

COMMITTEE AGENDA

CONSOLIDATED AS OF NOVEMBER 8, 2013



TO Corporate Administration, Finance and Enterprise Committee

DATE Tuesday November 12, 2013

LOCATION Council Chambers, Guelph City Hall, 1 Carden Street

TIME 5:30 p.m.

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

CONFIRMATION OF MINUTES- October 15, 2013 open meeting minutes

PRESENTATIONS (Items with no accompanying report)

a) None

CONSENT AGENDA

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Corporate Administration, Finance & Enterprise Committee Consent Agenda will be approved in one resolution.

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
CAFE-2013.36 Council Remuneration – Citizen Review Committee			
CAFE-2013.37 Downtown Renewal Update & Guelph Economic Investment Strategy Discussion (report attached)	<ul style="list-style-type: none">Ian Panabaker, Corporate Manager Downtown Renewal (20-30 minute presentation)		√

Resolution to adopt the balance of the Corporate Administration, Finance & Enterprise Committee Consent Agenda.

ITEMS EXTRACTED FROM CONSENT AGENDA

Once extracted items are identified, they will be dealt with in the following order:

- 1) delegations (may include presentations)

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- 2) staff presentations only
 - 3) all others.

STAFF UPDATES AND ANNOUNCEMENTS

ADJOURN

NEXT MEETING December 3, 2013

STAFF REPORT



TO Corporate Administration, Finance and Enterprise Committee
(CAFE)

SERVICE AREA Finance and Enterprise Services: Downtown Renewal

DATE November 12, 2013

**SUBJECT Downtown Renewal Update & Guelph Economic
Investment Strategy Presentation**

REPORT NUMBER FIN-DR-13-05

EXECUTIVE SUMMARY

SUMMARY OF REPORT

This report discusses the role of Enterprise Services which operates as collaborator, facilitator and sometimes developer, in achieving growth in Guelph's economy and value. The role of the City in creating an active investment environment becomes increasingly important in an intensification focused growth plan. This is a challenge to the past practice of growing the edges of the city and Downtown Guelph is one of the first initiatives to focus on the issues of intensification.

Investment in Downtown Guelph is a priority identified in Prosperity 2020 and is implemented through the Downtown Secondary Plan and Downtown Community Improvement Plan. Investments to date have had early success and the momentum is significant. The complexity and challenge to continue the early momentum is raising the need to discuss a more comprehensive investment approach.

The attached presentation provides a high level update to Downtown Renewal activities and detailed initiatives underway. It identifies the need to begin a conversation on a comprehensive investment strategy to provide the ability to maintain early momentum and investor confidence.

Following the approval of the Downtown Secondary Plan in 2012 and the early private sector development approvals, further implementation projects were initiated in 2013. These detailed projects, such as the Parking Master Plan and Baker Street business case development have begun to highlight for staff the risk of incremental decision making outside of an integrated investment framework.

To provide context to the Baker Street business case analysis Staff developed a Downtown Strategic Assessment which begins to provide the rationale and

framework for individual projects and their need for coordinated implementation.

The presentation describes the early findings from the detailed studies and how this is shaping a conversation with Council over the next months.

KEY FINDINGS

The Downtown Renewal project is about the transformation of the historic core of Guelph into a significantly more productive and valuable asset for the community and region. Its role in significantly contributing to the economic development of the city, long-imagined, is emerging as a potential early achievement of the Prosperity 2020 Strategy.

The City's Official Plan and economic strategy is projecting an intensification based approach to building the city. This means emanating from the core, community 'nodes' and major infill projects like GID are to be the source of assessment growth in the future. The lessons learned and practices developed from downtown are seen as emerging methodology for economic development over the long-term.

The intensification of Downtown as envisaged in the Secondary Plan represents assessment growth of 3-4 times current assessment value within the planning area. The City plays a significant role and is a long-term beneficiary in creating the environment for this level of economic intensification.

It has become evident to staff that the implementation of Prosperity 2020 and the detailed support required through the Downtown Secondary Plan requires a predictable long-term investment strategy that provides market confidence in the City as partner.

The coordination of initiatives is key. Individual decisions need to be tested always against the overall economic growth assumptions.

FINANCIAL IMPLICATIONS

Individual projects are subject to detailed approvals through Council at the appropriate time. The quantum of potential additional funding to support the implementation strategy for Downtown is appearing in the order of \$60-80M. These additional investments will be presented in coordination with already committed projects so that the entire package can be understood by Council in upcoming workshops and Council sessions. The scale of investment is recognized as very significant however is not out of proportion with the projected growth in downtown over the planning period. It is understood that this investment would be recovered over the period through increased assessment value and therefore tax income. The implications of all of this is to be explored in detail in upcoming Council workshops.

STAFF REPORT

ACTION REQUIRED

Receive

RECOMMENDATION

That the November 12, 2013 committee presentation provided by Enterprise Services, titled 'Downtown Renewal Update and Guelph Economic Investment Strategy Discussion', BE RECEIVED.

BACKGROUND

This report provides a high level update on a number of downtown implementation initiatives and proposes to start a conversation on Enterprise Strategy to further strategic city-building objectives in the Downtown and beyond.

REPORT

ENTERPRISE STRATEGY

The attached presentation provides the context for Enterprise within the corporation. Enterprise is charged with facilitating the creation of new value in the community through economic development and related investment projects to create a more resilient and prosperous city.

As greenfield development evolves into development through intensification, the role of the City is heightened. Greenfields development relies on the private sector to take the risks of creating new parts of the city. Intensification means that the City is more directly part of the development equation and needs to act more deliberately as a collaborative and facilitative partner to re-attract investment to existing areas.

This highlights the need to talk about city-building as investment in economic development and engages staff and Council in a new forward-looking investment approach that includes private partnerships, stakeholder partnerships, asset leveraging, in-kind contributions and conventional financing to name a few of the avenues.

DOWNTOWN RENEWAL INITIATIVES

Downtown Renewal has been engaged in stewarding a number of high profile projects through detailed studies over 2013.

Downtown Strategic Assessment

The Downtown Strategic Assessment, developed with LiveWorkLearnPlay Inc., is background work developed to inform the business and implementation plan for downtown. The work was undertaken initially as part of the Baker Street project to provide the business case framework for

the upcoming investment discussions for the anchor use on the site. The study however quickly evolved to encompass the downtown as a whole and has become a touch-point for a variety of decisions and directions on other initiatives and projects.

The Assessment provides market, user attraction and physical and environmental strategies to create the economic environment for growth and continued private investment. The Assessment outlines a series of strategies on how to coordinate and get synergistic benefit from discrete projects. It has been used to inform the terms of reference for projects such as the Parking Master Plan, Streetscape and Public Realm Manuals, as well as the Joint-Campus Business Case development.

The complete implementation of activating downtown Guelph to its highest potential requires a consistent focus on business outcomes (more activity) and touches on a number of City-owned or operated services that will require additional discussions and potential re-alignments. This relates substantially to the role of City-owned anchors such as the Sleeman and RiverRun centres as well as the Museum and public squares. While it is too early to indicate a dollar amount, investments in these facilities to enhance performance as interconnected attractions is a highlight of the report.

Work is ongoing to understand the financial impacts and returns of these types of investment and will form part of the Council discussions in the new year.

Baker Street Development

Downtown Renewal has been working with the Guelph Public Library on the anchor investment of the Baker Street development. The Library's space and programme analysis offers a lot of potential for other community partnerships to take part and create a multi-resourced information centre.

Of note was the interest of Conestoga College and University of Guelph – both academic and student service related – in taking a larger part in the anchor proposition. This downtown educational potential has been also identified by the Joint Campus Business Case study under development between the partners and the City. This has spurred a significant conversation amongst the potential anchor tenants as well as groups such as the YMCA. The potential to create a community anchor of significant scale is real, and at this stage needs the City to begin to lead the collaboration to commitments and funding arrangements.

Proforma work developed to understand the financial parameters of the site and the public role in offering it for development has been undertaken. Based on best-practise analysis of other municipalities achieving these types of mixed public anchors, which have all attracted other levels of government

participation, the early indication of the City's financial stake in the project has been identified as in the order of \$25M.

Parking Master Plan

The Parking Master Plan was started with Public Works at the end of 2012 and had a series of public meetings and input sessions over the course of the spring and summer 2013.

Staff have been creating the financial model which will enable review of scenarios and testing of system performance based on alternative assumptions. This has taken longer than anticipated to

The long term goal of establishing an enterprise style unit which is capable of delivering excellent, customer-oriented service and reliable dividends to the community is indicating to staff that seed investment getting this system on its feet is the probable projection. This represents up to \$30M in capital projects to address outstanding inventory and development needs.

Streetscape and Built Form Manuals Updates

This project has been started with Planning/Urban Design to update both the private development guidelines as well as the public realm assumptions about the upcoming redevelopment of streets and squares. This study is fundamentally about creating the fabric that will tie renewed anchors and activated space together and become the regional attraction that promotes local and out of town tourism as well as increases daily activity. The study will be developing the costs and operating implications for new streets, above and beyond the current baseline engineering projects identified in the current capital plan.

The implication is that the City and its community partners needs to raise their game in operating the animating the downtown as public venue as never before. The Downtown Entertainment District concept is one end of the scale of animation and caretaking that will result in significantly increased attendance and metrics around visitation and daily use. While this animation strategy is not part of the physical design standards being developed, it is implied that is achieved as these spaces evolve. This is also an investment figure to be developed over the course of implementing the Downtown Strategic Assessment.

Infrastructure and Energy

It needs to be recognized that there is already substantial commitment by the municipality to renewing infrastructure and establishing leading energy projects in the downtown. The City's capital plan contains significant projects for the renewal of streets, establishment of new park space, trail improvements and operation of community facilities within the downtown.

STAFF REPORT

Staff are already engaged in all areas to servicing and implementing growth in the area.

The introduction of a Thermal Energy network is another example of coupling long-term community goals to the momentum being created in new growth. The established viability of the city's densest mixed-use fabric supporting the system as well as capturing new users allows the emerging utility to provide highly efficient energy solutions.

This existing commitment in these areas will form part of the financial framing of the overall investment strategy.

Downtown Growth Analysis

Downtown Renewal has been working with Finance to understand the long-term projections of achieving the Downtown Secondary Plan targets and it is summarized as follows:

*All figures present value	2012	2031
		<i>Adding 6,000 new people and 1,500 new jobs</i>
CVA of Urban Growth Centre	\$300,000,000* <small>*excludes non-taxed properties</small>	\$1,300,000,000
Municipal Tax Income	\$4,700,000	\$16,700,000
		<i>Over 3.5X Increase</i>

This is a conservative estimate not based on increased value of existing properties.

It is this scale of transformation, and the early success in achieving it, that is giving Downtown Renewal the confidence to talk about increasing investment in the area to achieve the plan to its fullest extent possible.

STAFF REPORT

SUMMARY & SCHEDULE

The work undertaken to date by Enterprise has laid the foundation to talk about a financial strategy for achieving significant city-building initiatives. Downtown is out the gate first with early momentum however this investment approach is indicative of other Enterprise initiatives such as the future implementation of the Guelph Innovation District or a number of Community Energy related projects.

November 2013	CAFÉ Meeting – November 12 th
January 2014	Council Workshop: Financial tools and options for funding and support of the Guelph Economic Investment Strategy
March 2014	Council Recommendation: Guelph Economic Investment Strategy
Over the intervening months additional detailed reviews of sub-project work will be presented to Council committees to inform the Implementation Strategy decision.	

CORPORATE STRATEGIC PLAN

- 1.3 Build robust systems, structures and frameworks aligned to strategy
- 2.1 Build an adaptive environment for government innovation to ensure fiscal and service sustainability
- 3.2 Be economically viable, resilient, diverse and attractive for business

DEPARTMENTAL CONSULTATION

All departments are engaged in the project.

COMMUNICATIONS

Downtown communications developed through DRO – Initial Release at Mayor's State of The City' Address November 7, 2013.

Enterprise Communications Plan related to 'Guelph Economic Investment Strategy' to be developed as Council discussions take place.

STAFF REPORT

ATTACHMENTS

- ATT-1 DRO Presentation:
"Downtown Renewal Update & Guelph Economic Investment Strategy Discussion"
- ATT-2 Online: DRAFT Downtown Strategic Assessment, November 8, 2013
<http://guelph.ca/downtownbusiness>



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Finance & Enterprise Services

Downtown Renewal Update & Guelph Economic Investment Strategy Discussion

CAFE Committee, November 12, 2013

Agenda

1. Enterprise Context
2. Downtown Projects Update
3. Investment Strategy

Discussion

POLICY CONTEXT

Provincial

Growth Strategy
Energy Strategy

City of Guelph

- Prosperity 2020
- Community Energy Plan
- Secondary Plans: Downtown, GID, Future South-End
- Integrated Operational Review Implementation Strategy

ENTERPRISE STRATEGY

City Building, Growth, Resiliency, Prosperity

EXPANDED ROLES FOR THE CITY

Collaborator
Facilitator
Developer
Investor/Entrepreneur
Delivery Agent
Negotiator

INITIATIVES

DOWNTOWN
REVITALIZATION

GUELPH
INNOVATION
DISTRICT

EMPLOYMENT
LANDS

COMMUNITY
ENERGY

REGIONAL
TRANSPORTATION

SUPPORTS

Client / Stakeholder Services [Facilitating outside investment interests and needs]

Economic Development Framework [BRE; Marketing; Investment Readiness & Support; FDI]

Economic Investment Strategy [Downtown, IMICO, GID, South-End]

Guelph Municipal Holdings Inc

Downtown -- Where We've Been

We've developed a vision:

Prosperity 2020

→ *Invest in the Downtown: target icon status for a vibrant, transit connected, mixed use centre*

Downtown Secondary Plan

We've created momentum:

Public Infrastructure Investments

Downtown Community Improvement Plan Investments

Early private-sector projects

We've started detailed initiatives:

Baker Street Redevelopment

Parking Master Plan

Streetscape & Built Form Guidelines

Downtown Thermal Network

But we have yet to fully frame the big goal...

Downtown -- What We've Learned



What does a 'greatly intensified' Downtown Guelph mean to the City and the Community?

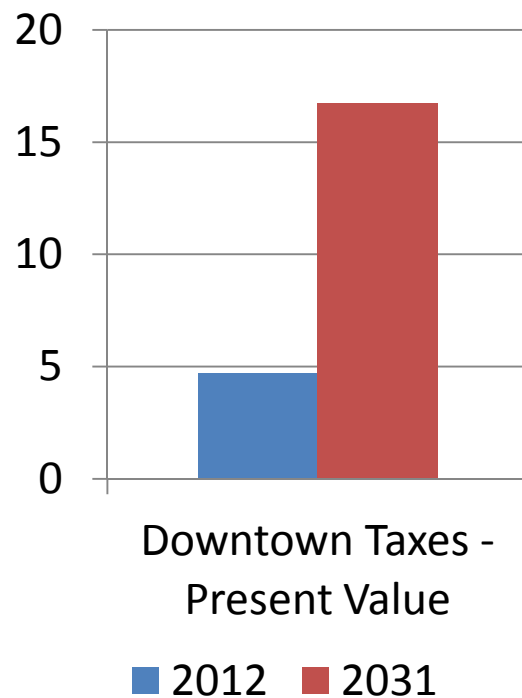
The plans call for adding a subdivision's worth of residential development all the while growing its employment and cultural value

It's about achieving a significant spoke in our economic development strategy

→ its transformational change

Downtown -- What We've Learned

We need to start talking about the project as economic development.

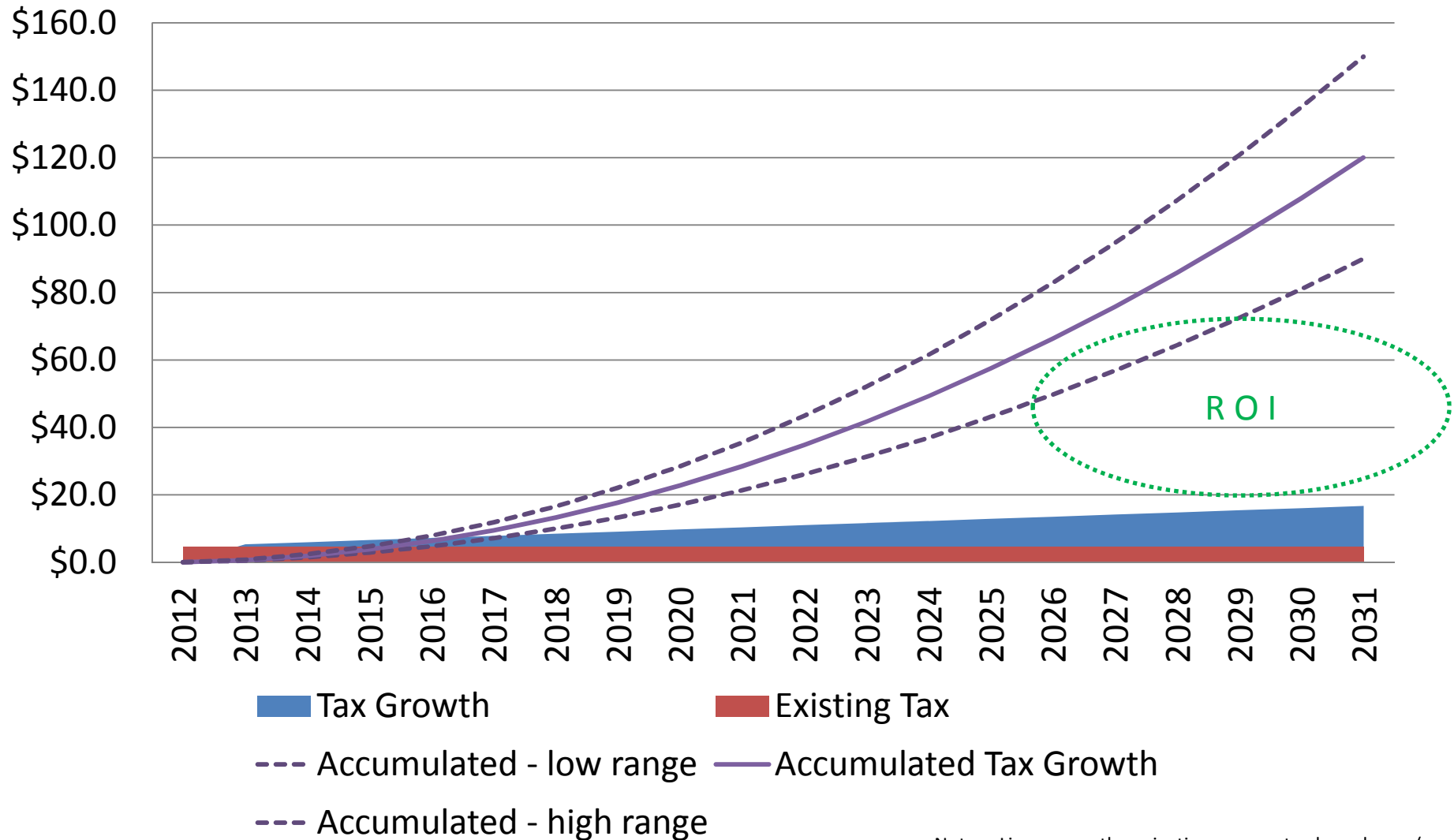


- Its long-term and ambitious – like nothing Guelph has done before
- A fully built-out downtown is **3-4X** more valuable an asset producing **\$3-4X** more taxes.
- A vital downtown is fundamental to **attracting** and **retaining talent** as well as **significant investors** in our community
- Individual **projects need to be tested** against the overall business plan goals

→ the downtown project is valuable to the entire City
→ It's economic development

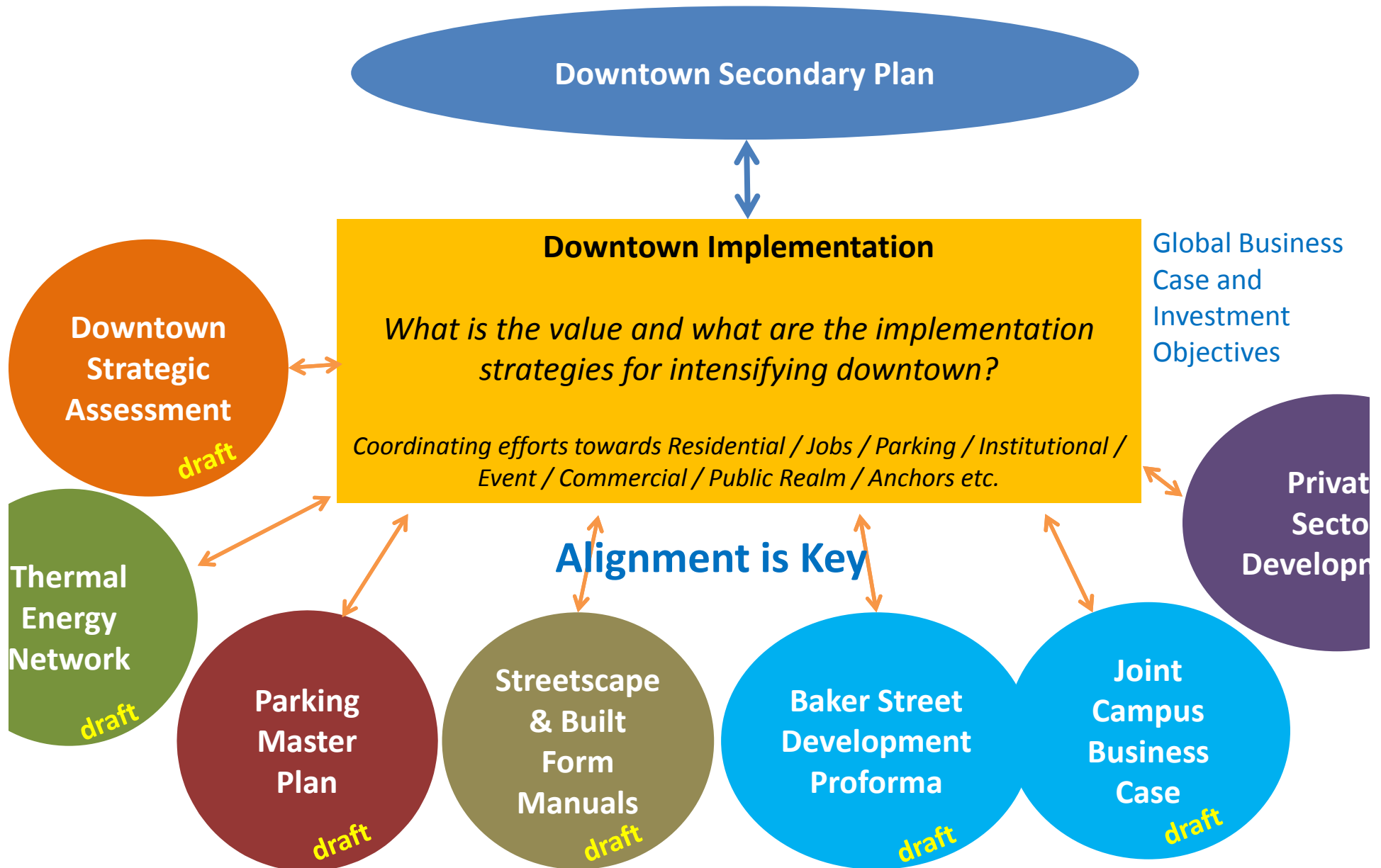
Downtown -- What We've Learned

Downtown Renewal – Projected Tax Income



Notes: Linear growth projection, present values shown (no escalation or appreciation) , range is 25% either side

Downtown -- What We've Learned



Downtown -- What We've Learned



The Downtown Advisory Committee asked Staff:

What is Baker Street's value to the local economy?

→ We developed the **Downtown Strategic Assessment ...**

Downtown -- What We've Learned

Downtown
Strategic
Assessment

draft

The Downtown Strategic Assessment:

- target markets
- attraction strategies
- values and outcomes

children, youth, students, families, zoomers

Residential and employment increases, branding & marketing, physical and operational improvements, strengthened commercial mix, anchor uses optimized

Measures and metrics of success



It confirms that we have been working towards and building the potential to make Guelph great.

→ it's the start of a comprehensive implementation strategy



Understanding End Users

Residents of Guelph



Children

- Child friendly commercial programming
- Safe and healthy environment and activities



Students

- Options for socializing and entertainment
- Informal dining options, Increasing student space



Young Adults

- Diverse quality shopping experience
- Outdoor recreation and public spaces



Families

- Accessible, affordable and convenient shopping experience
- Activity based entertainment



Zoomers

- Entertainment and cultural activities
- Shopping as lifestyle, leisure and social activity

- Families with children make up 41% of the total census families in Guelph, the highest earners and highest spenders⁽¹⁾

-55% of the population in Guelph earns over \$60,000 annually⁽²⁾

-7,500 projected population growth in the downtown by 2031⁽³⁾

-The population is slightly younger, more affluent, more likely to be married, and more likely to be female when compared with both the Ontario and Canadian averages. These factors suggest disposable income and significant economic potential

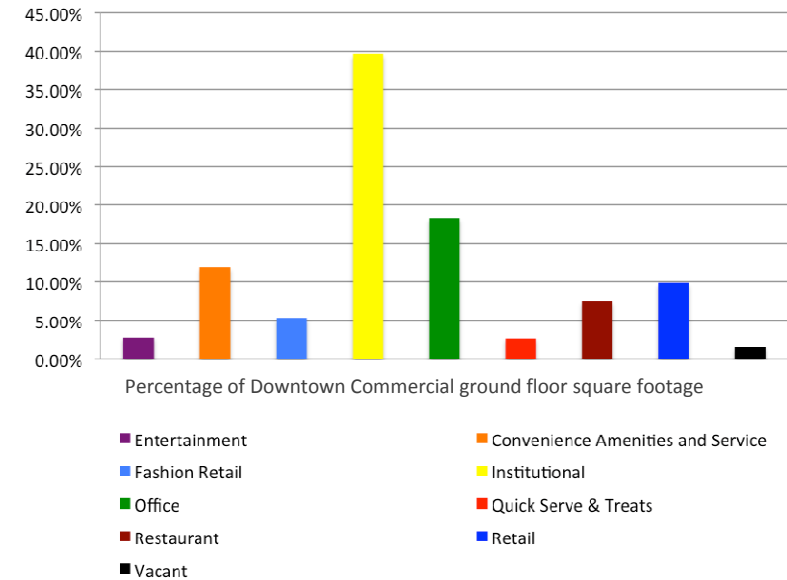
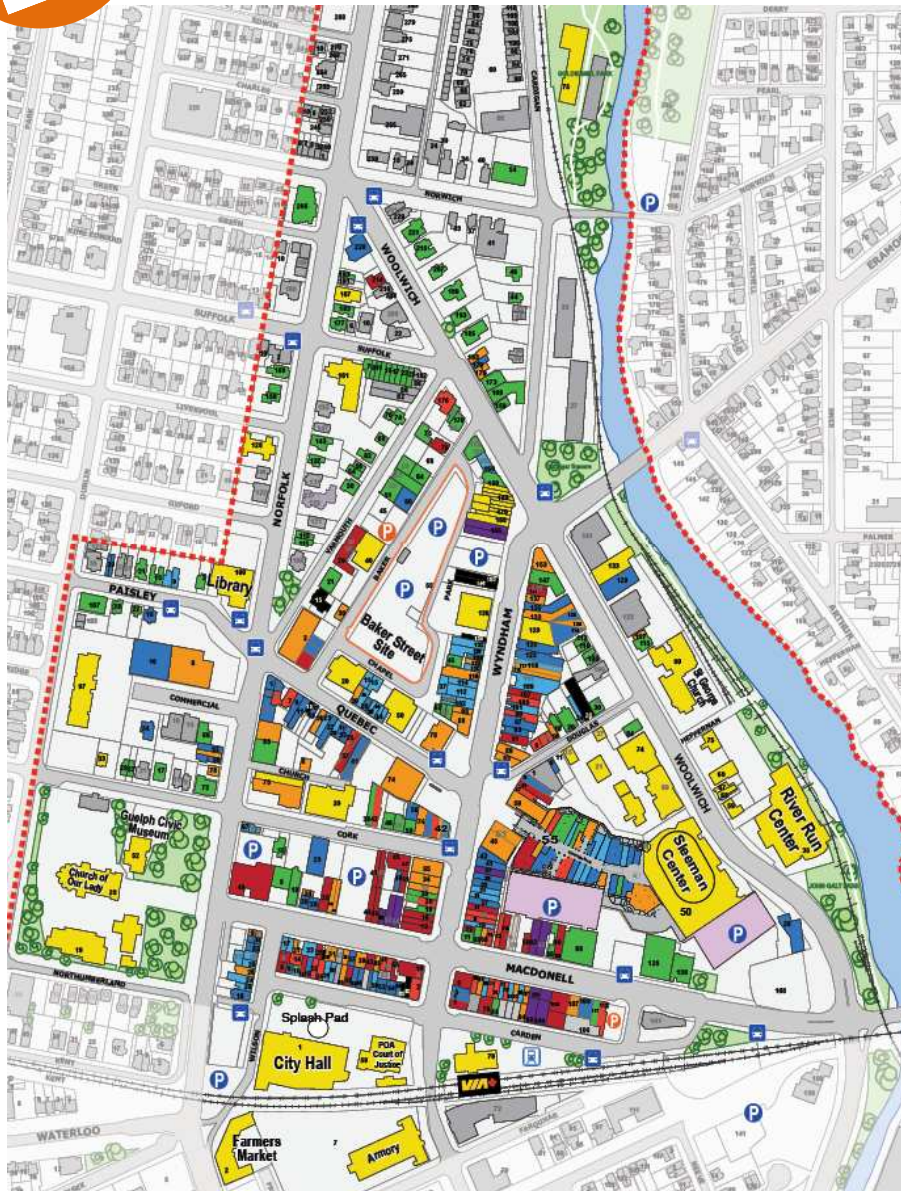
(1)Statistics Canada. (2012). Guelph, Ontario (Code 0343) and Wellington, Ontario (Code 35)(table). Census Profile. 2011 Census.

(2)Statistics Canada. (2007). Guelph, Ontario (Code3523008) (table). 2006 Community Profiles. 2006 Census.

(3)City of Guelph (2012)



Downtown Commercial Inventory



Total ground floor: **1,309,891 sq. ft.***

Number of ground floor uses: **379***

Key Takeaways

1. Significant portion of ground floor sq. ft. is institutional
2. Sufficient variety of goods and services
3. Quality of goods and services to be improved

*Note: As of November, 2012



Downtown Strategic Assessment

Components of Revitalization = Activation

Residential Density:

A priority well on its way.



Employment Density:

Maximize existing assets

Promote as investment area
BRE Program



Branding & Marketing:

Communications

Events
Tourism



Clean, Safe & Convenient:

Parking
Wayfinding



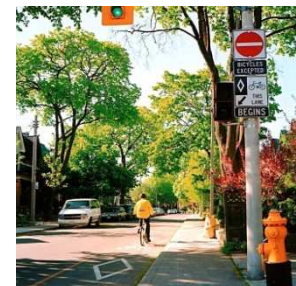
Quality Commercial Mix:

Improve offerings and target new businesses
Special BRE/A Approaches



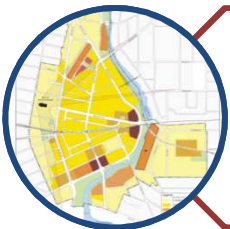
Anchor Uses:

Get more out of the Museum, Entertainment Facilities, Library, City Hall
Etc.





Downtown Strategic Assessment: Has Informed Significant Projects



Downtown Parking Master Plan



Project for Public Spaces (PPS)
Streetscape & Built Form Plans



Joint Campus Study



Baker Street Project

Downtown -- What We've Learned

Baker Street
Development
Proforma

draft

Sub-project

- a potential \$200M+ real estate development
- has uncovered real partnership potentials with the Library:
Conestoga / UofG / YMCA / CSA +
 - the City will need to contribute to anchor and advance partnerships **(\$25M+/-)**
- Needs both the Parking and Institutional investments confirmed to issue RFP

→ a once-in-a-generation investment & partnership opportunity

Downtown -- What We've Learned

Joint
Campus
Business
Case

draft

Sub-project

- Shared initiative between City, County, UofG and Conestoga College
- What is the case for additional investment for college / university-stream programs in Guelph and where?
 - Initial discussions indicating a 'right-sized' College investment Downtown has real potential
 - Study refining targets and parameters for viable expansion in the Guelph market

→ Potential to achieve a significant Prosperity 2020 goal

Downtown -- What We've Learned



Parking
Master
Plan

draft

Sub-project

- Comprehensive review of parking linked to supporting economic development
- Its about how to address long-standing underfunding and support transformational growth & continued business investment
- Early financial modeling indicating public investment required to evolve to a sustainable system (**up to \$30M**)

→ a public infrastructure investment for economic growth

Downtown -- What We've Learned

Streetscape
& Built
Form
Manuals

draft

Sub-project

- Fundamental role of the public realm in activating downtown economy and community identity – Clean and Safe
- Will identify investment beyond already budgeted engineering items (**\$Ms tbd**)
- Will also identify increased investment in programming & operational support (**\$ tbd**)
- Well functioning public space grounds and links other investments to reduce risk of creating isolated investments

→ a community & cultural investment linked to local economy

Downtown -- What We've Learned



Thermal
Energy
Network

draft

Sub-project

- Thermal Master Plan developed jointly by Envida and CEI – Downtown is logical place to start.
- Envida establishing start-up 'John Galt Node' centred on Sleeman Centre plant.
- Local node will be in place to support future development applications and connect to larger system as its established.
- This has challenged existing practices and looks to GMHI to provide business stability

→ using community partners to create strategic value

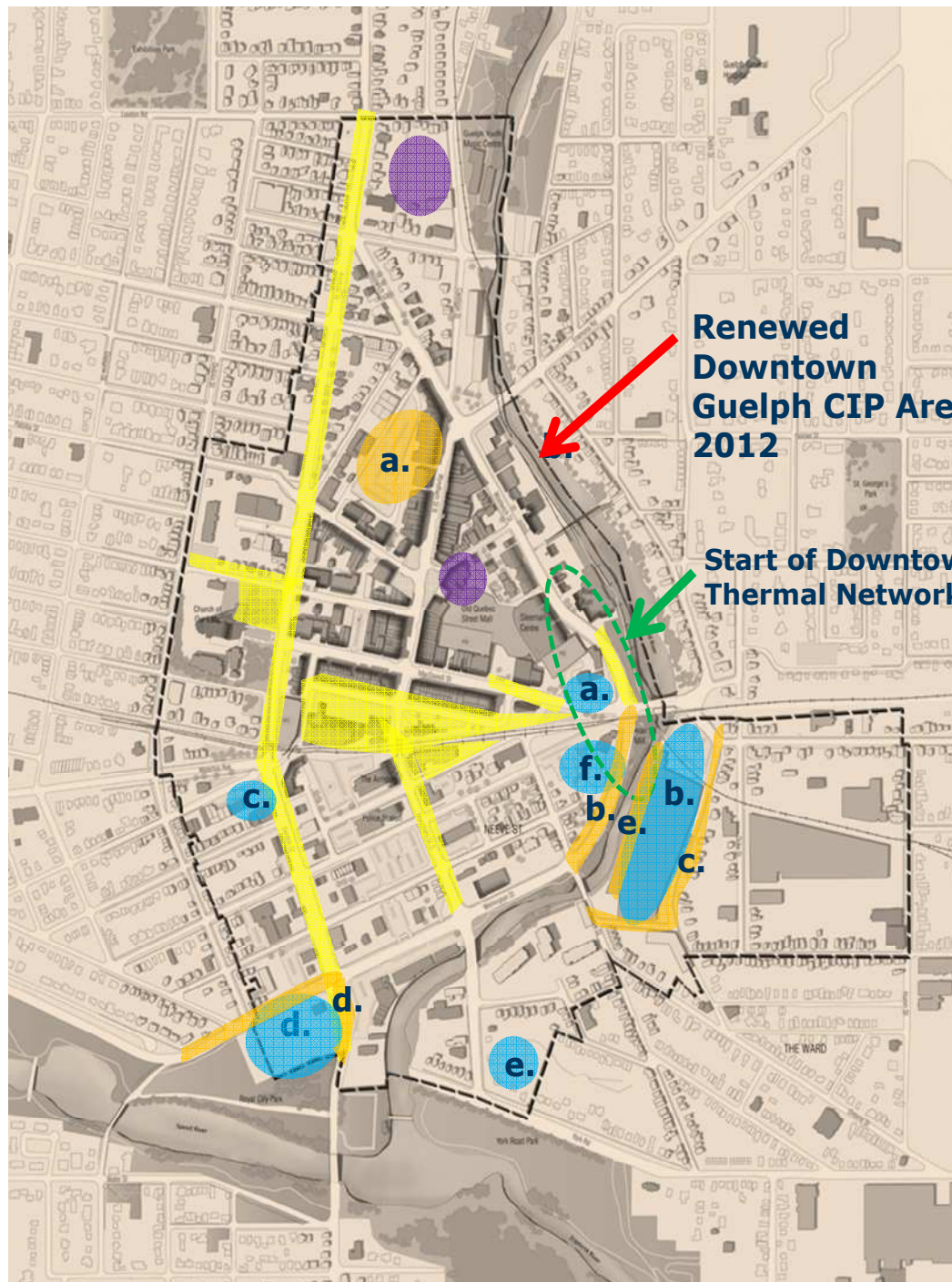
Downtown -- What We've Learned



Private Sector Development

- Private Sector investment continues in the Downtown:
 - 5 Arthur Street (Kilmer/Fusion) – up to 750 units + Commercial: development recommendations upcoming
 - 150 Wellington Street (Tricar) – up to 160 units + Commercial: development recommendations upcoming
 - 40 Wellington Street (Belmont Equity) – 35,000 sqft Commercial: under construction
 - York/Wyndham Townhouses (TerraView) -- 24 units: construction in 2014
 - Other sites emerging

→ All sites present unique challenges to staff, budgets and practices
→ Market looking for ongoing commitment & confidence



STATUS – November 2013

Downtown -- What We've Learned

The projects:

- are complex
- are interdependent
- each require public investment
- will leverage public investments to achieve the larger business case outcomes
- require champions

→ uncoordinated or ad hoc decisions put the overall project at risk

The Emerging Opportunity

While we've seeded early momentum, its time to start talking about a comprehensive investment strategy:

Investment Strategy = (Baker + Streets + Parking + Anchors + CIP + Land + BRE/A) = ROI

... We're where Kitchener was in 2003 – seeing a convergence of opportunities up ahead and figuring out how to seize them...

→ we need to provide predictability and sustained leadership to continue the momentum

The Emerging Opportunity



Kitchener EDIF

2003/4 Kitchener created a \$110M Economic Development Investment Fund:

- + Institutional and Educational Anchors
- + Public Realm projects
- + Parking Investments
- + Incentives Support
- + Social and Innovation Sector Investments

They can now report on the significant impacts of the investments:

- ✓ Assessment Growth
- ✓ Major Employment Gains
- ✓ Residential Investments
- ✓ Partnership Leverage
- ✓ Investor Confidence

→ http://kitchener.ca/en/businessinkitchener/resources/ED_EDIFImpactAnalysis.pdf

POLICY CONTEXT

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SUPPORTS

Client / Stakeholder Services [Facilitating outside investment interests and needs]

Economic Development Framework [BRE; Marketing; Investment Readiness & Support; FDI]

Economic Investment Strategy [Downtown, IMICO, GID, South-End]

Guelph Municipal Holdings Inc

The Enterprise Strategy:

Research

- Due diligence underway: parking, asset management, thermal energy plan, Library partnerships etc.
- Existing and ongoing examples of leveraging city investments or assets – TIBGs, Envida, IMICO
- Strong inter-governmental work underway
- Development of GMHI will play a key role

Guelph Economic Investment Strategy (GEIS)

- Identifying the unfunded priorities and business case values (due diligence)
- Identify our contributions – money?, assets?, process?
- Confidently project strategy to the private sector and partner “marketplace”

→ Strategy Implementation supported through Investment

The Enterprise Strategy:

Next Steps:

- Council workshop on financial framework – January 2014
- Continue to work with partners on Baker anchor development
- Presentation and refinement of individual project findings & financial implications – January thru March
- Comprehensive Investment Strategy recommendation -- End of Q1/2014

Feedback / Discussion