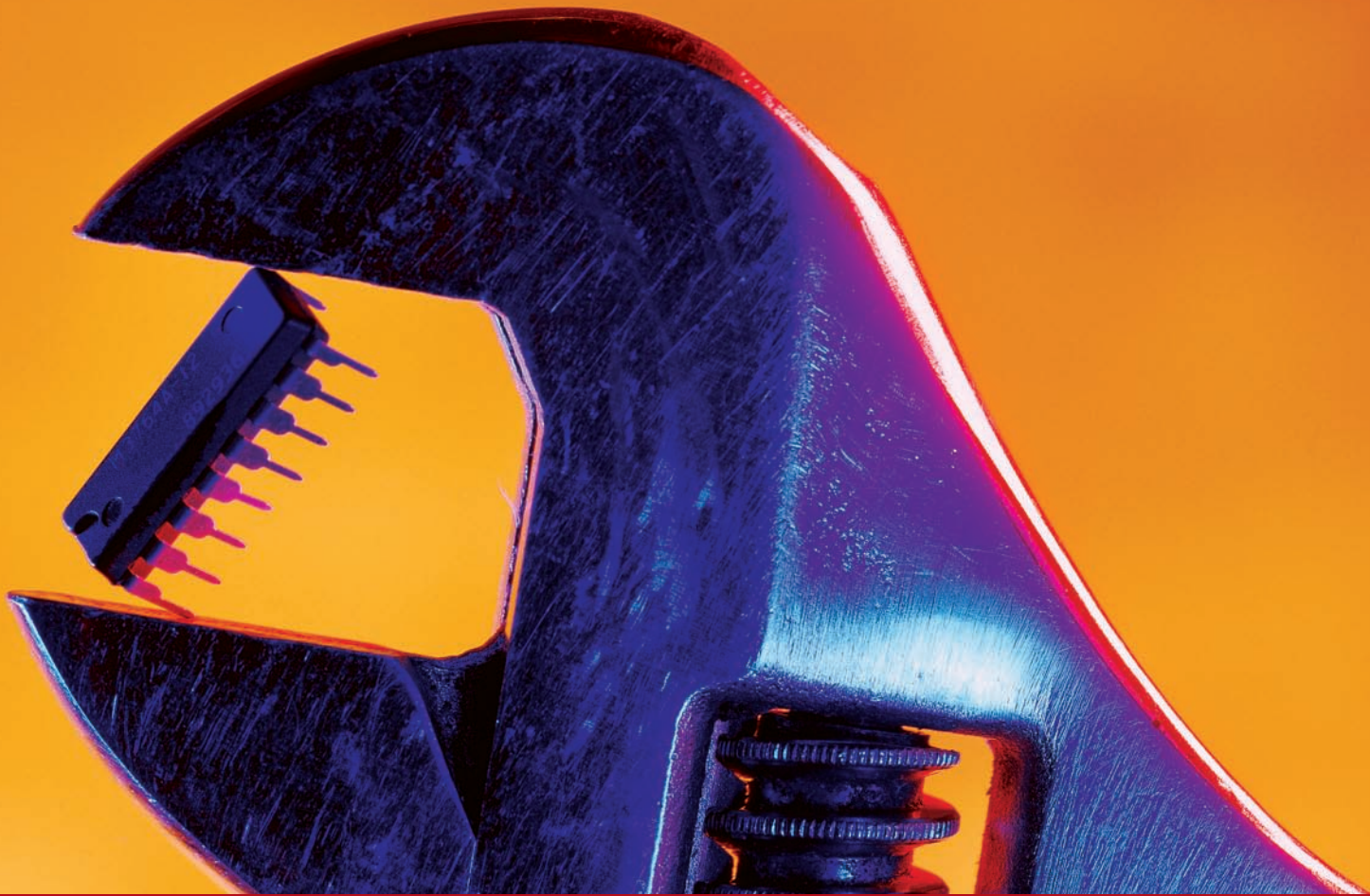
Kitchener is expanding its business and industry horizons. Council, staff, residents and stakeholders have a far-reaching vision for the community. Together, we are charting the course to an even brighter future.

Leading and Succeeding... Together

Creating the Economic Development Investment Fund was a magnanimous step for a city the size of Kitchener. Council, by no means, took that step alone.

Recognizing that the challenges it was facing required a different, more inclusive, future for municipal government and public service, City Council directed administration to engage the community in extensive discussion and debate about its collective vision for the future of the City of Kitchener.

By asking for and hearing what citizens were saying, Council and staff were better able to identify



- The labour pool within a one-hour drive of the (CTT) approaches three million.
- The CTT is one of the top 10 economic engines in Canada. (Innovation in Canada, 2002)
- Five of the 10 largest manufacturing employers in Canada's Technology Triangle are home-based in Kitchener or have subsidiary components in Kitchener. (Canada's Technology Triangle)

community needs and develop policies, programs and projects to address those needs. This citizen engagement took full advantage of the knowledge and expertise within the community and helped target the City's valuable resources into appropriate areas.

Through the sharing of information, citizen consultations on specific projects and, through the active and ongoing participation of citizens, businesses and community organizations in the development of city policies, strategies and plans for strategic investment, Kitchener was able to develop a shared vision for its future.

Considering the Alternatives

Traditionally, the City of Kitchener had divided its capital funding into two categories - maintenance projects and new projects - funded on a 70/30 ratio respectively. Economic Development projects were funded separately as add-ons to the capital budget process.

Applying the traditional 70/30 funding model to Kitchener's 2004-2013 capital forecast showed that the City had only enough capital funding for its maintenance programs, and a shortfall for its new projects. As well, no dollars had been identified for economic development and the city was nearly out of available, serviced employment lands.

To ensure that Kitchener could sustain its high quality standard of life for residents, while also ensuring it was positioned for competitive economic growth, City Council needed to consider alternative funding options to address all three capital investment categories in 2004.

Armed with extensive input from citizens and stakeholders to support their decision, Council added an Economic Development Investment category to its existing capital policy - ensuring future growth and investment for the city.

Setting the Stage for the Future

Based on community priorities and the need for future economic growth, City staff presented several possible funding options for Economic Development projects outside of the regular capital budget. Each option included a 10-year tax levy - an annual incremental tax increase that would help to pay for a fund devoted to these additional projects.



- Communities within Waterloo Region - including Kitchener - form the basis of Canada's Technology Triangle (CTT). Within the CTT there are 554 technology enterprises, plus another 404 that provide related service.
- Costs in the Canadian metro area of Kitchener-Waterloo-Cambridge (85.7) are much lower than in any of the US cities in this region (Northeast US/Canada), and 14.3 percent below the US benchmark. (KPMG, Competitive Alternatives International Report, 2002)

Ultimately, residents and committee members recommended the City create a \$110 million Economic Development Investment Fund to drive Kitchener's future. In March of 2004, Kitchener City Council approved the creation of the fund.

The fund provided the framework for the City of Kitchener to go forward with a balanced economic development strategy. It allowed Council and staff to address two critical issues: the need for new and creative sources of funding for Kitchener's future, and the crucial need for more industrial employment lands in the city.

Industrial Land Solutions

Manufacturing has traditionally played an important role, and it will continue to play an important role, in maintaining a vibrant economy for the City of Kitchener. Figures from Statistics Canada's Labour Force Survey indicate that between 1998 and 2002 alone, employment in Kitchener-Waterloo grew by 21,000 jobs, many of which were the result of gains in manufacturing employment.

In turn, this drives the demand for more employment lands in Kitchener, a demand that will be addressed gradually through the new economic development package created by the city.

Since the creation of the Economic Development Investment Fund, \$12 million has been set aside for much-needed industrial employment land solutions.

From Brownfields to Mind Fields

The City of Kitchener is establishing a premier Education and Knowledge Creation Cluster in its downtown core that is poised to bolster Ontario's - and Canada's - position at the forefront of biotechnology in North America. More than \$36 million from the City's Economic Development Investment Fund, and a dynamic partnership with two world-class universities, will help bring the cluster to life.

Creating a downtown cluster that re-utilizes brownfield sites isn't the traditional approach to creating new employment lands, but it's a strategy that is true to Kitchener's increasing reputation for innovation among Canadian municipalities. Kitchener recognizes the immense opportunities that exist through re-urbanization and, with the amount and availability of traditional employment lands substantially exhausted by 2004, the City and its residents were prepared to invest in this new alternative for a creative and secure future.



- Preliminary findings by the Department of Foreign Affairs and International Trade reveal that Canada's Technology Triangle (CTT) is home to a higher concentration of foreign investment than any other community in Canada. (Innovation in Canada, 2002)
- Kitchener is centrally located and connected to many of the major North American markets via Canada's superhighway network, the 401.

The birth of the Education and Knowledge Creation Cluster occurred with the news that the Waterloo Catholic District School Board would move its headquarters to the former St. Mary's high school in downtown Kitchener. This move enabled the city to create a new Downtown Community Centre in the same building. The second critical piece of the puzzle was Wilfrid Laurier University's decision to move its Lyle S. Hallman Faculty of Social Work into the historic, former St. Jeromes' College building which had sat vacant since the mid-1990s. The City contributed \$6.5 million from its Economic Development Investment Fund to the renovation of the building.

The cluster further expanded when the City developed a partnership with the University of Waterloo to create the Downtown Kitchener Health Sciences Campus. The first phase of the campus - the UW School of Pharmacy - is expected to open its doors in September of 2007.

Only the second School of Pharmacy in Ontario, the facility will also be home to Centre for Family Medicine and Integrated Primary Care Clinic, an Optometry Clinic, and one of only a handful of International Pharmacy Graduate Programs in the country. The school will be a state-of-the-art knowledge powerhouse providing opportunities for research and learning that are unavailable elsewhere in North America. The City's Economic Development Investment Fund has provided a \$30 million contribution to the project.

Unlimited opportunity for spin-off businesses and research innovations, supported by a hands-off approach to intellectual property by the University of Waterloo, will lead to abundant commercialization activities as Kitchener's Education and Knowledge Creation Cluster becomes the latest engine for driving innovation and growth.

University of Waterloo Downtown Health Sciences Campus

- \$147 million project of which the City of Kitchener has contributed \$30 million
- Located on a former industrial site
- Only the second School of Pharmacy in Ontario
- First phase of the Downtown Kitchener Health Sciences Campus will be the University of Waterloo School of Pharmacy, set to open in 2007
- Expected to attract 1,200 students, staff and faculty members to the core



- With a 31.6 per cent growth rate in employment since 1987, Kitchener CMA is the second fastest growing place in Ontario for employment.
- Waterloo Region is home to exceptional post secondary education institutions - a knowledge creation cluster including the University of Waterloo, Wilfrid Laurier University and Conestoga College - which produce some of the best and brightest in skilled and technological talent in the country.

- Generate significant spin off opportunities for business and research
- Stimulate downtown residential housing growth in the core
- Anticipated \$30 million impact annually from operations, research and expenditures by students and visitors

Wilfrid Laurier University Lyle S. Hallman Faculty of Social Work

- \$11 million project of which the City of Kitchener has contributed \$6.5 million towards the purchase, preservation and renovation of a heritage building
- Located in a vacant, historic building in the heart of the core area; expected to open in 2006
- Bringing 300 students, staff and faculty members to the city centre each day
- Anticipated \$1.5 million impact annually through spending by students, staff and faculty members

Other Core Initiatives

- \$32.5 million from the Economic Development Investment Fund has been earmarked for a potential new downtown central headquarters for the Kitchener Public Library to be built on the Centre Block in partnership with a private developer.
- \$9.7 million from the Economic Development Investment Fund has paid for the purchase of derelict downtown land - currently known as Centre Block - that is being proposed as the site of the new Kitchener Public Library.
- \$1 million from the fund has been devoted to downtown residential intensification incentives - most importantly the Upper Storey Renovation Program, which offers incentives to owners and developers who convert upper floors of downtown commercial buildings into apartments.
- \$1.7 million from the fund was used for the construction of the new Downtown Community Centre; another \$2.7 million has been allocated for improvements to downtown's Victoria Park and \$3.3 million has been allocated for improvements to the downtown streetscape - all initiatives intended to enhance Kitchener's quality of life.

Other Investments

The remaining funds from the Economic Development Investment Fund will be allocated on a project-specific basis, subject to detailed business plans that will include a review of opportunities for partnerships and other funding sources. Future projects that are likely to be considered for funding under this initiative include further new industrial land development and new parking solutions.

Threshold of Opportunity

Diverse industry clusters - including an emerging, world-class Education and Knowledge Creation Cluster - industrial business parks, downtown revitalization and rapidly growing high-tech enterprises offer a prime opportunity for start-up companies and those seeking to invest.

The city is on the threshold of great opportunity - that's the reality of today's economy in Kitchener. And from that reality, through a combination of community partnerships, municipal partnerships, hard work and perseverance, Kitchener will build tomorrow's successes.

Check Out Kitchener CMA

Kitchener is centrally located in the Region of Waterloo in the heart of southwestern Ontario, one hour from Toronto, Canada's largest city, and a couple of hours from the American cities of Detroit and Buffalo.

Kitchener is approximately a two-hour flight from other major North American destinations and financial centres including: Montreal, Chicago and New York. Sixty per cent of Canada's population, and 40 per cent of the population of the United States, reside within a 700 km radius of Kitchener.



Rod Regier
Executive Director, Economic Development
City of Kitchener
200 King St. W.
PO Box 1118
Kitchener, ON N2G 4G7
(519) 741-2506
rod.regier@city.kitchener.on.ca