



# Municipal Economic Development in a Recession:

## Burlington in Search of Innovative Solutions

by Gary Ridgeway

The fundamental feature of the existing economic system is its dynamic nature. As municipalities, we must be ready to react to, and even anticipate change, with new municipal policies on land use, taxation, and in all other areas in which the economy and the municipality interact.

One of the more radical changes we have experienced in the Ontario economy lately is the recession and its after effects: plant closings; survival restructuring by individual companies; lost assessment and tax revenues; development fee shortfalls; increased social welfare costs; and so on. The efforts that Burlington has made in the face of this recession to stimulate the local economy and negate these effects is the focus of this paper.

### Future Focus

Our Business Development plan in this recession flows from our strategic plan for the city, "Future Focus". The Plan was originally developed in 1988 and revised in 1991. The Plan scans the municipal environment: economic, demographic, social, cultural and recreational. It provides policy guidelines for Council and staff to use, against which we can plan and evaluate our actions.

Future Focus sets three mission statements for the city. The first concerns the community: "Burlington is a residentially oriented community that endeavours to provide its existing and future residents with the opportunities to enjoy an enriched and secure quality of life." The second statement concerns Burlington as a business centre: "Burlington strives to

maintain and enhance its reputation as the home to a variety of high-quality businesses." The third statement considers Burlington as an urban centre: "We are an urban centre willing to build on our many positive qualities. We are committed to responding to the evolving needs of our residents and corporate citizens in a caring and responsive manner."

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The recognition by Council of the importance of maintaining and enhancing the economic base of the city, in order to guarantee the maintaining of the quality of life, is the foundation of our commitment to economic development in Burlington.

In our scan of the economic environment for the Future Focus review, we determined that there are six major trends that have a significant impact on most business communities. They are:

- (1) the shifting emphasis from traditional manufacturing to high value added manufacturing, research and high order services (such as services to business);
- (2) technological advancements;
- (3) changes in the labour force structure and training needs;
- (4) the international impact of global

markets, including free trade;  
(5) an increase in tourism;  
(6) more sound environmental business practices.

These trends will continue to influence the way people do business, our shopping patterns, commuting, levels of services, location criteria and the quality and type of development.

The strategies that we have developed in response to these trends and the present recession are:

- (1) pay closer attention to our existing business base;
- (2) focus our promotional efforts on specific industry sectors with growth potential;
- (3) re-evaluate our planning and zoning documents to increase their flexibility;
- (4) focus on small businesses;
- (5) examine the issue of competitiveness.

With regard to the first strategy, the existing business base is important for many reasons: it can be the major source of tax revenue in the municipality; the business community has well established networks which can be indirectly accessed by a municipality for promotional purposes; and the most efficient use of our limited resources is to service local firms to ensure that there are no irritants that would prompt them to consider a relocation, rather than to expend these resources exclusively on external leads, which traditionally show a small percentage of successes.

### The Business Relations Team Program

In Burlington, our business out-reach program was established in 1975, and staff have been through several economic cycles and gained valuable experience over these years. Under its present title, "The Business Relations Team Program," it involves about 15 people including our Mayor, local Aldermen, the City Man-



ager, senior staff in several municipal departments, and the Office of Business Development staff. We have had some experience with smaller and larger groups over the years, but have found that this is a good size for administrative purposes, maintaining enthusiasm in the group, and for covering an adequate number of firms years (300).

Under this program, team members visit local firms with one main purpose in mind: to establish a comfortable link between the individual business and City Hall which will act as a conduit for the flow of information between the City and the business community. We want our businesses to feel that they have a dedicated representative at City Hall: that the business community has a voice that will be listened to, a place where its concerns will be noted and acted upon, a mechanism to enhance its ability to affect municipal policies. In return, we are able to provide information on government programs and policies directly to our clients.

An additional benefit of the Business Relations Team is the exposure of the civic bureaucracy to the "real" world of business. All levels of government administration are often criticized for the fact that they are removed from their constituent groups. The Business Relations Team provides direct face to face contact between business and government that is beneficial, in our minds, to both parties in removing the stereotypes and misconceptions that can be built in an insulated environment.

As a result of the recession, we have intensified our efforts in the Business Relations Team Program. In recognition of the importance of the existing business base, we have reallocated our resources to emphasize this program, while de-emphasizing other aspects of our economic development plan, such as offshore prospecting.

### *Building and Development Committee*

A second way we maintain contact with our business base is through our recently established Building and Devel-

opment Industry Liaison Committee. This committee includes representatives from the Planning, Public Works, Building and Finance Departments of the City, the Hamilton Home Builders Association, the Halton Chapter of the Urban Development Institute, the Hamilton Construction Association, and City Council. Its mandate is to meet on a regular basis to discuss matters of interest to the building and development industries. A group such as this is a very important resource in a recessionary period, as it provides a conduit for feedback from major players in the economy directly to City Council, so that we are aware of their problems and concerns, and can react to them more quickly and favourably. The committee has already proved to be useful in organizing and presenting the industry position in the debate on the new Development Charges Act, and the implementation of new development fees.

### *Downtown Redevelopment*

A third initiative undertaken as a result of the recession and related to our existing business base is a re-focusing on the redevelopment of our downtown. Like many others in Ontario, it went through a transitional stage as the community grew from a small town to a city, and as consumer shopping patterns changed over time. The relocation of the major retail functions from the downtown to suburban mall locations has resulted in several vacant storefronts and an overall lack of activity in the downtown. The recession has accelerated this process, and in response Council has assigned a planner to the downtown on a full time basis, and more importantly, has initiated a downtown partnership with civic, business and resident components, supported by our B.I.A., investment groups and retailers. In the case of the downtown, the response to the recession has been to intensify our redevelopment efforts, but by using a community based group as the active leader, rather than relying totally on local government to plan and fund the recovery of this area. Since the planner was assigned, a Saturday farmer's market has been established and has been more successful than anticipated.

### *Targeting Growth Industries*

The second general strategy we employ in this recession is to focus our promotional efforts on specific industry sectors which have growth potential, recognizing the effects of free trade, international trade and Canada's economic evolution. The target businesses include: high technology enterprises; businesses requiring a highly trained skilled labour force; service industries and tourism related industries. These types of businesses provide employment to a labour force that have a high ratio of professional and technically skilled persons, precisely the type of labour force found in Burlington. We have already seen the movement of several of these types of firms into Burlington, we expect this trend to continue, and we will actively encourage it.

### *The Need for a Flexible Planning Process*

Our planning process needs to be more flexible. At the municipal level there are usually two departments which are involved in economic development: the Office of Business Development or its equivalent, and the Planning Department. The Business Development Office is directly charged with the task of promoting the City as a business location and maintaining the assessment base. The Planning Department's involvement is more indirect. A municipality's planning policies, as formalized in an Official Plan, zoning by-law, policy statements and planning studies, can form a complex, multi-layered regulatory environment, which can have a substantial effect on economic development in the community.

The recession has focused our attention on the planning process. Planning policies that may have been appropriate in boom times are less so during economic contractions. Existing regulations have to be made more responsive to economic change. This is particularly true in the area of zoning, where for example, our rigid zoning framework has trouble



accommodating new businesses formed through the melding of the goods and service sectors (environmental and recycling businesses; computer software and processes; high value added manufacturing such as pharmaceuticals and electronics).

We have tried to modify that framework to be more responsive during this recession. The best example of that may be our reaction to a recent proposal by F.W. Woolworth Co. Limited to relocate their Canadian head office to our municipality. We are now in the process of rezoning a significant portion of our vacant industrial land inventory to facilitate an office park and hopefully capitalize on the attraction of a suburban office campus complex which will be unique in Canada. While this type of development would not have been possible in the past under the existing zoning by-law and official plan, the client has provided the impetus, and the recession has provided the rationale for re-examining our land use policies.

A focus on the development of small businesses in the community is also important. Small businesses have a unique characteristic which is attractive to a community: successful ones grow but failures don't damage the entire local economy. The diversity that small businesses provide insulate the community from industry-wide declines. Land use controls should enable small businesses to get started and we have tried to accommodate this market by encouraging small lot industrial subdivisions and multiple-tenant industrial facilities.

### *Support Ontario's Competitive Position*

We are also involved in examining our competitive position in Ontario, and in the development of policies to improve it. At the local level, reduced competitiveness means plant closings, which translates into reduced assessment and increased social welfare costs. The Mayor and Office of Business Development have been directly involved in trying to ameliorate the negative impacts of recession and plant closings in our community by identifying the areas where municipali-

ties can help, advising affected companies of available programs, and creating an awareness on the part of senior levels of government of the business needs and problems in the community.

The competitiveness issue must also be addressed by senior levels of government. The loss of our manufacturing base to the U.S. and other areas, the increased aggressiveness of U.S. economic development agencies in Ontario and the timing of recent tax and development charges initiatives have increased the attractiveness of U.S. locations and make it imperative that we act quickly and decisively. Burlington's Office of Business Development has been involved with its professional association, the Economic Developers Council of Ontario, in analyzing the competitive position of Ontario vis-a-vis the U.S., with the goal of proposing legislation which will address the competitiveness issue. At the same time, Mr. Michael Fenn, Burlington's City Manager has been involved in an initiative to make the vulnerable position of Ontario communities a municipal issue and to forge a co-operative effort through the Association of Municipalities of Ontario (AMO), in support of maintaining a healthy environment for primary and secondary industries in Ontario. In addition, federal and provincial government policies for business must be revised to address issues relevant to today's business environment, rather than continuing with policies designed for a previous economic era.

In summary, the recession has had some devastating effects on the Burlington area. However, it has also served to focus our awareness on the essential ingredients of our success. If we can concentrate on these successes and refine them to reduce the inefficiencies and negative environmental consequences of our past growth, we will assist the economy in maintaining the standard of living which we have come to expect in Canada.

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