

CITY OF GUELPH - PROSPERITY 2020

Phase 1: Economic Base Analysis Report



Submitted To:

City of Guelph

Submitted By:

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In Association with:

Lynn Morrow Consulting

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CITY OF GUELPH – PROSPERITY 2020

Phase 1: Economic Base Analysis Report

Submitted To:

The City of Guelph

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**EXECUTIVE
SUMMARY**

Prosperity 2020 is about sustaining and enhancing the City of Guelph's position as a competitive and prosperous location for private and public sector investment. This Phase 1: Economic Base Analysis Report lays the foundation for Guelph's Economic Development and Tourism Strategy.

In 2007 the City of Guelph adopted an ambitious vision—“***To be the city that makes a difference...Acting locally and globally to improve the lives of residents, the broader community and the world.***”—a vision that underpins the Prosperity 2020 initiative.

The city's Strategic Plan describes six goals, one of which targets “***a diverse and prosperous local economy.***” To implement that goal and its strategic objectives, the city committed to defining an Economic Development and Tourism Strategy, called *Prosperity 2020*. A consulting team comprised of Malone Given Parsons Ltd. and Lynn Morrow Consulting was retained to prepare the Strategy. The study process will generate two key deliverables:

- Phase 1: Economic Base Analysis Report; and
- Phase 2: Economic Development & Tourism Strategy.

Phase 1 is intended to describe and assess the context and foundations shaping economic growth prospects for the City of Guelph. It identifies the business sectors driving economic growth to 2006 (most current Census information), those expected to continue to do so into the future, and the City's competitive advantages and disadvantages.

The Phase 2 Economic Development & Tourism Strategy will provide direction, priorities and performance measures for the transformation of Guelph's economy over the next decade and beyond.

In order to bring high level guidance to the completion of the Prosperity 2020 strategy, Mayor Farbridge struck the Mayor's Task Force on the Economy. The Task Force (or MTF) is a small cross-section of community leaders representing the private, non-profit and public sectors. It will review the output from the study at key milestones, to ensure that it is fulfilling four principles:

1. ***Ensure Guelph takes full advantage of its economic, educational and cultural strengths, assets, resources and opportunities to create an enhanced knowledge-based economy;***
2. ***Identify ways to build on Guelph's reputation in order to attract new businesses, diversify, build resilience for periods of economic volatility, and position Guelph as the place to invest when the economy recovers;***

3. *Identify strategies to recruit, retain, and develop talented people and support entrepreneurship to fuel our economy; and*
4. *Demonstrate a sense of urgency, bring leaders together, and recognize that intelligence sharing is key to our economic future.*

These principles have helped shape the scope of work in Phase 1, and will inform the strategies to be developed in Phase 2.

The Importance of Economic Development

It is helpful to ground Prosperity 2020 in a discussion of why economic development is important, and in the guidance offered by some emerging concepts.

Economic development is fundamentally focussed on attracting and retaining business and institutions in a community, and on making the community a compelling place to be for employers and for the labour pools they depend on. It is important because of the importance of business to community viability and vitality, through the generation of employment, wealth, contributions to tax revenues and philanthropy. Economic development is also competitive, in that other communities have similar goals and are investing to realize them.

Success in economic development will accrue to those communities best able to create a compelling set of reasons for business and institutions to stay or locate there. As the economy evolves at an accelerating rate, success will accrue to those places offering competitive advantage for the employment sectors expected to grow into the next economic cycle or era.

Municipal investment in economic development has traditionally focussed on several areas. Three others have been emerging to define a broader set of tools: Cluster initiatives, attracting the “creative class” and building a “creative economy”, and a focus on downtown placemaking.

Consideration of future directions for economic development in Guelph must consider both the “traditional” and emerging approaches to economic development.

Setting the Context

Prosperity 2020 is not being developed in a vacuum. Provincial and local policy directions, initiatives and studies will help to frame the context for the Strategy.

In addition to the City’s Strategic Plan, Local Growth Management Strategy and Community Energy Plan, the provincial Places to Grow Growth Plan for the Greater Golden Horseshoe and the Guelph/Wellington County Premier-ranked Tourist Destination report provide key policy advice.

The City of Guelph has initiated a number of economic development and tourism planning projects:

- Phase 2 – Employment Lands Strategy;
- Guelph Innovation District Land Use Secondary Plan;
- Guelph Innovation District Life Science and Innovation Cluster in Agri-Technologies and Environmental Technologies Study;
- Hanlon Creek Business Park;
- City of Guelph Transit Growth Strategy;
- City of Guelph Recreation, Parks and Culture Master Plan;
- Downtown Community Improvement Plan; and
- *Guelph Inclusivity Alliance*.

The available research findings and adopted strategies will be considered as *Prosperity 2020* is formulated. *Integration with these strategies and initiatives will be important to defining and implementing the Economic Development and Tourism Strategy.*

Among its initiatives the City has targeted three key sectors as bringing added value to the local economy and a strategic advantage to Guelph:

- Advanced Manufacturing;
- Agri-Food and Innovation; and
- Environmental Technologies.

**Growth
Expectations**

Several trends operating at global and more local scales will influence Guelph's future economic prosperity:

- *Globalization and shifting economic and demographic patterns;*
- *Green/clean technologies growth; and*
- *Diverging trends in agricultural production.*

The City can benefit from understanding these trends and strategically positioning itself or partnering with the appropriate regional economic development players to leverage Guelph's assets.

Economic growth expectations at the global, national and provincial levels indicate an expectation for economic growth to recover from the current recession in 2010.

Regional Employment - Statistics Canada July 2009 data indicate the labour force has expanded and unemployment in the region has risen over the previous year. The data describe the Kitchener-Waterloo-Barrie Economic Region, which includes Guelph, to have a labour force of 713,400 people and an unemployment rate of 9.3%. In July 2008, this region had a labour force of 702,400 people and an unemployment rate of 5.9%.

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Comparatively, the Province's unemployment rate increased from 6.8% in July 2008 to 9.8% in July 2009 and Canada's unemployment rate increased from 6.0% to 8.6% during the same time period.¹

Much of the rise in unemployment has been driven by contraction in the construction, manufacturing and building and other support services (e.g. appraisal services) industries and the increase in unemployed youth between the ages of 15 to 24 years of age.

The City of Guelph's population and employment are forecast to increase to 175,000 residents and 100,390 jobs by 2031.

Baseline Conditions

Baseline Conditions provide insights into the current employment structure and growth prospects in Guelph. Among the elements reviewed are:

- Employment structure;
- Commuting patterns, or live-work relationship, to determine the City's net employment position;
- Labour force education levels;
- Ethnic diversity;
- Affordability based on household income levels and average house prices;
- Wellington Country tourism sector size, character and visitor spending; and
- Past investments contributing to the City's attractiveness as a place to do business based on building permit activity, industrial and commercial development charges and tax rates and a comparison of the residential and commercial/industrial assessment base.

Employment Structure

An activity rate indicates the relative strength of employment in a community - *Guelph's activity rate is 0.554, significantly higher than Ontario's 0.440 and Canada's 0.439.*

A comparison of Guelph's employment structure to that of Ontario and Canada highlights areas of employment concentration. Compared to the province and Canada Guelph has significantly higher proportions of employment in Manufacturing and Educational Services.

The Transportation and Warehousing and Information and Cultural sectors have proportionately fewer jobs in Guelph than Ontario and Canada. The lower employment in information and cultural industries and its contributions to other sectors and community vibrancy indicates a possible candidate for an attraction strategy.

¹ Statistics Canada (2009), *Labour Market Information – July 12 to 18, 2009*, Catalogue No. 71-001-X, pp.44 & 46.

While a number of industry sectors are emerging in Guelph, the four with the highest employment growth rates between 2001 and 2006 were:

- Administrative and Support, Waste Management and Remediation Services Industry;
- Professional, Scientific and Technical Services Industry;
- Agriculture, Forestry, Fishing and Hunting Industry, which is driven largely by support activities for agriculture; and
- Information and Cultural Industry, which includes publishing, telecommunications companies and internet service providers.

Commuting Patterns

A very high percentage of Guelph residents are employed in the City as compared to other communities in the Greater Golden Horseshoe. Over three-quarters (75.3%) of Guelph residents (47,355 people) are employed in jobs within the City.

Three-quarters of Guelph residents working in manufacturing or in Educational Services are employed in the City. The highest percentages by sector of Guelph residents employed in the City are working in Accommodation and Food Services (86.6%) and Retail Trade (82.3%). Lower percentages of Guelph residents are employed in the City's Wholesale Trade (50.4%) and Transportation and Warehousing (54.3%) industries.

The number of people working from home in Guelph totalled 3,600. Many of these were employed in the Professional, Scientific and Technical Services (920 people) and Health Care and Social Assistance (575 people) employment sectors.

Labour Force Education Levels

Labour force skill sets differentiate Guelph from other communities. Of Guelph's population aged 15 years +, 15% have a Bachelor's degree and an additional 10% have a university degree above a Bachelor's. By comparison, the proportion of this population with a Bachelor's degree and a university degree above a Bachelor's degree is 13% and 8% for Ontario residents and 12% and 7% of Canadians respectively.

Ethnic Diversity

Since Canada's future population growth will be driven by immigration, consideration will need to be given to establishing and enhancing immigrant support networks in Guelph. While ethnic origins in Guelph have high representation by people citing heritage in the British or Western European countries, common source regions for new immigrants to Canada are Asian and Pacific Rim countries. Only 14% of Guelph's residents are

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considered visible minorities, significantly less than the 23% recorded for the Province of Ontario in 2006 and the 16% recorded for Canada.

Affordability

Household income levels provide an indication of spending capacity in terms of housing, retail and personal expenditures and the presence of household poverty in a community. Guelph has a higher percentage of households (25%) in the \$100,000 or more and (29%) in the \$60,000 to \$99,999 income brackets than Ontario or Canada. Poverty rates are lower in Guelph than the Province.

The average cost of purchasing a house in Guelph is slightly higher when compared to neighbouring communities such as the Kitchener and Waterloo area.

Wellington County Tourism Sector

The Premier-ranked Tourist Destination report (P-rTD) determined that Wellington County, which includes Guelph, is an emerging tourist destination. However, considerable investment in planning for the future of the sector on a regional basis is required to grow the economic value of the sector. The University of Guelph was identified in the P-rTD report as the only core attraction that can attract visitors from a long-haul market of five hour or more travel time, primarily through sporting events drawing visitors from across Ontario and Canada.

More recent information from Statistics Canada² (2007) shows slightly more than 2.2 million people from Canada, the U.S.A. and other countries took overnight or same-day trips to Wellington County, representing about 2% of the total volume of tourism in the province. The most common source region for Wellington County tourists/visitors is from the Greater Toronto Area. In 2007, residents of the City of Toronto and Peel and York regions accounted for 41% of all visitors. Wellington County residents themselves accounted for 8% of visits.

In 2007, about one-quarter (0.6 million or 27%) of all trips were made for “pleasure” and more than two-thirds (67%) were made to “visit friends and relatives.”

In 2006, Wellington County’s total person nights reached approximately 2.3 million. In 2007, total person nights decreased to 2.0 million (-13%). In 2007, visitors to Wellington County spent in excess of \$188.0 million on transportation, accommodation, food and beverage, recreation / entertainment and retail—a decrease of nearly 6% from 2006.

² Statistics Canada (2008). *Travel Survey of Residents of Canada and International Travel Survey 2007*.

Investment

Building permit activity indicates the City's success in attracting investment in the residential, commercial/industrial and institutional sectors. Guelph has accommodated substantial residential investment, with construction values ranging from \$126.7 to \$142.8 million annually over a four year time period (2005-2008).

Private and public sector investment has been more variable. Industrial construction was \$63.2 million in 2007 and \$19.3 million in 2006. Commercial construction was very strong in 2006 at \$90.2 million. In the following two years commercial investment was approximately half of the 2006 value. Institutional construction was very strong in 2005 at \$86.6 million and strong again in 2008 at \$69.2 million.

In relation to other communities, Guelph has lower industrial development charges over the short term; however, the City will lose this cost advantage during the implementation of *Prosperity 2020*. The industrial development charge of \$44.32 per sq.m. has been frozen to March 1, 2011 and will then increase in increments to \$106.65 by 2014. Currently, Guelph has lower industrial development charge rates in comparison to Kitchener, Waterloo and Cambridge.

The City has a higher industrial tax rate than its neighbours. Looking at the balance between the City's residential and industrial/commercial assessment base, Guelph is very similar to neighbouring Kitchener and Waterloo with 85% residential and 15% commercial/industrial. Guelph receives 35% of its tax revenue from the industrial/commercial tax base.

Operating Context

The Operating Context describes the City of Guelph's employment lands structure, servicing infrastructure plans to accommodate growth and transportation network improvement plans for the movement of people and goods.

The City of Guelph has seven core employment areas:

- Northwest Guelph Industrial Area;
- Hanlon Business Park;
- Hanlon Creek Business Park;
- South Guelph Industrial Area;
- York-Watson Industrial Park;
- Guelph Innovation District;
- University of Guelph Research Park; and
- Remaining employment lands *and brownfields sites* throughout the City.

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Guelph has a net vacant developable employment land supply of 718 hectares of which the largest tracts are found in the South Guelph Industrial Area (200 hectares, 48 hectares serviced and market ready), the proposed Guelph Innovation District (161 hectares, not serviced and market ready) and the new Hanlon Creek Business Park (153 hectares, not serviced and market ready).

Investment in municipal servicing infrastructure will be required if further employment growth is to occur. However, planned investments in water and wastewater treatment and distribution capacity indicate the City of Guelph is well positioned to service future growth areas during the implementation of *Prosperity 2020*.

The City's commitment to the Community Energy Plan will have implications for the utilities infrastructure capacity and create business opportunities. Energy efficiencies created through building design, conservation, redistributed energy in industrial processes and [potentially] district heating networks will help support residential and industrial/commercial growth in a sustainable manner.

Guelph benefits from a variety of transportation modes and is serviced by road, rail and air. GO Transit is carrying out an EA study for extending GO rail service to Guelph and Kitchener. This study is to determine the demand for rail service and identify station locations, layover facilities and track improvements between Georgetown and Kitchener over a planning horizon of 2011 to 2031. *The existing passenger rail train station in Downtown Guelph is Guelph Council's preferred location for the new Guelph GO station.*

Currently, transportation infrastructure improvements are contemplated by both the City and the province. Consideration of new transportation corridors linking the GTA to Guelph, and the Niagara region to the GTA possibly in proximity to Guelph indicate the city could come to enjoy a new strategic position at the nexus of these linkages.

Competitive Advantages & Disadvantages

Preliminary observations about competitive advantages and disadvantages indicated by the growth expectations, baseline conditions and operating context described in this Phase 1 Report will be augmented by a synthesis of insights gained through the study's consultations to provide the foundation for development of the strategy itself, in Phase 2 of the *Prosperity 2020* study.

Guelph has many assets “in place” or in hand to support further development of its economy. These competitive advantages include:

Commitment to Leadership, Innovation and Sustainability

- A City committed to forging a leadership role in making a difference to the lives of its residents, the broader community and the world;
- Commitment to create a Guelph Innovation District to build on the City's agriculture, life science and environmental management strengths;
- An agri-food and innovation network committed to growing local firms; and
- Municipal commitment to supporting innovation and sustainability in managing water and energy resources and distribution, and to exploring how its current and future citizens, visitors and businesses can be best served by municipal services.

Location and Accessibility

- A location outside the GTA Greenbelt and between the major urban markets and research and production centres of both the GTA and Waterloo Region;
- Location in a larger region with vibrant economic growth, attractive rural and tourism assets and a variety of agencies with which to collaborate on reaching strategic objectives;
- Good highway connection to the 401, proximity to three airports, rail service from two national and one local goods movement providers;
- Bus and potential GO Train transit connections to the GTA and Waterloo Region; and
- Provincial study of one transportation corridor and identification of another that could position Guelph at the nexus of major linkages to the GTA, Waterloo Region, Niagara and the U.S.

Available Employment Land

- A substantial vacant land base in several employment lands/business park locations in the City; with available supply running out in adjacent municipalities to the west and in the east (which have higher land values);
- Lower industrial development charges than neighbouring communities; and
- Municipal infrastructure plans in place to increase the capacity of water, wastewater and roads to accommodate further employment and population growth.

Well Educated, Skilled and Lower Cost Labour Force

- Highly educated labour force; supporting major local and regional presence in the manufacturing, education and government services sectors;

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- Lower wage costs compared to cities in the Greater Toronto Area;
- A population base younger than the average for the province or nation, perhaps indicating a smaller exposure to the labour force supply impacts expected from retirements by aging baby boomers; and
- A large component of the labour force that lives and works in the same City.

Presence of Educational Services Sector

- A large Educational Services sector, including the University of Guelph, administrative offices of the Upper Grand District and Wellington Catholic District School Boards and a satellite campus for Conestoga College;
- Strong programs at the University of Guelph in agricultural management, animal and food sciences, environmental management and tourism management that can support growth in targeted industries; and
- Programs tailored to the manufacturing and transportation industries at the Conestoga College campus.

Emergence of Diverse Industrial Sectors

- Diversity in the “knowledge economy” industry sectors experiencing significant employment growth since 2001, including the *administrative and support, waste management and remediation services*, professional, scientific and technical services, and agricultural support sectors;
- Assets in place to benefit from consumer interest in buying local and/or green products and business interest in greening production processes; and
- Continued investment in Guelph locations by private and public sector employers.

Civic and Tourism Assets

- Strong and growing base of assets with which to engage residents of and visitors to Guelph, particularly in the Guelph Downtown, cultural festivals and events and the University of Guelph.

Guelph’s economic potential could also be constrained by several competitive disadvantages:

Concentration and Lack of Diversity in Employment Structure and the Labour Force

- The City’s concentration of employment in the manufacturing sector makes its economic base more exposed to restructuring in that sector;

- Guelph's relative lack of ethnic diversity may make the City less attractive to the talent required to sustain economic productivity into the future; and
- Underrepresentation in some industry sectors reduces Guelph's resilience to economic shocks, and, with respect to the information and cultural sector and the arts, entertainment and recreation sector could constrain attractiveness to tourists and to companies needing support from those sectors.

Lagging Employment Growth

- *Guelph's employment growth rate has not kept up with the national rate, or with the City's residential growth rate.* This constrains the base for future growth, and shifts the municipal tax burden to the residential base.

Higher Costs

- Higher costs for *purchasing* a home than in neighbouring Kitchener and Cambridge; and
- Guelph has higher industrial tax rates than in neighbouring municipalities.

Limited Reach of Tourism Assets

- Tourism assets that, with the exception of the University of Guelph, do not attract many visitors beyond the Visiting Friends and Relatives (VFR) and short haul (two hour drive and under) markets.

Next Steps

Completion of the Economic Base Analysis report is a significant milestone in the formulation of the *Prosperity 2020* Economic Development and Tourism Strategy. *Our next step is to craft and confirm with the Mayor's Task Force strategic directions that will diversify and strengthen Guelph's economic and tourism base. These strategic directions will be grounded in the Mayor's Task Force's four key principles.*

Building on the consultations with the business community, the directions will focus on:

- Fostering economic development and tourism;
- Identifying opportunities for external contributions to implement the initiatives;
- *Setting priorities for those directions and strategies based on the resources available to implement them;*
- Identifying Economic Development Advisory Committee and staff roles and functions; and
- Defining key performance measurements for tracking implementation progress.

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1.0 INTRODUCTION

In 2007 the City of Guelph adopted an ambitious vision - *“To be the city that makes a difference...Acting locally and globally to improve the lives of residents, the broader community and the world.”* One of the goals articulating that vision targets *“a diverse and prosperous local economy.”* To attain that goal, the city committed to **Prosperity 2020** – a process to design and implement an Economic Development and Tourism Strategy.

Prosperity 2020 is about sustaining and enhancing the City of Guelph’s position as a competitive and prosperous location for private and public sector investment. With the global economy in a recessionary tailspin and expectations that the economy to emerge from the current condition will be markedly different from that which preceded it, it is timely for Guelph to reassess its competitive position and prepare a strategy to find a new economic equilibrium. **Prosperity 2020** must generate a transformational plan that will uphold the City’s Vision, support the goal of having *“a diverse and prosperous local economy”*, and reflect the community’s commitment to economic, social, and environmental sustainability.

The consulting team comprised of Malone Given Parsons Ltd. and Lynn Morrow Consulting has been retained to prepare the strategy. The study process will generate two key deliverables:

- Phase 1: Economic Base Analysis Report; and
- Phase 2: Economic Development & Tourism Strategy.

This report conveys the Phase 1 deliverable. It is intended to describe and assess the context and foundations shaping economic growth prospects for the City of Guelph. It identifies the business sectors driving economic growth to 2006, those expected to continue to do so into the future, and, on a preliminary basis, the City’s competitive advantages and disadvantages.

The Phase 2 Economic Development & Tourism Strategy will provide direction, priorities and performance measures for the transformation of Guelph’s economy over the next decade and beyond.

1.1 **Mayor’s Task Force on the Economy**

In order to bring high level guidance to the completion of the Prosperity 2020 strategy, Mayor Farbridge struck the Mayor’s Task Force on the Economy. The Task Force (or MTF) is a small cross-section of community leaders representing the private, non-profit and public sectors. It will review the output from the study at key milestones, to ensure that it is fulfilling four principles:

1. *Ensure Guelph takes full advantage of its economic, educational and cultural strengths, assets, resources and opportunities to create an enhanced knowledge-based economy;*
2. *Identify ways to build on Guelph’s reputation in order to attract new businesses, diversify, build resilience for periods of economic volatility, and position Guelph as the place to invest when the economy recovers;*
3. *Identify strategies to recruit, retain, and develop talented people and support entrepreneurship to fuel our economy; and*
4. *Demonstrate a sense of urgency, bring leaders together, and recognize that intelligence sharing is key to our economic future.*

These principles have helped shape the scope of work in Phase 1, and will inform the strategies to be developed in Phase 2.

1.2

Report Organization

This Phase 1 Report is organized into six sections, as follows:

Section 2.0 – Economic Development Concepts provides a brief review of emerging economic development concepts. The three concepts explored include clusters development, the creative economy and downtown placemaking.

Section 3.0 – Setting the Context outlines some of the key contextual factors shaping local and provincial views of Guelph’s future and summarizes the current initiatives and assets expected to play a role in realizing that future.

Section 4.0 - Growth Expectations provides an overview of economic trends such as globalization and growth in specific industries. The section continues by defining the expected growth context over the near and middle terms. It concludes by presenting population and employment growth expectations for the City to 2031, as defined by the Guelph Local Growth Management Strategy and Employment Lands Strategy processes.

Section 5.0 - Baseline Conditions highlights employment structure and growth and examines employment commuting patterns. The section examines labour force education levels and the City’s ethnic composition. Guelph’s household income levels and average house prices are compared to those of the Province and neighbouring cities respectively. Tourist visits, behaviour and spending are profiled for Wellington County. Lastly, the section examines past investment in the City and its attractiveness as a place of business through an examination of building permit activity, industrial and commercial development charges and municipal tax rates.

Section 6.0 - Operating Context examines the City's employment land locations and vacant supply, municipal water and wastewater infrastructure servicing plans, utility infrastructure capabilities and transportation network infrastructure plans to determine future capacity to support growth.

Section 7.0 - Competitive Advantages & Disadvantages presents preliminary observations on the city's competitive position, and identifies next steps in moving forward in the development of a strategy.

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**2.0
THE
IMPORTANCE
OF ECONOMIC
DEVELOPMENT
AND SOME OF
ITS KEY
CONCEPTS**

Prosperity 2020 is an economic development and tourism strategy. It is helpful to ground the strategy in a discussion of why economic development is important, and in the guidance offered by some emerging concepts.

Economic development can be simply defined as investment in efforts to increase employment and prosperity. It is considered important because the role and contributions of business in a community are important to its viability and vitality. Economic wealth is created through the production of goods and services that can be sold to buyers in other locations. The income it produces is distributed through and supports the larger economy, its tax payments to government, and governments' re-distributions.

The role of business in a community can be lost in the noise of other pressures and imperatives. It is fundamentally important to community vitality for a number of reasons:

- It generates wealth and employment, opportunities for work for the unemployed or under-employed, and for youth who might prefer to stay in their home community;
- Its contributions to the municipal tax levy lessen the tax burden on residential rate-payers. In Guelph, business provides 35% of tax revenue; in Mississauga, 50% of tax revenues are generated by the non-residential assessment base;
- Its corporate and individual philanthropy is vital to community, social and cultural institutions and programs, whether for sports league sponsorships and promotional profiles, membership in community service clubs, United Appeal drives or support for the arts.

Economic development is fundamentally focussed on attracting and retaining business and institutions in a community, and on making the community a compelling place to be for employers and for the labour pools they depend on. It is competitive in that other communities have similar goals and are investing to realize them. Success in economic development will accrue to those communities best able to create a compelling set of reasons for business or institutions to stay or locate there. As the economy evolves at an accelerating rate, success will accrue to those places offering competitive advantage for the employment sectors expected to grow into the next economic cycle or era.

Municipal investment in economic development typically addresses several areas of effort:

- Engagement between municipal staff and the business, non-profit and public sectors in defining priorities and programs;
- Ensuring the community works as a location for business, that business has a voice that is listened to, and the attraction of new business and

institutions (captured in “Business Retention and Expansion” or BRE programs) to the community;

- Community marketing, profile and location benefits information;
- Engagement with high schools, colleges and universities in strengthening linkages between education and business needs;
- Business support, ranging from advisory and education services for small and medium business to more sophisticated support for product innovation and commercialization; and,
- Investment in tourism marketing and product development, including the integration of cultural and heritage assets into both.

Over the past ten years or so, several new concepts and approaches to economic development and community or regional revitalization have emerged, including:

- Cluster initiatives;
- The creative economy; and
- Downtown placemaking.

These are expanded upon below.

2.1 **Cluster** **Initiatives**

“Clusters” are defined ¹ as: *geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions in particular fields that compete but also cooperate.*

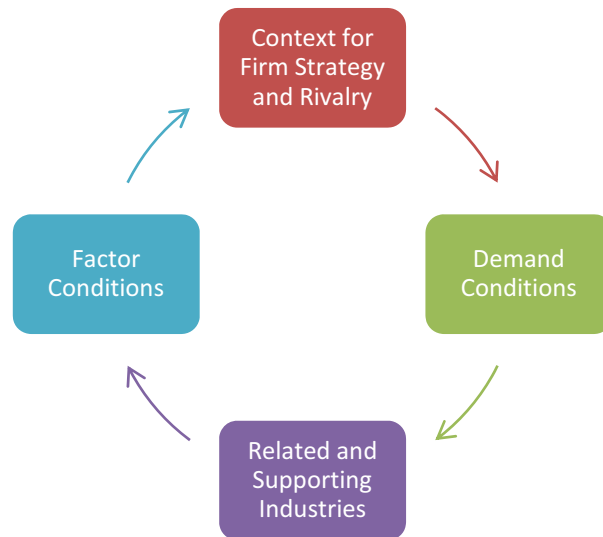
Cluster development focuses on strengthening the linkages and communication among companies in the value chains producing and innovating products and services. The companies and institutions that make up the cluster cooperate on research and development, collective marketing or purchasing policy. Clusters cross sector lines and are made up of dissimilar and complementary firms.²

Clusters benefit from access to specialized human resources and suppliers, knowledge spill-overs, pressure for higher performance in head-to-head competition and learning from the close interaction with specialized customers and suppliers when companies and institutions are located close by.

Porter (1990) characterized competitive advantage as the outcome of four interlinked factors and activities between companies within a cluster (See Figure 2.1). These factors offer an explanation as to why companies located in a particular region remain competitive, innovative and successful. They define the environment within which companies start, operate and compete. As governments change, so too does the company’s home environment.

¹ Porter, M.E. (1998). *Clusters and the New Economics of Competition*. Harvard Business Review, Vol. 76, Issue 6, Nov./Dec. 1998, p.77.

² Organization for Economic Co-operation and Development (1999). *Boosting Innovation: The Cluster Approach*.

Figure 2.1: Porter's Diamond Model

Source: Porter, M.E. (1990). *The Competitive Advantage of Nations*, New York: The Free Press.

Governments can influence each of the factors both positively and negatively through policy.³ Municipalities can cluster initiatives to support cluster development by facilitating the creation of organizations and networks that enhance knowledge development and intensity, innovation and competitiveness. These mechanisms will create reasons for existing cluster businesses to remain in the community, and support new venture creation, growth and the attraction of new business.

Cluster theory and globalization (see Section 3.0) interact with one-another in that it is becoming evident that globally competitive clusters typically occur in city-regions vs. within the limits of any one municipality. City-regions are hence emerging as the scale at which global competition is the most intense and the most amenable to intervention at the industry level.

Cluster development is at the heart of the City's *GID Life Science and Innovation Cluster in Agri-Technologies and Environmental Technologies Study* (described in Section 3), underlies the City's Partnership in Innovation and must be considered by *Prosperity 2020* as a means of making Guelph a more attractive city for employers and talented people.

2.2 The Creative Economy

Richard Florida has popularized the concept of the “creative class” and the “creative economy”. He describes the creative class as including a “super creative core of people in science and engineering, architecture and design,

³ Porter, M.E. (1990). *The Competitive Advantage of Nations*, New York: The Free Press.

education, arts, music and entertainment...[whose] job is to create new ideas, new technology and/or new creative content.” The creative class also includes a broader group of creative professionals in business and finance, law, health care and related fields. These people engage in complex problem solving requiring a great deal of independent judgement and require high levels of education or human capital.⁴

Florida also argues that members of the creative class “share a common creative ethos that values creativity, individuality, difference and merit . . . every aspect and every manifestation of creativity - technological, cultural and economic - is interlinked and inseparable.”⁵

Characterization of the creative class is highlighting a shift whereby economies rely less upon the production of goods and services than on the creation of new knowledge and the use of intellectual property.⁶ Ultimately, creative economies drive growth and prosperity by bringing new ideas, products and services to regions.

A related concept is that creative people are drawn to cities in which they are comfortable and inspired. This in turn has prompted a focus on municipal efforts to promote diversity, vitality and an active arts and culture “scene” to attract creative class labour. Other municipalities such as Portland Oregon note their success in attracting talent, but focus their investment in more traditional economic development efforts including cluster initiatives.

The creative class characterization illuminates the role of the whole city in creating competitive advantage, and therefore the impact of municipal initiatives that shape such elements as an attractive and vibrant downtown, an open and welcoming ethos, support for arts and culture as economic engines themselves, etc. *Prosperity 2020* must consider the concept, and how to create a community attractive to creative talent.

2.3 **Downtown** **Placemaking**

Downtowns are highly important places. They are iconic of their communities, ideally destinations providing residents and visitors with a unique experience. Their success is highly important to the municipal economy, civic identity and community pride.

Downtown placemaking is defined as “*the process of adding value to the public realm through community based revitalization projects rooted in local values,*

⁴ Florida, R. (2002). *The Rise of the Creative Class*. New York: Basic Books.

⁵ Ibid.

⁶ City of Toronto (2008) *Creative City Planning Framework*

*history, culture, and natural environment.”*⁷ It considers the physical aspect of areas, feelings, qualities and images derived from the physical aspects of areas and how they are both connected together. It is an approach being adopted in many localities to help define re-vitalization projects. Both are important indicators of the recognition of the role of downtowns in shaping perceptions of the larger community.

This importance is already being responded to in Guelph through initiatives described in the next section. It is referenced here to flag the larger recognition of its importance to communities everywhere, and to confirm its ongoing importance to Guelph. ***Prosperity 2020*** must consider the role of the downtown in supporting economic development.

Consideration of future directions for economic development in Guelph must consider both the “traditional” and emerging approaches to economic development.

⁷ Downtown Idea Exchange (2007). *Applying the Principles of Placemaking to Effect a More Dynamic Downtown.*

**3.0
SETTING THE
CONTEXT**

Prosperity 2020 is not being developed in a vacuum. Provincial and local policy directions, initiatives and studies will help to frame the context for the Strategy.

**3.1
Policy and Strategic
Context**

In addition to the City of Guelph's Corporate Strategic Plan, *Prosperity 2020* will be shaped by the following key policy and strategic planning initiatives:

- The provincial *Places to Grow* Growth Plan for the Greater Golden Horseshoe;
- Guelph's Local Growth Management Strategy;
- Guelph's Employment Lands Strategy;
- The City of Guelph Community Energy Plan; and
- The Guelph/Wellington Premier-ranked Tourist Destination Project's long-term tourism vision.

Places to Grow Growth Plan for the Greater Golden Horseshoe

Places to Grow provides a development vision for the Greater Golden Horseshoe (GGH) and implementing policy. The vision targets a strong economy, a clean and healthy environment and social equity. It seeks to attain:

- Easy access to shelter, food, education and health-care facilities, arts and recreation and information technology;
- An integrated transportation network;
- A healthy natural environment with clean air, land and water;
- Vibrant and compact urban centres; and
- A high standard of living and an exceptional quality of life.⁹

The Growth Plan defines population and employment growth expectations for the City of Guelph and County of Wellington, and identifies a new transportation corridor linking Guelph and points west to the westerly GTA. (See Figure 3.1.)

Guelph's Local Growth Management Strategy

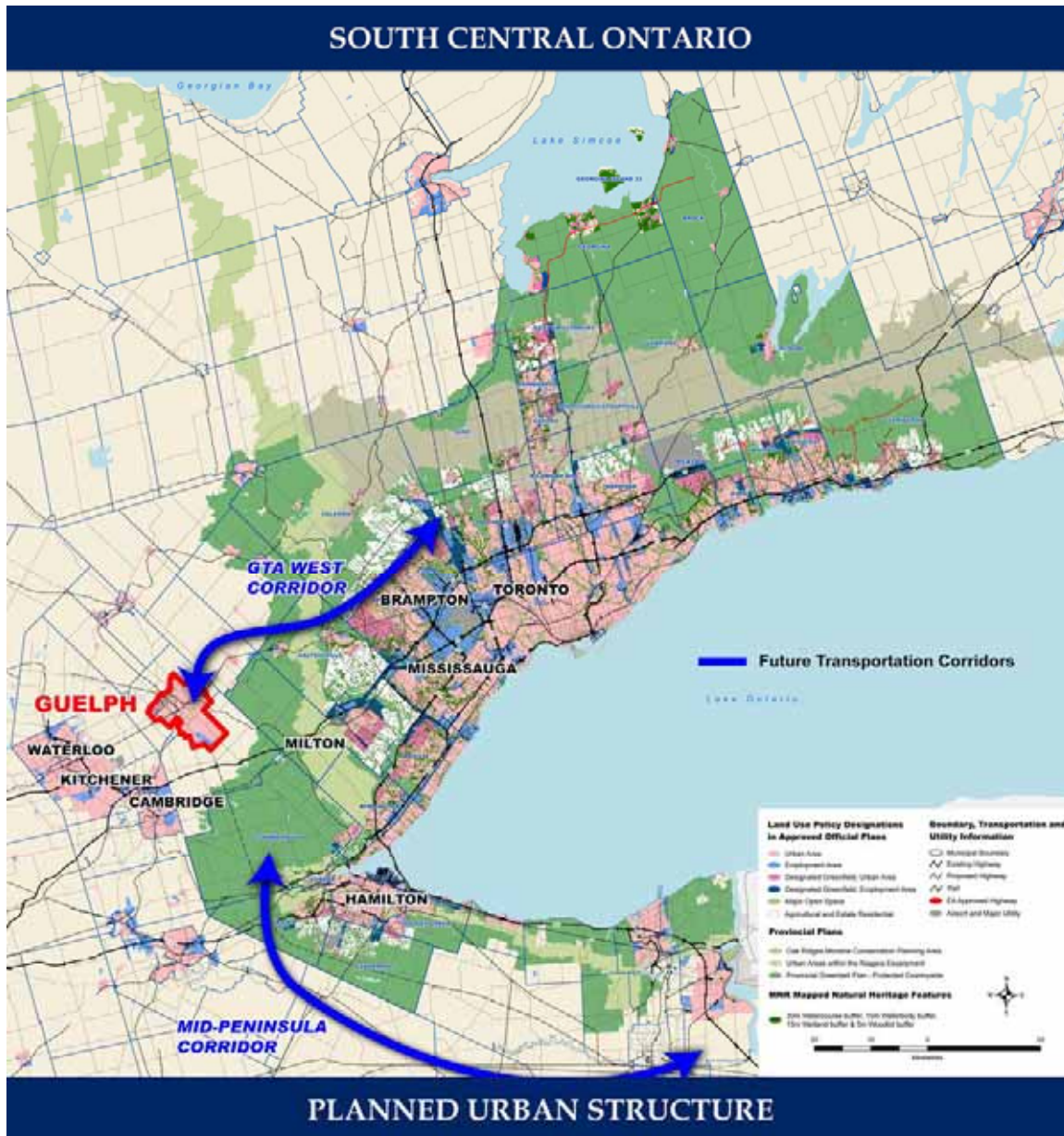
The City of Guelph completed a Local Growth Management Strategy in 2008 to ensure conformity with the provincial Growth Plan. As part of that process the City adopted population and employment targets of 169,000 people and 100,390 jobs for the year 2031. A key requirement of the Growth Plan and the city's strategy is the need to intensify residential development and accommodate non-residential development within Guelph's existing boundaries.¹⁰

⁹ Ministry of Energy & Infrastructure (2006), *Places to Grow Growth Plan for the Greater Golden Horseshoe*, p. 9.

¹⁰ City of Guelph (2008), Council adoption of Local Growth Strategy Recommendations, June 23, 2008.

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Figure 3.1: Guelph's Location in South Central Ontario



Note: Future Transportation Corridor line is conceptual and not a final location.
Base map: Malone Given Parsons Ltd., 2009

Guelph Employment Lands Strategy (under development)

The purpose of Guelph's Employment Lands Strategy is to create a long-term vision and plan for future employment lands within the City and to identify the City's future role in employment land development. The strategy will support the City's Corporate Strategic Plan and economic development objectives and ensure the City is competitive in retaining and attracting investment.¹¹

City of Guelph Community Energy Plan (CEP)

The City has adopted a vision for its energy future, and a plan to achieve it. The vision is:

*Guelph will create a healthy, reliable and sustainable energy future by continually increasing the effectiveness of how we use and manage energy and water resources.*¹²

The CEP targets three initiatives: local energy generation; energy conservation and the establishment of energy distribution networks. The City is facilitating investment in local energy generation by putting arrangements in place for companies to install solar roofs or similar photovoltaic projects on properties. Local companies are also encouraged to generate energy from industrial waste.

The City is encouraging energy conservation by engaging citizens to participate in the CEP. Guelph Hydro has also encouraged energy conservation through its programs.

Over the long term, the City is exploring district heating distribution networks. These networks would capture heat from waste and industrial processes. There are three zones in the City for which district heating is being explored:

- *the University of Guelph,*
- *General Hospital; and*
- *Downtown.*

Existing and new Guelph-based businesses committed to the CEP would:

- Create energy and water efficiencies in their buildings and vehicles;
- Redistribute energy created in industrial processes and potentially create district heating networks in the city; and
- Reduce water consumption in their buildings and/or industrial processes.

¹¹ City of Guelph (2008), *Employment Lands Strategy Phase 1*, completed by W&A Economists Ltd., July 29, 2008, p.1-1.

¹² City of Guelph (2007), *Community Energy Plan*, completed by Garforth International llc et al, p.3.

Guelph/Wellington Premier-ranked Tourist Destination Project

This project identified a long-term tourism vision:

“Guelph/Wellington County will have a strong culture of tourism. Guelph/Wellington County will be a vibrant tourist destination attracting more overnight, high yield visitors by providing a sustainable and compelling mix of visitor experiences that highlight cultural and natural assets, as well as new and refreshed built attractions. Visitor experiences will be supported by ease of connections between experiences and throughout the County and appropriate, coordinated and integrated marketing initiatives.”¹³

The Premier-ranked Tourist Destination (P-rTD) project determined that Guelph/Wellington County is an emerging tourist destination. However, considerable investment in planning for the future of the sector on a regional basis is required to grow the economic value of the sector.

3.2
City Projects and Initiatives

The City of Guelph has initiated several planning projects that intersect with and support economic development. They include the following.

Phase 2 – Employment Lands Strategy - This strategy will outline a policy framework and implementation program to provide for an adequate supply of employment lands for Guelph to 2031, including an infrastructure capacity and financing strategy. The study will also examine the roles of the public and private sectors in employment land development.

Guelph Innovation District (GID) Land Use Secondary Plan – This secondary plan will lay out the land use strategy for the 453 ha (1,122 acres) GID. It targets creation of an Urban Village and Eco-Business Park that will offer opportunities to work, live, play and learn. The GID offers strategic opportunities to:

- *Provide employment lands;*
- *Meet the goals of the Growth Plan for the Greater Golden Horseshoe (2006);*
- *Continue to host the waste resource innovation centre;*
- *Conserve natural and cultural heritage resources;*
- *Put the Community Energy Plan into practice; and*
- *Build partnerships with the Province and those with an interest in the lands.¹⁴*

¹³ City of Guelph, Wellington County and Ministry of Tourism and Recreation (2005), *Guelph and Wellington County Premier Ranked Tourist Destination Project Action Plan*, completed by the Tourism Company, p.1.

¹⁴ City of Guelph (2009). Guelph Innovation District, Community Meeting, June 18, 2009.

GID Life Science and Innovation Cluster in Agri-Technologies and Environmental Technologies Study – This cluster development strategy will position the Guelph Innovation District for success to build local resiliency and attract new investment and talent to the cluster. It is intended to capitalize on the creation of innovation and green jobs and position Guelph to compete in the global bio-economy.

The project will include:

- A profiling and mapping of local innovation assets (i.e. infrastructure, research capacity, human resources, etc.);
- A scan and comparative assessment of global life science and innovation jurisdictions;
- A cluster development strategic plan for a Guelph Life Science and Innovation Cluster in Agri-Technologies and Environmental Technologies; and
- An implementation plan and business plan.

Hanlon Creek Business Park – Servicing this 153 ha Business Park is being pursued as a public/private partnership between the City and the site owner to hasten the availability of new employment land supply. The site will allow for a wide range of corporate uses, and is described further in Section 6.0.

City of Guelph Transit Growth Strategy – The goal of this project is to develop a strategic plan for a transit system that meets the needs of Guelph residents. Major tasks include:

- developing a long-term vision and growth strategy for transit services;
- conducting a detailed review of existing transit operations and developing recommendations that will improve overall service and efficiency;
- assessing the feasibility of implementing Higher Order Transit services within Guelph, and linking Guelph to surrounding municipalities; and
- updating the design for the Downtown Transit Terminal based on the start of GO Rail services as early as 2011.¹⁵

City of Guelph Recreation, Parks and Culture Master Plan – Seven goals have been established for this Plan. The City will be/have:

1. An accessible and inclusive community that provides access for all.

¹⁵ City of Guelph (2009), Transit Growth Strategy, <http://www.guelph.ca/living.cfm?itemid=77754&smocid=2093>, viewed on August 20th, 2009.

2. *A physically active and healthy community that promotes active living.*
3. *A strong and engaged network of neighbourhood groups, service providers and volunteers.*
4. *A leader in service excellence.*
5. *A sustainable network of recreational infrastructure.*
6. *A connected parks and trail system that inspires an awe of nature.*
7. *A vibrant and valued arts and culture sector.*¹⁶

Downtown Community Improvement Plan – *The overall goals of this plan are to ensure that Downtown Guelph is:*

- *A vibrant multiple function place of community focus and destination of national interest; and*
- *A focal area for investment in residential, employment, retail, entertainment, institutional and civic uses as well as major infrastructure, arts and culture.*¹⁷

Other initiatives identified in the Downtown Investment Action Plan include the creation of investment incentive programs and marketing and promotion programs for events and activities.

Guelph Inclusivity Alliance (GIA) – *This initiative includes involvement by a wide range of public sector and non-profit organizations who want to make Guelph a welcoming place for new Canadians. It operates with a vision to be a community where immigrants have equal opportunity to participate fully in the social, economic and political life of Guelph and Wellington County. In addition, the alliance identifies where barriers exist, raises awareness about them and advocates for the necessary changes.*

One of the projects the GIA is taking a lead role in is the Local Immigration Partnership. Its objective is to identify groups that will coordinate and enhance local regional service delivery to newcomers while identifying and minimizing duplication.

The available research findings and adopted strategies of these initiatives will be considered as ***Prosperity 2020*** is formulated. *Integration with these strategies and initiatives will be important to defining and implementing the Economic Development and Tourism Strategy.*

¹⁶ City of Guelph (2009), Recreation, Parks and Culture Master Plan, completed by: Monteith Brown Planning Consultants et al, July 2009.

¹⁷ City of Guelph (2009). *Downtown Guelph Community Improvement Plan*, January 2009, p.11.

3.3 Guelph's Leading Assets

The City of Guelph has many assets that could be further leveraged to strengthen and diversify the local economy. These include the City's educational institutions, key manufacturing and innovation sectors and tourism resources.

University of Guelph and Conestoga College

A review of the programs at the University of Guelph indicates five strong program areas:

1. Agricultural Management—agricultural business, agricultural economics, crop, horticultural and turfgrass sciences;
2. Animal & Food Science—nutritional & nutraceutical sciences and veterinary medicine;
3. Environmental Management—environmental engineering, environmental toxicology, etc.;
4. Water Management—water resources engineering and marine and freshwater biology; and
5. Tourism—tourism management and hotel and food administration.

The Conestoga College satellite campus in Guelph offers many programs tailored to the manufacturing and transportation industries. Certificate programs include Heavy Equipment Operator, Industrial Maintenance Mechanic and Welding Fitter. Diploma programs include Manufacturing Engineering Technology, Welding Engineering Technician and several others.

Three Key Sectors

The City has identified three key sectors in which to concentrate its economic development efforts, as premised on assets in place and future growth potential:

Advanced Manufacturing—This sector remains a key employer in Guelph and includes a strong base of automotive parts manufacturers, including Linamar Corporation, Polycon Industries, DENSO Manufacturing Canada Inc. and Guelph Tool Inc. Non-automotive manufacturers including Cargill Meat Solutions, Blount Canada, Hammond Manufacturing and others.

Agri-food—There is a growing cluster of Agri-food and related firms in Guelph, supported by a significant institutional and government presence. The head office of the Ontario Ministry of Agriculture and Food and Rural Affairs (OMAFRA), the regional offices of Agriculture and Agri-Food Canada, Health Canada, Ministry of Environment and Canadian Food and Inspection Agency are all located in Guelph. Non-profit support includes the Guelph Partnership for Innovation, BioEnterprise, Ontario BioAuto Council and a number of others.

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Environmental Technologies—Innovation and commercialization of environmental technologies is supported by the City’s Energy Plan and a focus on collaboration. Environmental research is being conducted in Guelph through such programs as the BioCar Initiative and the Environmental Science Research Initiative. The latter is intended to identify and develop environmental research strengths at the University of Guelph by forming integrative research clusters. Recently, the University of Guelph received a total of \$33.6 million from the federal and provincial governments for a cutting-edge environmental teaching and research centre. The funding will allow the University researchers to showcase the innovations and green technologies and facilitate future opportunities to improve the quality of air, water and soil.¹⁸

Tourism

The P-rTD Project audit identified a diverse mix of products and experiences that draw visitors to the City of Guelph and Wellington County, organized around five categories of visitor experience:

- Outdoor/Nature/Scenic;
- Downtown Heritage;
- Entertainment/Sports;
- Festivals and Events; and
- Campus/Educational.

Agritourism was identified as an emerging theme.

The City’s core attractions were determined to be its downtown, festivals and events and the University of Guelph.

Downtown Guelph offers rich heritage architecture, festivals and events, unique retail and restaurant options and amenities such as the River Run Centre, Sleeman Centre (for sports and entertainment), Guelph Little Theatre and the Guelph Junction Express tourist train. The Downtown festivals and events include the Art on the Street, Contemporary Dance Festival and Jazz Festival. Other events throughout the city include Doors Open, Festival Italiano, Guelph Multicultural Festival and Hillside Festival.

The University of Guelph was identified in the P-rTD report as the only core attraction to draw visitors to the City from a long-haul market (five hour drive and over), primarily through sporting events attended by visitors from across Ontario and Canada. *The University completed an Athletic and Recreation and Master Plan in 2007. The full build-out of this Plan includes a total of 800,000 square feet of new, renovated and expanded*

¹⁸ University of Guelph (2009), *U of G gets \$33.6 million for Environmental Hub*, press release, May 25, 2009.

recreation space, 11 fields, site improvements and parking. The building square footage includes major renovations and expansions to the existing W.F. Mitchell Athletics Centre, Gryphon Centre (home to the varsity hockey team), Alumni Stadium (home to the varsity football and soccer teams) and the Powell building. The development also includes two major new structures, a Multi-purpose Hall and the Field House Centre.¹⁹

The Mitchell Centre will have the largest transformation, expanding and facilities for recreational use serving the larger campus community.

All these renovations and expansions will better position the campus for hosting varsity sports games and tournaments.

The University is also home to the Arboretum, a natural resource area containing horticultural gardens and botanical collections.

In addition, the University of Guelph has a full service Conference Services division which attracts and manages over 10,000 delegates from May through to August.

The University's School of Hospitality and Tourism has the potential to play a key role in developing local tourism assets and training the industry's local labour force. This can contribute to improving the Guelph tourism experience, encouraging visitors and tourists to return and ultimately to increased tourism spending.

Guelph's tourism assets further include natural, cultural and heritage resources. Nature-based assets include trails for walking, hiking, bicycling uses, particularly along the Speed River. Cultural and heritage resources include various sites of National Historic Significance designated by the Ontario Heritage Foundation, Ministry of Culture and/or Parks Canada. These include Guelph City Hall, Church of our Lady, Loretto Convent and John McCrae House. Other important tourism assets include the Guelph Civic Museum and the Macdonald Stewart Art Centre and Sculpture Park.

There is a large accommodation sector in Guelph. A variety of price points and products are provided by hotel chains and independent Bed and Breakfasts. Major hotel chains such as the Holiday Inn, Delta, Comfort Inn, Travelodge, Ramada, and Marriott offer accommodation meeting room facilities and conference space in the City. *The large number of hotel chains makes Guelph an attractive location for hosting business association meetings and conferences.* Recent hotel construction has focussed on the Stone Road and Hanlon Expressway areas vs. in the downtown.

¹⁹ University of Guelph (2007). *University of Guelph Athletic and Recreation Master Plan*, completed by: Sasaki Associates Inc., March 2007, p.11.

4.0 GROWTH EXPECTATIONS

Section 4 summarizes global trends and expectations for economic growth at global, national and provincial scales. It also describes the City of Guelph's recent population and employment growth dynamics in comparison to those of the Province of Ontario and Canada.

4.1 Economic Trends

Several trends operating at global and more local scales will influence Guelph's future economic prosperity:

- *Globalization and shifting economic and demographic patterns;*
- *Green/clean technologies growth; and*
- *Diverging trends in agricultural production.*

The City can benefit from understanding these trends and strategically positioning itself or partnering with the appropriate regional economic development players to leverage Guelph's assets.

4.1.1 Globalization

Patterns of economic activity and strength are shifting as the economies of large population countries and regions (e.g., the so-called BRIC countries – Brazil, Russia, India, China, and southeast Asia) become more integrated with those of the developed Western world into one global economy. This globalization is shifting production to lower cost countries, and forcing developed economies to find new ways of creating value and wealth. It offers greater opportunity for people to tap into more diversified and larger markets around the world through access to more capital, technology, cheaper imports and larger export markets.²⁰ It is also resulting in competition coming from everywhere, and a need for Canada and its regions and cities to sell into those global markets to sustain growth and our standard of living.

This is occurring as our Baby Boom population ages, and experiences a significant decline in birth rates. As is occurring throughout much of the western world, maintaining population levels and a pool of labour to support enterprise and government is becoming ever more dependent upon international migration from less developed regions.

***Prosperity 2020** must target new opportunities to create value, enhancing the City's competitiveness as a business location, and making Guelph attractive to new migrant talent.*

²⁰ International Monetary Fund (May 2008). Issues Brief, Issue 02/08.

4.1.2

*Green/Clean
Technologies Growth*

The Organisation for Economic Co-operation and Development (OECD) describes climate change as one of the greatest challenges the global economy is currently facing. It concludes that each member country needs to devise its own mix of policies, which can include market instruments such as taxes and carbon-trading schemes, financial and tax incentives, removal of subsidies, loan guarantees and the elimination of tariffs on environmental goods and services. Other complementary instruments include investment in clean technologies, regulations and industry standards. Regardless of the instruments used, policies will need to stimulate innovation and contribute to the development and application of low-carbon technologies.²¹

***Prosperity 2020** needs to consider Guelph’s role in stimulating innovation in green/ clean technologies. Successful implementation of the Community Energy Plan and Guelph Innovation District’s Life Science and Innovation District Cluster in Agri-technologies and Environmental Technologies will stimulate local innovation; however, all of Guelph’s sectors need to support the development and application of low-carbon technologies.*

The City’s vision “To be the city that makes a difference” links very strongly to becoming a centre for innovation and growth in green/clean technologies. However, the landscape in this realm is getting crowded as more and more municipalities adopt “going green” as a competitive strategy. By virtue of earlier starts, greater mass or bigger profiles, many are arguably already ahead of Guelph. Examples include:

- San Francisco’s Clean-Technology Initiative, seeking to position the city as a global hub in the creation, adoption and use of clean technologies, supported in part through a \$100 million (US) bond issue for solar power generation;*
- Portland, with the goal “To build the most sustainable economy in the world”;*
- Toronto, targeting “global leadership in the emerging green market”;*
- Markham, seeking to establish itself as a “leader in the development of ecologically sustainable business environments” and with district energy plants in place;*
- Hamilton, the recent recipient of a \$20 million in grants from senior governments to help fund an energy from sewage waste plant;*

²¹ Organisation for Economic Co-operation and Development (2009), *Annual Report 2009*.

- *The Greater Toronto Marketing Alliance and its Energy & Environment: Canada's Economic Powerhouse business development initiative targeting the "En2" (Energy and Environment) sector.*

The City will need to establish a particular niche to differentiate itself in this market.

4.1.3 Diverging Trends in Agricultural Production

There are two trends in agricultural production and consumption that shape opportunities for economic growth in Guelph, in research and innovation in the Agri-Technologies sector and in tourism. The first is the ongoing search for enhanced agricultural productivity through advanced science and practise. The second is the growing consumer interest in purchasing locally grown, fresh and organic agricultural products. The former is being targeted through the City's Cluster study. The latter may also bring opportunities for research into growing practises that support better production and delivery of appropriately ripe and attractive products. This same consumer interest is also supporting new trends in culinary tourism, whereby destinations are trying to differentiate themselves with local chefs highlighting locally produced foods in their offerings.

The interest in locally produced foods also dovetails with the broadening desire to reduce ecologic footprints by reducing transportation costs, pesticide use, etc.

Prosperity 2020 (and other initiatives) will need to consider how to position Guelph to best take advantage of these trends.

4.2 Economic Growth Expectations

Growth expectations at the global, national and provincial levels shape opportunities for entrepreneurial and business growth in the local economy. It is anticipated that Guelph's growth expectations will be constrained over the short term as a result of the current global economic contraction. The following summarizes several economic forecasts and regional employment trends and sets the context for growth expectations in Guelph.

International Monetary Fund²²

Global Gross Domestic Product (GDP) growth is expected to contract by 1.3%, in 2009 from 3.2% in 2008 with growth in advanced economies expected to contract by 3.8% in 2009. Helped by continued efforts to ease credit burdens as well as expansionary fiscal and monetary policies, the

²² International Monetary Fund (2009), *World Economic Outlook Update*, April 2009.

global economy is projected to experience a gradual recovery in 2010, with annual GDP growth picking up to 1.9%. *The emerging and developing economies are expected to grow by 1.6% in 2009. Much of this growth is being driven by economic expansion in China, India, the Middle East and Southeast Asia. In 2010, annual GDP growth for the emerging and developing economies is expected to rise to 4.0%.*

Organisation for Economic Co-operation and Development (OECD)²³

The OECD's annual projections forecast Canada's GDP growth at -1.5% in 2009 and 3.1% in 2010.

While Canada's GDP-per-capita gap with the United States has not improved due to weak productivity improvements, the OECD suggests benefits could be gained by:

- Reducing barriers to competition in network industries such as telecommunications and electricity;
- Further reducing barriers to foreign ownership; and
- Further reducing barriers to competition in professional services.²⁴

Although these improvements are beyond the jurisdiction of the City of Guelph to implement, they indicate a need to advocate for global venture capital funding sources to support business expansion and recognition of the skills and academic accreditations held by immigrants from other countries.

Canadian Government 2009 Budget

The 2009 Federal Budget identified three major challenges facing the Canadian economy:

- The impact of tighter credit conditions and equity market losses stemming from global financial market dislocations;
- The economic slowdown in the United States and other key economies and its impact on demand for Canadian exports; and
- The sharp drop in prices for many commodities produced in Canada, which is dampening Canadian profit and income growth.²⁵

The budget targets five economic advantages the government believes Canada must maintain to make the country more competitive:

- Tax—further reducing the tax burden on Canadians and Canadian businesses;
- Knowledge—fostering skills, training and education;

²³ Organisation for Economic Co-operation and Development (OECD) (2008), *Economic Outlook No. 84*, December 2008.

²⁴ OECD (2009), *Economic Policy Reforms: Going for Growth* (Chapter 3), ISBN 978-92-64-05277-2, p.60.

²⁵ Government of Canada (2009), Department of Finance, *Canada's Economic Action Plan – Budget 2009*, p.33.

- Infrastructure—immediate action to build infrastructure;
- Entrepreneurial—making product and financial markets more efficient; and
- Fiscal—protecting Canada’s fiscal integrity for future generations.²⁶

These priorities may provide opportunities for Guelph to align its nearer term strategies with government funding or program initiatives.

Canada’s Leading Banks

The country’s leading banks estimate that Canada’s real GDP is forecast to decline by 1.4% - 2.4% in 2009 and grow by 1.3% - 2.6% in 2010. Similarly, Ontario’s real GDP is forecast to decline by 1.4% to 2.7% in 2009, then by 1.2% - 2.5% in 2010. This contraction represents the worst economic performance since the recession of the early 1990s. Canada’s unemployment rate is forecast to increase to between 8.7% and 9.9% in 2010 and Ontario’s unemployment rate is forecast to increase to between 8.7% and 10.8% in 2010.²⁷

Recovery is forecast to occur as the Canadian and U.S. fiscal and monetary stimuli are filtered through the economy.

Scotiabank is predicting significant contraction in the motor vehicle and parts manufacturing (-29.0%) and chemical and refineries (-8.9%) industries. By 2010, almost all industries are forecast to be in positive growth territory with the exception of the real estate services industry that is forecast to contract a further 3.3%.²⁸

Clearly, economic performance over the period to 2020 is impossible to predict with certainty, although demographic trends for Canada and Ontario suggest a gradual slowing in economic growth. It is not unreasonable to suggest between 2.3% and 3.0% as a potential real GDP rate for Canada and between 2.2% and 3.1% for Ontario.²⁹

Regional Employment

Statistics Canada July 2009 data indicate the labour force has expanded and unemployment in the region has risen over the previous year. The data describe the Kitchener-Waterloo-Barrie Economic Region, which includes Guelph, to have a labour force of 713,400 people and an unemployment

²⁶ Ibid, pp. 196-199.

²⁷ TD Economics (2009), *Provincial Economic Forecast*, March 17, 2009, RBC Economics (2008), *Provincial Outlook*, December 2008, Scotiabank Group (2009), *Global Forecast Update*, March 5, 2009, BMO Capital Markets (2009), *Canadian Economic Outlook*, March 6, 2009.

²⁸ Scotiabank Group (2009), *Global Forecast Update*, March 5, 2009.

²⁹ Malone Given Parsons Ltd. in association with the Centre for Spatial Economics (2008), *Muskoka Economic Strategy, Phase 1 Background Report*.

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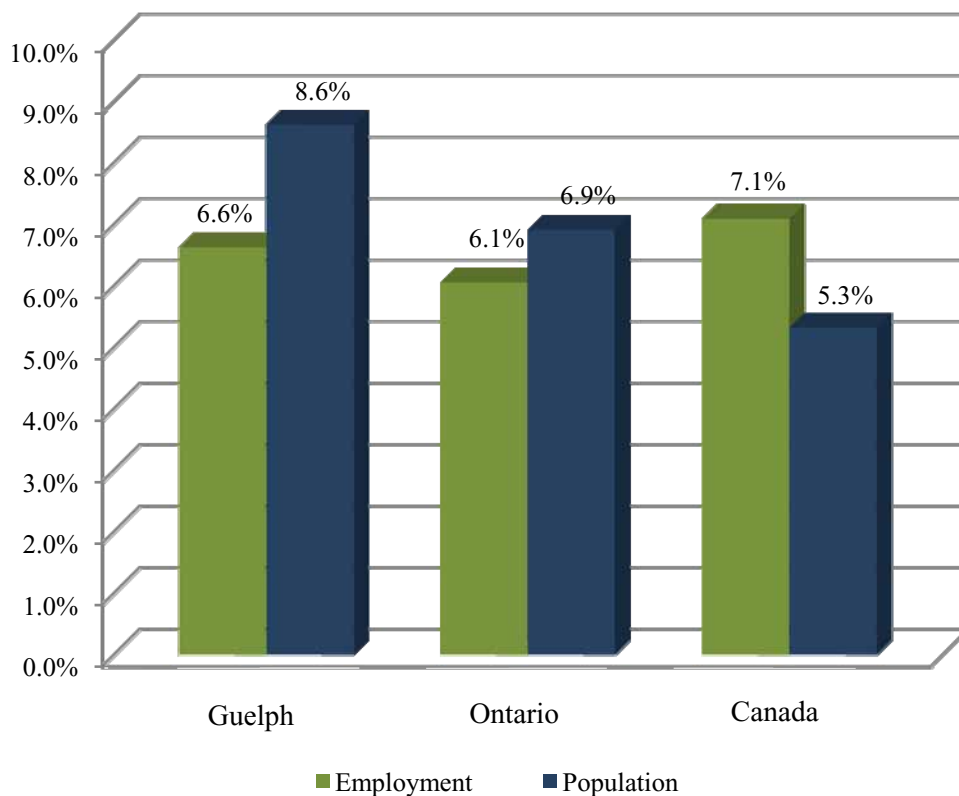
rate of 9.3%. In July 2008, this region had a labour force of 702,400 people and an unemployment rate of 5.9%. Comparatively, the Province's unemployment rate increased from 6.8% in July 2008 to 9.8% in July 2009 and Canada's unemployment rate increased from 6.0% to 8.6% during the same time period.³⁰

Much of the rise in unemployment has been driven by contraction in the construction, manufacturing and building and other support services (e.g. appraisal services) industries and the increase in unemployed youth between the ages of 15 to 24 years of age.

4.3 Population and Employment Growth

In 2006, 119,950 people lived in Guelph and 66,460 jobs were located in the City. While Guelph's population grew (8.6% growth) at a higher rate than for the province (6.9%) or Canada (5.3%) as a whole over the previous five years, employment growth (6.6%) did not keep pace. (See Figure 4.1.) Nonetheless, Guelph's employment growth was better than that experienced by the Province (6.1%).

Figure 4.1: Percentage Change in Population and Employment, 2001-2006



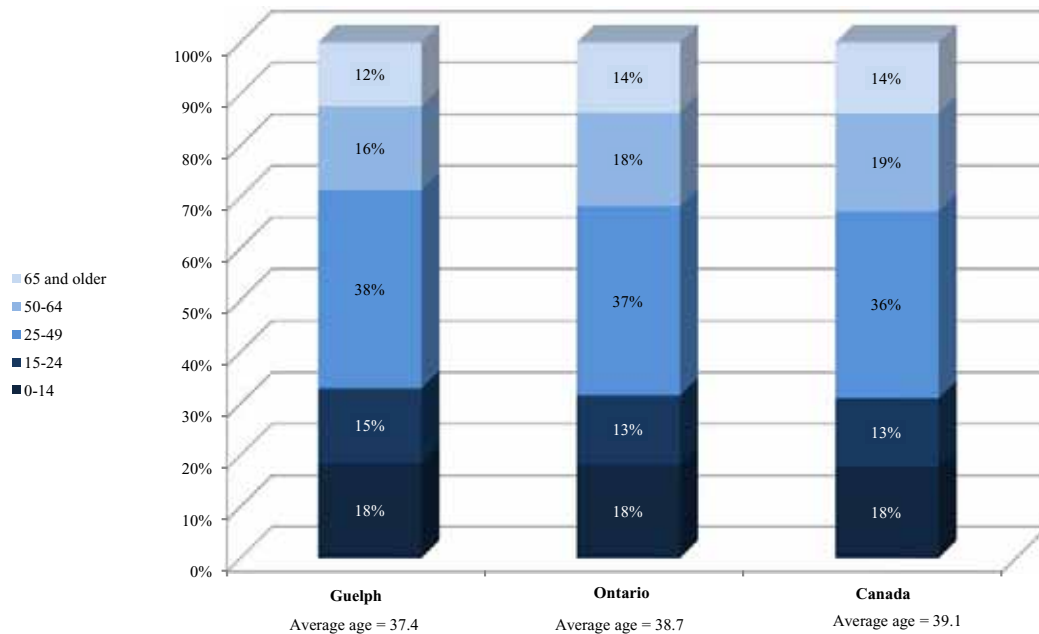
Source: Statistics Canada, 2006.

³⁰ Statistics Canada (2009), *Labour Market Information – July 12 to 18, 2009*, Catalogue No. 71-001-X, pp.44 & 46.

In terms of population age structure, Guelph residents are younger than the provincial and national averages. (See Figure 4.2.) Guelph’s 15-24 and 25-49 age groups made up a larger proportion of the population base than for the province and Canada; the 50 + age groups have a smaller proportion. These figures indicate that Guelph has been more attractive to university students and established families vs. retirees. A higher proportion in the 0-4 age group suggests that recent growth has been attractive to young families as well.

As previously noted, Guelph’s growth expectations target 175,000 residents and 100,390 jobs by 2031. These equate to average annual population and job growth figures of 2,200 people and 1,300 jobs/year. (See Figure 4.3.) Much of the population growth in Guelph, similar to the rest of Canada’s population growth, will be driven by immigration.

Figure 4.2: Population Age Structure, 2006

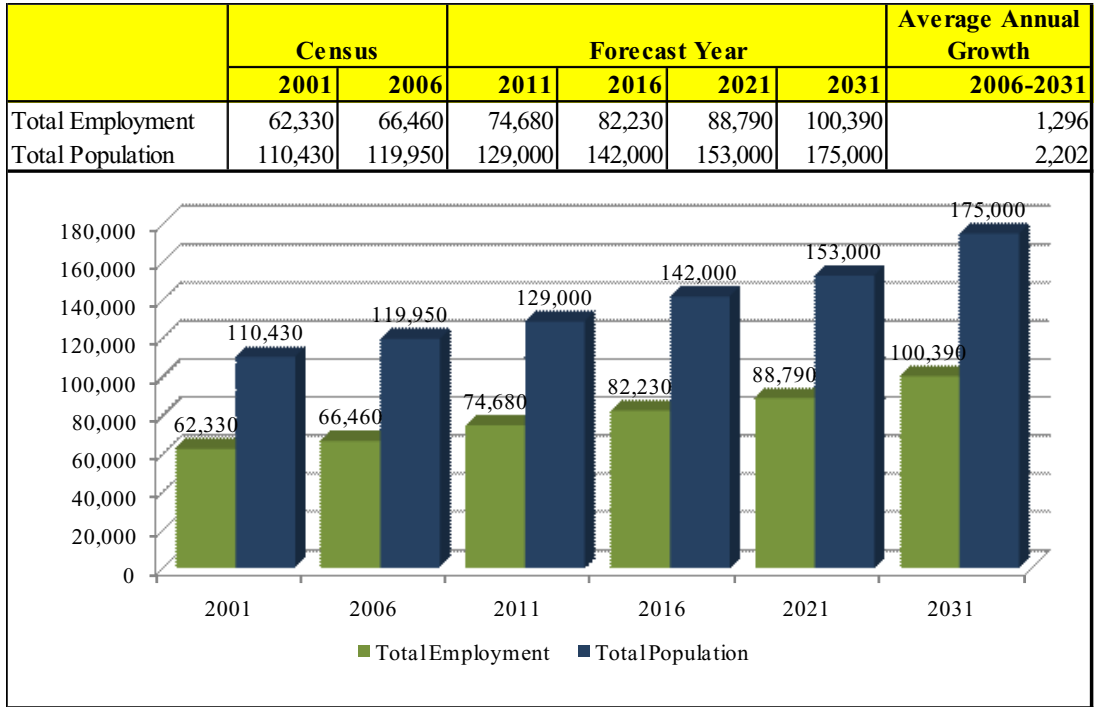


Source: Statistics Canada, 2006 Census.
Note: Percentages may not equal 100% due to rounding.

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Figure 4.3: Guelph’s Employment and Population Growth, 2001 – 2031



Source: Statistics Canada, Employment Lands Strategy Phase 1, Watson & Associates Ltd., July 29, 2008.

**5.0
 BASELINE
 CONDITIONS**

This Baseline Conditions section identifies and interprets elements describing Guelph’s current operating context. The elements reviewed include:

- Commuting patterns and the City’s net employment position;
- Labour force education levels;
- Ethnic diversity;
- Affordability based on household income levels and average house prices; and
- Tourist visits, behaviour and spending in Wellington County;
- Investment in the City and its attractiveness as a place of business through an examination of building permit activity, industrial & commercial development charges and municipal tax rates.

**5.1
 Employment to
 Population Activity
 Rate**

Activity rates indicate the relative employment strength of a community. They are derived by dividing the number of jobs in a community by the community’s total population. Based on 2006 data, *Guelph’s activity rate is 0.554, significantly higher than that for the province at 0.440, or Canada at 0.439. (See Figure 5.1.)*

Figure 5.1: Activity Rate Comparison, 2006

	Guelph	Ontario	Canada
Employment	66,460	5,570,870	14,300,245
Population	119,950	12,665,346	32,576,074
Activity Rate	0.554	0.440	0.439

Source: Statistics Canada, 2006.

**5.2
 Employment
 Structure**

A comparison of Guelph’s employment structure to that of Ontario and Canada highlights the City’s areas of employment concentration. (See Figure 5.2.) Guelph has a significantly higher proportion of employment in Manufacturing and Educational Services, as compared to the province and Canada. The large employment base in manufacturing is largely attributable to the success of one local Guelph company - Linamar Corporation, an automotive parts manufacturer with over 7,500 employees.³⁵ This concentration of employment in one sector increases Guelph’s exposed risk to the ongoing restructuring in manufacturing.

Employment in the Educational Services industry is relatively large because of the presence of the University of Guelph (2,860 jobs), the Conestoga College satellite campus, and the Upper Grand District School Board and Wellington Catholic District School Board administrative offices.

³⁵ City of Guelph Economic Development & Tourism Services, 2009.

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The Transportation and Warehousing and Information and Cultural sectors have proportionately fewer jobs in Guelph than Ontario and Canada. For the information and cultural industries, Ontario and Canada have 2.7% and 2.5% of total employment respectively. The lower employment in information and cultural industries and its contributions to other sectors and community vibrancy indicates a gap in the highly valued Information, Technology and Communications sector, and a possible candidate for an attraction strategy.

Figure 5.2: Employment Structure Comparison, 2006

Employment Sector	Guelph		Ontario		Canada	
	No. of Employees	% of Employment	No. of Employees	% of Employment	No. of Employees	% of Employment
Goods Producing Industries						
Agriculture, forestry, fishing and hunting	465	0.7%	99,825	1.8%	419,040	2.9%
Mining and oil and gas extraction	40	0.1%	21,490	0.4%	169,520	1.2%
Utilities	260	0.4%	43,900	0.8%	116,520	0.8%
Construction	1,555	2.3%	176,115	3.2%	487,670	3.4%
Manufacturing	20,575	31.0%	826,440	14.8%	1,824,140	12.8%
Services Producing Industries						
Wholesale trade	2,290	3.4%	273,795	4.9%	651,130	4.6%
Retail trade	6,355	9.6%	656,575	11.8%	1,750,155	12.2%
Transportation and warehousing	1,360	2.0%	225,505	4.0%	587,255	4.1%
Information and cultural industries	940	1.4%	152,225	2.7%	361,380	2.5%
Finance and insurance	2,615	3.9%	300,920	5.4%	653,020	4.6%
Real estate and rental and leasing	935	1.4%	114,450	2.1%	270,605	1.9%
Professional, scientific and technical services	3,800	5.7%	416,400	7.5%	988,000	6.9%
Management of companies and enterprises	35	0.1%	7,705	0.1%	18,610	0.1%
Admin. and support, waste mng. and remediation services	1,720	2.6%	219,765	3.9%	495,715	3.5%
Educational services	7,885	11.9%	388,370	7.0%	1,037,480	7.3%
Health care and social assistance	5,790	8.7%	563,260	10.1%	1,583,645	11.1%
Arts, entertainment and recreation	740	1.1%	117,075	2.1%	284,365	2.0%
Accommodation and food services	3,875	5.8%	367,640	6.6%	1,001,225	7.0%
Other services (except public administration)	2,590	3.9%	265,735	4.8%	710,590	5.0%
Public administration	2,625	3.9%	333,675	6.0%	890,170	6.2%
Total - Industry	66,460	100.0%	5,570,870	100.0%	14,300,245	100.0%

Source: Statistics Canada, 2006 Census

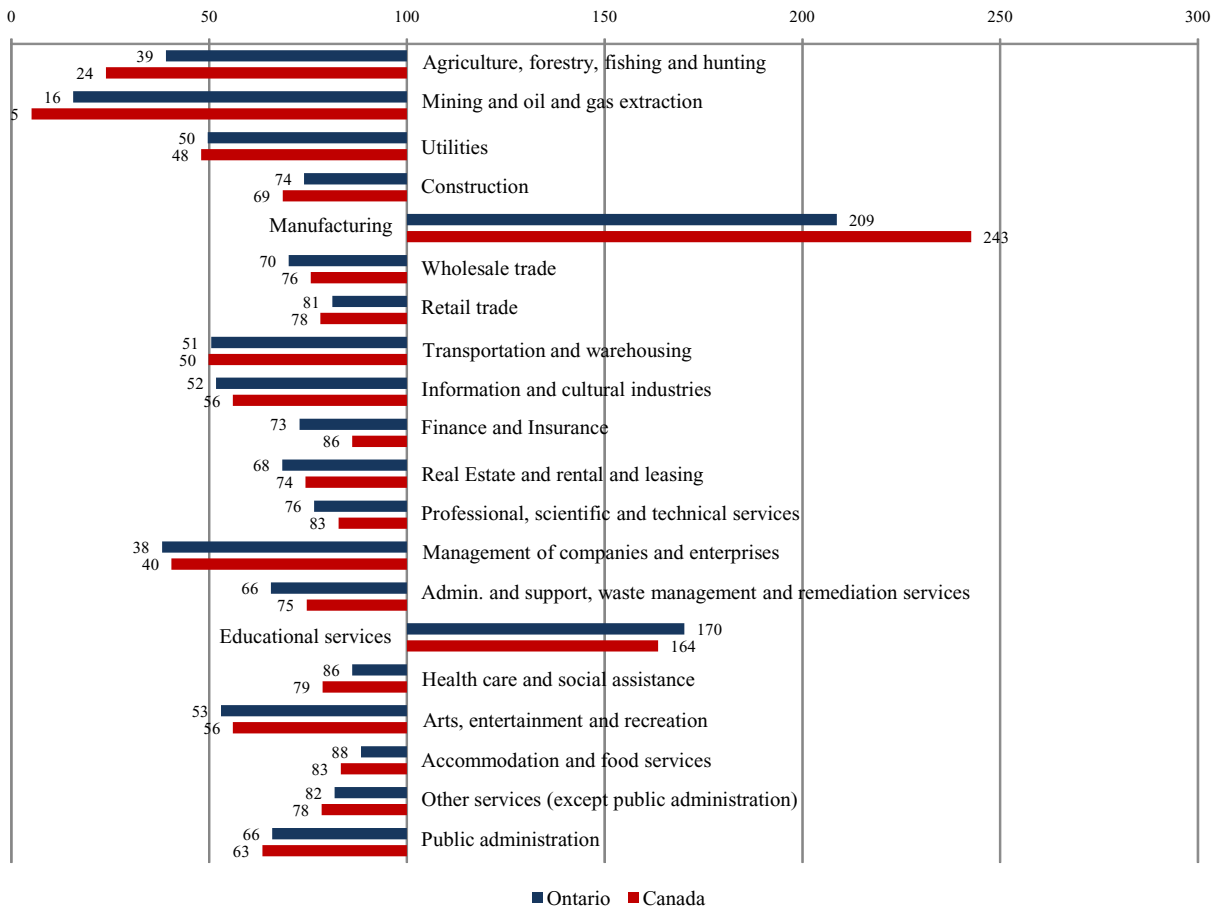
5.3 Location Quotients

Location Quotients (LQs) are indexes that compare the percentage share of jobs in a particular sector in a community to the percentage share of all jobs in the province/Canada in the same sector. When an index for a sector exceeds 100 it means jobs in that sector are relatively more plentiful than they are across the province/Canada in general, indicating a higher level of economic dependence locally on that sector. LQs are calculated using employment by place-of-work data.

As noted earlier, Guelph has above average proportions of employment in the Manufacturing (Ontario LQ of 209 and Canada LQ of 243) and Educational Services (Ontario LQ 170 and Canada LQ 164) sectors. (See Figure 5.3.)

All the other industry sectors have below average shares of employment and therefore low LQs – in large part a reflection of the proportional impact of the large Manufacturing and Educational Services sectors.

Figure 5.3: Location Quotients for Guelph, Indexed to Ontario and Canada



Using Ontario and Canada as comparators, Guelph has particularly low LQs in the following sectors:

- Management of Companies and Enterprises (Ontario 38 and Canada 40);
- Utilities (Ontario 50 and Canada 48);
- Transportation and Warehousing (Ontario 51 and Canada 50);
- Information and Cultural (Ontario 52 and Canada 56); and
- Arts, Entertainment and Recreation (Ontario 53 and Canada 56).

The City also has low LQs in sectors for which an urban centre would not be expected to have high figures:

- Mining, Oil and Gas Extraction (Ontario 16 and Canada 5); and
- Agriculture, Forestry, Fishing and Hunting (Ontario 39 and Canada 24).

A graphical assessment that considers LQs together with employment growth (“EG”, 2001 to 2006) and industry size can indicate potential for further industry sector growth. Using LQ results relative to the Province of Ontario, Figure 5.4 sorts Guelph’s industry sectors into one of four quadrants in an “LQEG graph” with the following classifications:

Dynamic—Important growth industries with a competitive advantage for locating in Guelph over other parts of Ontario. They have positive employment growth and a $LQ > 1$.

Emerging—Industries with a potential to develop a strong presence in Guelph. They have higher employment growth, but a $LQ < 1$.

Diverging—Industries that could be supporting other local industries in Guelph. They have negative employment growth and a $LQ < 1$.

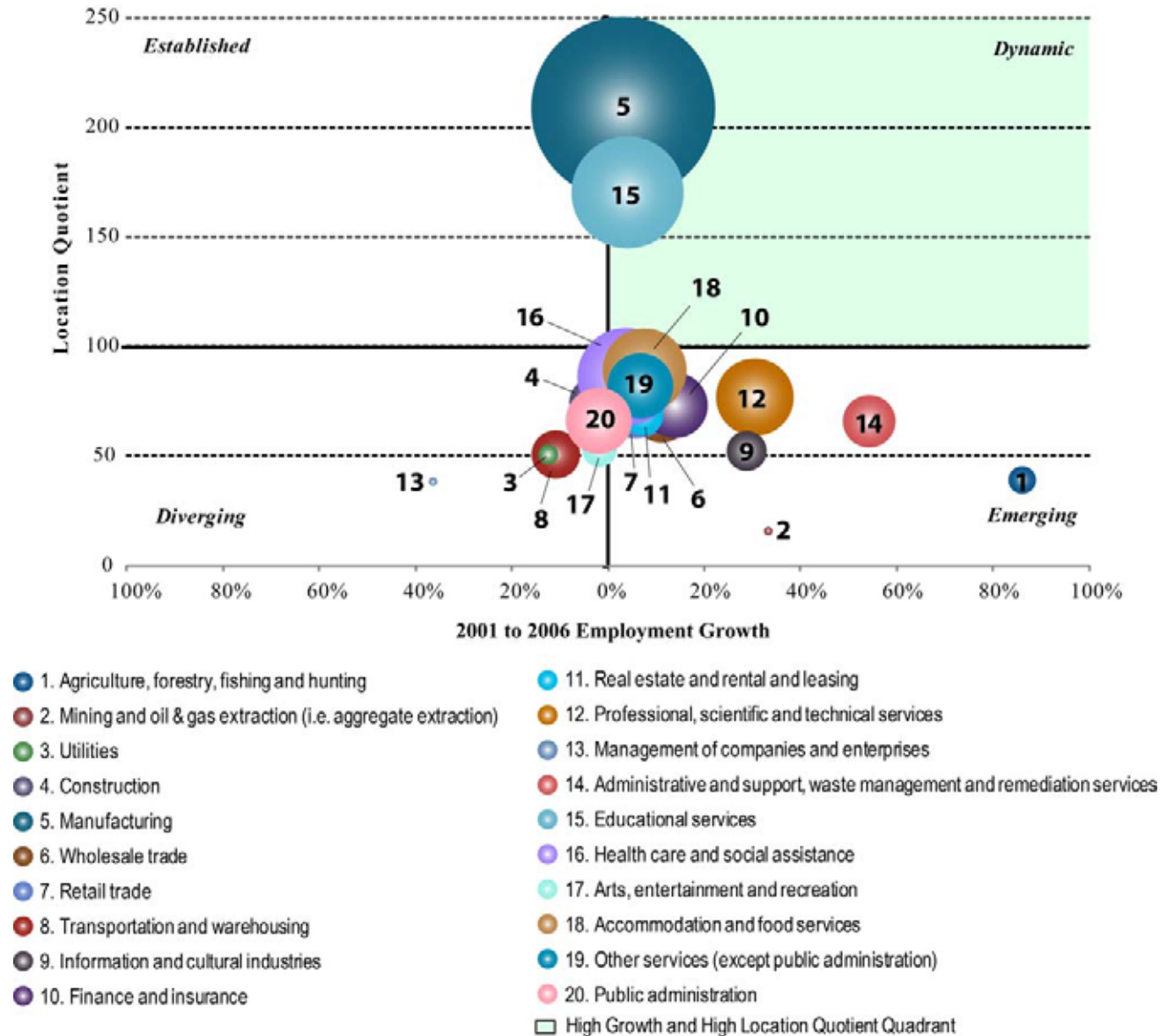
Established —Typically large established employers that are not growing. They have negative employment growth, but a $LQ > 1$.

Not surprisingly, two industry sectors stand out as dynamic in Guelph - Manufacturing and Educational Services.

While many industry sectors are emerging in Guelph, the four with the highest percentage employment growth between 2001 and 2006 and leading candidates for strong growth in the future were:

- The Administrative and Support, Waste Management and Remediation Services Industry;
- The Professional, Scientific and Technical Services Industry;
- The Agriculture, Forestry, Fishing and Hunting Industry, driven largely by support activities for agriculture; and
- The Information and Cultural Industry, which includes publishing, telecommunications companies and internet service providers.

Figure 5.4: LQEG (Location Quotient Economic Growth) Matrix



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More detailed 2006 employment data by industry sector for the City of Guelph and the Province of Ontario were obtained to identify specific industry sub-sectors with a high local employment presence. (See Figure 5.5.) Industry data was collected at the three digit NAICS level³⁶.

Industries that had a very high LQ (in brackets) included:

- Electrical equipment, appliance and component manufacturing (487);
- Beverage and tobacco product manufacturing (463)—note that the high LQ was a reflection of Imperial Tobacco’s presence in Guelph prior to its closure;
- Machinery manufacturing (355);
- Transportation equipment manufacturing (347)—Linamar Corporation is a major employer in this industry;
- Fabricated metal product manufacturing (316);
- Support activities for agriculture and forestry (273);
- Food manufacturing (210) - Cargill Meat Solutions is a major employer in this industry;
- Paper manufacturing (175);
- Waste management and remediation services (165);
- Chemical manufacturing (158);
- Non-metallic mineral product manufacturing (151);
- Other information services (145);
- Insurance carriers and related activities (133)—the Co-operators (insurance carrier) is a major employer in this industry;
- Plastics and rubber products manufacturing (129);
- Miscellaneous wholesaler-distributors (116); and
- Provincial and territorial public administration (114)—a reflection of the Province of Ontario’s employment presence in the City.

³⁶ NAICS refers to the North American Industrial Classification System.

Figure 5.5: Detailed Employment Structure (Guelph vs. Ontario)

Industry	Guelph		Ontario		Location Quotient
	No. of Employees	% of Employment	No. of Employees	% of Employment	
11 Agriculture, forestry, fishing and hunting	465	0.7%	99,825	1.8%	39
111 - 112 Farms	295	0.4%	90,460	1.6%	27
113 Forestry	30	0.0%	4,135	0.1%	61
114 Fishing	0	0.0%	780	0.0%	0
115 Support activities for agriculture and forestry	145	0.2%	4,455	0.1%	273
21 Mining and oil and gas extraction	40	0.1%	21,490	0.4%	16
22 Utilities	260	0.4%	43,900	0.8%	50
23 Construction	1,555	2.3%	176,115	3.2%	74
236 Construction of buildings	545	0.8%	57,790	1.0%	79
237 Specialty trade contractors	180	0.3%	18,150	0.3%	83
238 Specialty trade contractors	825	1.2%	100,170	1.8%	69
31 - 33 Manufacturing	20,575	31.0%	826,440	14.8%	209
311 Food manufacturing	1,950	2.9%	77,760	1.4%	210
312 Beverage and tobacco product manufacturing	645	1.0%	11,685	0.2%	463
313 Textile mills	55	0.1%	5,515	0.1%	84
314 Textile product mills	70	0.1%	6,890	0.1%	85
315 Clothing manufacturing	230	0.3%	17,140	0.3%	112
316 Leather and allied product manufacturing	0	0.0%	1,940	0.0%	0
321 Wood product manufacturing	110	0.2%	27,465	0.5%	34
322 Paper manufacturing	560	0.8%	26,850	0.5%	175
323 Printing and related support activities	170	0.3%	36,950	0.7%	39
324 Petroleum and coal products manufacturing	10	0.0%	3,935	0.1%	21
325 Chemical manufacturing	790	1.2%	41,890	0.8%	158
326 Plastics and rubber products manufacturing	955	1.4%	61,880	1.1%	129
327 Non-metallic mineral product manufacturing	380	0.6%	21,030	0.4%	151
331 Primary metal manufacturing	90	0.1%	39,355	0.7%	19
332 Fabricated metal product manufacturing	3,140	4.7%	83,355	1.5%	316
333 Machinery manufacturing	2,605	3.9%	61,490	1.1%	355
334 Computer and electronic product manufacturing	135	0.2%	46,720	0.8%	24
335 Electrical equipment, appliance and component manufacturing	1,335	2.0%	22,995	0.4%	487
336 Transportation equipment manufacturing	6,835	10.3%	164,995	3.0%	347
337 Furniture and related product manufacturing	350	0.5%	38,105	0.7%	77
339 Miscellaneous manufacturing	170	0.3%	28,485	0.5%	50
41 Wholesale trade	2,290	3.4%	273,795	4.9%	70
411 Farm product wholesaler-distributors	45	0.1%	3,020	0.1%	125
412 Petroleum product wholesaler-distributors	35	0.1%	3,340	0.1%	88
413 Food, beverage and tobacco wholesaler-distributors	245	0.4%	35,500	0.6%	58
414 Personal and household goods wholesaler-distributors	225	0.3%	39,685	0.7%	48
415 Motor vehicle and parts wholesaler-distributors	190	0.3%	23,035	0.4%	69
416 Building material and supplies wholesaler-distributors	375	0.6%	40,510	0.7%	78
417 Machinery, equipment and supplies wholesaler-distributors	565	0.9%	78,880	1.4%	60
418 Miscellaneous wholesaler-distributors - includes recyclable material, office supplies, agricultural supplies, chemicals, etc.	520	0.8%	37,430	0.7%	116
419 Wholesale agents and brokers	85	0.1%	12,400	0.2%	57
44 - 45 Retail trade	6,355	9.6%	656,575	11.8%	81
441 Motor vehicle and parts dealers	630	0.9%	66,355	1.2%	80
442 Furniture and home furnishings stores	285	0.4%	28,595	0.5%	84
443 Electronics and appliance stores	175	0.3%	26,700	0.5%	55
444 Building material and garden equipment and supplies dealers	390	0.6%	42,970	0.8%	76
445 Food and beverage stores	1,605	2.4%	152,200	2.7%	88
446 Health and personal care stores	565	0.9%	51,895	0.9%	91
447 Gasoline stations	175	0.3%	18,770	0.3%	78
448 Clothing and clothing accessories stores	695	1.0%	73,895	1.3%	79
451 Sporting goods, hobby, book and music stores	350	0.5%	30,490	0.5%	96
452 General merchandise stores	835	1.3%	101,695	1.8%	69
453 Miscellaneous store retailers	515	0.8%	47,795	0.9%	90
454 Non-store retailers	135	0.2%	15,215	0.3%	74
48 - 49 Transportation and warehousing	1,360	2.0%	225,505	4.0%	51
481 Air transportation	10	0.0%	14,780	0.3%	6
482 Rail transportation	0	0.0%	6,775	0.1%	0
483 Water transportation	0	0.0%	870	0.0%	0
484 Truck transportation	525	0.8%	62,655	1.1%	70
485 Transit and ground passenger transportation	325	0.5%	42,095	0.8%	65
486 Pipeline transportation	0	0.0%	380	0.0%	0
487 Scenic and sightseeing transportation	0	0.0%	585	0.0%	0
488 Support activities for transportation	60	0.1%	33,865	0.6%	15
491 Postal service	220	0.3%	28,770	0.5%	64
492 Couriers and messengers	150	0.2%	20,415	0.4%	62
493 Warehousing and storage	75	0.1%	14,320	0.3%	44

Source: Statistics Canada, 2006 Census, Place of Work Status

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Figure 5.5: Detailed Employment Structure (Guelph vs. Ontario) Continued

Industry	Guelph		Ontario		Location Quotient
	No. of Employees	% of Employment	No. of Employees	% of Employment	
51 Information and cultural industries	940	1.4%	152,225	2.7%	52
511 Publishing industries (except internet)	415	0.6%	42,845	0.8%	81
512 Motion picture and sound recording industries	105	0.2%	19,855	0.4%	44
515 Broadcasting (except internet)	35	0.1%	17,485	0.3%	17
516 Internet publishing and broadcasting	0	0.0%	665	0.0%	0
517 Telecommunications	75	0.1%	47,310	0.8%	13
518 Internet service providers, web search portals, and data processing services	45	0.1%	8,440	0.2%	45
519 Other information services - includes news syndicates, libraries and archives	270	0.4%	15,620	0.3%	145
52 Finance and insurance	2,615	3.9%	300,920	5.4%	73
521 Monetary authorities - central bank	0	0.0%	1,170	0.0%	0
522 Credit intermediation and related activities	860	1.3%	147,625	2.6%	49
523 Securities, commodity contracts, and other financial investment and related activities	355	0.5%	61,005	1.1%	49
524 Insurance carriers and related activities	1,405	2.1%	88,820	1.6%	133
526 Funds and other financial vehicles	0	0.0%	2,295	0.0%	0
53 Real estate and rental and leasing	935	1.4%	114,450	2.1%	68
531 Real estate	710	1.1%	87,285	1.6%	68
532 Rental and leasing services	225	0.3%	26,150	0.5%	72
533 Lessors of non-financial intangible assets (except copyrighted works)	0	0.0%	1,015	0.0%	0
54 Professional, scientific and technical services	3,800	5.7%	416,400	7.5%	76
55 Management of companies and enterprises	35	0.1%	7,705	0.1%	38
56 Administrative and support, waste management and remediation services	1,720	2.6%	219,765	3.9%	66
561 Administrative and support services	1,525	2.3%	209,620	3.8%	61
562 Waste management and remediation services	200	0.3%	10,145	0.2%	165
61 Educational services	7,885	11.9%	388,370	7.0%	170
62 Health care and social assistance	5,790	8.7%	563,260	10.1%	86
621 Ambulatory health care services	1,915	2.9%	163,010	2.9%	98
622 Hospitals	1,835	2.8%	180,110	3.2%	85
623 Nursing and residential care facilities	880	1.3%	107,535	1.9%	69
624 Social assistance	1,155	1.7%	112,610	2.0%	86
71 Arts, entertainment and recreation	740	1.1%	117,075	2.1%	53
711 Accommodation services	220	0.3%	30,985	0.6%	60
712 Heritage institutions	30	0.0%	7,915	0.1%	32
713 Amusement, gambling and recreation industries	485	0.7%	78,170	1.4%	52
72 Accommodation and food services	3,875	5.8%	367,640	6.6%	88
721 Accommodation services	315	0.5%	56,390	1.0%	47
722 Food services and drinking places	3,560	5.4%	311,245	5.6%	96
81 Other services (except public administration)	2,590	3.9%	265,735	4.8%	82
811 Repair and maintenance	840	1.3%	82,515	1.5%	85
812 Personal and laundry services	930	1.4%	81,140	1.5%	96
813 Religious, grant-making, civic, and professional and similar organizations	685	1.0%	79,485	1.4%	72
814 Private households	140	0.2%	22,595	0.4%	52
91 Public administration	2,625	3.9%	333,675	6.0%	66
911 Federal government public administration	565	0.9%	154,400	2.8%	31
912 Provincial and territorial public administration	890	1.3%	65,485	1.2%	114
913 Local, municipal and regional public administration	1,170	1.8%	108,440	1.9%	90
914 Aboriginal public administration	0	0.0%	4,140	0.1%	0
919 International and other extra-territorial public administration	0	0.0%	1,215	0.0%	0
Total All Industries	66,460	100%	5,570,870	100.0%	100

Source: Statistics Canada, 2006 Census, Place of Work Status

5.4 Guelph's Target Sectors

As stated in Section 2.0, the City has identified key sectors in which to concentrate its economic development efforts, as premised on assets in place and future growth potential. These key sectors are Advanced Manufacturing, Agri-Food and Environmental Technologies. The advanced manufacturing sector consists of approximately 120 firms, employing approximately 19,000 people. Unlike the case of Agri-Food, the non-profit and government support network for the City's advanced manufacturing is located in centres other than Guelph (e.g. Ottawa, Toronto and Kitchener).

Guelph's Agri-Food sector includes food processors, scientific and technical service providers (e.g. laboratories, consulting firms), non-profit support networks and public sector agencies such as the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and Agriculture and Agri-Food Canada. This sector is estimated to employ approximately 5,000 people in the City among private, non-profit and public sector employers. There are over 30 food processors or agriculture related manufacturers employing approximately 2,700 people. Agriculture-related laboratories and consulting firms are estimated to employ another 700 people. The public sector agencies employ approximately 1,400 and close to twenty non-profits employ another 200 people.

The Environmental Technologies sector includes approximately 30 firms that provide a wide range of manufactured products, research and development laboratories and consulting services. Products and services include water and wastewater treatment technologies, environmental remediation technologies and wind energy engineering services. The private sector employs over 1,000 people in Guelph.

5.5 Commuting Patterns

Commuting patterns, or live-work relationships, for the City of Guelph describe the extent to which Guelph's labour force and job holders travel for employment.

Commuting within Guelph

A very high percentage of Guelph residents are employed in the City as compared to other communities in the Greater Golden Horseshoe. Over three-quarters (75.3%) of Guelph residents (47,355 people) are employed in jobs within the City. (See Figure 5.6.)

Over three-quarters of Guelph residents working in manufacturing (77.6%) or in Educational Services (80.2%) are employed in the City. The highest percentages by sector of Guelph residents employed in the City are

working in Accommodation and Food Services (86.6%) and Retail Trade (82.3%). Lower percentages of Guelph residents are employed in the City's Wholesale Trade (50.4%), and Transportation and Warehousing (54.3%) industries.

Working At Home/Telecommuting

The number of people working from home in Guelph totalled 3,600. These include home-based business owners (i.e. the self-employed) and employees of companies that provide this flexible work arrangement. Many of the Guelph residents were employed in the Professional, Scientific and Technical Services (920 people) and Health Care and Social Assistance (575 people) employment sectors. Technological advances and more flexible work arrangements are the driving force behind the growth in working from home. The advantages of working from home are that it:

- *permits increased flexibility in scheduling activities;*
- *can make balancing work and personal and family demands easier;*
- *reduces transportation expenses; and*
- *lessens commuting time.*

Statistics Canada estimates show that the number of people doing some or all of their work at home has dipped slightly. Several things could account for the dip in telework. A possibility is that continuing re-evaluation of the advantages of telework may have lowered its attractiveness for both employees and employers.³⁷

Statistics Canada also reports that the likelihood of an employee usually doing some or all of their work at home rises with educational attainment. This is mainly because the occupations most conducive to this arrangement tend to have higher concentrations of highly educated workers.³⁸ Guelph's two sectors with high work at home employment concentrations align with Statistics Canada's educational attainment research findings.

Commuting Outside of Guelph

Collectively, the Kitchener-Waterloo-Cambridge area attracts the largest percentage of Guelph's labour force at 7.2% (4,555 jobs). Peel Region attracts 3.8% (2,385 jobs) followed by the City of Toronto at 2.1% (1,305 jobs). Over ten percent (11.6%) of Guelph residents fill jobs in other communities, which include the surrounding rural communities and Halton Region.

³⁷ Statistics Canada (2007). "Working at home: An update" in Perspectives on Labour and Income, Vol.8, No.6, written by: Ernest B. Akyeampong.

³⁸ Statistics Canada (2001). "Evolution of the Canadian workplace: Work from Home" in Perspectives on Labour and Income, Vol.2, No.9, Completed by: Ernest B. Akyeampong and Richard Nadwodny.

Net Employment Position

To determine a Place of Work/ Place of Residence (PoW/PoR) ratio by industry sector, employment in the sector in the community is divided by the resident labour force employed in the same sector. A ratio with a value above 1.00 indicates the number of persons working in the industry is greater than the number of community residents employed in the same industry. These sectors can be considered net importers of labour. Conversely, an employment ratio below 1.00 reflects a greater number of sector workers living in the community compared to the number of persons working in the sector in the community. In this case the sector is characterized as a net exporter of labour.

Overall, Guelph had an employed labour of force 62,870 people and was host to 66,460 jobs in 2006. The City's PoW/PoR ratio is 1.057, indicating the City is in a positive net employment position and an importer of labour. (See Figure 5.7.) The three largest net importers of labour are:

- Manufacturing – with a 1.346 ratio and a net employment position of +5,290 jobs;
- Educational Services – with a 1.107 ratio and a net employment position of +765 jobs; and
- Finance and Insurance – with a 1.197 ratio and a net employment position of +430 jobs.

The three largest net exporters of labour are:

- Construction – with a 0.585 ratio and a net employment position of -1,105 jobs;
- Transportation and warehousing – with a 0.615 ratio and a net employment position of -850 jobs; and,
- Administrative and support, waste management and remediation services – with a 0.754 ratio and a net employment position of -560 jobs. *This sector was identified as having strong employment growth from 2001 to 2006.*

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Figure 5.6: Guelph Residents’ Place of Work, 2006

Employment Sector	Residents of Guelph who work in ...																
	Guelph			Kitchener-Waterloo-Cambridge			Peel Region			Toronto			Other Communities			Total	
	Guelph Residents*	No. of Guelph Residents*	% of Guelph Residents*	Guelph Residents*	No. of Guelph Residents*	% of Guelph Residents*	Peel Region Residents*	No. of Guelph Residents*	% of Guelph Residents*	Toronto Residents*	No. of Guelph Residents*	% of Guelph Residents*	Other Communities Residents*	No. of Guelph Residents*	% of Guelph Residents*		
Goods Producing Industries																	
Agriculture, forestry, fishing and hunting	275	45	62.1%	0	0	0.0%	10	1.9%	0	0	0.0%	230	44.7%	515	100.0%		
Mining and oil and gas extraction	30	0	33.3%	0	0	0.0%	0	0.0%	0	0	0.0%	60	66.7%	90	100.0%		
Utilities	155	10	64.7%	40	15.7%	15.7%	0	0.0%	10	10	3.9%	50	19.6%	255	100.0%		
Construction	1,935	120	77.3%	185	7.0%	7.0%	70	2.6%	25	25	0.9%	445	16.7%	2,660	100.0%		
Manufacturing	11,695	165	77.6%	1,045	6.8%	6.8%	415	2.7%	170	170	1.1%	1,960	12.8%	15,285	100.0%		
Services Producing Industries																	
Wholesale trade	1,210	200	50.4%	260	9.3%	9.3%	360	12.9%	65	65	2.3%	900	32.2%	2,795	100.0%		
Retail trade	4,780	165	82.3%	315	5.2%	5.2%	180	3.0%	75	75	1.2%	655	10.9%	6,005	100.0%		
Transportation and warehousing	1,155	45	54.3%	190	8.6%	8.6%	315	14.3%	55	55	2.5%	495	22.4%	2,210	100.0%		
Information and cultural industries	650	175	70.8%	115	9.9%	9.9%	40	3.4%	105	105	9.0%	255	21.9%	1,165	100.0%		
Finance and insurance	1,375	175	70.9%	260	11.9%	11.9%	120	5.5%	120	120	5.5%	310	14.2%	2,185	100.0%		
Real estate and rental and leasing	590	120	82.1%	55	6.4%	6.4%	45	5.2%	20	20	2.3%	155	17.9%	865	100.0%		
Professional, scientific and technical services	1,845	920	69.0%	480	12.0%	12.0%	215	5.4%	150	150	3.7%	1,320	32.9%	4,010	100.0%		
Management of companies and enterprises	25	10	77.8%	0	0.0%	0.0%	10	22.2%	0	0	0.0%	10	22.2%	45	100.0%		
Administrative and support, waste management and remediation services	1,680	130	79.8%	225	9.9%	9.9%	90	3.9%	35	35	1.5%	250	11.0%	2,280	100.0%		
Educational services	5,510	200	80.2%	490	6.9%	6.9%	190	2.7%	85	85	1.2%	845	11.9%	7,120	100.0%		
Health care and social assistance	3,785	575	79.1%	405	7.4%	7.4%	110	2.0%	110	110	2.0%	1,100	20.0%	5,510	100.0%		
Arts, entertainment and recreation	545	165	65.7%	40	3.7%	3.7%	10	0.9%	35	35	3.2%	450	41.7%	1,080	100.0%		
Accommodation and food services	3,075	80	86.6%	115	3.2%	3.2%	40	1.1%	40	40	1.1%	375	10.3%	3,645	100.0%		
Other services (except public administration)	1,830	250	79.1%	120	4.6%	4.6%	50	1.9%	45	45	1.7%	585	22.2%	2,630	100.0%		
Public administration	1,615	50	66.1%	170	6.7%	6.7%	100	4.0%	150	150	6.0%	485	19.2%	2,520	100.0%		
Total	43,755	3,600	75.3%	4,555	7.2%	7.2%	2,385	3.8%	1,305	1,305	2.1%	10,870	17.3%	62,870	100.0%		

Source: Statistics Canada, 2006 Census
Notes: Totals may not be exactly equal to the sum of industries due to rounding. No fixed place of work is captured in the Guelph column.
*Employed in the respective sector.

Figure 5.7: Net Employment Position

Employment Sector	Total Employment In Guelph	Total Guelph Residents Employed	Place of Work/ Place of Residence Ratio	Net Employment
Goods Producing Industries				
Agriculture, forestry, fishing and hunting	465	515	0.903	-50
Mining and oil and gas extraction	40	90	0.444	-50
Utilities	260	255	1.020	5
Construction	1,555	2,660	0.585	-1,105
Manufacturing	20,575	15,285	1.346	5,290
Services Producing Industries				
Wholesale trade	2,290	2,795	0.819	-505
Retail trade	6,355	6,005	1.058	350
Transportation and warehousing	1,360	2,210	0.615	-850
Information and cultural industries	940	1,165	0.807	-225
Finance and insurance	2,615	2,185	1.197	430
Real estate and rental and leasing	935	865	1.081	70
Professional, scientific and technical services	3,800	4,010	0.948	-210
Management of companies and enterprises	35	45	0.778	-10
Administrative and support, waste management and remediation services	1,720	2,280	0.754	-560
Educational services	7,885	7,120	1.107	765
Health care and social assistance	5,790	5,510	1.051	280
Arts, entertainment and recreation	740	1,080	0.685	-340
Accommodation and food services	3,875	3,645	1.063	230
Other services (except public administration)	2,590	2,630	0.985	-40
Public administration	2,625	2,520	1.042	105
Total	66,460	62,870	1.057	3,590

Source: Statistics Canada, 2006 Census

Notes: Totals may not be exactly equal to the sum of industries due to rounding.

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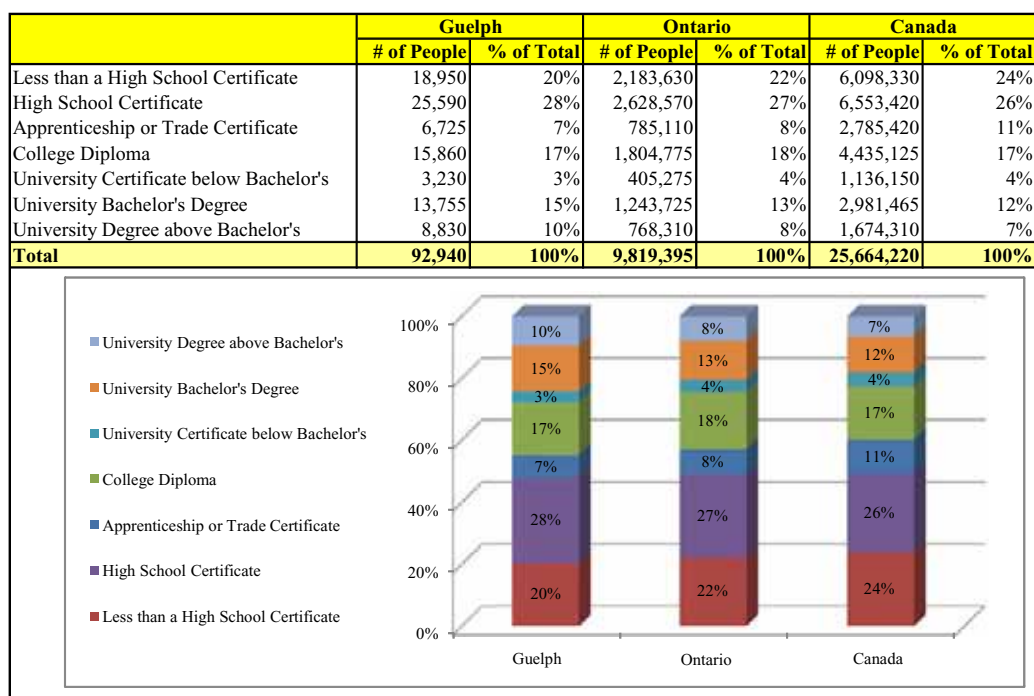
5.6 Labour Force Assessment

Labour force skill sets differentiate Guelph from other communities. The City is fortunate to be home to a highly regarded post-secondary institution—University of Guelph, and benefits as well from having a Conestoga College satellite campus. The presence of these institutions provides a key labour force resource.

The City of Guelph compares favourably to the Province of Ontario and Canada as a whole in terms residents’ of highest level of educational attainment for the population 15 years and over. *Of this population, 15% of residents have a university Bachelor’s degree and 10% completed a university degree above a Bachelor level, higher than both the Province and Canada.* (See Figure 5.8.) By comparison 13% of Ontario residents and slightly less than 12% of Canadians hold a university Bachelor’s degree, and 8% of Ontario residents and 7% of Canadians have a post graduate university degree. A higher percentage of Ontario residents have an apprenticeship or trade certificate (8%) and a college diploma (18%) than Guelph residents.

A higher proportion of Guelph residents have a high school certificate and a lower percentage has less than a high school certificate when compared to both Ontario and Canada.

Figure 5.8: Highest Educational Attainment, Total Population 15 Years and Over



Source: Statistics Canada, 2006 Census.

Of Guelph's population [25 to 64 years of age] with post-secondary education, two fields of study have larger concentrations than the Province or Canada: Physical and Life Sciences and Technologies (7%) and Agriculture, Natural Resources and Conservation (5%). (See Figure 5.9). In comparison, three to four percent of the provincial and national populations have post-secondary studies in Physical and Life Sciences and Technologies, and two percent have post-secondary studies in Agriculture, Natural Resources and Conservation.

Figure 5.9: Postsecondary Qualifications by Major Field of Study, Population 25 to 64 Years

	Guelph		Ontario		Canada	
	No.	% of Population	No.	% of Population	No.	% of Population
Total population 25 to 64 years of age	39,155	100%	4,078,125	100%	10,541,860	100%
Education	2,670	7%	268,100	7%	779,725	7%
Visual and performing arts, and communications technologies	1,375	4%	153,100	4%	374,900	4%
Humanities	2,465	6%	232,000	6%	542,935	5%
Social and behavioural sciences and law	4,730	12%	481,885	12%	1,062,490	10%
Business, management and public administration	6,785	17%	879,210	22%	2,328,865	22%
Physical and life sciences and technologies	2,890	7%	148,705	4%	352,645	3%
Mathematics, computer and information sciences	1,785	5%	225,840	6%	500,345	5%
Architecture, engineering, and related technologies	8,125	21%	869,540	21%	2,341,720	22%
Agriculture, natural resources and conservation	1,870	5%	75,605	2%	237,580	2%
Health, parks, recreation and fitness	4,665	12%	538,060	13%	1,399,280	13%
Personal, protective and transportation services	1,780	5%	205,755	5%	619,680	6%
Other	0	0%	320	0%	1,695	0%

Source: Statistics Canada, 2006 Census.

5.7 Ethnic Diversity

Much of Canada's population and future labour force growth will occur as a result of immigration rather than natural increase (i.e. births less deaths). Common source regions for new immigrants to Canada are Asian and Pacific Rim countries. New immigrants tend to settle in urban areas such as Toronto, Montreal or Vancouver (approximately 70% of all immigrants). The most cited reason for immigrants settling in these centres is to join a family or friend support network.³⁹ The remaining immigrants settle in smaller cities throughout Canada.

Many immigrants from the common source regions are visible minorities. Fourteen per cent of Guelph's residents are considered visible minorities, which is significantly less than the 23% recorded for the Province of Ontario and less than the 16% recorded for Canada in 2006. (See Figure 5.10.) The top three visible minority populations in Guelph are South Asian, Chinese and Filipino. Ontario and Canada's top three visible minorities populations are South Asian, Chinese and Black.

Ethnic origins in Guelph have higher representation by people citing heritage in the British or Western European countries vs. Ontario and Canada. (See Figure 5.11.)

³⁹ Statistics Canada, *Immigration in Canada: A Portrait of Foreign-born Population, 2006 Census: Immigrants in Metropolitan Areas*, http://www12.statcan.ca/english/census06/analysis/immcit/largest_centres.cfm, Viewed on April 1, 2009, last modified on December 10, 2007.

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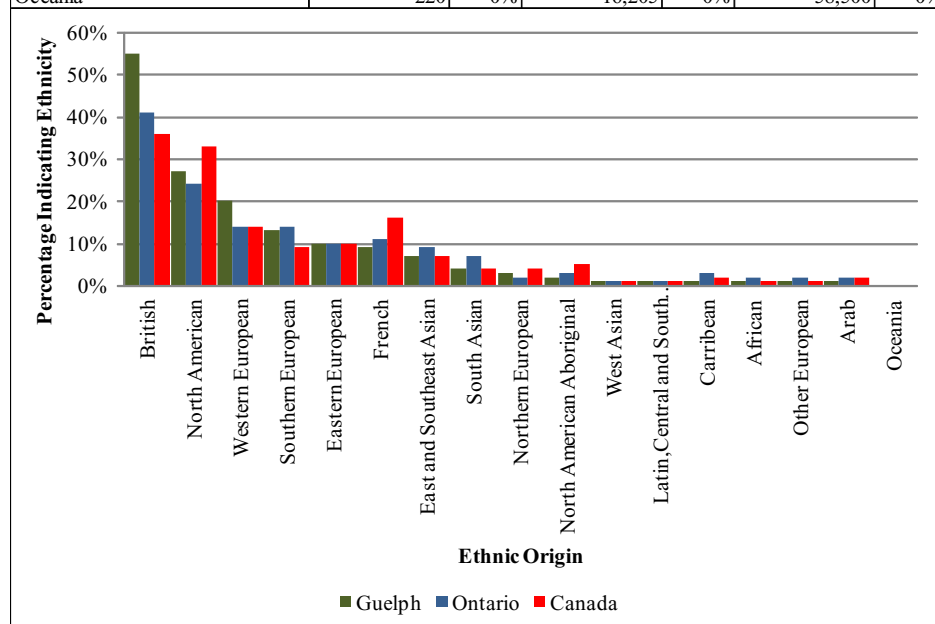
Figure 5.10: Visible Minorities Comparison

	Guelph		Ontario		Canada	
	Population	%	Population	%	Population	%
Visible minorities	15,805	14%	2,745,205	23%	5,068,090	16%
Top 3 visible minorities	South Asian 26%		South Asian 30%		South Asian 26%	
	Chinese 20%		Chinese 22%		Chinese 25%	
	Filipino 13%		Black 18%		Black 16%	
Not visible minorities (includes white and aboriginal)	98,315	86%	9,283,690	77%	26,172,935	84%

Source: Statistics Canada, 2006.

Figure 5.11: Ethnic Origin Comparison

Ethnic Origin	Guelph		Ontario		Canada	
	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
British	62,265	55%	4,911,325	41%	11,098,605	36%
North American	30,300	27%	2,849,310	24%	10,408,740	33%
Western European	22,955	20%	1,685,665	14%	4,372,750	14%
Southern European	15,215	13%	1,642,000	14%	2,723,675	9%
Eastern European	11,370	10%	1,171,160	10%	2,998,220	10%
French	10,455	9%	1,358,415	11%	5,000,355	16%
East and Southeast Asian	7,615	7%	1,047,085	9%	2,212,340	7%
South Asian	4,025	4%	833,315	7%	1,316,770	4%
Northern European	2,885	3%	245,590	2%	1,120,805	4%
North American Aboriginal	2,605	2%	403,975	3%	1,678,235	5%
West Asian	1,505	1%	174,000	1%	302,550	1%
Latin, Central and South American	1,385	1%	166,310	1%	360,235	1%
Caribbean	1,265	1%	389,980	3%	578,695	2%
African	1,205	1%	235,880	2%	421,185	1%
Other European	820	1%	193,495	2%	360,960	1%
Arab	810	1%	187,980	2%	470,575	2%
Oceania	220	0%	16,205	0%	58,500	0%



Source: Statistics Canada, 2006.

A 2008 report completed by the Guelph Community Foundation states that in 2006, there were 24,110 immigrants living in the City of Guelph. This immigrant population base represents 21% of the City's total population as compared to 28.3% of Ontario's population.⁴⁰

Since Canada's future population and labour force growth will be driven by immigration, consideration will need to be given to establishing and enhancing immigrant support networks in Guelph.

5.8 Household Income

Household income levels provide an indication of spending capacity in terms of housing, retail and personal expenditures *and the presence of household poverty in a community*. Guelph has a higher percentage of households (25%) in the \$100,000 + and (29%) in the \$60,000 to \$99,999 income brackets than Ontario or Canada. (See Figure 5.12).

The median household income in Guelph of \$64,369 is greater than the median household income for Ontario at \$60,544 and Canada at \$53,827. However, the average household income for the Province of Ontario (\$77,967) is greater than that of the City of Guelph (\$76,057) and Canada (\$69,548). The Greater Toronto Area has a large influence on the average household income for the Province of Ontario but would be less influential on the national front. With Guelph residents' average income approximately \$6,500 higher than the national average, the City's residents have a greater spending capacity than many other Canadians.

Twelve per cent of households (5,290 households) earn a household income of less than \$20,000 in Guelph, a proportion lower than those for both Ontario and Canada.

A 2008 report from the Guelph Community Foundation states that 15.1% of families with children in the Guelph area were living in poverty.⁴¹ In comparison, 23.4% of children live in low-income families in Ontario. The report also identifies that poverty rates have remained relatively stable since 2001.

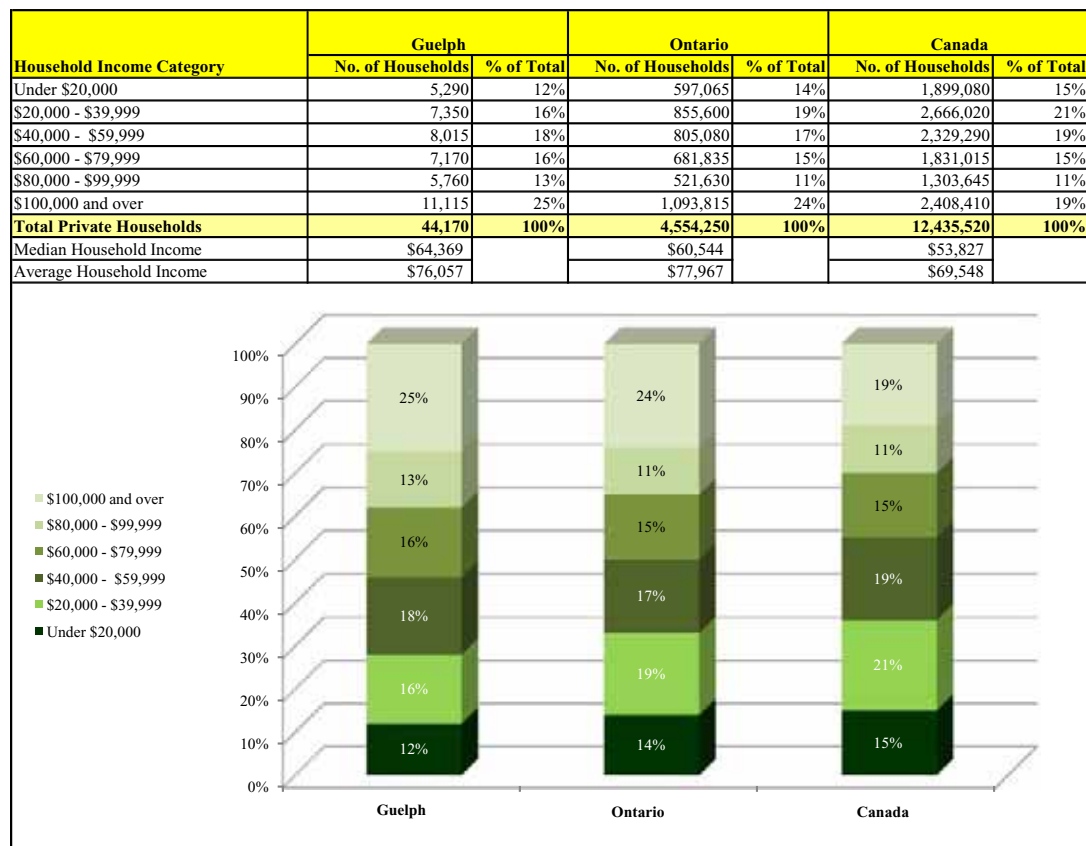
⁴⁰ The Guelph Community Foundation (2008). *Guelph & Wellington's Vital Signs 2008*, p.6.

⁴¹ The *Guelph & Wellington's Vital Signs 2008* report defines poverty using the LIMs (Low Income Measures) indicator. LIMs are a fixed percentage (50%) of adjusted median family income. The adjustment used in calculating LIMs reflects the principle that family needs increase with family size.

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Figure 5.12: Household Income



Source: Statistics Canada, 2006 Census.

5.9 Housing Affordability & Rental Housing

The average cost of *purchasing* a house in the Guelph CMA is slightly higher when compared to neighbouring communities such as the Kitchener CMA (which includes Kitchener, Waterloo and Cambridge). The two-year (2007-2008) average cost of *purchasing* a single-detached home in the Guelph CMA was \$366,400 whereas in the Kitchener CMA it was \$349,200 (4.7% less). (See Figure 5.13.) Housing costs make Guelph (on average) a more expensive area to *purchase* a house in than the Kitchener and Waterloo area.

Figure 5.13: Average Price of Absorbed Single-Detached Units Comparison

City	Average Price		Two-Year Average	% Greater or Less than Guelph's Two-Year Average
	2007	2008		
Guelph CMA	\$360,882	\$371,957	\$366,400	
Kitchener CMA	\$345,819	\$352,644	\$349,200	-4.7%

Source: Canada Mortgage and Housing Corporation, Housing Now Kitchener and Guelph CMAs, First Quarter 2009.

In 2006, there were approximately 48,000 private dwellings in the City of Guelph of which 13,700 dwellings (29%) were rented. This percentage of rented dwellings to total private dwellings is higher than the Province (26%) and equal to Canada's percentage (29%). (Figure 5.14). Guelph's higher percentage is likely a reflection of its student population.

The median monthly payment for rented dwellings in Guelph was \$800, similar to the Province (\$801) and greater than for Canada (\$671).

Figure 5.14: Private and Rented Dwellings Comparison

	Guelph		Ontario		Canada	
	No. Dwellings	% of	No. Dwellings	% of	No. Dwellings	% of
Total Private Dwellings	47,969		4,972,869		13,576,855	
Number of Rented Dwellings	13,700	29%	1,312,290	26%	3,878,500	29%
Median Monthly Payments for Rented Dwellings	\$800		\$801		\$671	

Source: Statistics Canada, 2006 Census.

Findings from the background analysis of the Wellington and Guelph Affordable Housing Strategy (2005) showed that waiting lists for subsidized housing units were increasing as applications outstripped the availability of new or vacant units. At the time the report was prepared there was a waiting list of over 1,700 households.

5.10 Tourism Profile

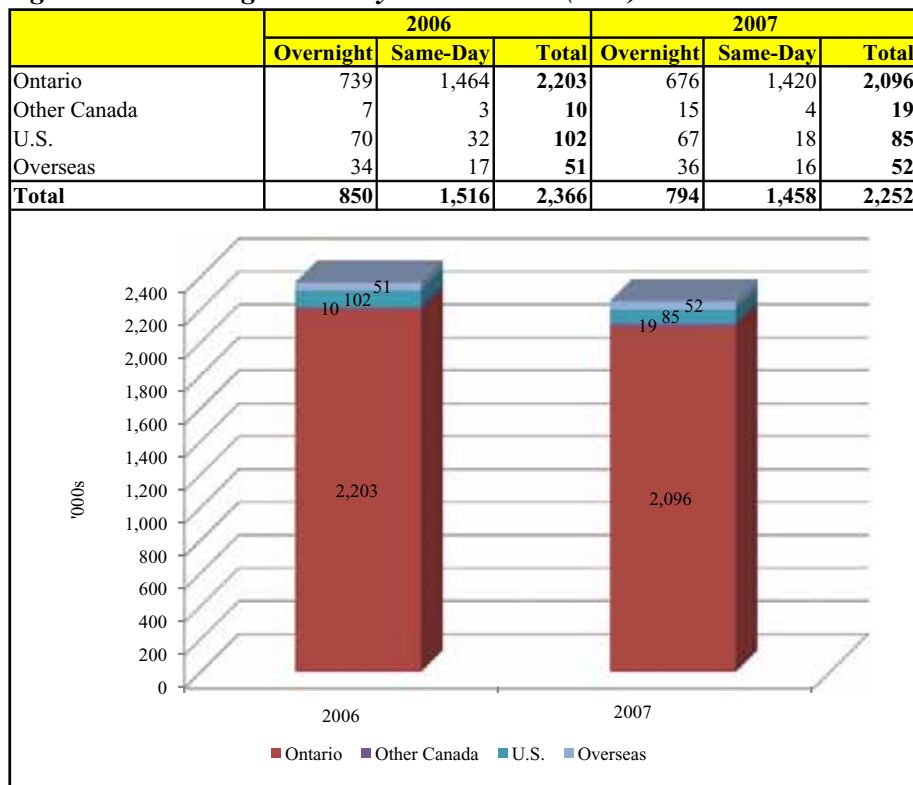
The most recent information from Statistics Canada⁴² (2007) shows slightly more than 2.2 million people from Canada, the U.S.A. and other countries took overnight or same-day trips in Wellington County, representing about 2 per cent of the total volume of tourism in the province.

5.10.1 Tourism Visits

The domestic market—including Wellington County itself—is coming to the county. As shown in Figure 5.15, Canadians made 98% of the 1.4 million same-day trips and 93% of the 0.8 million overnight person visits in Wellington County in 2007.

⁴² Statistics Canada (2008). *Travel Survey of Residents of Canada and International Travel Survey 2007*.

Figure 5.15: Wellington County Person Visits (000s)



Source: Ministry of Tourism, *Regional Tourism Profiles, 2007, CD 23: Wellington County*.

Note: Given the methodological changes in the new Travel Survey of Residents of Canada (TSRC), 2006 and 2007 data cannot be compared to earlier years.

Ontario residents accounted for nearly all of the same-day and overnight domestic visits with Toronto and Peel Region being the major feeder markets.

The American market accounted for 1.2% of the same-day visits but 8.4% of overnight travel in Wellington County in 2007. Most of these Americans live in the border markets of Michigan and New York.

The overseas market for Wellington County is primarily European (21,500-overnight visits), dominated by overnight visitors from the United Kingdom and Germany.

The average party size of visitors travelling to Wellington County was 1.4 persons of which about 80% of the travel parties were adults only. (See Figure 5.16.)

The average age of Wellington County visitors was 42 years.

Figure 5.16: Wellington County Visitor Composition

	2006		2007	
	Adults Only	with Kids	Adults Only	with Kids
Party Composition	83%	17%	79%	21%
Average Party Size	1.4		1.4	
Average Age	42.4		42.1	

Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County.

Most visitors to Wellington County are in the 15-24, 25-34, and 35-44 age groups. (See Figure 5.17.) Collectively, these three age groups represented 53% in 2006 and 60% in 2007 of all visitors to the County.

Figure 5.17: Wellington County Visitor Age Distribution

	2006		2007	
	No.	% of Total	No.	% of Total
Under 15 years	13	1%	14	1%
15-24	401	17%	506	22%
25-34	460	19%	442	20%
35-44	414	17%	408	18%
45-54	349	15%	399	18%
55-64	361	15%	261	12%
65+	351	15%	208	9%
Age not stated	17	1%	12	1%

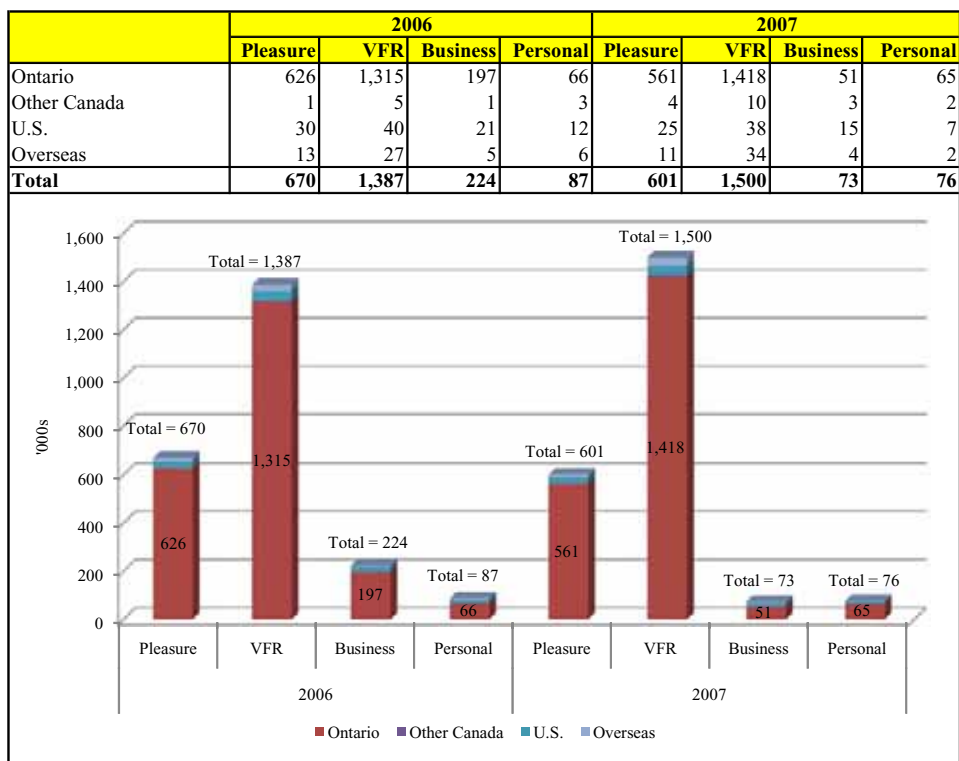
Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County

5.10.2
 Main Purpose of Trip

In 2007 about one-quarter (0.6 million or 27%) of all trips to Wellington County were made for pleasure, more than two-thirds (67%) were made to visit friends and relatives, 3% were described as business trips and a further 3% were taken for some other purpose. (See Figure 5.18.)

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Figure 5.18: Main Purpose of Trip to Wellington County (000s)



Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County.

Seasonality

Wellington County is a four-season destination, although there is a higher propensity for visitors to come in the fall. *This finding is likely a reflection of varsity sporting events occurring at the University of Guelph in the fall.* The distribution of visitation is as follows:

- 21% Winter (January – March);
- 24% Spring (April – June);
- 23% Summer (July – September); and
- 32% Fall (October – December).

5.10.3
Top 10 Tourist
Source Regions

The most common source region for Wellington County tourists/visitors is from the Greater Toronto Area. (See Figure 5.19.) In 2007, residents of the City of Toronto and Peel and York regions accounted for 41% of all visitors. Wellington County residents themselves accounted for 8% of visits.

Figure 5.19: Top 10 Tourist Source Regions to Wellington County (000s)

2006			2007		
Region/City	Total Visits	% of Ontario Visits	Region/City	Total Visits	% of Ontario Visits
Peel Region	403	18%	City of Toronto	373	18%
City of Toronto	319	14%	Peel Region	310	15%
Halton Region	202	9%	York Region	176	8%
York Region	176	8%	Wellington County	168	8%
City of Hamilton	168	8%	Halton Region	161	8%
Waterloo Region	155	7%	Waterloo Region	146	7%
Wellington County	130	6%	Simcoe County	92	4%
Simcoe County	98	4%	Middlesex County	69	3%
Middlesex County	89	4%	Oxford County	68	3%
Durham Region	74	3%	Dufferin County	59	3%
Total Top 10 Places	1,814	82%	Total Top 10 Places	1,622	77%
Ontario Total	2,203	100%	Ontario Total	2,095	100%

Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County.

5.10.4 Tourism Activity

Canadians are likely to spend time on their trip:

- Visiting with friends and relatives (70%);
- Engaging in outdoor sports or activities (17%);
- Shopping (4%);
- Cultural Performances (3%); and
- Attending sport events (2%).

American tourists are drawn to Wellington County for:

- Visiting with friends and relatives (64%);
- Shopping (47%);
- Sightseeing (33%);
- Visiting historic sites (18%); and
- Visiting art galleries and museums (11%).

Overseas tourists spend time on their trip to Wellington County:

- Shopping (89%);
- Visiting Friends and Relatives (88%);
- Sightseeing (81%);
- Visiting historic sites (47%); and
- Visiting national or provincial parks (47%).

In 2006 and 2007, Outdoor/Sports Activity in Wellington County attracted 389,000 and 390,000 visitors. (See Figure 5.20.) Cultural performances attracted the second highest number of visitors (102,000 in 2006 and 73,000 in 2007). Other activities attracting visitors included visiting Natural/Provincial Nature Parks (70,000 in 2007), historic sites (61,000 in 2007) and sports events (54,000 in 2007). The three activities that

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experienced significant growth between 2006 and 2007 were visiting historic sites (+17%), attending sports events (+74%) and visiting theme parks (+123%).

Figure 5.20: Wellington County Activity Participation (000s)

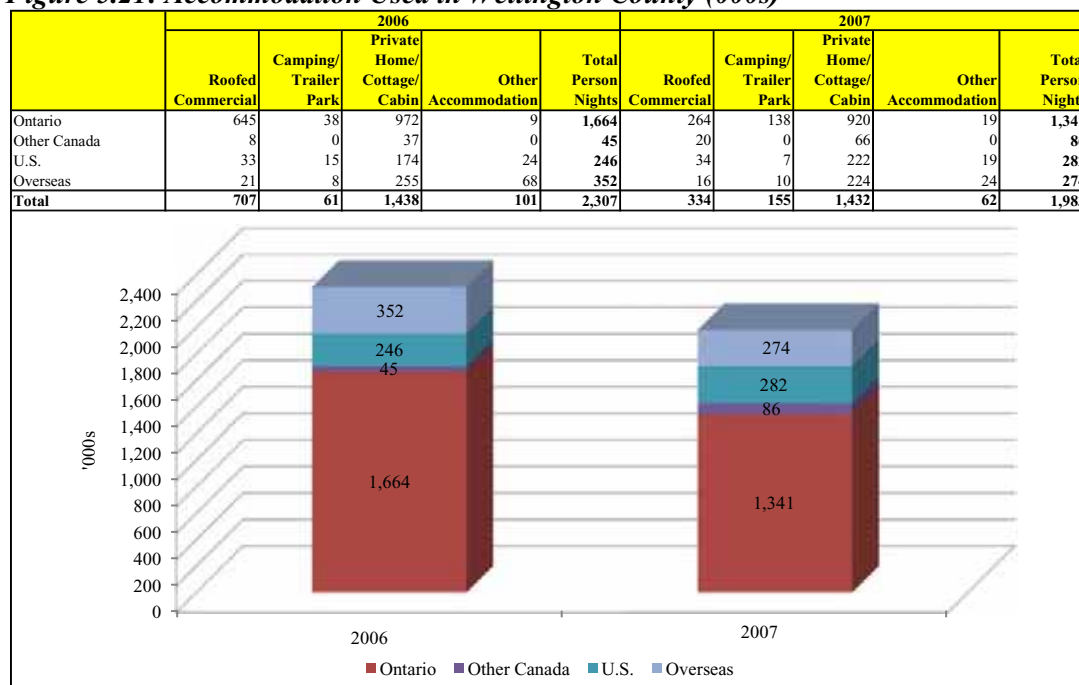
Activity	2006	2007
Any Outdoor/ Sports Activity	389	390
Cultural Performances	102	73
Natural/ Provincial Nature Parks	65	70
Historic Sites	52	61
Sports Events	31	54
Festivals/ Fairs	46	41
Museums/ Art Galleries	29	32
Theme Parks	13	29
Casinos	24	23
Zoos/ Aquariums	20	23

Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County.

5.10.5 Accommodation Used

In 2006, Wellington County’s total person nights reached about 2.3 million. (See Figure 5.21.) In 2007, total person nights decreased to 2.0 million (-13%). Nearly three-quarters (72%) of the person-nights spent in Wellington County by domestic, American and overseas visitors were in private cottages or homes. About 17% of all person nights were spent in fixed roof accommodation while 8% were spent in camping/trailer parks.

Figure 5.21: Accommodation Used in Wellington County (000s)



Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County.

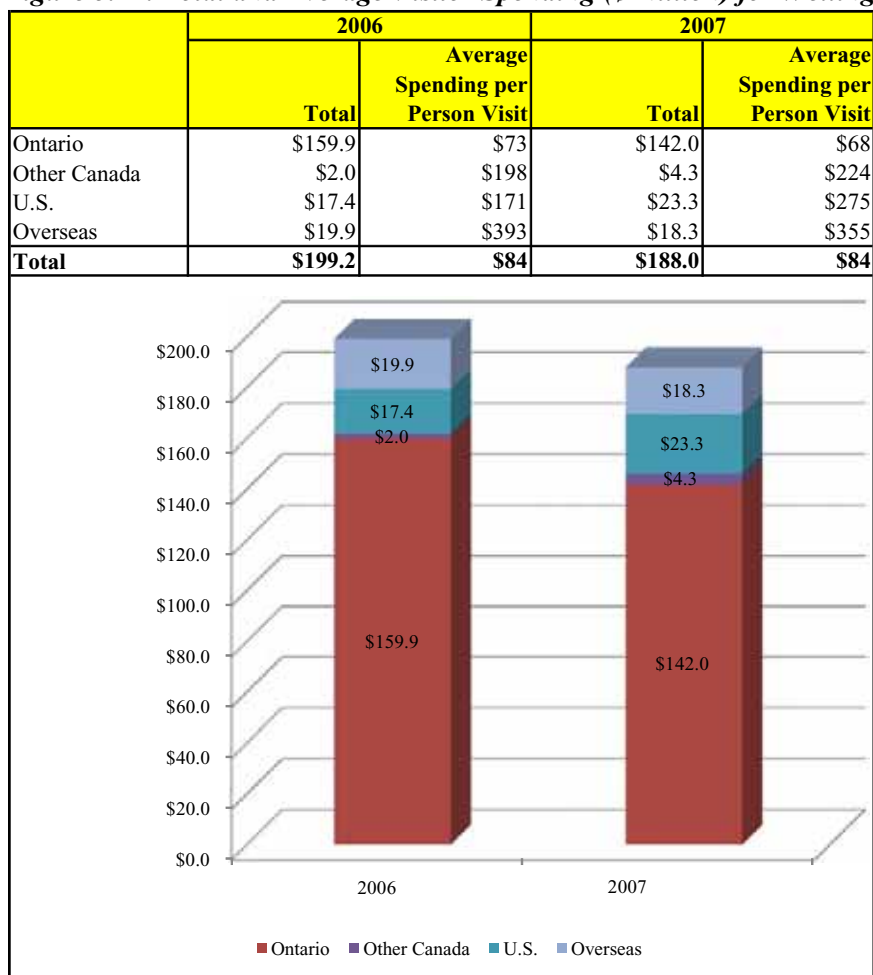
Hotel occupancy rates in 2007 averaged 59.5% with an average daily room rate of \$112.95—revenue per available room was \$67.24. In comparison, hotel occupancy rates in 2007 in all of Ontario averaged 62.8% with an average daily room rate of \$126.19, RevPAR \$79.25.

The last several years have seen a 62% increase in room supply within Guelph. This new stock, coupled with recent declines in business tourism, have reduced occupancy rates to a non-economic 43% in 2009.

5.10.6
 Visitor Spending

In 2007, visitors to Wellington County spent in excess of \$188 million on transportation, accommodation, food and beverage, recreation/entertainment and retail—a decrease of nearly 6% from 2006. (See Figure 5.22.)

Figure 5.22: Total and Average Visitor Spending (\$ million) for Wellington County



Source: Ministry of Tourism, Regional Tourism Profiles, 2007, CD 23: Wellington County.

Spending by overnight visitors accounted for more than two-thirds (64%) of total spending. Average spending per day by overnight visitors totalled \$152 per visit. Visitors from Ontario accounted for the largest share (\$142 million) of visitor spending and the lowest average spending per person visit (\$68).

Visitor spending of \$188 million on tourism goods and services in Wellington County in 2007 generated more than \$167.7 million in economic activity (GDP) province-wide of which \$114.1 million stayed in Wellington County. This level of activity helped to sustain about 2,839 jobs across the province. In Wellington County it sustained about 1,686 direct jobs and an additional 420 indirect and induced jobs. In turn, the 2,839 jobs generated \$103.2 million in wages and salary province-wide, of which almost two-thirds (\$68.3 million) stayed in Wellington County.

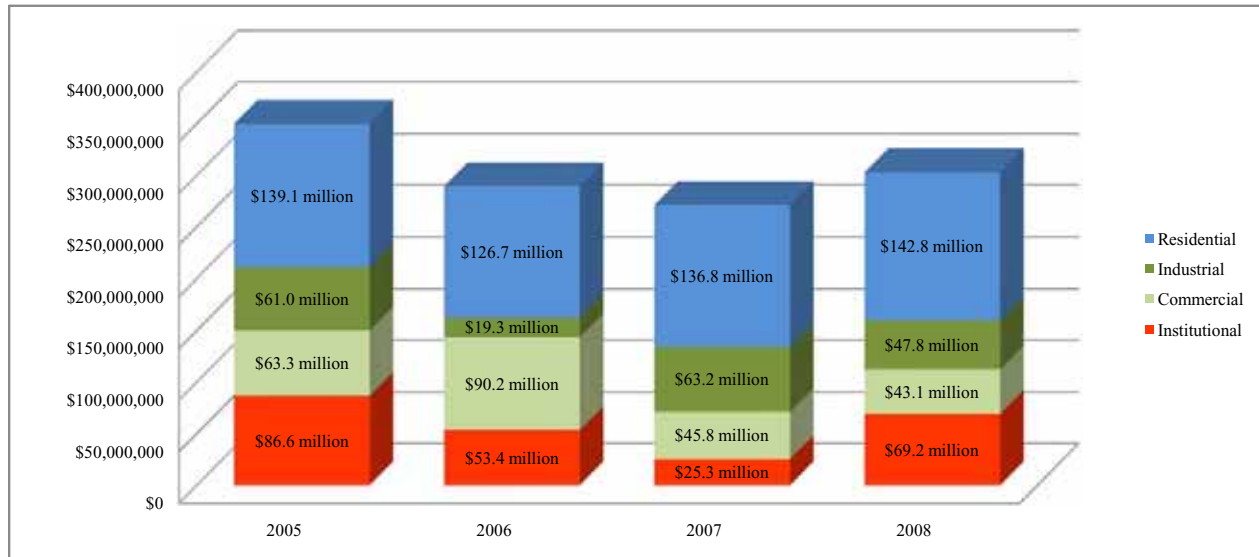
All levels of government benefited from Wellington County's tourism spending, which generated \$91.8 million in government taxes. On each dollar of tourism expenditure, federal, provincial and municipal governments collected \$0.48. *Municipalities collected \$0.04 for each dollar of tourism expenditure.*

5.11 Development Activity

Building permit activity indicates the City's success in attracting investment in the residential, commercial/industrial and institutional sectors. Guelph has accommodated substantial residential investment, with construction values ranging from \$126.7 to \$142.8 million annually over a four year time period (2005-2008). (See Figure 5.23.) Private and public sector investment has been more variable. Industrial construction was valued at \$63.2 million in 2007 and \$19.3 million in 2006. Commercial construction was very strong in 2006 valued at \$90.2 million but fell off in the following two years when it was about half the 2006 value. Institutional construction was very strong in 2005 valued at \$86.6 million and strong again in 2008 at \$69.2 million. Development of the province's new data processing centre contributed to this increase.

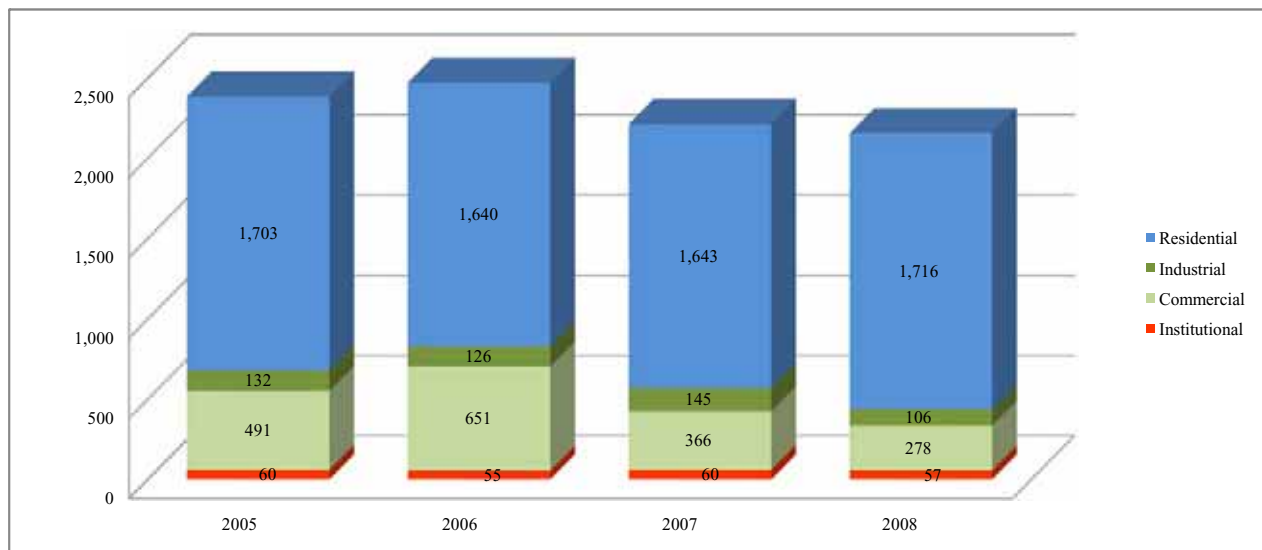
The majority of the building permits issued by the City of Guelph were for residential construction. In 2008, 1,716 permits were issued for residential construction compared to 278 commercial permits, 106 industrial permits and 57 institutional permits. (See Figure 5.24.) These findings indicate residential development dominance has continued after 2006.

Figure 5.23: Construction Value Trends for the City of Guelph, 2005-2008



Source: City of Guelph, Building Division, 2009

Figure 5.24: Number of Building Permits Issued by the City of Guelph, 2005-2008



Source: City of Guelph, Building Division, 2009

**5.12
 Development and
 Expansion Cost
 Comparisons**

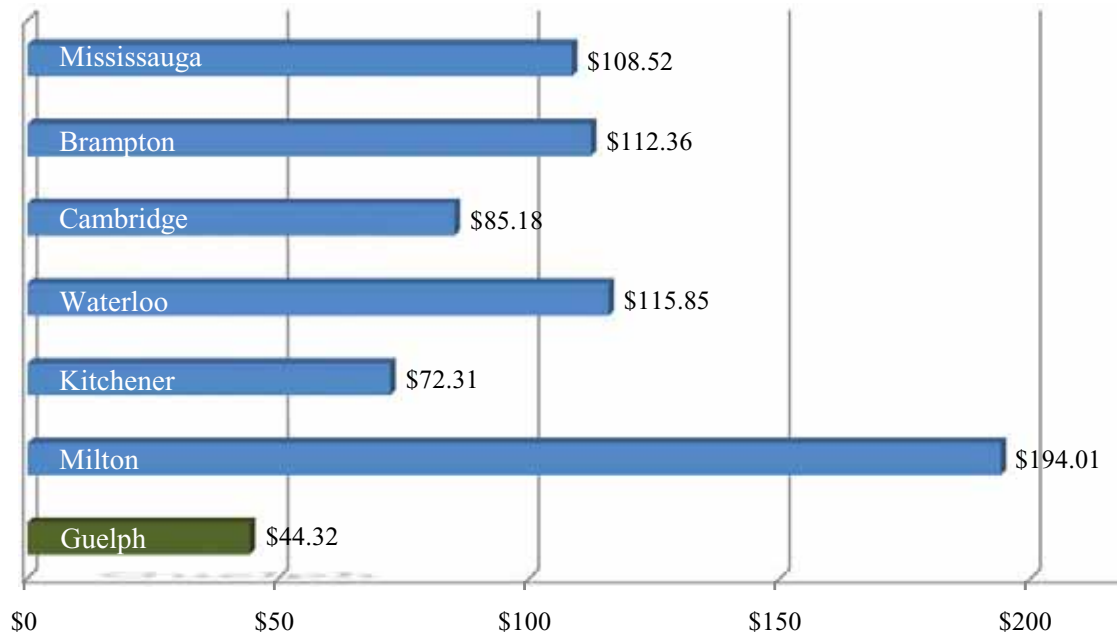
Comparing Guelph’s development charges to those in other communities gives an indication of business expansion costs. In 2009, Guelph’s industrial development charge was \$44.32 per sq.m. (See Figure 5.25.) It has been frozen until March 1, 2011 at which time it will increase in increments to \$106.65 by 2014. In relation to other communities (e.g. Kitchener, Waterloo, Cambridge), Guelph has lower development charges over the short term. The City will lose this cost advantage during the implementation of *Prosperity 2020*.

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In terms of commercial development charges, Guelph's charge of \$131.81 per sq.m. is higher than Cambridge, Kitchener and Waterloo, but lower than Mississauga, Brampton and Milton. (See Figure 5.26.)

Figure 5.25: Industrial Development Charge Comparison (\$/sq.m.)



Sources: City of Guelph, Development Charges, http://guelph.ca/uploads/PDF/By-laws/2009_DevCharge_Bylaw_18729_web.pdf, viewed on May 15, 2009.

Town of Milton, Development Charges - Town of Milton, <http://www.milton.ca/corpserv/DevChargesNonRes.pdf> (non-res), viewed on May 15, 2009.

City of Kitchener, Building- Applicable Fees, http://www.kitchener.ca/city_hall/departments/devtech_services/building/app_fees.htm, viewed on May 15, 2009.

City of Waterloo, Fees & Development Charges for Development Services, <http://www.city.waterloo.on.ca/DesktopDefault.aspx?tabID=933>, viewed on May 15, 2009.

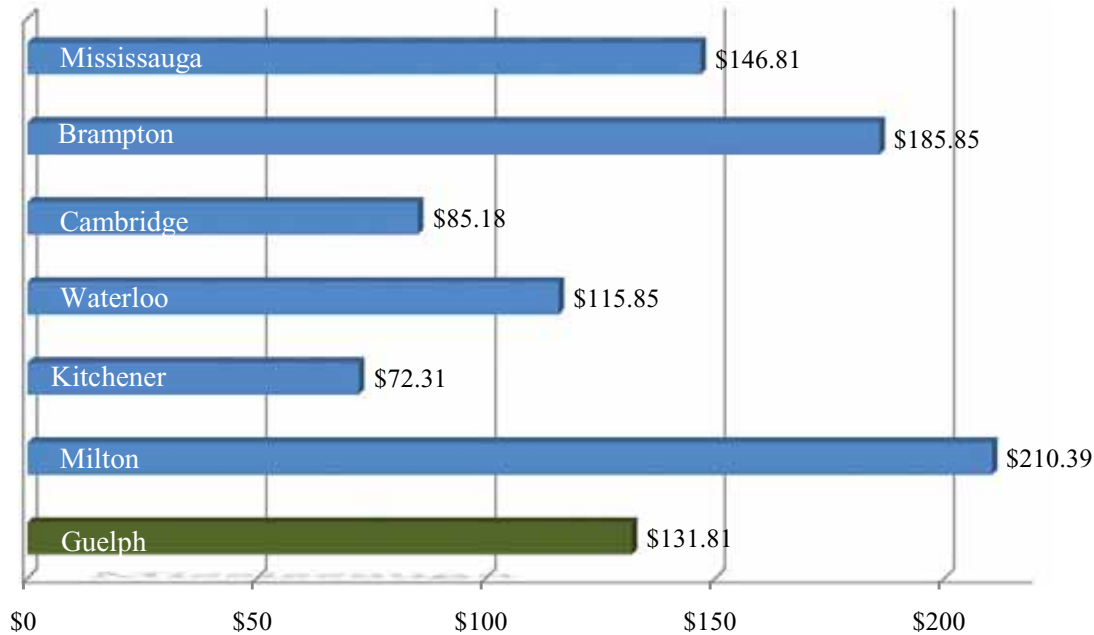
City of Cambridge, Development Charges for privately developed lands, http://www.city.cambridge.on.ca/planning_services/planning_operations/development_charges, viewed on May 15, 2009.

City of Brampton, Finance - Development Charges, <http://www.city.brampton.on.ca/finance/development-charges.tml>, viewed on May 15, 2009.

City of Mississauga, City Hall - Development Charges, <http://www.mississauga.ca/portal/residents/developmentcharges>, viewed on May 15, 2009.

Note: Development charges include the lower and upper-tier municipality charges (where applicable) and exclude school board charges.

Figure 5.26: Commercial Development Charge Comparison (\$/sq.m.)



Sources: City of Guelph, Development Charges, http://guelph.ca/uploads/PDF/By-laws/2009_DevCharge_Bylaw_18729_web.pdf, viewed on May 15, 2009.
 Town of Milton, Development Charges - Town of Milton, <http://www.milton.ca/corpserv/DevChargesNonRes.pdf> (non-res), viewed on May 15, 2009.
 City of Kitchener, Building- Applicable Fees, http://www.kitchener.ca/city_hall/departments/devtech_services/building/app_fees.htm, viewed on May 15, 2009.
 City of Waterloo, Fees & Development Charges for Development Services, <http://www.city.waterloo.on.ca/DesktopDefault.aspx?tabID=933>, viewed on May 15, 2009.
 City of Cambridge, Development Charges, http://www.city.cambridge.on.ca/planning_services/planning_operations/development_charges, viewed on May 15, 2009.
 City of Brampton, Finance - Development Charges, <http://www.city.brampton.on.ca/finance/development-charges.tml>, viewed on May 15, 2009.
 City of Mississauga, City Hall - Development Charges, <http://www.mississauga.ca/portal/residents/developmentcharges>, viewed on March 16, 2009.
 Note: The cities of Kitchener, Waterloo and Cambridge have Non-Residential Development Charges. The City of Kitchener development charge is an average of the four classifications. For the Commercial development charge, the Non-retail development charge was used for the Town of Milton and the Non-industrial development charge was used for the Cities of Brampton and Mississauga. Development charges include the lower and upper-tier municipality charges (where applicable) and exclude school board charges.

The cost of labour is a significant expense for businesses. A comparison of wage rates in the economic region in which Guelph is a part to those in Toronto reveals that there is a cost savings associated with being located outside of Toronto. Employer occupations in Guelph’s educational services, tourism and key target sectors were used in the comparison. Lower wage rates in comparison to Toronto makes Guelph and the economic region a more attractive location for employer retention and expansion. Some of the employment occupations where there is a significant savings are among University professors, Insurance underwriters, labourers in Chemical Products Processing and Utilities, and biologists and related scientists. (See Figure 5.27.)

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Figure 5.27: Average Wage Rate Comparison (Guelph vs. Toronto), 2007

Employment Occupation	Waterloo Region, Huron, Perth, Wellington and Dufferin Counties	Toronto	Difference	% Difference
Construction Managers	\$25.85	\$25.05	\$0.80	3%
Insurance Underwriters	\$18.47	\$22.35	(\$3.88)	-21%
Shippers and Receivers	\$15.26	\$13.50	\$1.76	12%
Biologists and Related Scientists	\$26.75	\$30.40	(\$3.65)	-14%
Registered Nurses	\$31.57	\$32.30	(\$0.73)	-2%
University Professors	\$32.78	\$46.27	(\$13.49)	-41%
Retail Sales Persons and Sales Clerks	\$11.07	\$11.45	(\$0.38)	-3%
Food and Beverage Servers	\$9.00	\$10.75	(\$1.75)	-19%
Operators and Attendants at Amusement, Recreation and Sport	\$12.21	\$11.05	\$1.16	10%
Machinists and Machining and Tooling Inspectors	\$19.27	\$18.35	\$0.92	5%
Industrial Electricians	\$25.84	\$24.85	\$0.99	4%
Carpenters	\$20.98	\$23.20	(\$2.22)	-11%
Truck Drivers	\$17.90	\$17.90	\$0.00	0%
Labourers in Chemical Products Processing and Utilities	\$14.80	\$17.75	(\$2.95)	-20%

Source: Service Canada, Wage Report, 2007.

5.13 Industrial & Commercial Tax Rate Comparison

A comparison of the industrial and commercial tax rates in the region provides an indication of the expected property tax costs for new or existing companies in the community. Guelph's industrial property tax rates are higher than those for the cities of Waterloo, Cambridge and Kitchener, but commercial tax rates are lower than in these cities. (See Figure 5.28.) The communities of Milton, Brampton and Mississauga have lower industrial and commercial tax rates than Guelph. However, the higher assessment values on average for industrial and commercial properties in these communities in comparison to Guelph would drive up property tax costs for businesses.

5.14 Residential/ Industrial & Commercial Assessment Balance

An analysis of the residential versus industrial and commercial assessment base indicates the reliance on the residential assessment base in funding the tax levy. A community such as Mississauga has attracted significant non-residential investment comprising 25% of the assessment base. (See Figure 5.29.) The City of Guelph's assessment base is 85% residential and 15% commercial/industrial, similar to the 84/16 split for Kitchener and Waterloo.

Parallel results occur when actual tax revenue sources are considered. Communities such as Mississauga and Cambridge receive a strong percentage (45%) of their tax revenue from the commercial and industrial property base. (See Figure 5.30.) Guelph receives 35% of its tax revenue from the commercial and industrial tax base, which is similar to the cities of Kitchener, Waterloo and Brampton.

Figure 5.28: Industrial and Commercial Property Tax Rate Comparison, 2008

Property Class	Guelph	Milton	Waterloo	Cambridge	Kitchener	Brampton	Mississauga
Industrial	5.47580%	3.52601%	5.14936%	5.22356%	5.20199%	3.21817%	2.98818%
Commercial	3.93392%	2.36400%	4.21598%	4.27944%	4.26100%	2.82516%	2.64057%

Source:

City of Guelph 2008 Tax Rates, <http://guelph.ca/living.cfm?itemid=46210&smocid=1817>, viewed on May 13, 2009.

Town of Milton 2008 Summary of Tax Rates, <http://www.milton.ca/corpserv/tax/Taxrates2008.pdf>, viewed on May 13, 2009.

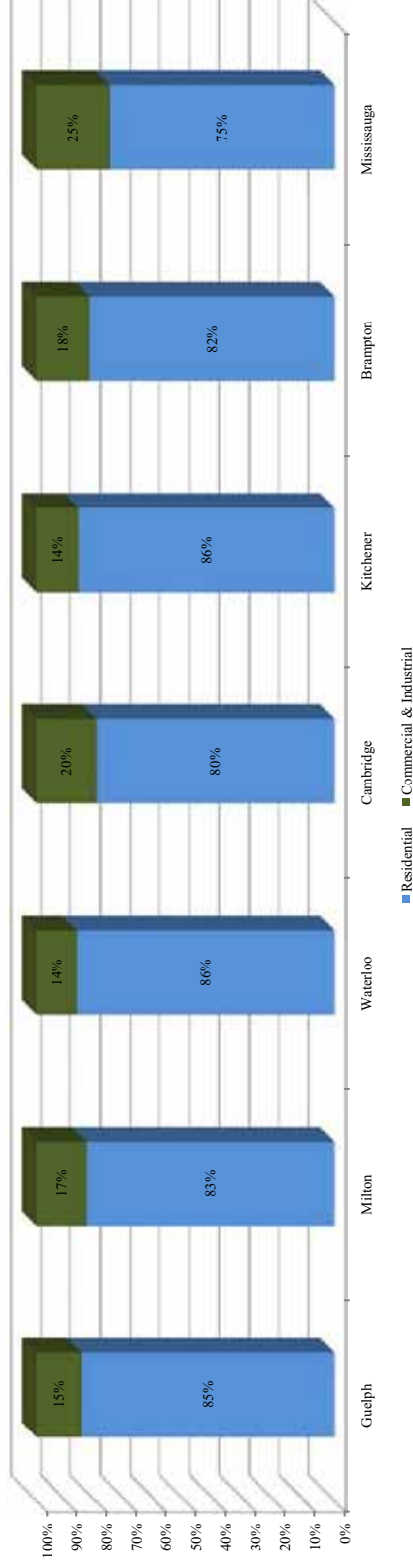
City of Waterloo Tax Rate 2008 Final, http://www.waterloo.ca/Portals/57ad7180-c5e7-49f5-b282-c6475cdb7ee7/CS_FINANCE_Revenue_documents/2008TaxRate.pdf, viewed on May 13, 2009.

City of Cambridge 2008 Tax Rates, <http://www.cambridge.ca/relatedDocs/TaxRates2008.pdf>, viewed on May 13, 2009.

Region of Peel Property Tax Policy Handbook, Appendix 1, <http://www.peelregion.ca/finance/tax-handbook/2008pdfs/appendix1.pdf>, viewed on May 13, 2009.

Figure 5.29: Taxable Assessment Comparison, 2007

Property Class	Community						
	Guelph	Milton	Waterloo	Cambridge	Kitchener	Brampton	Mississauga
Residential	\$8,674,653,976 85%	\$6,236,699,710 83%	\$8,229,929,987 86%	\$7,823,584,392 80%	\$13,150,598,179 86%	\$34,645,657,376 82%	\$61,568,791,015 75%
Commercial & Industrial	\$1,588,961,465 15%	\$1,286,198,325 17%	\$1,317,226,038 14%	\$1,986,772,423 20%	\$2,218,558,086 14%	\$7,638,055,530 18%	\$20,089,879,069 25%
Total	\$10,263,615,441 100%	\$7,522,898,035 100%	\$9,547,156,025 100%	\$9,810,356,815 100%	\$15,369,156,265 100%	\$42,283,712,906 100%	\$81,658,670,084 100%

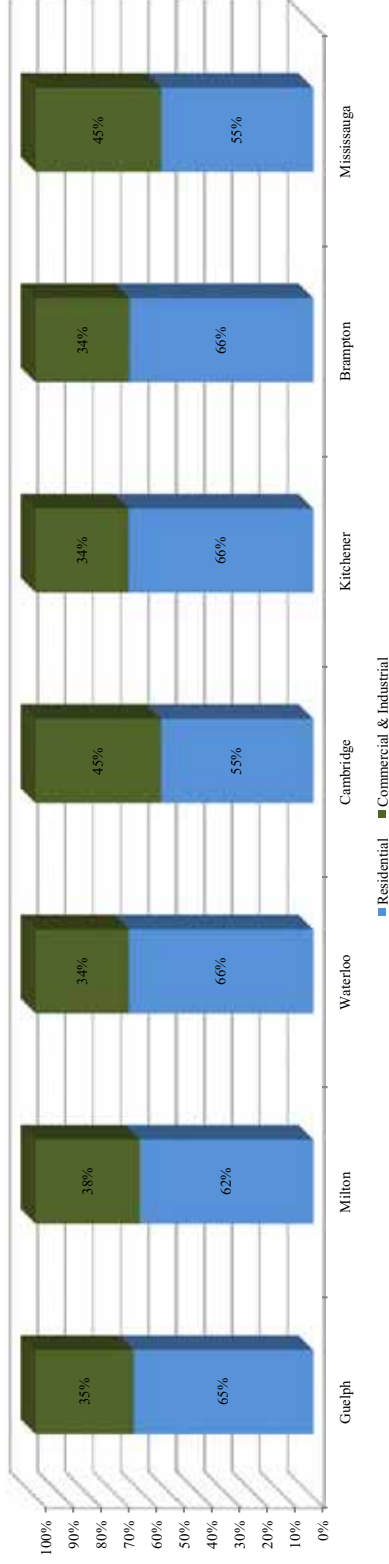


Source: Ministry of Municipal Affairs, Province of Ontario, 2007 Financial Information Returns for the Cities of Guelph, Waterloo, Cambridge, Kitchener, Brampton and Mississauga and Town of Milton, Schedule 22.

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Figure 5.30: Taxation Revenue Comparison, 2007

Property Class	Guelph		Milton		Waterloo		Community Cambridge		Kitchener		Brampton		Mississauga	
	Taxation Revenue	% of total	Taxation Revenue	% of total	Taxation Revenue	% of total	Taxation Revenue	% of total	Taxation Revenue	% of total	Taxation Revenue	% of total	Taxation Revenue	% of total
Residential	\$122,865,140	65%	\$52,790,678	62%	\$106,734,045	66%	\$102,774,629	55%	\$178,301,936	66%	\$420,004,989	66%	\$634,971,732	55%
Commercial & Industrial	\$67,550,238	35%	\$32,010,429	38%	\$54,616,548	34%	\$85,102,981	45%	\$90,920,898	34%	\$216,791,735	34%	\$526,684,732	45%
Total	\$190,415,378	100%	\$84,801,107	100%	\$161,350,593	100%	\$187,877,610	100%	\$269,222,834	100%	\$636,796,724	100%	\$1,161,656,464	100%



Source: Ministry of Municipal Affairs, Province of Ontario, 2007 Financial Information Returns for the Cities of Guelph, Waterloo, Cambridge, Kitchener, Brampton and Mississauga and Town of Milton, Schedule 22.

6.0 OPERATING CONTEXT

The Operating Context describes the City of Guelph's employment lands inventory, servicing infrastructure plans for accommodating growth, and transportation network improvement plans for moving people and goods.

6.1 Employment Lands

The City of Guelph's *Employment Lands Strategy Phase 1* (2008) identified the following employment areas, shown in Figure 6.1:

- Northwest Guelph Industrial Area;
- Hanlon Business Park;
- Hanlon Creek Business Park;
- South Guelph Industrial Area;
- York-Watson Industrial Park;
- Guelph Innovation District;
- University of Guelph Research Park; and
- Remaining employment lands *and brownfields sites* throughout the City.

The Northwest Guelph Industrial Area (except for smaller infill parcels of land), Hanlon Business Park, York-Watson Industrial Park and University of Guelph Research Park have already been developed and are essentially built out.

The Employment Lands Strategy identified a net vacant developable employment land supply of 718 hectares in the City of Guelph. These lands are primarily distributed among the South Guelph Industrial Area (200 hectares), the proposed Guelph Innovation District (161 hectares) and the new Hanlon Creek Business Park (153 hectares). A brief description of each follows.

The South Guelph Industrial Area is currently under development by the private sector. There are roughly 48 hectares of currently serviced vacant land. A range of industrial uses is permitted including manufacturing, warehousing and distribution facilities. Existing companies in the area include the DENSO Manufacturing Canada plant, a major distribution facility for TDL Group (Tim Horton's) and the new home of the Ontario Ministry of Government Services data centre, which is currently under construction.

Planning is underway for the Guelph Innovation District through a secondary planning land use study and development of a Life Science and Innovation Cluster Study in Agri-Technologies and Environmental Technologies. These lands are not yet serviced to accommodate new development.

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The City has defined the following vision for the District:

“The Guelph Innovation District will be a new kind of employment area in the city. It will strive to be carbon neutral; house an innovation cluster with thousands of employment opportunities; and offer a complete community with appealing places to live, work and play in a setting that is rich in natural and cultural heritage.”

The new Hanlon Creek Business Park is a public/private development that will include a wide range of corporate uses - research and development facilities, computer, electronic and data processing, office and administrative facilities, hotels, manufacturing, processing and warehousing within fully enclosed buildings. Phase 1 of the Hanlon Creek Business Park is scheduled to be serviced in mid 2009 with lands being available for sale in late 2009/early 2010.

The remaining employment lands throughout the City and any brownfield sites serve as opportunities for infill development for businesses.

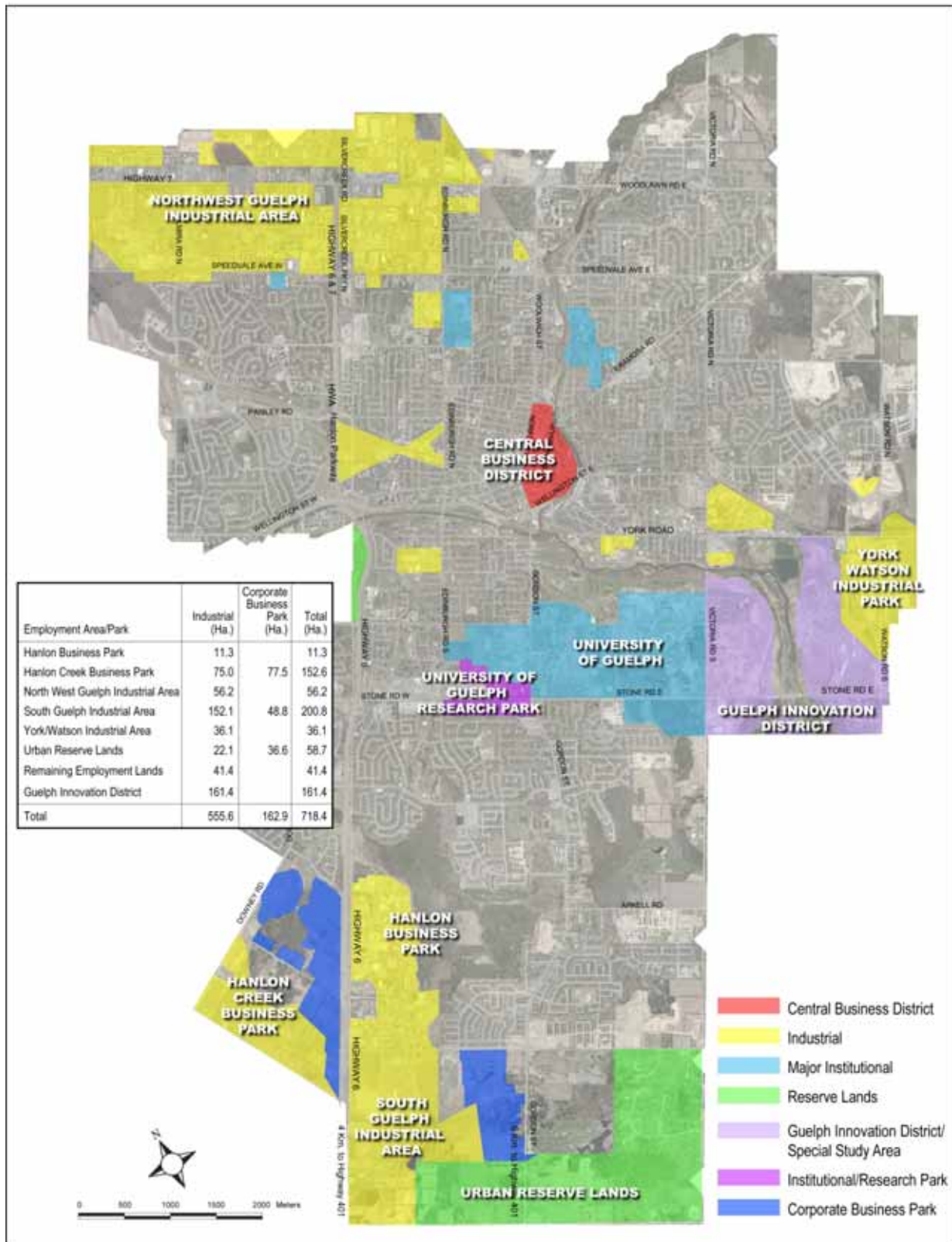
In terms of competitive land supply in the region around Guelph, 2,530 net hectares of vacant employment land were identified in the *Sustainable Halton: Land Supply Analysis* report.⁴³ These were located in the communities of Burlington (460 hectares), Oakville (820 hectares), Milton (880 hectares) and Halton Hills (360 hectares). The report identified a need for 480 net hectares of additional employment land outside current urban boundaries to accommodate growth to 2031.

The Region of Waterloo identified 191 hectares of vacant serviced and unserviced employment land in the communities of Cambridge (94 hectares), Kitchener (33 hectares), Waterloo (3 hectares), Woolwich (42 hectares), North Dumfries (12 hectares), Wilmot (5 hectares) and Wellesley (1 hectare).⁴⁴ These respective inventories indicate Guelph is well positioned to accommodate new business growth on employment lands, and is in a much stronger supply situation than is Waterloo Region to the west.

⁴³ Region of Halton (2007), *Sustainable Halton: Land Supply Analysis*, November 2007, completed by Hemson Consulting Ltd.

⁴⁴ Region of Waterloo, Planning, Housing and Community Services Department (2008), *2008 Industrial and Business Park Vacant Land Inventory*.

Figure 6.1: Guelph's Employment Lands



Source: Phase 1 Employment Land Strategy, prepared by Watson & Associates Ltd, July 2008.

6.2

Municipal Servicing Infrastructure

Investment in municipal servicing infrastructure will be required to support further employment growth.

The City of Guelph *Water/Wastewater Servicing Master Plan* (December 2008) is intended to enable several growth priorities over the next 10 years:

- Continued growth in approved development areas in the south end;
- Development of the Guelph Innovation District area; and
- Intensification in the downtown core.

The plan anticipates expansions to water and wastewater treatment capacity to accommodate growth to and beyond the 2031 horizon. Figure 6.2 describes the location of the planned investments in municipal servicing infrastructure over the short (0-5 years) and long (5-10 years) term.

Over the short term, new water infrastructure is expected to include:

- Installation of transmission mains to improve service to existing and new customers in the far south end of Guelph; and
- Installation of an east-west transmission main in the Guelph Innovation District Area.

New wastewater services infrastructure in the short term is expected to include:

- Completion of the York trunk sewer to allow development of the Guelph Innovation District lands as well as intensification in the downtown core;
- Provision of additional storage within new trunk sewers to trim peak flows at the Wastewater Treatment Plant; and
- Replacement of the Stevenson Street trunk sewer to allow for intensification.

Over the medium term, new water infrastructure is expected to include:

- Additional watermains to eliminate dead ends and cross the Hanlon Expressway at Kortright Road;
- Improvement of east-west transmission including a new main from Woods pumping station westward towards the Hanlon Expressway; and
- Looping of a transmission main around Stevenson and Emma Streets.

New wastewater services infrastructure for the medium term is expected to include:

- Replacement of the Speed trunk sewer from east of the Hanlon Expressway to Eramosa Road, Water Street collector and Downey Road trunk.

Over the long-term, new water infrastructure is expected to include:

- Completion of the downtown transmission main to service intensification and transmit water from new water supply facilities located outside of the City. This includes the proposed surface water treatment plant and aquifer storage recovery system at Guelph Lake; and
- Installation of a new watermain along Woodlawn Road on the northern City boundary to facilitate improved east-west transmission and growth in the north end of the City.

Wastewater servicing over the long term is expected to include:

- Replacement of the Waterloo Avenue Trunk Sewer from east of the Hanlon Expressway to Yorkshire Road.

With water supply and wastewater treatment and distribution plans in place to 2031 the City of Guelph is well positioned to service future growth areas during the implementation of *Prosperity 2020*.

6.3 Utilities Infrastructure

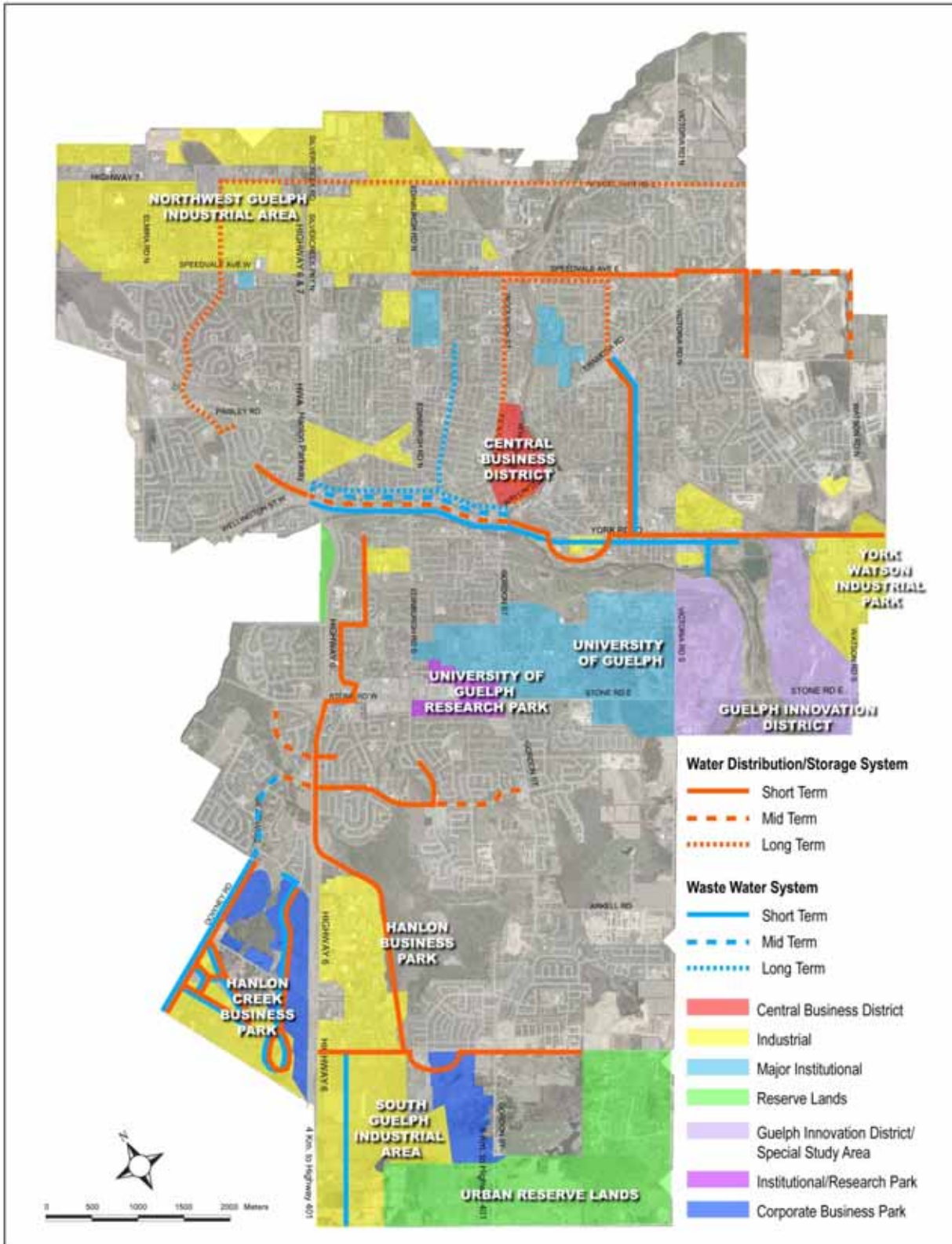
Utilities infrastructure, including electricity and natural gas distribution facilities and telecommunication networks are basic to accommodating future employment and population growth. For the private utilities, expansion of these networks is typically driven by assessments of market demand and a business case analysis. As is the case for municipal services, planning for the supply of electrical infrastructure is driven by analysis of future residential and industrial/commercial development needs.

The City's commitment to the Community Energy Plan will have implications for the utilities infrastructure capacity and create business opportunities. Energy efficiencies created through building design, conservation and redistributed energy in industrial processes and [potentially] district heating networks will help support residential and industrial/commercial growth in a sustainable manner.

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Figure 6.2: Guelph's Employment Land Areas & Infrastructure Servicing Plans



Note: Servicing lines are approximate locations.

Source: Guelph Water/Wastewater Servicing Master Plan, completed by Earth Tech Canada Inc., December 2008.

As of 2009, there are electrical servicing constraints in the south end of Guelph. As a result Guelph Hydro Electrical Systems Inc. is planning to add transformer station capacity in the south end of the City to service future industrial/commercial and residential development. The additions to Guelph's electrical capacity are expected to be completed by late 2011/early 2012. The electrical servicing capacities in the north and central parts of the city are considered as having the capacity to sustain growth.⁴⁵

Expansions to natural gas lines and distribution facilities are dependent on increased development activity. Natural gas providers will expand their distribution networks where there is increased demand.

Canada's major communications networks provide Guelph residents and business owners with broadband data communications services. A Wi-Fi (Wireless Fidelity) hotspots is in place at the University, and wireless connections are available at some service outlets.

6.4 Transportation Infrastructure

Guelph is serviced by road, rail and air modes. Transportation infrastructure improvements are being contemplated by both the City and the province, as described below.

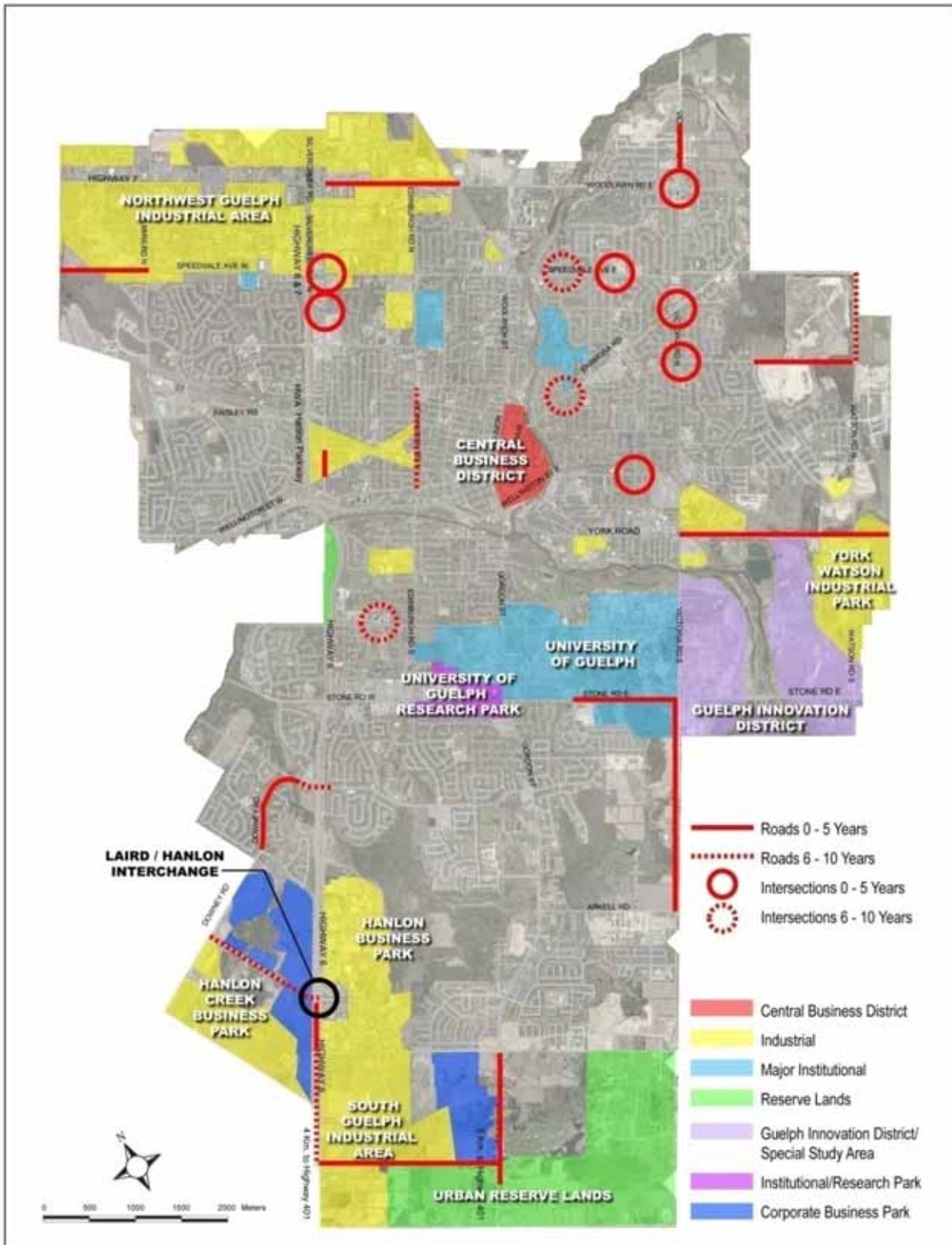
Figure 6.3 provides the location of the planned transportation infrastructure investments over the short-to-long term within Guelph. Over the short term (0-5 years), the City's planned transportation investments include:

- Widening of Gordon Street from Clair Road West to Maltby Road West, an investment in the South Guelph Industrial Area and Urban Reserve Lands;
- Partial widening of Victoria Street from Arkell Road to Stone Road, an investment in the University of Guelph and Guelph Innovation District;
- Widening of York Road from Victoria Road North to the City's east limits, an investment in the Guelph Innovation District and York/Watson Industrial Park;
- Widening to include centre turning lands for Woodlawn Road from Silvercreek Parkway to Nicklin Road, an investment in the Northwest Guelph Industrial Area; and
- Intersection improvements along Victoria Road North and Silvercreek Parkway.

⁴⁵ Discussion with the Director of Engineering for Guelph Hydro Electrical Systems Inc., May 26, 2009.

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Figure 6.3: Transportation Network Improvement Plans



Source: City of Guelph Community Design & Development Services Division, 2009 Tax Supported Capital Budget

Over the long term (6-10 years), the City's planned transportation improvements include:

- The Laird Road realignment from the Hanlon Expressway to Downey Road, an investment in the Hanlon Creek Business Park;
- Upgrades to Edinburgh Road North from Wellington Street to London Road West; and
- Intersection improvements at several locations to improve local traffic flow.

In June 2009, the federal and provincial governments announced that a total of \$44 million from the Infrastructure Stimulus Fund would be directed towards infrastructure investments in Guelph. The City would contribute an additional \$22 million to these infrastructure investments. Over \$50 million would be directed to improving the transportation infrastructure. When the projects are completed over the next two years, Guelph will be better positioned to accommodate growth and intensification.⁴⁶

The Ontario Ministry of Transportation has initiated an Environmental Assessment (EA) for future interchanges/improvements along the Hanlon Expressway from Highway 401 to Wellington Street, including a new interchange at Laird Road/Hanlon Expressway. When constructed, the interchange would be an asset for the Hanlon Creek Business Park and the South Guelph Industrial Area. The City and MTO have entered into a cost-sharing agreement for the interchange. Subject to the completion of the EA process, the new interchange could be in place by 2012/2013.⁴⁷

Outside of Guelph, upgrades to the Highway #7 link to Kitchener-Waterloo and to the Highway #124 link to Cambridge and Highway 401 will improve the movement of goods, services and people into and outside of Guelph.

The City benefits from its proximity to the Waterloo Region, Lester B. Pearson (Toronto), and Hamilton International Airports, which have scheduled passenger air service and air cargo facilities. These are accessible within a half to full hour drive from Downtown Guelph.

VIA passenger and CN Rail freight services are provided by the CN rail line through downtown Guelph. Freight service (and a short-run tourist passenger service) is also provided by the Guelph Junction Rail Line connection to the CP rail network at Campbellville. (See Figure 6.4.)

⁴⁶ Governments of Canada and Ontario (2009), Office of Michael Chong and Office of Liz Sandals, *Canada-Ontario Partnership Creates Jobs, Stimulates Economy in Guelph*, June 5th, 2009.

⁴⁷ City of Guelph (2009), Report to Community Development and Environmental Services Committee, Subject: Hanlon Expressway Environmental Assessment (09-33), March 30, 2009.

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GO Transit is carrying out an EA study for extending GO rail service to Guelph and Kitchener. This study is to determine the demand for rail service and identify station locations, layover facilities and track improvements between Georgetown and Kitchener over a planning horizon of 2011 to 2031. *The existing passenger rail train station in Downtown Guelph is Guelph Council's preferred location for the new Guelph GO station.*⁴⁸

Inter-city bus service is available at Guelph's Downtown Bus Terminal. This terminal provides passenger services through GO Transit, Greyhound Canada and Coach Canada, making Guelph accessible by bus to communities in the Greater Toronto Area as well as other serviced communities throughout Ontario. Local bus service is provided through Guelph Transit.

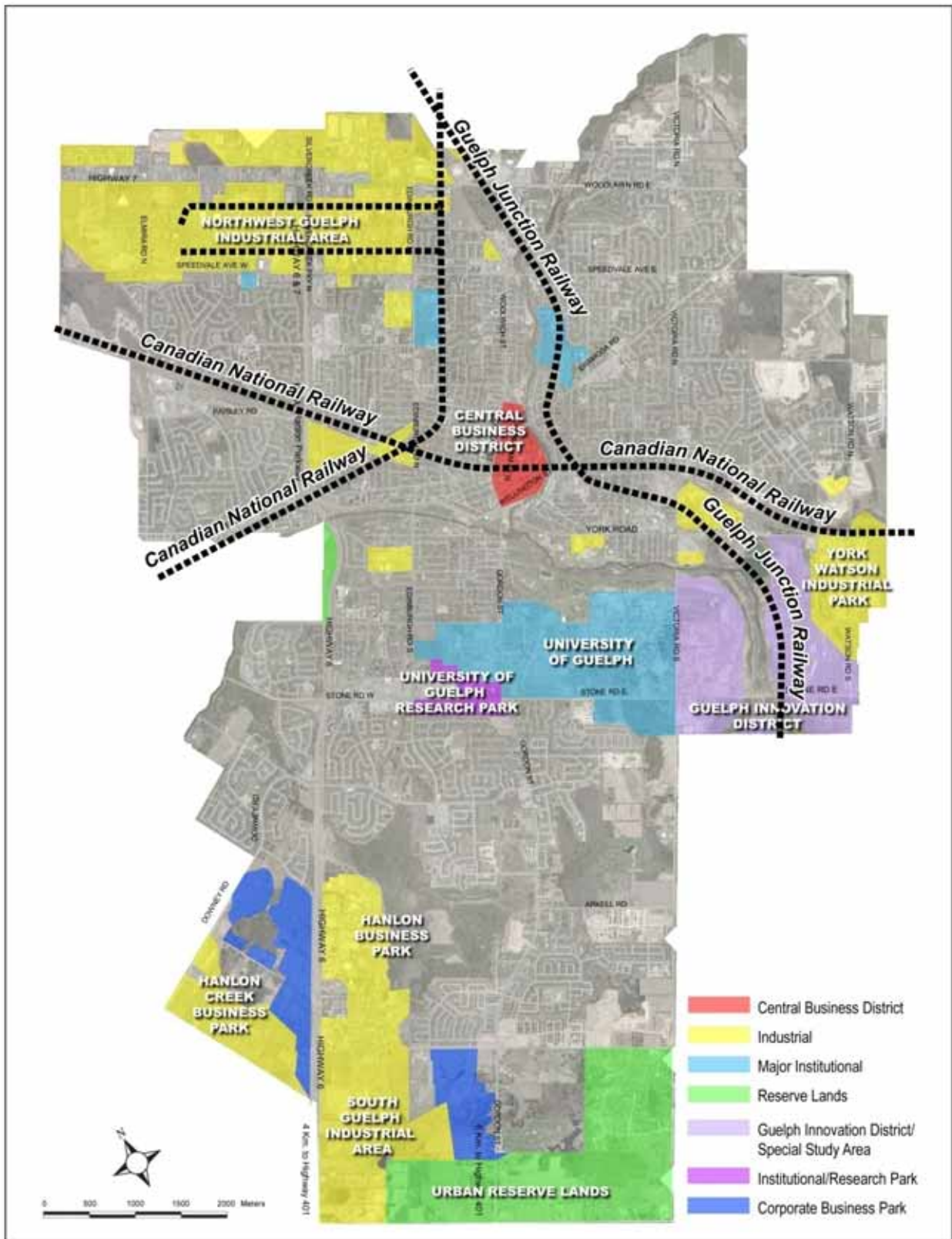
With regard to access and the longer term future, the province has initiated a study to examine the GTA West transportation corridor identified in the Growth Plan, extending from the vicinity of highway 400 in the east to Guelph in the west. (See Figure 6.5.) The focus of the study is to be on developing an integrated, multi-modal transportation system that offers choices for the efficient movement of people and goods.⁴⁹ Consideration of the so-called Mid-Peninsula Corridor between Niagara and the GTA also raises the prospect of a link terminating in the vicinity of Guelph.

A strategic location at the nexus of these corridors would clearly elevate Guelph to a new order of connectivity and attractiveness as a business location.

⁴⁸ City of Guelph (2008), Report to Community Development and Environmental Services Committee, Subject: GO Transit EA for Rail Service Extension (08-125), December 5, 2008. Staff recommendation approved.

⁴⁹ Ontario Ministry of Transportation (2008), *GTA West Corridor Planning & Environmental Assessment Study – Draft Overview of Transportation and Economic Conditions*, prepared by: McCormick Rankin Corporation et al, p.7.

Figure 6.4: Guelph's Rail Network and Employment Lands



Source: City of Guelph (2006), Official Plan, Land Use Schedule 1.

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Figure 6.5: Proposed Regional Highway Improvements



Note: Future Transportation Corridor lines are conceptual and not final locations.

Source: GTA West Corridor Environmental Assessment: Overview of Transportation & Economic Conditions, July 2008.

7.0 COMPETITIVE ADVANTAGES AND DISADVANTAGES

Moving forward from current conditions to definition of a strategy to guide economic development and tourism in Guelph requires a clear articulation of the City's competitive advantages and disadvantages. This section provides preliminary observations about these factors based on the growth expectations, baseline conditions and operating context described over the preceding pages. These will be augmented by a synthesis of insights gained through the study's consultations to provide the foundation for development of the strategy itself, in Phase 2 of the *Prosperity 2020* study.

The section concludes with an overview of next steps in the *Prosperity 2020* process.

7.1 Competitive Advantages

Guelph's has many assets "in place" or in hand to support further development of its economy. These competitive advantages include:

Commitment to Leadership, Innovation and Sustainability

- A City committed to forging a leadership role in making a difference to the lives of its residents, the broader community and the world;
- Commitment to create a Guelph Innovation District to build on the City's agriculture, life science and environmental management strengths;
- An agri-food and innovation network committed to growing local firms; and
- Municipal commitment to supporting innovation and sustainability in managing water and energy resources and distribution, and to exploring how its current and future citizens, visitors and businesses can be best served by municipal services.

Location and Accessibility

- A location outside the GTA Greenbelt and between the major urban markets and research and production centres of both the GTA and Waterloo Region;
- Location in a larger region with vibrant economic growth, attractive rural and tourism assets and a variety of agencies with which to collaborate on reaching strategic objectives;
- Good highway connection to the 401, proximity to three airports, rail service from two national and one local goods movement providers;
- Bus and potential GO Train transit connections to the GTA and Waterloo Region; and
- Provincial study of one transportation corridor and identification of

another that could position Guelph at the nexus of major linkages to the GTA, Waterloo Region, Niagara and the U.S.

Available Employment Land

- A substantial vacant land base in several employment lands/business park locations in the City; with available supply running out in adjacent municipalities to the west and in the east (which have higher land values);
- Lower industrial development charges than neighbouring communities; and
- Municipal infrastructure plans in place to increase the capacity of water, wastewater and roads to accommodate further employment and population growth.

Well Educated, Skilled and Lower Cost Labour Force

- Highly educated labour force; supporting major local and regional presence in the manufacturing, education and government services sectors;
- Lower wage costs compared to cities in the Greater Toronto Area;
- A population base younger than the average for the province or nation, perhaps indicating a smaller exposure to the labour force supply impacts expected from retirements by aging baby boomers; and
- A large component of the labour force that lives and works in the same City.

Presence of Educational Services Sector

- A large Educational Services sector, including the University of Guelph, administrative offices of the Upper Grand District and Wellington Catholic District School Boards and a satellite campus for Conestoga College;
- Strong programs at the University of Guelph in agricultural management, animal and food sciences, environmental management and tourism management that can support growth in targeted industries; and
- Programs tailored to the manufacturing and transportation industries at the Conestoga College campus.

Emergence of Diverse Industrial Sectors

- Diversity in the “knowledge economy” industry sectors experiencing significant employment growth since 2001, including the *administrative and support, waste management and remediation services*, professional, scientific and technical services, and agricultural support sectors;

- Assets in place to benefit from consumer interest in buying local and/or green products and business interest in greening production processes; and
- Continued investment in Guelph locations by private and public sector employers.

Civic and Tourism Assets

- Strong and growing base of assets with which to engage residents of and visitors to Guelph, particularly in the Guelph Downtown, cultural festivals and events and the University of Guelph.

7.2

Competitive Disadvantages

Guelph's economic potential could also be constrained by several competitive disadvantages:

Concentration and Lack of Diversity in Employment Structure and the Labour Force

- The City's concentration of employment in the manufacturing sector makes its economic base more exposed to restructuring in that sector;
- Guelph's relative lack of ethnic diversity may make the City less attractive to the talent required to sustain economic productivity into the future; and
- Underrepresentation in some industry sectors reduces Guelph's resilience to economic shocks, and, with respect to the information and cultural sector and the arts, entertainment and recreation sector could constrain attractiveness to tourists and to companies needing support from those sectors.

Lagging Employment Growth

- *Guelph's employment growth rate has not kept up with the national rate, or with the City's residential growth rate.* This constrains the base for future growth, and shifts the municipal tax burden to the residential base.

Higher Costs

- Higher costs for *purchasing* a home than in neighbouring Kitchener and Cambridge; and
- Guelph has higher industrial tax rates than in neighbouring municipalities.

Limited Reach of Tourism Assets

- Tourism assets that, with the exception of the University of Guelph, do not attract many visitors beyond the Visiting Friends and Relatives (VFR) and short haul (two hour drive and under) markets.

7.3
Next Steps

Completion of the Economic Base Analysis report is a significant milestone in the formulation of the *Prosperity 2020* Economic Development and Tourism Strategy. *Our next step is to craft and confirm with the Mayor's Task Force strategic directions that will diversify and strengthen Guelph's economic and tourism base in a manner responsive to the MTF's four key principles.*

Building on the consultations with the business community, the directions will focus on:

- Fostering economic development and tourism;
- Identifying opportunities for external contributions to implement the initiatives;
- *Setting priorities for those directions and strategies based on the resources available to implement them;*
- Identifying Economic Development Advisory Committee and staff roles and functions; and
- Defining key performance measurements for tracking implementation progress.