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INVESTMENT ATTRACTION PROGRAM 2011 ANNUAL UPDATE

The Planning and Economic Development Committee recommends adoption of the recommendation contained in the following report dated January 19, 2012, from the Executive Director, Office of the Chief Administrative Officer.

1. RECOMMENDATION

It is recommended that:

1. This report be circulated by the Regional Clerk to local municipal economic development officers, chambers of commerce and boards of trade.

2. PURPOSE

This report updates Council on the progress of the Investment Attraction program in 2011 and outlines 2012 business plan guidelines.

3. BACKGROUND

The Investment Attraction program is a significant activity within the Economic Strategy Branch

The Investment Attraction program is delivered by the Investment and Marketing Section of the Economic Strategy Branch, which now forms part of the Office of the Chief Administrative Officer. The program engages four professional full-time staff and utilizes close to one-third of the Branch resources in activities dedicated to helping facilitate business and investment growth, a primary objective of the Branch. The Investment and Marketing Section works in concert with the Business Development Section of the Branch to provide a full range of business growth support services.

Investment attraction sales and marketing activities target companies outside York Region and focus on prospecting and lead generation and servicing. Local export and business development activities target small to medium sized companies in York Region with more than 10 employees and include advisory consultations to facilitate export and business expansion. Services for local businesses with less than 10 employees are handled by the Business Development Section of the Branch.

The Investment Attraction program supports the Region's job creation objectives through direct service to prospective investors

The Investment Attraction program utilizes a targeted Regional economic development strategy to encourage and facilitate new business investment in York Region as well as assist existing York Region companies to expand their business by reaching global markets. The program is a key component in achieving the job creation objectives in the Regional Official Plan and 2011 to 2015 Strategic Plan.

These investment attraction and business development activities are reflected in the following four core elements of the program's business plan:

1. International and Domestic Investment Attraction, including:
    - In-market prospecting and lead generation to identify and service potential clients (international and domestic) for new business investment in York Region
    - Focused business development visits to mid-size markets that represent potential for investment attraction or export capacity building, in key York Region sectors
    - Incoming/outgoing business missions and delegations

2. Local Business Expansion Engagement, including:
    - Focused business development visits to mid-size markets that represent potential for investment attraction or export capacity building, in key York Region sectors
    - One-on-one advisory consultations with mid-sized companies in York Region to facilitate export or business expansion through referrals, data and partnering
    - Targeted group export development training in collaboration with local municipalities and/or business partners held for companies across the Region

3. Partnership Development with municipalities, industry organizations and the business community in York Region as well as trade and investment multipliers in the Toronto area, Ontario, Canada, and internationally

4. Awareness-building to promote York Region as a business location of choice in the Canadian and North American markets.

The Investment Attraction program focuses on direct business engagement to elicit results

A very strong emphasis is placed on targeted direct engagement of prospective businesses looking to expand or locate in the Region, with job growth as the primary outcome. This emphasis is supported by superior customer service delivery to investment leads, the local business community and York Region municipalities, as well as external partners.

Awareness building and marketing tools undertaken under the “Invest in York” brand are developed to support these business engagement activities.

4. ANALYSIS AND OPTIONS

The 2011 Investment Attraction program activities can be summarized under the major program element headings as follows:

1. International and Domestic Investment Attraction
2. Local and Business Expansion Engagement
3. Partnership Development
4. Awareness-building

1. 2011 INTERNATIONAL AND DOMESTIC INVESTMENT ATTRACTION

The 2011 investment attraction activities facilitated direct business engagements in targeted, high value, sectors

2011 investment attraction activities were focused on York Region’s core business sectors of Information and Communications Technology (ICT), Life Sciences, Clean Technology (CleanTech) and Advanced Manufacturing. These sectors reflect the trend toward high value, technology based jobs and “green” sustainability in the Region’s business base.

Economic Strategy has undertaken several international lead generation and business development activities during 2011, outlined in *Table 1* below.

Table 1
2011 International Lead Generation and Business Development Activities

Date	Activity	Sector	Location
Mar. 2011	Lead generation: International CTIA Wireless expo and conference	ICT	USA
Mar. 2011	Business development: Florida life sciences sector networking	Life Sciences	USA
May 2011	Business development delegation to Israel joint with Town of Markham	Life Sciences	Israel
Jun. 2011	Lead generation: PACKEX/ATX int’l advanced manufacturing expo	Advanced Manufacturing	Canada
Oct. 2011	Business development mission to DEMOgala technology conference, Denver, CO	ICT	USA
Oct. 2011	Lead generation: Solar Power International expo (in part with Ontario CleanTech Alliance)	CleanTech	USA

These activities resulted in outreach during 2011 to hundreds of potential investment leads and directly engaged 200 foreign and domestic corporations to promote York Region as a business location of choice. Fifty-six of those contacts were qualified as leads with a varied degree of interest, and fully serviced as required. Economic Strategy also facilitated upon request local municipal submissions in response to indirect third party investment inquiries. *Charts 1 and 2* provide a breakdown of investment attraction engagements made by region of origin and sector.

Chart 1
2011 Investment Attraction Company Engagements by Country of Origin

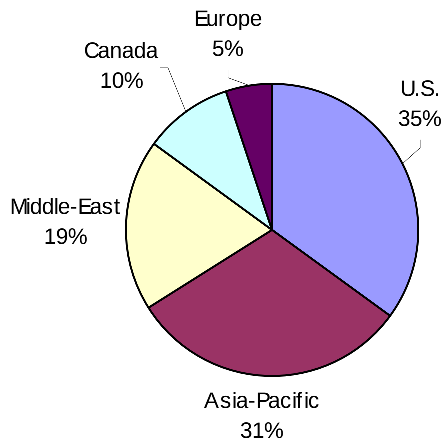
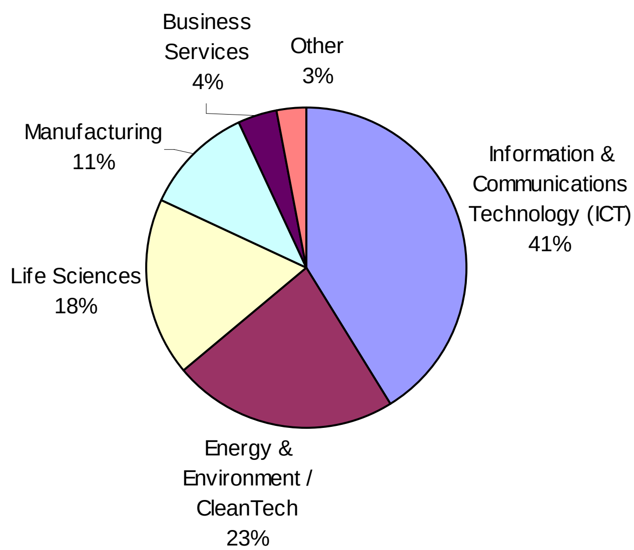


Chart 2
2011 Investment Attraction Company Engagements by Sector



The investment attraction activities resulted in three new investments and several significant business successes in high value sectors

In 2011 Investment Attraction staff facilitated three new investments in York Region creating a minimum of 75 new jobs by the end of 2012. Additionally, a major investment secured as part of the program in 2010 generated up to 270 additional jobs over the initial employment estimate previously reported to Council. *Table 2* summarizes 2011 business investments in York Region that were directly facilitated by program staff:

Table 2
2011 Program Facilitated Investments in York Region

Sector	Investment Type	Company/Business Details	Origin	Location	Est. New Jobs (by 2012)
Information Technology	Direct New	Medical imaging software development (e-health)	Canada	Richmond Hill	20-25
Advanced Manufacturing	Direct New	Precision metal component and semi-conductor materials manufacturing	Iran [Canada]	Vaughan	5
Advanced Manufacturing / Energy & Environment	Indirect New	Solar PV Inverters contract manufacturing for UK company (electronics manufacturing)	Canada [UK]	Markham	50
Energy & Environment	Indirect - Expansion	Jul 2011 expansion - SunEdison / Flextronics Solar PV Modules production line	U.S.	Newmarket	270

Since full program operations began in 2010 York Region's Investment Attraction Program has directly facilitated the creation of over 470 direct new jobs in five investments across York Region in targeted, high value added sectors.

Business missions carried out in partnership with local municipalities directly support local business success

The following is an example of results stemming from the in-market business development activities undertaken in Israel and Denver, CO, USA.

Israel mission attracts technology incubator interest

- The 17 delegate business mission to Israel was led by The Town of Markham, York Region and York University, in partnership with the private sector. The program was planned around the ILSI bio-medical conference in Tel Aviv and included meetings with 28 Israeli technology companies, 12 venture capital firms and six university/hospital technology transfer organizations to showcase York Region as a gateway to the North American market. Follow-up includes a private sector proposal to establish a local technology incubator based on the successful Israeli model.

Denver mission lands deals for York Region companies

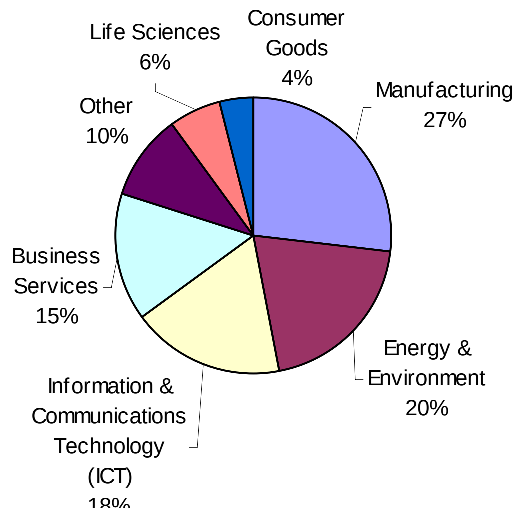
- The Denver, Colorado, business development mission was executed in partnership with the Town of Richmond Hill, the Canadian Consulate in Denver and York Region's business community. The program focused on a showcase and meetings at DEMOGala, Colorado's premier hi-tech industry event, providing significant exposure for the Region in one of the fastest growing technology hotbeds in the U.S. York Region's representation included three private sector ICT companies from Richmond Hill and Aurora. The activity resulted in two of the three participating York Region companies signing commercial contracts with in-market partners, as follows:
- An Aurora based educational software company (15 employees) serviced by the program secured significant investment capital following its participation in the mission. The new capital will enable the company to expand its footprint in the U.S. and European markets as well domestically, resulting in job retention and expansion in York Region.
- A Richmond Hill high-tech company in the area of GPS technology (20 employees) secured a new distribution channel in the U.S. Mountain States area as a result of its participation in the mission.

2. 2011 LOCAL BUSINESS EXPANSION ENGAGEMENT

Over 180 York Region companies were engaged to facilitate export development and business expansion/reinvestment

York Region's investment program also facilitates reinvestment, export development and business expansion within the Region. During 2011 program staff engaged over 180 companies from across York Region representing an estimated 4,000 local employees. *Chart 3* below outlines local client engagements and consultations by sector:

Chart 3
2011 York Region Company Engagements/Consultations by Sector



Services provided to clients within York Region include export readiness assessments, market information and business resources, coaching, business matchmaking and prequalified referrals to trade and government agencies. Some of these agencies include local municipal Economic Development Offices, ventureLAB Regional Innovation Centre, York Technology Alliance, Ontario Centres of Excellence, Ontario Ministry of Economic Development and Innovation, Canadian Trade Commissioner Service, Canadian Export Development Corporation, the Business Development Bank of Canada and others.

The following are examples of client success stories representing the scope of work undertaken to support York Region companies with export development or expansion:

- An East Gwillimbury printing press parts manufacturer (six employees) was prequalified to receive Ontario government Export Market Access funding to promote the company at a major industry trade show in Germany in 2012. York Region’s business development advisor worked closely with the company to facilitate the application through market research, troubleshooting and referrals.

- A Vaughan based subsidiary of a European electrical inverters group searching for an Ontario manufacturing partner was introduced by program staff and Vaughan Economic Development, to a leading Electronics Manufacturing Services firm in Markham. Negotiations are underway between the two companies that may result in new indirect investment in York Region.

3. 2011 PARTNERSHIP DEVELOPMENT

"Invest in York" partnerships strengthened and developed with local municipalities and business stakeholders in 2011

Ongoing partnership development with the local municipalities and economic development stakeholders in York Region resulted in several joint investment attraction and export development initiatives during 2011. Examples include:

- City of Vaughan Economic Development: Partnership with the City and PowerStream to hold a solar energy industry roundtable in Vaughan (April 2011)
- Town of Markham Economic Development: Joint technology business attraction delegation to Israel and work on resulting follow-up initiatives (May 2011)
- Town of Richmond Hill Economic Development: Joint Information Technology (IT) business development mission to Denver, Colorado, and follow up work (October 2011)
- York Region Northern Six (N6) municipalities: 50/50 funding of the Greater Toronto Marketing Alliance's Advanced Manufacturing Initiative program and in-market activity at Solar Power International
- Regional Small Business Enterprise Centres (SBECs) – Markham, Newmarket, Richmond Hill, and Vaughan: Joint annual Import/Export conference featuring over 100 attendees from the local business community (May 2011)
- Vaughan Business Enterprise Centre (VBEC): Joint Export Development workshops for 10 VBEC client companies (March-June 2011)
- ventureLAB Regional Innovation Centre: Joint client servicing resulting in new investments in York Region
- Richmond Hill Small Business Enterprise Centre: Joint Export Development workshop for Richmond Hill client companies (September 2011)
- Workforce Planning Board of York Region: 'Invest in York' life science marketing material for YRDSB and YCDSB career planning event
- Municipal Economic Development Offices - local client referrals and case specific corporate visitations

Program staff also proactively develops and maintains an extensive contact network with industry or trade organizations in the Greater Toronto Area (GTA), Ontario, Canada and internationally to leverage opportunities for export and investment collaboration. During 2011 York Region Economic Strategy engaged over 80 representatives from 50 such industry and government organizations.

Within Canada Economic Strategy emphasizes engagement of the Ontario Ministry of Economic Development and Innovation (MEDI) and the Canadian Trade Commissioner Service. Internationally the Region is establishing, through in-market visits, networks with investment/export partners and multipliers and in 2011 the U.S. states of Florida and Colorado were specifically targeted by the program.

4. 2011 AWARENESS BUILDING

An integrated marketing toolkit established common, Region-wide, messaging in support of Investment Attraction program efforts

A comprehensive integrated marketing toolkit has been finalized in 2011, consisting of an economic profile summary, sectoral brochures, sales presentations, website updates, data sheets, services card and social media pilot. The toolkit utilizes professional designs created by a creative agency in 2010. A short business attraction video is in draft stages and is expected to be introduced in the first quarter of 2012.

The toolkit is being continually improved as it is a critical tool in positioning and promoting York Region as a location of choice for business and investment both within the Region and externally.

Effective investment attraction requires Regional messaging to leverage and showcase economies of scale. Region-wide messaging, positioning and branding incorporated in the marketing toolkit will increasingly play a key role in attracting new businesses.

2012 INVESTMENT ATTRACTION PROGRAM

The 2012 Investment Attraction business plan will continue to focus on lead generation, local business support, and partnership building

The major elements of the 2012 Investment Attraction program will include:

International and Domestic Investment Attraction

- Undertake up to eight in-market activities in pre-identified sectors or markets. Operate in niche foreign markets, target segments or industry events that represent opportunity for high visibility for York Region
- Minimum of 200 direct contacts with potential investment prospects. Utilize complementary desktop marketing tools to reach larger pool of potential contacts
- Increase capacity to service inquiries from domestic (Canadian) investment leads from outside York Region interested in expanding their business locally
- Support, as required, business attraction initiatives of local municipalities where the Region’s economics of scale may enhance value proposition or execution

- Complement international business development initiatives of local municipalities and investment attraction partners such as the GTMA

Local Business Expansion Engagement

- Engage a minimum of 150 York Region companies that have existing potential for job generation/retention through export development or reinvestment
- Explore opportunities to leverage York Region's key immigrant communities in attracting new foreign investment or expanding export development networks
  Partnership Development

Partnership Development

- Expand partnerships with export and investment attraction partners/multipliers to achieve program goals and continue leveraging existing program contacts

Awareness Building

- Refine, update and expand the marketing toolkit, sector value propositions and messaging on an ongoing basis with new data or creative

Lead generation and business support will target key sector opportunities in York Region

The 2012 program's business plan will focus on specific core sectors and sub-sectors in York Region's economy, including:

- Information and Communications Technology (ICT) - Managed Services and Cloud Computing; Enterprise Software; Wireless Network Infrastructure
- Energy and Environment / CleanTech - Smart Grid
- Life Sciences - Healthcare IT/e-Health and Medical Devices
- Advanced Manufacturing
- Agri-Food

These targeted sub-sectors represent sizable business clusters in the Region or strong potential for attracting new investment by either domestic or international companies.

Geographic targets will primarily be the United States, with support for other geographies and an increased emphasis on Canada

In-market activities at select U.S. industry events have proven to be a cost effective strategy for York Region to engage not only potential U.S. prospects but also international companies from Asia-Pacific and Europe considering expansion into the North American market. Economic Strategy plans to continue focusing on the U.S. as a major geographical target for prospecting and lead generation.

Economic Strategy may also engage in activities in other global markets on a case-by-case basis to support initiatives undertaken by the local municipalities or partner organizations that may benefit the regional economy as a whole. Discussions are underway in this respect with several local municipalities that may require professional support from program staff with 2012 municipal investment attraction missions to the Middle East and Europe.

Investment attraction staff will increasingly conduct sales and marketing within Canada to address both domestic and international business attraction, as do many other municipalities across the country.

Local business engagement and support will continue for high growth potential companies in select sectors

Export and business development support activities within York Region will continue to focus on engaging and supporting small to medium size companies in select priority sectors that are best positioned to leverage export and reinvestment strategies for job generation/retention. Small scale businesses will continue to be referred to the Small Business Enterprise Centers (SBECs) operating across York Region.

Metrics of success will be expanded

The economic intelligence and business research component of the program will be expanded to support program activities and introduce further metrics for measuring the economic impact of jobs facilitated by the program such as employment multipliers.

Link to Key Council-approved Plans

The Program directly supports the Economic Vitality section of the 2011-2015 Strategic Plan and the Innovation Economy Section of the draft Vision 2051 by attracting new companies to York Region and supporting York Region companies with business expansion, contributing to local economic growth and job generation or retention.

5. FINANCIAL IMPLICATIONS

The Investment Attraction Program cost of $560,000 accounts for 34% of the overall Economic Strategy and Tourism 2012 proposed budget. The budget includes the cost of four full-time staff, as well as the $100,000 annual contribution to the Greater Toronto Marketing Alliance.

6. LOCAL MUNICIPAL IMPACT

The program is planned and executed in very close partnership with local municipalities and business organizations across York Region. Specific areas of cooperation include marketing and awareness building, in-market business development, export training, market intelligence, corporate visitations and business delegations, prospect servicing and business retention and expansion.

The program created an effective and growing partnership model with the Region's local municipalities and the business community. Feedback on the program from business stakeholders across the Region has been extremely positive and Economic Strategy will continue to evolve local partnerships to promote employment growth in the Region.

7. CONCLUSION

The Investment Attraction program is a significant activity within the Economic Strategy Branch which supports the Region's job creation objectives through direct service to prospective investors. Major program elements include international and domestic investment attraction, local business expansion engagement, partnership development and awareness building.

The 2011 investment attraction activities facilitated direct business engagements in targeted, high value, sectors resulting in three new investments and several significant business successes. As a result, over 350 new jobs have been created and existing companies have secured important contracts and distribution channels, solidifying their presence in the Region. In addition, over 180 York Region companies were engaged to facilitate export development and business expansion/reinvestment, resulting in various businesses accessing new markets and potential partners. The 2011 program resulted in strengthened partnerships with numerous delivery partners and business stakeholders, and the development of an integrated marketing toolkit establishing the common Region-wide message “Invest in York”.

The 2012 Investment Attraction program will build on the successes and partnerships established. Targets will focus primarily on United States and domestic companies, with support as required to local partners on other international markets. The focus will continue to be on sectors of strength in the Region, both locally and abroad. An emphasis will be placed on the economic intelligence and business research component of the program to refine targets, messaging, and develop improved measures of success.

The Program demonstrates the Regional Municipality of York's commitment to enhancing the economic prosperity of the Region and proactively supports the creation of high quality jobs in the Region's local municipalities. Program activities deliver on the ground results, creating new jobs in York Region and facilitating business expansion, export development and local business partnerships.

For more information on this report, please contact Robert Unterman, Program Manager, Business Investment and Marketing at (905) 830-4444, Ext. 1491 or Doug Lindeblom, Director, Economic Strategy, Ext. 1503.

The Senior Management Group has reviewed this report.