

Region of Waterloo
Planning, Development, and Legislative Services
Economic Development

To: Regional Council
Meeting Date: June 21, 2023
Report Title: Waterloo Region Employment Lands Shovel-Ready Strategy

1. Recommendation

That the Regional Municipality of Waterloo take the following action with respect to the development of a Waterloo Region Employment Lands Shovel-Ready Strategy as outlined in report PDL-ECD-23-011 dated June 21, 2023:

Option A:

Immediately initiate the development of a strategy prior to the 2024 budget process by extending the Region Official Plan contract with Dillon Consulting to complete the associated employment lands technical work at an estimated cost of \$365,200 plus applicable taxes; and

Engage the services of Newmark to examine the Region's market-readiness suitability state for investment supported by small, medium and large-sized parcels at an estimated cost of \$120,000 plus applicable taxes.

OR

Option B:

Defer the decision to develop an employment lands shovel-ready strategy for the 2024 budget cycle and if approved, consider any recommendations for implementation as part of the 2025 budget cycle.

2. Purpose / Issue:

To seek direction from Regional Council to complete a shovel-ready strategy for employment lands in advance of the 2024 budget process to ensure Waterloo region can accelerate land readiness and capitalize on investment opportunities.

3. Strategic Plan:

This update aligns with Strategic Objective 1.1 of Thriving economy to create a competitive business-supportive community and 1.2 Ensure an adequate and strategic supply of employment lands.

4. Report Highlights:

- There is a rapidly increasing demand for shovel-ready employment lands and specifically, industrial lands to support business expansion and new investment in Waterloo region. In 2022, over 100 local businesses identified shovel-ready lands as a key priority for economic growth in Waterloo region.
- Waterloo EDC continues to experience a steady increase in demand/interest of investment inquires for our region, with 2022 being a record setting year for fielded inquiries. These investments all require shovel-ready land, in varying parcel sizes (range of five to 1,000+ acres) and most on very ambitious timelines. Since 2021, Waterloo Region has lacked suitable industrial parcels for 20+ inquiries from companies seeking up to 250+ acres and an additional 6-8 inquiries for 1,000+ acre parcels.
- The employment lands shovel-ready strategy will ensure a suitable supply of shovel-ready sites is available to accommodate future investment opportunities, both by rapidly-growing local businesses as well as global Fortune 500 companies, and inform/all for capital investments, master plans, and land assembly considerations as part of the 2024 budget process.
- In addition to direct investment interest, the Province has shown interest in the region's available land-supply, initiating requests in April and May 2023 to the municipalities for an inventory of shovel-ready lands.
- Staff propose to engage Dillon Consulting and Newmark to provide technical analysis and input into the region's shovel-ready strategy, as outlined below. The estimated cost of this work is \$485,200 and there is currently no provision in the 2023 Economic Development operating budget or the 2023-2032 capital program to complete this work. If this work were approved to proceed, it would be treated as a variance in the 2023 Economic Development operating budget.
- The recommended work is planned to be completed by the end of September 2023, prior to the 2024 budget being finalized to ensure Regional Council is prepared to respond to infrastructure requests beginning in 2024.

5. Background:

Opportunities for major investment by global companies, across various industries, which are accompanied by highly-skilled, well-paying jobs, continue to show steady interest in Waterloo Region. The economic outlook for Waterloo Region out to 2051 is strong, with a forecasted growth in population by 50% and in jobs by 55%. The forecasts will result in a significant increase in the labour force, investment and new

industrial and commercial building space needs over the long term.

In order to accommodate the additional 168,000 jobs estimated to be generated between 2021 and 2051, Official Plan Amendment No. 6 (adopted by Council in August 2022) established the regional employment areas, an existing inventory of 1,072 hectares, and brought in an additional 456 hectares of land designated as Regional Employment Areas.

In order to ensure Waterloo Region is competitively positioned to benefit from the current wave of economic investment, it is important that the Region begin developing a shovel-ready land portfolio and strategy to support forecasted growth. Completing the strategy prior to the 2024 budget will allow Council to consider any adjustments to capital plans that support accelerating employment lands to a shovel-ready state. The Region contracted Dillon Consulting for the recent Regional Official Plan work, which included infrastructure and servicing projections for future growth in Waterloo region. Given much of this baseline work has been completed, Dillon will be able to expedite the completion of the technical analysis required for an employment lands shovel-ready strategy. Staff recommend extending the Region's current contract with Dillon Consulting on "Land Readiness" to include the compilation of an industrial land inventory within Waterloo Region. This inventory would encompass all Regional employment areas as well as the Regional airport lands. The planned scope of work includes:

- Review available information, intelligence and due diligence undertaken to date;
- Review/update the region's employment area technical land inventory in partnership with municipal staff;
- Identify key issues and opportunities, specifically in terms of the market prospects and shovel-ready status of existing and planned new areas;
- Identify the necessary infrastructure, environmental, transportation and other works required to make sites "shovel" ready, within the Regional Employment Area clusters; and
- Confirm, and create detailed analyses of, the Priority Clusters to inform a recommended Land Readiness Strategy and Implementation Plan over the short, medium and longer-term, including various servicing scenarios and associated costing

In addition, staff recommend engaging the services of Newmark, a global commercial real estate services firm, to examine the Region's market-readiness state in terms of suitability for investment supported by small, medium and large-sized parcels. Newmark is currently under contract by the Province to carry out shovel-ready initiatives such as the recent Job Sites Challenge for municipalities. The planned scope of work includes:

- Determine what an ideal, shovel-ready business case would look like for the aligned with existing economic sectors in Waterloo region and current global shovel-ready demands;
- Compare/contrast investment suitability of small, medium-sized, large, and mega-site opportunities across Waterloo region;
- Provide an analysis of the Region's strengths, opportunities, weaknesses and challenges shovel-ready land perspective; and
- Roundtables with land owners, developers, and other stakeholders and an information session to Council.

Note: Shovel-ready lands are generally considered to be lands with the necessary approvals, servicing and transportation infrastructure in place as well as an owner willing to develop or sell to an end-user.

6. Communication and Engagement with Area Municipalities and the Public

Area Municipalities: The Region has been working with Area Municipalities and Waterloo EDC on various land readiness strategies over the last year and will continue to do so through an area municipal working group to support this work. Area municipalities within the Region will continue to be engaged in this work through a working group format to ensure area municipal infrastructure and plans are incorporated. In particular, staff from Regional/Area Municipal technical disciplines, including environmental, water/wastewater infrastructure, transportation, economic development and land use planning staff to support strategic decision-making.

Public: In addition to the demand seen by Waterloo EDC, in the summer of 2022, Regional Economic Development staff conducted over 100 stakeholder discussions across Waterloo Region in preparation for the next iteration of the Waterloo Region Economic Development Strategy. The availability of shovel-ready land to support local business expansion and retention efforts was raised as a top priority area for consideration.

7. Financial Implications:

The cost of completing a shovel-ready strategy for employment lands is estimated to be \$485,200 excluding applicable taxes. There is no provision in the 2023 Economic Development operating budget or 2023-2032 capital program in order to complete this work. If this work is approved to proceed, the costs would be treated as a variance in the 2023 Economic Development operating budget. Staff will assess financial capacity within the 2023 Operating Budget as part of the mid-year Periodic Financial Report

planned for August, and will provide further recommendations if required.

The Regional Official Plan proposal C2018-32 was awarded to Dillon Consulting December 11, 2018, under report COR-TRY-18-109. An addition to the scope of work was approved by Council on March 23, 2022, under report COR-TRY-22-26. Based on their knowledge and work completed to date, the Region would like to continue working with Dillon through this process. Purchasing by-law 22-034, part VII allows for the purchase by negotiation, when the extension of an existing or previous contract would prove more cost effective or beneficial to the Region.

8. Conclusion / Next Steps:

If approved, the existing contract with Dillon Consulting will be extended and the Region will retain Newmark as outlined to create a shovel-ready strategy for employment lands in Waterloo Region. Work will be completed and reported to Regional Council prior to the 2024 budget being finalized.

9. Attachments:

Appendix A: Proposed Regional Industrial Land Clusters - Updated ROPA 6 as Approved by Minister 02June2023.pdf

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