

MEMO

To: Committee of the Whole
From: Frank McKeown
Date: May 2, 2018
Re: Committee of the Whole April 3, 2018, Question re: Job Calculations

Thank you for your questions related to the Job Creation calculations.

BEDC will be releasing our annual update in the next few weeks. This will include job numbers from a number of sources. We look at three job sources on a regular basis and then do a fuller analysis of census data every five years. The census data is useful from a different perspective than other labour/job data. The census data is related to place of residence, not place of work. This is a challenge with much of the data available. In Burlington and Halton, we have a high employment participation rate and a low unemployment rate, however this does not mean that all jobs are local. We receive only periodic information on job location and commutes. The last in-depth report for determining place of work and commuting patterns was the 2011-12 Metrolinx Transportation Tomorrow Survey. The **Transportation Tomorrow Survey (TTS)** is a comprehensive travel survey conducted in the Greater Golden Horseshoe Area once every five years; the 2016 data will be analyzed by BEDC and partners when it is made available.

Our three primary job information sources are: 1. Actual ICI development, 2. The Halton Annual Employment Survey, and 3. EMSI Analyst which is a comprehensive regional economy and workforce analysis tool that is provided by the Province of Ontario to economic development organizations to help them understand local workforce trends and compare workforce trends to other municipalities across Canada. EMSI Analyst uses several data sources including Canadian Business Patterns, National Household Survey, Census, Survey of Employment Payrolls and Hours (SEPH), Labour Force Survey (LFS), Canadian Occupational Projection System (COPS) and CANSIM demographics. Further information on EMSI Analyst can be found here <https://www.ontario.ca/page/analyst-statistical-and-financial-analysis-software>

At Committee BEDC referred to job creation calculated based on approved development. As you will see, we use this calculation as a baseline to ensure that the City has sufficient development to support targeted growth. We generally look to consistently have 1,000 jobs per year supported. We then use other data to evaluate employment activity. We are very comfortable with this methodology in conjunction with the other data we use and would not recommend changing the calculations at this time.

Actual ICI Development:

As stated, the job calculation based on development is in effect a proxy for development. The calculation is done at time of building permit. We use job calculations based on the four different

categories; industrial, commercial, retail and institutional. We base our calculations on our analysis of jobs by category recorded through the Annual Employment Survey over a five-year period. In other words, we have looked at actuals by category, and they can certainly vary based on the specific type of use, and created a reasonable estimate by category. We also have used public reports to validate the reasonableness of the estimate. We do not adjust based on specific information, as this would invalidate the basic methodology and reduce the value of the trend line which is the area of most importance to us. Based on these calculations, development jobs were 4621 jobs over the last 4 years or 1155 jobs per year. The data along with other economic data can be viewed here: <http://bedc.ca/data-centre/economic-indicators-dashboard-pilot/> (please note that the site provides access to the Excel spreadsheets with calculation formulas)

Why do we Calculate ICI Development Jobs?

As outlined herein there are a number of job calculations. They all have different methods and sources. At a core level, a City first needs to have sufficient places of work in the forms needed to support economic growth. The City will not get job growth without a place for this to happen. In addition, the City relies on tax revenue to pay the bills. ICI provides 23-25% of the tax revenue depending on the short-term ups and downs of development. BEDC tracks this as well. The City does not create jobs but we have control of several levers. One of the important levers we do control is development approvals. The OP and Zoning are other critical tools in supporting economic growth.

For this reason, BEDC closely tracks all developments in the ICI category. We work with many of the proponents on these applications and review all applications with Planning. It is important for the City and BEDC to know sufficient development is taking place to support targeted job growth. To do this, we calculate jobs based on standard job ratios by development category. This calculation gives us a baseline to know that there is sufficient development to support ongoing targeted employment growth.

To make a comparison, let's say we target population growth. This will come as a result of a number of variables, however in planning growth the City is likely to anticipate a certain level of housing development. We know different housing generates different number of people per household. It would be reasonable to track annually housing by type multiplied by a person per household factor to have an idea how the City is trending. Census data would provide catch-up every five years, and we would periodically update our ratios when we have updated information.

ICI Development Pipeline

BEDC indicated at the Committee Meeting that there is over 1.1 million sq. ft. of development in the pipeline. Based on anticipated job ratios by ICI category, this will generate sufficient development to support 3000 jobs depending on the final mix of development. Considering that the City has additional development each year that is not forecast it is likely that our current ICI Development pipeline will see about 4000 jobs supported. (These calculations are estimates and should be thought of as guidelines only.) We have an additional very large development which we are not yet ready to include in the pipeline which would support over 1500 jobs.

BEDC believes that the current development plus the strong pipeline will support the City as the Mobility Hub and Community Improvement Plan (CIP) are developed. We are concerned that our

vacancy rates are so low that our existing businesses in growth mode will struggle to expand if they need additional space.

Halton Employment Survey:

On an annual basis Halton sends surveyors door-to-door with a series of questions including the number of people working at that particular site. The survey is location based. This is a practice that is followed by many Regions including York, Peel and the City of Toronto. This practice was initiated because of the challenge acquiring local job activity from other sources and is considered a best practice in economic development being taught as part of the Economic Development Certification (EcD) course materials at the University of Waterloo. The Annual Halton Employment Survey has its own methodology challenges. Some companies won't answer, others are not present when the surveyors come to the door, some guess at the answer and give information that may not be correct. That said, the consistency of the survey has been improving and BEDC is now more comfortable using the trends identified in the survey. The current year data is on the BEDC website with a range of number of employees per company as the exact employee numbers per company are confidential and not published. Based on the Halton Employment Survey there is an increase of 6089 over the last 3 years or 2030 jobs per year. This represents a very large jobs to population job growth ratio as the population of Burlington grew by 7535 during this period. When taking into account working age population ratios, this is likely greater than a one to one ratio. The public detail from the 2016 Survey can be found here: <http://bedc.ca/burlington-business-directory/>

EMSI Labour Data: <http://www.economicmodeling.com/>

EMSI is a provider of labour market data. As indicated earlier, the scope of data available allows comparison analytics. This is very helpful in our competitive analysis which we update annually. Based on EMSI data, Burlington has created 4,301 jobs over the last 3 years or 1433 jobs per year. Burlington also has very favourable ratios. I am attaching a couple of charts for comparative purposes. Burlington continues to have a very strong job to population ratio. An interesting trend is that Burlington has the highest self-employed ratio in the comparative communities. It is possible that this accounts for the growth in co-working spaces, however that is not yet conclusive data. We believe that avoiding the commute is a large driver on this.

Job Summary

Based on our three primary sources of data Burlington has seen job increases of:

Source	Total	Annual Average Job Increase
ICI Development	4624 (4 years)	1155
Annual Employment Survey	6089 (3 years)	2030
EMSI Labour Data	4301 (3 years)	1433

BEDC does extensive analysis on employment and economic measures. We have extensive consumer data as well. We use job data to help direct our priorities. BEDC reviews our various measures with the

Board and based on data, Council direction, the City Strategic Plan, and the City Manager's work plan sets up priorities for the coming years, generally on a look forward basis. Based on trends and our reading of needs through community consultation and analysis, we try and work on barriers and challenges in advance.

State of Employment in Burlington

Below are comparative charts on employment by population and ICI development. Burlington is at a very good rate of employment/jobs, higher than almost all comparison communities. I have described our activity in ICI development as steady but not spectacular. Until we have population growth, we are likely in a steady state. We certainly do not have the population growth that Oakville and Milton have and I expect the higher numbers in these areas to continue. Note that Burlington is higher than the Waterloo Region and Mississauga in these metrics. All of this information is available on-line.

<http://bedc.ca/wp-content/uploads/2017/04/2017-Competitive-Analysis.pdf>

JOB TO POPULATION RATIO (Employee + Self-Employed)			
Jurisdiction	2006	2011	2016
Mississauga	0.691	0.706	0.753
Burlington	0.584	0.591	0.603
Region of Waterloo	0.594	0.577	0.575
Oakville	0.535	0.539	0.565
Markham	0.582	0.532	0.537
Brantford	0.531	0.513	0.529
Hamilton	0.466	0.452	0.468
Milton	0.542	0.417	0.368

Source:
Employees – EMSI 2016.3, adapted by BEDC
Statistics Canada, National Household Survey

JOB TO POPULATION RATIO (Employees)			
Jurisdiction	2006	2011	2016
Mississauga	0.614	0.619	0.659
Burlington	0.496	0.499	0.506
Region of Waterloo	0.516	0.498	0.495
Oakville	0.448	0.451	0.473
Brantford	0.472	0.458	0.470
Markham	0.493	0.442	0.447
Hamilton	0.403	0.388	0.400
Milton	0.458	0.347	0.303

Source:
Employees – EMSI 2016.3, adapted by BEDC
Statistics Canada, National Household Survey

JOB TO POPULATION RATIO (Self-Employed)			
Jurisdiction	2006	2011	2016
Burlington	0.088	0.092	0.097
Mississauga	0.077	0.086	0.093
Oakville	0.087	0.089	0.092
Markham	0.090	0.089	0.089
Region of Waterloo	0.078	0.079	0.080
Hamilton	0.063	0.064	0.068
Milton	0.085	0.070	0.065
Brantford	0.058	0.056	0.059

Source:
Employees – EMSI 2016.3, adapted by BEDC
Statistics Canada, National Household Survey

ICI PERMIT VALUES PER CAPITA, BURLINGTON AND COMPARATOR JURISDICTIONS					
Jurisdiction	Total ICI Permit Values (\$1,000's) for Specified Period			2010 to 2015 ICI Permit Values (\$1,000's) per Capita	
	2000 to 2015	2010 to 2015	Period Ratio	2016 Population	2011-2016 Population Change
Brantford	\$542,570	\$203,920	37.6%	\$2.09	\$53.02
Burlington	\$1,525,502	\$661,256	43.3%	\$3.61	\$87.76
Hamilton	\$3,166,621	\$1,875,771	59.2%	\$3.49	\$110.55
Markham	\$2,081,477	\$914,169	43.9%	\$2.78	\$33.54
Milton	\$966,384	\$463,816	48.0%	\$4.21	\$18.00
Mississauga	\$4,397,748	\$1,207,307	27.5%	\$1.67	\$148.03
Oakville	\$2,441,313	\$1,279,212	52.4%	\$6.60	\$113.08
Region of Waterloo	\$4,126,878	\$1,757,658	42.6%	\$3.28	\$62.64

Source: Community Data Portal, Investment and Capital Stock Division, Statistics Canada, adapted by BEDC

A couple of notes on timing. The Development cycle is annual, January to December. The Halton Annual Employment Survey is conducted during the summer; however, we do not receive the data until the following July. We will receive the survey from Summer 2017 this July and will only be able to update our data late summer. EMSI receives data from many sources and have their own methodology to collate the data.

Trends

Data from various sources indicates a number of trends: (much more detail is available in the Competitive Analysis)

1. The largest employment growth area in Burlington is Professional, Scientific and Technical Services.
2. Burlington had the highest growth rate for new companies in our comparative communities in recent comparison.
3. Burlington has maintained its manufacturing base although now a large part of the manufacturing workforce does not reside in Burlington. Goods producing employment has dropped from 31% of the jobs to 19% of the jobs since 1994 (last full Official Plan). This is part of a global trend towards a service-based economy.
4. Burlington has the lowest rental housing vacancy in comparative communities and the highest average rent.

Use of Data

BEDC does not measure itself based on specific job data. In fact, we have worked hard to change the use of data. It is very easy to find fault or error with different methodologies. Each has its pros and cons. BEDC uses data as an indicator, pointing us in the direction we need to focus. We are working to ensure that there is no fear of data. By monitoring data, meeting with a broad range of businesses in the

community and objectively analyzing the information we receive, we work to understand what is happening and what we should be planning for.

Summary

Burlington is in a solid economic position with challenges ahead. We have a good pipeline of projects currently underway which will add both flex industrial and flex office space to the community over the next couple of years. The City is however challenged by lack of available land and lease premises. (Industrial vacancy is very low in Burlington and Oakville and office vacancy has dropped by 33% over the last year.) As indicated through our Strategic Plan, employment land ready for development on a timely basis is very low. We have directed two important companies to Oakville over the last few months because of difficulty finding lease space or suitable land for development. There are four key areas being worked on to address this:

1. The City has moved forward to develop an area specific plan with the MTO. The objective is to effectively create a set of pre-approval like parameters so that individual applications do not take years to process and the City knows what level of capacity is viable with the MTO. (78% of all Burlington employment lands are subject to a level of MTO approval.)
2. The City is working on solutions to the development of a South Service Road between King Road and Waterdown Road. This is needed to activate the Aldershot Mobility Hub and the employment lands south of the 403.
3. BEDC is working with the City (as well as Oakville and Milton) to develop a set of strategies and a potential Community Improvement Plan (CIP) for employment land re-development. 34% of all employment developments in Burlington were done prior to 1968. This is in effect the City's next employment greenfield which includes certain Mobility Hub lands. BEDC expects to bring this to Committee in 2019. Opening up land North of the 407 would be an option for employment land, however we believe that there is no appetite for this at a community or political level at this time.
4. Employment growth through the GO corridor is a real option for Burlington. Presentations from the commercial real estate sector and the Deloitte Office Study outline this opportunity on a consistent basis. Approval of the Mobility Hubs and the area specific plans have the opportunity to create new opportunities for the City. BEDC will be working on specific employment strategies for the Hubs and GO Corridor and has set aside funds to support the marketing effort when approvals are in place.

In addition to the BEDC activities, the growth strategies for the City are very important for economic activity. BEDC has recommended a targeted population growth level of 5-6% per census period. This would keep Burlington around the average Canadian growth rate but far below the rest of Halton. BEDC estimates that between the 2006 census and 2041, Burlington will fall from 38% of Halton's population to about 24%. BEDC is anxious to see where City and Region Council land on a 2041 growth target.

BEDC has developed a five-year work plan to address these areas and several other key initiatives. Our high level plan can be found here: <http://bedc.ca/wp-content/uploads/2018/02/BEDC-Strategic-Plan-2018-2022.pdf> In addition to the overall plan and issues identified above, BEDC will be doing the following, all driven by the City Strategic Plan:

1. Developing a post-secondary institution strategy.
2. Develop a Downtown employment plan (the Downtown has a very high part-time job quotient that is 50% higher than the rest of the City). Additional ward-specific data and data for all wards can be found here: <http://bedc.ca/ward-data/>
3. Continue to work to develop a strong start-up community and eco-system (40% of jobs come from early stage 2-5 year old companies.)
4. Work with Planning on the Mobility Hub plans and zoning.

I hope that the above more than clarifies the question about job calculation raised at Committee. To reiterate once more; we calculate ICI Development Jobs to ensure that we have sufficient places of work to support targeted job growth using category metrics. These are not specific jobs. We track actual jobs through the Halton Employment Survey and EMSI.

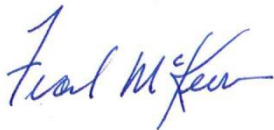
ICI Development jobs tell you that sufficient development is taking place to support economic growth. The Halton Employment Survey and EMSI tells you that it is happening. Census data will provide some additional information every five years; however, it is not place of work data.

Burlington has had adequate development to support job growth and has a pipeline to continue to do so. Actual job growth has been high and Burlington continues to have a very good local employment position.

Availability of land and lease space will continue to be a challenge.

This letter should not be considered a complete summary of our activities and priorities.

Regards,



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